



An Coimisiún um  
**Rialáil Cumarsáide**  
Commission for  
**Communications Regulation**

# Weighted Average Cost of Capital ("WACC")

## Annual update - 2022

### Information Notice

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**An Coimisiún um Rialáil Cumarsáide**  
**Commission for Communications Regulation**

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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'**)<sup>1</sup> 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 parameters<sup>2</sup>. 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' second annual update (**'2022 WACC Update Report'**) is attached in Appendix 1.
5. The WACCs from ComReg Decision D10/20, the 2021 WACC Update Report and the 2022 WACC Update Report' are listed below:

<b>Sector</b>	<b>ComReg Decision D10/20</b>	<b>2021 Update</b>	<b>2022 Update</b>
Fixed Line Telecommunications	5.61% <sup>3</sup>	5.56% <sup>4</sup>	5.29% <sup>5</sup>

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

<sup>2</sup> See section 7.54 of ComReg Decision D10/20.

<sup>3</sup> See Table 10 [ComReg Document No. 20/96 – Decision D10/20](#)

<sup>4</sup> See Table 1.6 WACC update (fixed line) of the 2021 WACC Update Report.

<sup>5</sup> See Table 1.7 WACC update (fixed line) of the 2022 WACC Update Report.

Mobile Telecommunications	5.85% <sup>6</sup>	5.81% <sup>7</sup>	5.46% <sup>8</sup>
Broadcasting	5.98% <sup>9</sup>	5.52% <sup>10</sup>	5.55% <sup>11</sup>

6. Details of the parameters underpinning these numbers are included in the appended report for Europe Economics.
7. ComReg considers that the methodology it has adopted in ComReg Decision D10/20 together with the annual updates will ensure 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 2022 WACC Update Report are appropriate.
8. ComReg has also considered the comments made by the European Commission in relation to ComReg's then proposed application of a differentiated WACC in respect of Civil Engineering Infrastructure ('CEI') in the specific circumstances of NBI's roll-out for the NBP in the Commission's Letter expressing serious doubts with ComReg's Draft CEI Pricing Decision<sup>12</sup> (which draft decision ComReg has now formally withdrawn). ComReg, with its advisors, Europe Economics Research Limited, is satisfied that at this time, no adjustments are required to the approach for estimating the fixed line WACC arising from NBI's access to Eircom's CEI.<sup>13</sup>
9. 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. They will be applied in any forthcoming price reviews. ComReg does not regard the changes from the previous values as being sufficiently material on their own to justify reopening other prices not currently under review.

<sup>6</sup> See Table 15 [ComReg Document No. 20/96 – Decision D10/20](#)

<sup>7</sup> See Table 1.5 WACC update (mobile) of the 2021 WACC Update Report.

<sup>8</sup> See Table 1.6 WACC update (mobile) of the 2022 WACC Update Report.

<sup>9</sup> See Table 12 [ComReg Document No. 20/96 – Decision D10/20](#)

<sup>10</sup> See Table 1.7 WACC update (broadcasting) of the 2021 WACC Update Report.

<sup>11</sup> See Table 1.8 WACC update (broadcasting) of the 2022 WACC Update Report.

<sup>12</sup> C(2021) 8471 final – 19 November 2021

<sup>13</sup> See ComReg Document No. 22/47a

# Appendix 1: Europe Economics 2022 report

(Report Attached separately – ComReg Document 22/47a)