

Cost of capital determination for customised price-quality path proposals made by Powerco Limited for gas distribution services

[2016] NZCC 6

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Associated documents

Publication date	Reference	Title
31 March 2015	ISSN 1178-2560	Cost of capital determination for customised price-quality path proposals made by Powerco Limited for gas distribution services [2015] NZCC 10
31 March 2014	ISBN no. 978-1-869453-63-3	Cost of capital determination for customised price-quality path proposals made by Powerco Limited for gas distribution services [2014] NZCC 7
22 December 2011	ISBN no. 978-1-869451-86-8	Determination of the cost of capital for gas distribution and gas transmission services under Part 4 of the Commerce Act 1986 Decision number 745

Executive summary

1. This determination sets vanilla weighted average cost of capital (WACC) estimates that will apply to customised price-quality path (CPP) proposals made by:¹
 - 1.1 Powerco Limited (Powerco), for the supply of gas distribution services.
2. The WACC estimates in this determination apply to any CPP proposals made by Powerco from the date of this determination until the next CPP WACC determination for Powerco is made in March 2017.
3. Vanilla WACC estimates for CPP proposals made by Powerco are summarised in Table 1 below. The vanilla WACC is a weighted average of the pre-corporate tax cost of debt and the cost of equity.

Table 1: Vanilla WACC estimates for Powerco CPP proposals (%)²

	Mid-point	67 th percentile
Vanilla WACC (3 years)	6.00	6.53
Vanilla WACC (4 years)	6.06	6.59
Vanilla WACC (5 years)	6.16	6.68

4. The 67th percentile estimates of vanilla WACC are used for CPPs. The WACCs are estimated as at 1 March 2016.³

¹ The vanilla WACC estimates for CPP proposals in this determination do not apply to Vector Limited or Maui Development Limited, because their disclosure year ends on 31 December.

² The associated mid-point post-tax WACCs for five, four and three years are 5.59%, 5.52% and 5.47% respectively. The 67th percentile post-tax WACCs for five, four and three years are 6.12%, 6.05% and 6.00% respectively.

³ Following our review of the WACC percentile for electricity lines and gas pipeline businesses, 67th percentile estimates of vanilla WACC are used for GPBs subject to a CPP. See clauses 6.3 and 6.4 of Electricity Lines Services and Gas Pipeline Services Input Methodologies Determination Amendment (WACC percentile for price-quality regulation) 2014 [2014] NZCC 27.

Introduction

5. This determination sets vanilla WACC estimates that will apply to CPP proposals for gas distribution services made by Powerco.
6. The WACC estimates in this determination apply to any CPP proposals made by Powerco before the next CPP WACC determination for Powerco which will be made in March 2017.
7. Vanilla WACCs for CPP proposals made by Powerco are set under:
 - 7.1 clauses 5.3.22 to 5.3.29 of the Gas Distribution Services Input Methodologies Determination 2012 (the GDS IM Determination).⁴
8. The parameter values, estimates and information sources used to estimate WACC are set out in this determination. Additional commentary on the estimation of the risk-free rate and the debt premium is also provided.
9. This determination identifies the issuers and bonds that were analysed (including the credit rating and remaining term to maturity) when estimating the debt premium. The commentary also explains which debt premium estimates were given greater weight than other estimates.

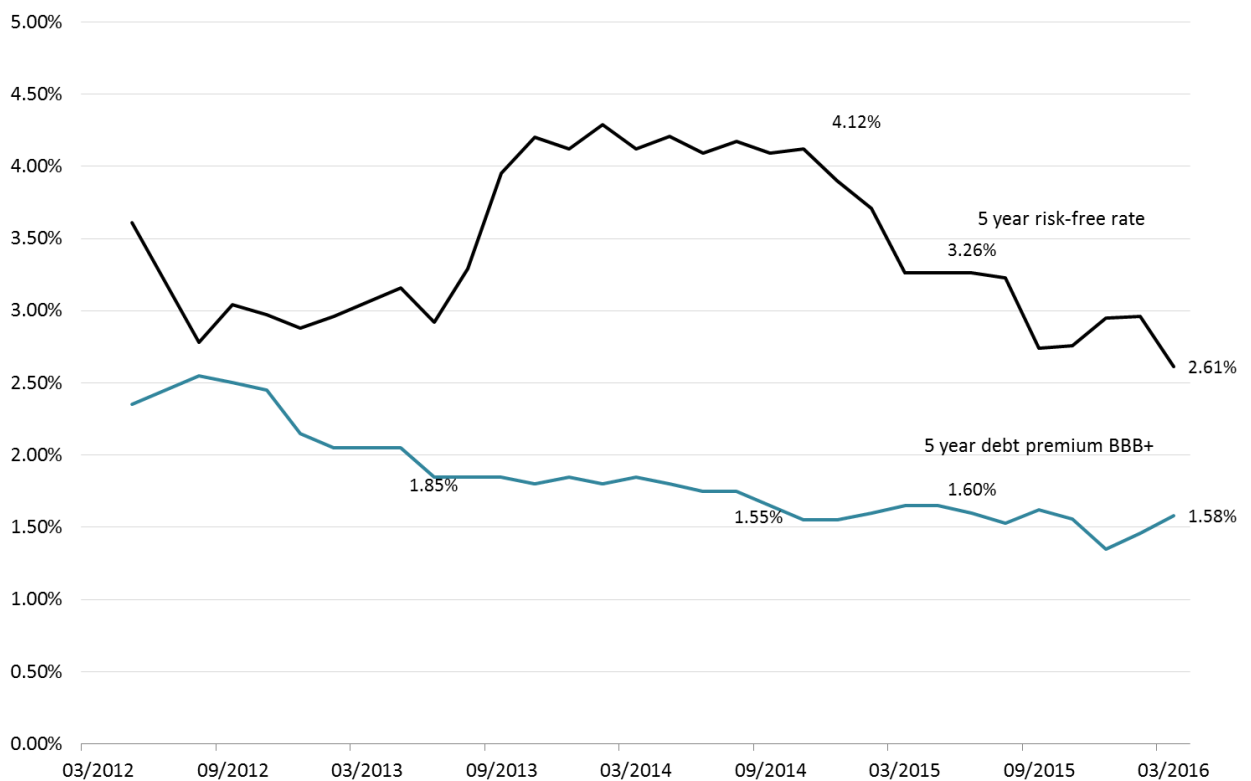
⁴ Commerce Commission “Gas Distribution Services Input Methodologies Determination 2012” (16 December 2013).

Background

Changes in the risk-free rate and debt premium over time

10. The cost of capital input methodologies for regulated services reflect that both the risk-free rate and the debt premium on bonds change over time.⁵
11. Changes in the risk-free rate and debt premium on bonds are illustrated below. Figure 1 shows, as at 1 March 2016, changes over time in the:
 - 11.1 five year risk-free rate; and
 - 11.2 debt premium on bonds rated BBB+ with a term of five years.

Figure 1: Changes in the risk-free rate and debt premium on bonds over time



⁵ The risk-free rate is estimated based on an interpolation of bid yields on New Zealand government stock to a term to maturity of five years. The debt premium is estimated on publicly traded corporate bonds according to the methodology specified in the GDS and GTS IM Determinations.

Reasons for differences in WACC under the various cost of capital input methodologies determinations

12. Differences in the WACCs estimated under the various cost of capital input methodologies reflect differences in the:
 - 12.1 date of estimation for the WACCs, which results in different estimates of the risk-free rate and debt premium;
 - 12.2 periods in which the WACCs will apply;
 - 12.3 context in which the WACCs will be used (67th percentile estimates of the WACC are used when considering default and customised price-quality paths, while a midpoint and range is determined for information disclosure);
 - 12.4 assessed risk of the various regulated services (electricity distribution businesses (EDBs) and Transpower have an asset beta of 0.34, gas pipeline businesses (GPBs) have an asset beta of 0.44 and airports have an asset beta of 0.60); and
 - 12.5 value of leverage for airports (17%) and for EDBs, GPBs, and Transpower (44%).

WACC for CPP proposals made by Powerco's Gas Distribution business (GDB)

13. Under clause 5.3.28 of the GDS IM Determination, we have determined (as at 1 March 2016) the following 67th percentile estimates of vanilla WACC for inclusion in CPP proposals made by Powerco for the supply of gas distribution services:
 - 13.1 6.68%, for a five year period
 - 13.2 6.59% for a four year period; and
 - 13.3 6.53% for a three year period.
14. The corresponding mid-point vanilla WACCs are as follows:
 - 14.1 6.16% for a five year period;
 - 14.2 6.06% for a four year period; and
 - 14.3 6.00% for a three year period.
15. The WACC estimates in this determination apply to any CPP proposals made by Powerco before the next CPP WACC determination for Powerco which will be made in March 2017.

Parameters used to estimate the WACC

16. The above estimates of vanilla WACC reflect the parameters specified in the GDS IM Determination. The risk-free rate and debt premium are also estimated in accordance with the GDS IM Determination.

Summary of parameters

17. The parameters used to estimate the vanilla WACCs are summarised in Table 2 below.

Table 2: Parameters used to calculate vanilla WACC for Powerco GDB CPP Proposal⁶

Parameter	Estimate (3 years)	Estimate (4 years)	Estimate (5 years)
Risk-free rate	2.47%	2.56%	2.62%
Debt premium	1.30%	1.40%	1.58%
Leverage	44%	44%	44%
Equity beta	0.79	0.79	0.79
Tax adjusted market risk premium	7.0%	7.0%	7.0%
Average corporate tax rate	28%	28%	28%
Average investor tax rate	28%	28%	28%
Debt issuance costs	0.58%	0.44%	0.35%
Cost of debt	4.35%	4.40%	4.55%
Cost of equity	7.31%	7.37%	7.42%
Standard error of debt premium	0.0015	0.0015	0.0015
Standard error of WACC	0.012	0.012	0.012
Mid-point vanilla WACC	6.00%	6.06%	6.16%

⁶ Note: The cost of debt is calculated as the risk-free rate + debt premium + debt issuance costs. The cost of equity is calculated as the risk-free rate × (1 - investor tax rate) + the equity beta × the tax adjustment market risk premium. The mid-point vanilla WACC is calculated as the cost of equity × (1 - leverage) + the cost of debt × leverage.

Risk-free rate

18. The risk-free rate reflects the linearly-interpolated, annualised, bid yield to maturity on New Zealand government bonds with a term to maturity of five, four and three years. The estimates use data reported by Bloomberg for the month of February 2016 in respect of the December 2017, March 2019, April 2020 and May 2021 maturity bonds. The December 2017, March 2019, April 2020 and May 2021 bonds have simple average annualised bid yields to maturity of 2.39%, 2.47%, 2.57% and 2.63% respectively.
19. The daily data reported by Bloomberg is annualised (to reflect the 6 monthly payment of interest), averaged to give a monthly average, and linearly interpolated to produce the estimate of a 2.62% interest rate on a NZ government bond with a five year term to maturity as at 1 March 2016. For terms to maturity of four years and three years, the risk-free rates are 2.56% and 2.47%, respectively.

Tax rates

20. The average corporate tax rate is the corporate tax rate of 28% for all years. The average investor tax rate is the investor tax rate of 28% for all years.

Standard error of the WACC

21. The standard error of the WACC is determined in accordance with the formula in the GDS IM Determinations, and is shown to three decimal places only in Table 2 above.

Debt premium

22. The methodology for determining the debt premium is set out in clause 5.3.25 of the GDS IM Determination.
23. Clause 5.3.25(3)(d) of the GDS IM Determination requires the Commission to estimate the debt premium that would reasonably be expected to apply to a vanilla NZ\$ denominated bond that:
 - 23.1 is issued by a GPB or an EDB that is neither majority owned by the Crown or a local authority;⁷
 - 23.2 is publicly traded;
 - 23.3 has a qualifying rating of grade BBB+; and
 - 23.4 has a remaining term to maturity of five years (or four or three years) as applicable under clause 5.3.25(6) of the GDS IM Determination.
24. In estimating the debt premium, clause 5.3.25(4) of the GDS IM Determination provides that the Commission will have regard to:

⁷ Clause 5.3.25(3)(d)(i) of the GDS IM Determination refers to a bond issued by a “GDB” rather than a “GPB or an EDB”. However, clauses 5.3.25(4)(a)-(e), which describe the bonds the Commission will have regard to for the purpose of subclause (3)(d), refer to bonds issued by “a GPB or an EDB”.

- 24.1 bonds issued by a GPB or an EDB (that is not government-owned) with a rating of BBB+;
 - 24.2 bonds issued by another entity (that is not government-owned) with a rating of BBB+;
 - 24.3 bonds issued by a GPB or an EDB (that is not government-owned) with a rating other than BBB+;
 - 24.4 bonds issued by another entity (that is not government-owned) with a rating other than BBB+; and
 - 24.5 bonds issued by government-owned entities.
25. Clause 5.3.25(5)(a) of the GDS IM Determination provides that progressively lesser regard will ordinarily be given to the debt premium estimates in the order that the bonds are identified in clauses 5.3.25(4)(a) to (e).
26. Table 3, Table 4 and Table 5 below show the debt premiums for terms of three, four and five years respectively, determined as at 1 March 2016. These tables include a summary of information on the investment grade rated bonds we considered in determining the debt premium, for remaining terms of five years, four years, and three years.
27. A spreadsheet showing the calculations for the debt premium (and the risk-free rate) is published on our website.⁸

⁸ See www.comcom.govt.nz/cost-of-capital/

Five year debt premium

28. Table 3 below shows the five year debt premium on a GPB/EDB issued bond rated BBB+, as at 1 March 2016.

Table 3: Five-year debt premium on a GPB/EDB issued bond rated BBB+⁹

	Industry	Rating	Remaining term to maturity	Debt premium	Comment
Determined debt premium	EDB/GPB	BBB+	5.0	1.58	Regard to results 4(b) and 4(d) Generally consistent with 4(e)

Subclause	Issuer	Note ref.	Industry	Rating	Remaining term to maturity	Debt premium	Comment
4(a)	-	-	-	-	-	-	No data on applicable bonds
4(b)	WIAL	1	Other	BBB+	5.0	1.58	Credit rating and term are an exact match
4(c)	-	-	-	-	-	-	No data on applicable bonds
4(d)	Spark	2	Other	A-	5.0	1.35	BBB+ debt premium would be higher
	AIAL	3	Other	A-	5.0	1.26	BBB+ debt premium would be higher
	Contact	4	Other	BBB	5.0	1.89	BBB+ debt premium would be lower
	Fonterra	5	Other	A-	5.0	1.41	BBB+ debt premium would be higher
4(e)	Meridian	6	Other	BBB+	1.0	1.13	
	Genesis Energy	7	Other	BBB+	5.0	1.78	
	MRP	8	Other	BBB+	5.0	1.80	
	CIAL	9	Other	BBB+	5.0	1.53	
	Transpower	10	Other	AA-	5.0	1.06	

Notes on bonds analysed:

- 1 WIAL 5.27% bond maturing 11/06/2020; 6.25% bond maturing 15/05/2021.
- 2 Spark 5.25% bond maturing 25/10/2019; 4.5% bond maturing 25/03/2022.
- 3 AIAL 4.73% bond maturing 13/12/2019; 5.52% bond maturing 28/05/2021.
- 4 Contact Energy 5.28% bond maturing 27/05/2020; 4.40% bond maturing 15/11/2021.
- 5 Fonterra 5.52% bond maturing 25/02/2020; 4.33% bond maturing 20/10/2021.
- 6 Meridian 7.55% bond maturing 16/03/2017.
- 7 Genesis Energy 8.3% bond maturing 23/06/2020; 5.81% bond maturing 8/03/2023.
- 8 MRP 8.21% bond maturing 11/02/2020; 5.79% bond maturing 6/03/2023.
- 9 CIAL 5.15% bond maturing 6/12/2019; 6.25% bond maturing 4/10/2021.
- 10 Transpower 6.95% bond maturing 10/06/2020; 4.3% bond maturing 30/06/2022.

⁹ The five-year debt premiums on the Wellington International Airport Limited (WIAL), Auckland International Airport Limited (AIAL), Contact Energy, Fonterra, Genesis Energy, Mighty River Power (MRP), Christchurch International Airport Limited (CIAL) and Transpower bonds are calculated by linear interpolation with respect to maturity.

29. Consistent with clause 5.3.25(4)-(5)(a) of the GDS IM Determination, greatest regard has been given to the estimated debt premium on Wellington International Airport Limited's (WIAL's) bonds. These bonds are publicly traded, and are issued by an entity other than an EDB/GPB with a rating of BBB+.
30. As at 1 March 2016, the debt premium on the WIAL bond is estimated at 1.58%. As the credit rating and remaining term to maturity match the requirements in clause 5.3.25(3)(d), we consider 1.58% to be an appropriate starting point for estimating the debt premium (noting that WIAL is not an EDB/GPB).
31. We have also had regard to the estimated debt premium on bonds from a range of other issuers which all had a remaining term to maturity of five years. These included Spark (1.35%, 5 years, rated A-), Auckland International Airport Limited (AIAL) (1.26%, 5 years, rated A-), Contact (1.89%, 5 years, rated BBB) and Fonterra (1.41%, 5 years, rated A-). Consistent with clause 5.3.25(5)(a) these debt premiums were given less weight as the issuers are not EDBs or GPBs, and the debt issues had different credit ratings than the BBB+ rating specified in clause 2.4.4(3)(d).¹⁰ Taking into account the likely impact of differences in credit rating and term to maturity, we consider that these debt premiums are generally consistent with an estimate of 1.58% for a BBB+ rated bond with a five year term to maturity.
32. The estimated debt premium on the Meridian bond (1.13%, 1 year, rated BBB+), the Genesis Energy bonds (1.78%, 5 years, rated BBB+), the Mighty River Power (MRP) bonds (1.80%, 5 years, rated BBB+), the Christchurch International Airport Limited (CIAL) bonds (1.53%, 5 years, rated BBB+), and Transpower bonds (1.06%, 5 years, rated AA-) were also considered, but given less weight as the issuers are either majority owned by the Crown or a local authority.
33. Starting with the estimated debt premium on WIAL bonds, but having regard to the debt premium on a range of other bonds, we have determined the debt premium on a publically traded, EDB/GPB-issued bond, rated BBB+ with a remaining term of five years to be 1.58% as at 1 March 2016.

¹⁰ Telstra is not included in category 4(d) of Table 3 because it is not a New Zealand resident limited liability company (as required by the definition of "qualifying issuer" in the EDS IM Determination).

Four year debt premium

34. Table 4 below shows the four year debt premium on a GPB/EDB issued bond rated BBB+, as at 1 March 2016.

Table 4: Four-year debt premium on a GPB/EDB-issued bond rated BBB+¹¹

	Industry	Rating	Remaining term to maturity	Debt premium	Comment
Determined debt premium	EDB/GPB	BBB+	4.0	1.40	Regard to results 4(b) and 4(d) Generally consistent with 4(e)

Subclause	Issuer	Note ref.	Industry	Rating	Remaining term to maturity	Debt premium	Comment
4(a)	-	-	-	-	-	-	No data on applicable bonds
4(b)	WIAL	1	Other	BBB+	4.3	1.44	4 year debt premium would be lower
4(c)	-	-	-	-	-	-	No data on applicable bonds
4(d)	Spark	2	Other	A-	4.0	1.17	BBB+ debt premium would be higher
	AIAL	3	Other	A-	4.0	1.10	BBB+ debt premium would be higher
	Contact	4	Other	BBB	4.0	1.77	BBB+ debt premium would be generally lower
	Fonterra	5	Other	A-	4.0	1.23	BBB+ debt premium would be higher
4(e)	Meridian	6	Other	BBB+	1.0	1.13	
	Genesis Energy	7	Other	BBB+	4.0	1.61	
	MRP	8	Other	BBB+	4.0	1.63	
	CIAL	9	Other	BBB+	4.0	1.37	
	Transpower	10	Other	AA-	4.0	0.96	

Notes on bonds analysed:

- 1 WIAL 5.27% bond maturing 11/06/2020.
- 2 Spark 5.25% bond maturing 25/10/2019; 4.5% bond maturing 25/03/2022.
- 3 AIAL 4.73% bond maturing 13/12/2019; 5.52% bond maturing 28/05/2021.
- 4 Contact Energy 5.8% bond maturing 15/05/2019; 5.28% bond maturing 25/05/2020.
- 5 Fonterra 5.52% bond maturing 25/02/2020; 4.33% bond maturing 20/10/2021.
- 6 Meridian 7.55% bond maturing 16/03/2017.
- 7 Genesis Energy 5.205% bond maturing 1/11/2019; 8.3% bond maturing 23/06/2020.
- 8 MRP 8.21% bond maturing 11/02/2020; 5.79% bond maturing 6/3/2023.
- 9 CIAL 5.15% bond maturing 6/12/2019; 6.25% bond maturing 4/10/2021.
- 10 Transpower 7.19% bond maturing 11/12/2019; 6.95% bond maturing 6/10/2020.

¹¹ The four-year debt premiums on the Spark, AIAL, Contact, Fonterra, Genesis Energy, MRP and Transpower bonds are calculated by linear interpolation with respect to maturity.

35. Consistent with clause 5.3.25(4)-(5)(a) of the GDS IM Determination and clause 5.3.21(4)-(5)(a) of the GTS IM Determination, greatest regard has been given to the estimated debt premium on WIAL's June 2020 bond. This bond is issued by an entity other than an EDB/GPB, is publicly traded and has a rating of BBB+. The June 2020 bond has a term to maturity of 4.3 years, which is more than the four years specified in clause 5.3.25(3)(d).
36. As at 1 March 2016, the debt premium on the WIAL bond with a remaining term to maturity of 4.3 years was estimated at 1.44%. This is indicative of the upper bound of the debt premium for a bond rated BBB+ with a term of four years. A four year debt premium would likely be lower.
37. We have also had regard to the estimated debt premium on bonds from a range of other issuers. These included Spark (1.17%, 4 years, rated A-), AIAL (1.10%, 4 years, rated A-), Contact (1.77%, 4 years, rated BBB) and Fonterra (1.23%, 4 years, rated A-). Consistent with clause 5.3.25(5)(a) these were given less weight as the issuers are not EDBs or GPBs, and the debt issues had different credit ratings than the BBB+ rating specified in clause 5.3.25(3)(d).
38. The estimated debt premium on the Meridian bond (1.13%, 1 year, BBB+), Genesis bonds (1.61%, 4 years, rated BBB+), MRP bonds (1.63%, 4 years, rated BBB+), the CIAL bonds (1.37%, 4 years, rated BBB+), and Transpower bonds (0.96%, 4 years, rated AA-) were also considered, but given less weight as the issuers are either majority owned by the Crown or a local authority.
39. Starting with the estimated debt premium on the WIAL bond, but having regard to the debt premium on a range of other bonds, we have determined the debt premium on a publicly traded, EDB/GPB-issued bond, rated BBB+ with a remaining term of four years to be 1.40% as at 1 March 2016.

Three year debt premium

40. Table 5 below shows the three year debt premium on a GPB/EDB issued bond rated BBB+, as at 1 March 2016.

Table 5: Three-year debt premium on a GPB/EDB issued bond rated BBB+¹²

	Industry	Rating	Remaining term to maturity	Debt premium	Comment
Determined debt premium	EDB/GPB	BBB+	3.0	1.30	Regard to results 4(b) and 4(d) Generally consistent with 4(e)

Subclause	Issuer	Note ref.	Industry	Rating	Remaining term to maturity	Debt premium	Comment
4(a)	-	-	-	-	-	-	No data on applicable bonds
4(b)	WIAL	1	Other	BBB+	4.3	1.44	3 year debt premium would be significantly lower
4(c)	-	-	-	-	-	-	No data on applicable bonds
4(d)	Spark	2	Other	A-	3.0	1.03	BBB+ debt premium would be higher
	AIAL	3	Other	A-	3.0	0.97	BBB+ debt premium would be higher
	Contact	4	Other	BBB	3.0	1.53	BBB+ debt premium would be generally lower
	Fonterra	5	Other	A-	3.0	1.13	BBB+ debt premium would be higher
4(e)	Meridian	6	Other	BBB+	1.0	1.13	
	Genesis Energy	7	Other	BBB+	3.0	1.44	
	MRP	8	Other	BBB+	3.0	1.34	
	CIAL	9	Other	BBB+	3.8	1.33	
	Transpower	10	Other	AA-	3.0	0.84	

Notes on bonds analysed:

- 1 WIAL 5.27% bond maturing 11/06/2020.
- 2 Spark 7.04% bond maturing 22/03/2016; 5.25% bond maturing 25/10/2019.
- 3 AIAL 5.47% bond maturing 17/10/2017; 4.73% bond maturing 13/12/2019.
- 4 Contact Energy 4.8% bond maturing 24/05/2018; 5.8% bond maturing 15/05/2019.
- 5 Fonterra 4.6% bond maturing 24/10/2017; 5.52% bond maturing 25/02/2020.
- 6 Meridian 7.55% bond maturing 16/03/2017.
- 7 Genesis Energy 7.185% bond maturing 15/09/2016; 5.205% bond maturing 1/11/2019.
- 8 MRP 7.55% bond maturing 12/10/2016; 5.029% bond maturing 6/3/2019.
- 9 CIAL 5.15% bond maturing 6/12/2019.
- 10 Transpower 5.14% bond maturing 30/11/2018, 4.65% bond maturing 06/09/2019.

¹² The three-year debt premiums on the Spark, AIAL, Contact, Fonterra, Genesis Energy, MRP and Transpower bonds are calculated by linear interpolation with respect to maturity. The AIAL, Fonterra, Meridian, Genesis Energy and MRP bonds are calculated by interpolated bid to bid spread between the corporate bonds and a New Zealand Government Treasury Bill, maturing 1 February 2017. The Spark bond maturing 22/03/16 is calculated by interpolated bid to bid spread between the corporate bonds and New Zealand Government Treasury Bills, maturing 2 March 2016 and 1 February 2017. New Zealand Government Treasury Bills have been used as there are no Government bonds available with maturity date between 16 April 2015 and 14 December 2017 to interpolate the corporate bonds.

41. Consistent with clause 5.3.25(4)-(5)(a) of the GDS IM Determination and clause 5.3.21(4)-(5)(a) of the GTS IM Determination, greatest regard has been given to the estimated debt premium on WIAL's June 2020 bond. This bond is issued by an entity other than an EDB/GPB, is publicly traded and has a rating of BBB+. The June 2020 bond has a term to maturity of 4.3 years, which is more than the three years specified in clause 5.3.25(3)(d).
42. As at 1 March 2016, the debt premium on the WIAL bond with a remaining term to maturity of 4.3 years was estimated at 1.44%. This is indicative of the upper bound of the debt premium for a bond rated BBB+ with a term of three years. A three year debt premium would likely be significantly lower.
43. Regard has also been given to the estimated debt premium on bonds from a range of other issuers which all had a remaining term to maturity of three years. These included Spark (1.03%, rated A-), AIAL (0.97%, rated A-), Contact (1.53%, rated BBB) and Fonterra (1.13%, rated A-). Consistent with clauses 5.3.25(5)(a) of the GDS IM Determination these debt premiums were given less weight as the issuers are not GPBs or EDBs, and the debt issues had different credit ratings than the BBB+ rating specified in clause 5.3.25(3)(d).
44. The estimated debt premium on the Meridian bond (1.13%, 1 year, rated BBB+), Genesis bonds (1.44%, 3 years, rated BBB+), MRP bonds (1.34%, 3 years, rated BBB+), CIAL bond (1.33%, 3.8 years, rated BBB+), and Transpower bond (0.84%, 3 years, rated AA-) were given less weight as these issuers are either majority owned by the Crown or a local authority.
45. Starting with the estimated debt premium on the WIAL bond, but having regard to the debt premium on a range of other bonds, we have determined the debt premium on a publicly traded, EDB/GPB-issued bond, rated BBB+ with a remaining term of three years to be 1.30% as at 1 March 2016.