



An Coimisiún um
Rialáil Cumarsáide
Commission for
Communications Regulation

Weighted Average Cost of Capital ("WACC")

Annual update - 2023

Information Notice

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation

1 Lárcheantar na nDugaí, Sráid na nGildeanna, BÁC 1, Éire, D01 E4X0.
One Dockland Central, Guild Street, Dublin 1, Ireland, D01 E4X0.
Teil | Tel +353 1 804 9600 Suíomh | Web www.comreg.ie

1. On 14 October 2020 ComReg issued its Response to Consultation and Final Decision (**'ComReg Decision D10/20'**) in relation to the Weighted Average Cost of Capital (**'WACC'**)¹ to apply for regulatory pricing purposes to fixed line telecommunications, mobile telecommunications and broadcasting.
2. According to Section 5.2 of the Decision Instrument in Appendix 1 of ComReg Decision D10/20, ComReg will every year recalculate the WACC for each of the fixed line telecommunications, mobile telecommunications, and broadcasting sectors and, each year on or before 30 June publish, by way of an Information Notice, updated WACC values.
3. Updated WACC values are to be derived using the same formula as set out in Section 4 of the Decision Instrument, with updated parameters. Paragraph 2.17 of ComReg Decision D10/20 explains that *"The WACCs will be recalculated on an annual basis using updated parameters². These updated WACC values will be published on or before 30 June annually and the recalculated WACC values will be used when price controls are amended or updated as part of any subsequent ComReg decision."*
4. ComReg has contracted Europe Economic Research Limited (**'Europe Economics'**) to assist it with the recalculation of the WACCs for the purpose of the annual update provided for in ComReg Decision D10/20. Europe Economics' third annual update (**'2023 WACC Update Report'**) is attached in Appendix 1.
5. The WACCs from ComReg Decision D10/20, the 2021 WACC Update Report, the 2022 WACC Update Report and the 2023 WACC Update Report are listed below:

Sector	ComReg Decision D10/20	2021 Update³	2022 Update⁴	2023 Update⁵
Fixed Line Telecommunications	5.61% ⁶	5.56% ⁷	5.29% ⁸	4.93% ⁹

¹ [ComReg Document No. 20/96 – Decision D10/20](#).

² See section 7.54 of ComReg Decision D10/20.

³ ComReg Document No. 21/68

⁴ ComReg Document No.22/47

⁵ ComReg Document No. 23/56

⁶ See Table 10 [ComReg Document No. 20/96 – Decision D10/20](#)

⁷ See Table 1.6 WACC update (fixed line) of the 2021 WACC Update Report.

⁸ See Table 1.7 WACC update (fixed line) of the 2022 WACC Update Report.

⁹ See Table 1.5 WACC update (fixed line) of the 2023 WACC Update Report

Mobile Telecommunications	5.85% ¹⁰	5.81% ¹¹	5.46% ¹²	5.08% ¹³
Broadcasting	5.98% ¹⁴	5.52% ¹⁵	5.55% ¹⁶	5.77% ¹⁷

6. Details of the parameters underpinning these numbers are included in the appended report from Europe Economics.
7. ComReg considers that the methodology it has adopted in ComReg Decision D10/20 together with the annual updates ensures that the WACC reflects current and future market conditions. Therefore, while there are inflationary pressures in the economy caused by energy inflation and ongoing geo-political conflicts, ComReg is of the view that the WACCs as estimated in the 2023 WACC Update Report are appropriate.
8. Updated WACCs will be relied on by ComReg in accordance with Section 6 of the Decision Instrument appended to ComReg Decision D10/20. Paragraphs 7.34 to 7.53 of that decision describe ComReg's approach to the application of these new values. The updated WACCs will be reflected in current and forthcoming price reviews where cost orientation remedies are used.

¹⁰ See Table 15 [ComReg Document No. 20/96 – Decision D10/20](#)

¹¹ See Table 1.5 WACC update (mobile) of the 2021 WACC Update Report.

¹² See Table 1.6 WACC update (mobile) of the 2022 WACC Update Report.

¹³ See Table 1.4 WACC update (mobile) of the 2023 WACC Update Report

¹⁴ See Table 12 [ComReg Document No. 20/96 – Decision D10/20](#)

¹⁵ See Table 1.7 WACC update (broadcasting) of the 2021 WACC Update Report.

¹⁶ See Table 1.8 WACC update (broadcasting) of the 2022 WACC Update Report.

¹⁷ See Table 1.6 WACC update (broadcasting) of the 2023 WACC Update Report

Appendix 1: Europe Economics 2023 report

(Report Attached separately – ComReg Document 23/56a)