

STAKEHOLDER NOTICE

26 July 2023

Rate of return review—minor update

In November 2021, we published our *Rate of return review* final report. The report provides guidance to stakeholders about how we will consider rate of return proposals in the future. This guidance includes discussion of relevant data and methodologies for estimating elements of the cost of capital.

We updated the report in July 2023 in response to developments since the publication of the 2021 report. Changes include:

- specifying an alternative data source (as a replacement for RBA bond yield data that is no longer available) for bond yields to estimate a 10-year risk-free rate (section 6.6.4 and appendix F)
- clarifying a step, regarding extrapolation calculations, in the cost of debt calculation (appendix C).

We have also published a supporting workbook (*Cost of debt estimation, 2023*) that provides an example of the extrapolation step in the cost of debt calculation.

The updated report and the workbook are available at our [website](#).