

Annex K

Weighted Average Cost of Capital

The proposed weighted average cost of capital of 16.07% per annum corresponds with the Regulatory Weighted Average Cost of Capital which the Energy Regulatory Commission (ERC) has calculated in accordance with its paper titled “Preliminary Calculation of the Regulatory Weighted Average Cost of Capital That Would Apply during the Second Regulatory Period.

The ERC will determine the actual Weighted Average Cost of Capital that will apply for its setting of the Maximum Annual Prices for the Second Regulatory Period and that this may differ from that proposed.