

1 July 2020

Dr Stephen Gale
Telecommunications Commissioner
Commerce Commission
Wellington

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NOVA ENERGY SUBMISSION TO THE COMMERCE COMMISSION: DRAFT REVIEW OF MOBILE ACCESS TERMINATION SERVICE

PUBLIC VERSION

1. Nova Energy Limited (**Nova**) welcomes the opportunity to provide a submission to the Commerce Commission (**Commission**) in relation to the Commission's Draft Review of Mobile Termination Access Service (**MTAS**), and draft decision whether to commence an investigation under Schedule 3 of the Telecommunications Act 2001 (**Act**) into whether to remove MTAS as a "designated service".
2. By way of background:
 - (a) Nova is a wholly owned subsidiary of The Todd Corporation, which has been one of New Zealand's leading energy explorers and producers for around 60 years. Todd Generation Limited, also a wholly owned subsidiary of The Todd Corporation, holds an interest in approximately 170 megawatts of installed power generation capacity. Nova is a supplier of electricity and natural gas to wholesale, retail and industrial markets.
 - (b) In 2018 Nova entered the telecommunications market and currently supplies fixed-line broadband and voice services. This includes voice calls originating on a fixed telephone network using VoIP to residential customers.
 - (c) In 2019 Nova purchased the business of Total Consumer Services Limited and its corporate group (trading as MegaTEL) including its fixed-line broadband and mobile customer books. The MegaTEL business supplies mobile services as an MVNO (pursuant to an agreement with Spark as the MNO) and now operates as a standalone division of Nova.
3. Nova considers that existing regulation of MTAS as a designated service has helped promote competition in the retail market for FTM voice calls by allowing fixed-only providers to compete more effectively with integrated fixed and mobile providers.
4. We support the Commission's preliminary views that:
 - (a) there are currently no direct substitutes for MTAS at the wholesale level;
 - (b) OTT services are unlikely to be an effective competitive constraint (directly or indirectly) on MTAS for voice services;

- (c) in the absence of regulation, the MNOs are likely to have an incentive to utilise their monopoly position and increase voice MTAS rates (especially given the imbalances in MNO voice traffic and non-reciprocal nature of voice calling as opposed to SMS); and
 - (d) the benefits of continuing to regulate voice MTAS are likely to be significant, especially given the ongoing popularity of traditional voice calls.
5. We agree that omitting SMS termination from the current MTAS service description would amount to an amendment of the existing regulation, and therefore is out of scope for this particular Schedule 3 review. In any case, we do not consider that there are clear reasonable grounds for removing SMS at this stage.
6. We therefore agree with the Commission's preliminary views that:
- (a) ongoing regulation of voice MTAS remains necessary to promote competition in telecommunications markets for the long-term benefit of consumers;
 - (b) there are no reasonable grounds to commence an investigation into removing MTAS regulation as a whole; and
 - (c) the benefits of continuing to regulate MTAS as a whole outweigh the costs of regulation.
7. We would be happy to meet with the Commission to further discuss our submission and to answer any questions that you may have. Please direct any questions or other matters regarding this submission, in the first instance, to:

Cameron Pentecost – Legal Counsel – Todd Corporation


Yours sincerely


Babu Bahirathan
Chief Executive Officer
Nova Energy Limited