

# REGULATORY FACTSHEET: REGULATORY ASSET BASE FOR THE 5<sup>TH</sup> REGULATORY PERIOD

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As of 21 January 2026

The regulatory asset base (RAB) is determined as part of the cost review process. Multiplied by the WACC rate, the cost of capital is part of the revenue cap. For gas networks, the relevant base year is 2025; for electricity networks, the base year is 2026. From the 5<sup>th</sup> regulatory period onwards, selected simplifications, standardised approaches, and incentive mechanisms will be introduced in the determination of the RAB and the imputed depreciations.

## Regulatory asset base

The RAB will be derived from the network operator's operating assets, less construction cost contributions and other grants, and includes:

- regulatory residual values of tangible fixed assets, including advance payments and assets under construction;
- land required for operations at acquisition cost;
- residual values of intangible assets required for operations, including advance payments;
- book values of inventories required for operations;
- regulatory values of current assets required for operations (set at 1/24 of the audited network costs of the relevant base year).

The average of opening and closing balances is used, and each asset is capitalised starting from 1 January of the respective year. The RAB is then multiplied by the WACC rate to determine the cost of capital.

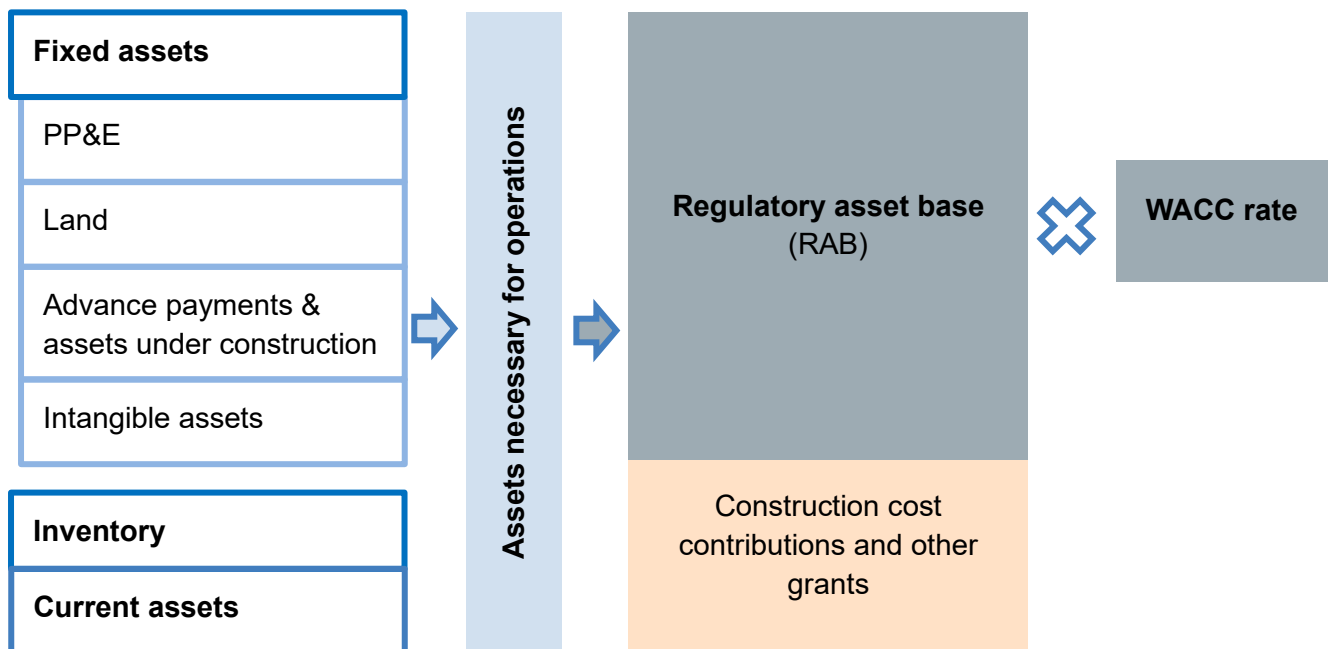


Figure 1: Schematic representation from the balance sheet to the regulatory asset base (RAB)

## Converting the assessment of tangible fixed assets to general price level accounting

With the start of the 5<sup>th</sup> regulatory period, the capital maintenance approach for existing tangible fixed assets capitalised before 1 January 2006 will change in accordance with the following provisions. As of the relevant base year, the equity-financed portion of these assets will, for the last time, be valued using the “net asset value maintenance” model. The equity-financed portion amounts to 40%.

From this point onwards, the imputed residual values determined under this approach will serve as the opening values for the valuation of fixed assets under the general price level accounting.

## Bonus/incentives for construction cost contributions for electricity DSOs

Network operators will receive an interest bonus for the receipt of qualified grants. The interest bonus will be calculated by multiplying the residual values of the qualified grants by the bonus rate and the WACC rate. Qualified grants will include construction cost contributions and investment grants received after 31 December 2028 that have not been amortised within five years. The bonus rate will be set at 25%.