

ESTIMATES COMMITTEE

Question Taken on Notice

Date: 11 June 2019

Subject: Weighted average capital cost of power

From: Mr Gary Higgins

To: Treasurer, the Hon Nicole Manison MLA

Agency: Department of Treasury and Finance

Number: 2-5

Question: Can you provide the weighted average cost of capital for power and water and can you detail that weighted average capital cost since September 2016 around the times over the PEFO? What is the long-run average of that?

Answer: The 2016-17 Weighted Average Cost of Capital (WACC) was 6.0 per cent at the corporation level for Power and Water Corporation and 6.5 per cent in 2017-18. The Corporation maintained the use of 6.5 per cent Weighted Average Cost of Capital in 2018-19. The 5-year average Weighted Average Cost of Capital used at the corporation level is 6.49 per cent.