

# Rate of return review – minor update

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## 23 February 2024

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 have published an updated version in response to developments since the publication of the 2021 report. Changes include:

- specifying an alternative method for extrapolating the cost of debt to 10 years using publicly available data (section 5.5.4)
- using this method to calculate the annual cost of debt in the trailing average example (appendix C).

We have also published a supporting workbook (*Cost of debt estimation, 2024*) that provides an example of the extrapolation method.

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