Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Matt Henry from Goldman Sachs.

Matt Henry

I've got three questions, if you don't mind. The first is just on the regulatory process, you referred to, I guess, an uplift in multipliers for rocky ground, et cetera, have you got a, I guess, a feel or a better feel now if the current ramp methodology was used, what that would mean in terms of an uplift against your current publish rate, that's my first question. The second question is just on the Gas Wholesale. I'm just wondering whether you could comment around whether you think the first half is, I guess, a run rate type expectation for the second half and also going into the next year. And the third question I have was just on the Technology business, where, looking at the numbers, EBITDA is up on 2007 by about somewhere between $10 million and $12 million. But over that timeframe, you've spent something in the order of $170 million on growth CapEx. And so I just really want to get a feel with: One, you think that the money you're spending in that area is going to deliver continuous growth in the future or whether actually defining it as growth CapEx is reasonable.

Simon MacKenzie
Group Chief Executive Officer

So with regards to your query on the multipliers impact, I don't have an exact number to hand but we'll certainly -- when we have that available, we'll let you know. But as we've seen historically, I think there's a combination of what's going on with regards to those costs in the market and the fact that we connect them in. In order magnitude, you're probably talking in the low percentages not double digit. I'll let Alex answer the question on Gas Wholesale.

Alex Ball
Former Chief Financial officer

I guess in terms of run rate, in terms of where we're anticipating the full year to be, I would comment that we're comfortable with where the analysts' consensus EBITDA result is for that segment at this stage. So that would imply perhaps not the same level of result for the second half.

Matt Henry

Sorry, I can't hear you. I don't think we can hear you.

Alex Ball
Former Chief Financial officer

We're comfortable with where analysts' consensus sits for EBITDA for the Gas Wholesale segment for the full year. So that would imply slightly less run rate for the second half.

Simon MacKenzie
Group Chief Executive Officer

And with regards to Technology and Metering, the short answer is yes. We are comfortable with the investment in the Metering business. We see they're delivering strong EBITDA performance. Obviously, we have to build up quite a lot of stock to actually achieve the 12,000 meters per month and that's now converting into good EBITDA and cash flow performance.

Matt Henry

I guess the question is you spend $170 million of CapEx to deliver probably to date something in the order of $10 million to $12 million of EBITDA. I don't imagine that's then an acceptable return. I guess the question is, are we going to see either a pick up in the future as that CapEx starts to deliver? Or is there a big chunk of that growth CapEx or what's been defined as growth CapEx, which is probably a replacement of existing stock?

Simon MacKenzie
Group Chief Executive Officer

No, I think the issue is, is that what you're seeing is that just the timing differences primarily between basically deploying -- taking a significant step up and getting the meters out in the field and the lag of coming through in EBITDA. But we certainly remain very comfortable with this being a strong solid investment. And secondly, that this is obviously around CapEx, that is new investment.

Operator

Your next question comes from the line of Grant Swanepoel from Deutsche Bank.

Grant Swanepoel
Deutsche Bank AG, Research Division

I just want to elaborate better on one of Matt's question on the wholesale side. Could you give some sort of idea of what the tolling is delivering in terms of EBITDA particularly as it is a new business? And whether this is normalized type of number based on the shortage of gas in the one island and linked in the other island. Second question is on pricing. Can you just bring us up to date on the pricing fee put through this year on the electricity and gas regulated business? And the final question on the head office costs. What would normalized costs have been if you hadn't returned the incentive into the other segments? And the extension of that, what is the fiber opportunity costing you at this stage?

Alex Ball
Former Chief Financial officer

Within the EBITDA for the Gas Wholesale segment, the reference to the tolling is the reference to Liquigas. That is a small component of the overall result, so I wouldn't say it's any more than a quarter of that. It is now at what I would say steady state. Whether or not it moves significantly around depending on the North Island South Island split on gas, we don't see that materially impacting in the result going forward for the rest of the financial year.

Simon MacKenzie
Group Chief Executive Officer

With regards, Grant, to a question on pricing. The pricing changes in Electricity of 2.6% effective from 1 April. And that basically comprises of 1.2% that relates to our Vector price increases due to inflation under the regulatory price path. And the other 1.4% relates to increases put through by Transpower through transmission charges, as well as central and local government costs, which these are, of course, these are being pass throughs. That was Electricity. And with respect to -- our gas side, the transmission distribution, they will be at the CPI, that's applicable when you typically put those through in October.

Alex Ball
Former Chief Financial officer

Grant, I think your third question as around head office Shared Services costs and the impact within that of the transfer out. I think the short answer, the majority of that movement is related to...

Grant Swanepoel
Deutsche Bank AG, Research Division

Alex, you broke up again. We didn't hear that.

Alex Ball
Former Chief Financial officer

Sorry, Grant. With your third question on Shared Services head office costs and the component of the $2.2 million reduction as to whether that was in front of the transfer out of the incentives, it's the majority of that number.

Grant Swanepoel
Deutsche Bank AG, Research Division

And the final part was on the fiber cost to date and whether that's picking up or going down and what it is?

Simon MacKenzie
Group Chief Executive Officer

I guess it would be fair to say that we expect there could be a slight increase just due to, obviously, legal advice on the next stage of the process, but that's offset pretty much since December. For the last couple of months, we've had very low expenditures. So we're not expecting any material change in that space.

Operator

Your next question comes from the line of Andrew Harvey-Green from Forsyth Barr.

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

Capital effect accretions were a little bit more on the Gas Wholesaling side, first of all, are you able to give us just an idea on the sort of where you see natural gas volumes going over the next two to three years? And secondly, just on Kapuni pricing, sort of when do you expect new Kapuni pricing to come through? When do you get over that sort of legacy gas contract volume?

Simon MacKenzie
Group Chief Executive Officer

So on the first one, with respect to -- I think you're asking about the volumes, Andrew, is that correct?

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

Yes, that's right. On the Natural Gas side, yes.

Simon MacKenzie
Group Chief Executive Officer

Yes, I guess, looking forward for the next two to three years, obviously, stating the obvious, this is highly competitive. And our position remains that we, firstly, as we see some of the actions taken over the last couple of years has been re-looking at our sell portfolio as well as our buy side. Obviously, we're winding off those legacy contracts. So looking forward, we're confident that we can retain volumes around the same level, but obviously, that can change month on month just given competition in the market. But I guess the actions taken, the access that we have to other supplies had seen us successfully maintain a lot of our existing customers and also pick up some from other customers, but also recognizing we've lost a few on the way through. But on balance, we remain in a relatively strong position looking forward. And sorry, your second question was with respect to ...

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

When the Kapuni repricing, the pricing process of that contract, yes.

Simon MacKenzie
Group Chief Executive Officer

Yes, So essentially that's -- I guess, are you talking to the potential extra petajoules out of the 10-10-10 number?

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

Yes. That's right, yes.

Simon MacKenzie
Group Chief Executive Officer

The short answer to that is we couldn't give a date on that given the kind of complex issues that are incorporated into Kapuni, with what are they kind of comprised of. They comprise of -- whilst the KMC maybe actually indicating 1,018 PJs, as you recall, through our process of looking at the field reserves, we believe they'll be significantly more than 1,018. And they have to be basically proven in the economic and that's what we believe they are. The next stage of it is also how does emissions trading costs get affected into the pricing positions. And so those, coupled with what our legacy kind of position is, is really a very complex issue to work through with the KMCs, but something that we are very focused on and pushing forward as fast as we can.

Andrew Rupert Pelham Harvey-Green
Forsyth Barr Group Ltd., Research Division

And I had just one other question just around the regulatory costs that you are incurring. I mean, you're expecting -- obviously, you're going to have fairly significant costs going ahead merits review. Is that cost sort of going up or down and sort of what sort of roughly what are we talking about?

Simon MacKenzie
Group Chief Executive Officer

We have factored into our budgets this year costs for regulation. And those cost of regulation, at this point in time, we've set comfortable with. We're not expecting, at this point, for those to materially lift. I guess, the only thing that we could say against that, Andrew, is that because we do not know the process timing for the merits appeal process, there's a degree of uncertainty about whether that would shift into this year or into next year. Additional costs, primarily just because of, obviously, legal advice cost, we have in our view, principally got all the economic and legal advice has already been structured in our submission process. So from a legal cost perspective, this is really around putting the appeal together that leverages off that information already contained in our submission. So I wouldn't expect that we'd see any significant or material increase in those regulatory costs. And hence, no change from that perspective to where we see our forecast coming out for the end of this financial year.

Operator

Your next question comes from the line of Stephen Hudson from Macquarie.

Stephen Hudson

I just had a question on your payout targets and whether or not you saw any potential for that to lift or change, particularly as the regulatory regime sort of solidifies. And just a question around the CPI-X pricing methodology that you followed. I think, in the past, you used to build in something like a 25 basis point buffer as an allowance for potentially overstating past throughs. I just wondered whether or not that was still included in your pricing regime.

Simon MacKenzie
Group Chief Executive Officer

With respect to the regulatory regime and the potential for a dividend lift, I guess that's kind of self-evident in itself that if we get what we believe to be an appropriate merits appeal outcome, which incorporates not only issues around the weighted average cost to capital but also evaluation, then we would expect to see that potentially flow through to dividend increase. Now I think that arises principally because we have much greater certainty. Our cost of funding will likely potentially fall. Over what time period, it's difficult to say, but definitely we think that, that should arise pretty much as what we'd seen in other jurisdictions. And with regards to the CPI buffer, we were using that kind of 25 basis point buffer.

Because of where we sit now, when you take the cumulative effect of that buffer, we haven't put a buffer into this year's price increase because we've got headroom from a compliance perspective given the cumulative effect of the previous buffers.

Operator

There are no further questions from the line. Back to you.

Michael Peter Stiassny
Former Chairman
So if there are no further questions, obviously, we'll end the teleconference. I thank you all for your attendance. So analysts and investors, please direct any follow-up questions to Anna Hirst. And if there are any journalists online, then as normally, please liaise directly with Philippa White. So thank you very much for joining us, and we look forward to discussing our end of year results in August. So good afternoon.