

## Departures from and additions to Guidelines

This table shows the departures from and additions to the ERA's Rate of Return Guidelines which we make in our report.

Matter in Guideline	DBP position vis-à-vis Guidelines	Report Chapter reference
Nominal post tax model	Consistent	7
WACC Approach	Consistent	8
Definition of Benchmark efficient entity	Consistent	3
Approach to Gearing	Consistent	3
Methodology for setting term of risk-free rate of return	Departure	3
Methodology for estimating Inflation	Minor departure	7
Methodology for estimating Gamma	Minor departure	7
<i>Return on equity - Stage 1</i>		
Methodology for determining the relevance of a model	Departure	5
<i>Return on equity - Stage 2</i>		
Use of ranges versus point estimates	Minor departure	5
<i>Return on equity - Stage 3</i>		
Use of ranges versus point estimates	Minor departure	5
<i>Return on equity - Stage 4</i>		
<i>Methodology for assessing consistency between returns on debt and on equity</i>	Addition	6
<i>Return on equity - Stage 5</i>	Consistent	6
<i>Return on debt</i>		
Formula to be used for Return at commencement of Access Arrangement Period	Minor departure	4
Methodology for setting term of risk-free rate	Departure	3
Benchmark credit rating used in estimating Debt Risk Premium	Consistent	3
Cross Checking the debt risk premium	Minor departure	4
New issue premium	Addition	4
Methodology for annual update of Return on Debt	Departure	4