Fibre PQP2 Draft Quality Decisions

July 2024

This presentation is only to aid explanation of our draft decisions. The draft decisions paper and draft determination published on our website is the material we are consulting on.

Agenda

- Introductions (5 mins)
- Purpose of this meeting (5 mins)
- Questions and explanation of our draft quality standard decisions for;
  - Availability standards
  - Performance standard
  - Provisioning standard

Note – this material was prepared for a brief meeting held with Chorus on 29 July 2024.

Purpose of the meeting

- The purpose of this meeting is to provide a forum for explanation on our draft PQ quality decisions to help with submissions
- You will need to put any feedback to us on these draft decisions into submissions

Confidentiality and OIA

- We will be taking a file note of this meeting so that we have a record of discussions
- What is said during this meeting is subject to the OIA, however we can withhold disclosure of information which is genuinely confidential (including commercially sensitive information)
- Where possible please note to us if areas of discussion that could be considered confidential
- In the event we receive an OIA request relating to this meeting, we will consult with you about the information we intend to release before responding to the request

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Our draft quality decisions

- Our PQP2 quality draft decisions represent a change in approach from PQP1

- We have made these changes based on Chorus' performance and the effectiveness of the quality standards during PQP1. We consider that our draft quality standards are now more focused on systemic issues that are within Chorus' control and reduce the risk of Chorus breaching from random events. We also propose a new provisioning quality standard due to Chorus' performance over PQP1 and concerns raised by stakeholders

- We consider our draft decisions strike a balance between ensuring Chorus is not penalised unduly for its quality performance (and thus creating a high regulatory burden on Chorus) while ensuring Chorus has appropriate incentives to maintain and improve quality during PQP2 to levels that end users expect for what they are prepared to pay

- Our draft decisions are for standards for three quality dimensions;
  - Availability
  - Performance
  - Provisioning

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Availability standards

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Te Komihana Tauhokohoko

Draft standard key decisions	Key points
Chorus meets the availability assessment for an availability POI area for a regulatory year, if its total average (monthly) net unplanned downtime does not exceed; • for a layer 1 aspect of a fibre network, 80 minutes in that availability POI area in the regulatory year. • for a layer 2 aspect of a fibre network, 17 minutes in that availability POI area in the regulatory year. **Chorus fails** the availability standard for a regulatory year if it fails to comply with the annual assessment in that regulatory year, and it has also failed to comply with the annual assessment in the preceding regulatory year. If there is a further exceedance of the annual assessment in regulatory year 3 for the same availability POI area, Chorus will breach the standard for year 3 as well as year 2. There is no availability standard for layer 1 or 2 aspects for the first year of the regulatory period	• A sequence of years over the threshold assessment would indicate a systemic issue in adequate planning (s 162(b)) • There are lower thresholds to encourage Chorus to maintain the level of quality that end users expect which are balanced by the multi-year standard to provide the focus on only systemic issues • Retention of the availability POI areas provides the right level of granularity to encourage Chorus to provide the same level of service to all end-users • Chorus will be required to report annually on the reasons and planned actions where availably POI areas have had exceedances, in addition to other annual compliance reporting

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Performance standard

COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

Draft standard key decisions	Key points
Chorus meets the performance assessment for a port for a calendar month, if the port does not experience port utilisation, upstream or downstream, equal to or exceeding 90% in any five-minute interval in the calendar month. Our draft decision is that **Chorus fails** the quality standard in a month if it fails to comply with the assessment in that calendar month and the two previous calendar months. If there is a further exceedance of the monthly performance assessment in month four for the same port, Chorus will breach the standard for month four as well as month three. In the first two calendar months of the first regulatory year there is no performance quality standard. Consistent with the availability and provisioning standard, our draft decision is to exclude force majeure events in the calculation of the draft performance standard.	• A sequence of months over the 90% threshold assessment would indicate a systemic issue in adequate capacity planning 162(b) • Retention of the 90% threshold is the right level to detect emerging issues in capacity planning which is balanced by the multi-month standard to focus on only systemic issues and not one-off events • Exclusion of force majeure events removes the risk of breaching due to events like weather events and earthquakes

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Provisioning standard

Draft standard key decisions	Key points
Our draft decision is that **Chorus meets** the provisioning quality standard for an availability POI area for a regulatory year if: • the connections measure for connection requests in respect of which the agreed date is rescheduled is 85% or more; and • the connections measure for all other connection requests is 80% or more. Our draft decision is to use geographic differentiation by availability POI areas as used for the availability standard Our draft decision is that Chorus may exclude the impact of force majeure events on provisioning during PQP2	• An annual average below the standard would indicate a systemic issue in adequate management of resources (s 162(b)) • Rescheduled connections are held to a higher standard than those connections commissioned first time to encourage Chorus to get it right first time • Geographic aggregation by the availability POI areas provides the right level of granularity to encourage Chorus to provide the same level of service to all end-users

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