wellington electricity™

Common cost of capital input methodologies review

16 April 2026

1 Submission and contact details

Consultation	Submission on common cost of capital input methodologies review
Submitted to	Commerce Commission
Submission address	infrastructure.regulation@comcom.govt.nz
Date submitted	16 April 2026
Email	[redacted]

Wellington Electricity Lines Limited (WELL) welcomes the opportunity to comment on the Commerce Commission's draft decision on the review of common cost of capital input methodologies (IMs) applying to services regulated under Part 4 of the Commerce Act 1986.

Wellington Electricity supports the adoption of a trailing average cost of debt (TACD) approach, including the real risk-free rate, and does not agree that the status quo better promotes the statutory purposes or the IM review objectives.

In our view the TACD is superior because it:

1. aligns with efficient financing practices,
2. reduce price shocks and improve consumer outcomes,
3. has a better assessment of materiality,
4. creates consistent investment incentives that support long-term investment.

WELL agrees that the TACD approach would involve additional design choices and transition consideration, however, we consider these issues are manageable. The Commission already applies similar processes, which indicate that the capability exists. WELL also believe that transitional complexity should not outweigh long term efficiency benefits.

Our previous submissions on the topic have been consistent with this view and supports the evidence in expert reports developed by Competition Economists Group (CEG) and Nera.