

Slide pack for Fibre Emerging Views workshop 25 June 2019

Note: The positions set out in this slide pack are provided for purposes of facilitating engagement on our emerging views paper and are not Commission endorsed positions except where they reflect views that are contained in the emerging views paper.



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Fibre Regulation Emerging Views

Stakeholder Workshop

25 June 2019



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Haere mai!



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Today's agenda



Time	Agenda item
10.00am	Welcome and opening
10.15am	What you can expect
11.00am	Break
11.15am	Treatment of past losses
12.15pm	Lunch and networking
1.15pm	Quality dimensions
2.15pm	Break
2.30pm	Capital expenditure
3.30pm	Clarification questions
4.00pm	Wrap up and close



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Fibre Commissioners



Dr Stephen Gale

Telecommunications
Commissioner



Sue Begg

Deputy Chair



Elisabeth Welson

Commissioner



John Crawford

Associate
Commissioner

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Our core fibre team



Vanessa Howell
Head of Fibre
Regulation



Jo Perry
Manager, Fibre
Regulation



Maggie Vickers
Project
Coordinator



Josh Wilson
Senior Analyst



David Oxnam
Senior Analyst



**Wendy
MacLucas**
Chief Adviser



Hazel Burns
Senior Project
Manager



Anna Paterson
Senior Analyst



Steve Riceman
Chief Adviser



Simon Copland
Chief Adviser



Thomas Jones
Chief Adviser



Neville Lord
Chief Adviser

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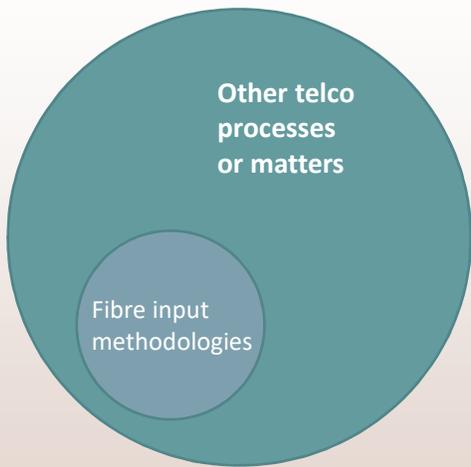
What you can expect



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It's not just about us



MBIE consultation

Regulations under Telco Act on services:

- Submissions due 3 July 2019

Other Commission work

Eg:

- Retail service quality
- Copper withdrawal code
- Specified fibre areas
- Mobile market study
- Backhaul study
- EOI



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Your input to date on input methodologies



Date	Process step	Your input
Nov 2018	New regulatory framework for fibre paper published for consultation	16 subs and expert reports 9 cross subs
Dec 2018	First stakeholder workshop	60 attendees
Mar 2019	Process update published	-
May 2019	Fibre regulation emerging views published for consultation	-
June 2019	Second stakeholder workshop First consumer focus group	41 RSVPs 3 RSVPs



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We're listening



Your feedback ...

Incorporated!

Input methodologies are detailed and difficult for consumer to engage on

Holding our first consumer focus group session; Regulation Branch-wide initiative

Papers are dense and can be onerous for smaller groups to submit

Published separate summary paper; created new template submission form

It would be useful to understand the similarities to Part 4

Sliding scale in summary paper

Consultation on price-quality regulation starting quite late

Aiming to publish a high-level issues paper towards the end of the year



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Process to complete input methodologies



June 2020: Final decisions

Input methodologies done and dusted with rules in place subject to appeals

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Process to complete input methodologies



November 2019: Draft decisions

First chance to provide comments on determination drafting

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Process to complete input methodologies



March 2020: Technical consultation

Largely an exercise in ensuring determination drafting gives effect to decisions

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Process to complete input methodologies



Workshops or Forums to:

- facilitate face-to-face dialogue and get to the heart of the issue faster
- discuss issues and potential solutions
- work through options to refine a proposal

Potential topics:

- WACC
- Regulatory processes and rules

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Process to complete input methodologies



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Information gathering requests:

- We will likely need more information to help us develop the input methodologies
- We can issue information requests to suppliers as part of our IM process
- We will endeavour to give advance notice and consider appropriate timeframes to respond

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Still to come



- Regulatory processes and rules
 - Definition of prices, including pass-throughs
 - Price-quality path reconsideration ('reopeners')
 - Proposal and evaluation of price-quality paths
- Specific incentive mechanisms (eg, expenditure efficiency)
- Transitional measures

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Beyond input methodologies



- Practical processes for determining initial RAB and losses
- Application of IMs in ID and PQR
 - Annual disclosure requirements
 - Maximum revenues and prices
 - Quality standards

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Tea/coffee break



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High-level example of the calculation of UFB past losses & cost allocation for past losses

Fibre Workshop - Wellington

25 June 2019

Steve Riceman & Neville Lord



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Purpose of this session

- Provide a high-level example of the methodology the Commission set out in the Emerging Views Paper (EVP) for the initial losses asset calculation
 - This example uses figures which are simply illustrative
- Address any questions on the example
- Encourage stakeholder submissions on the proposed methodology



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Overview



- Telco Act direction
- Our relevant emerging views
- Simplifying assumptions
- Building block formula and the losses calculation
 - Capital additions and the Regulated Asset Base (RAB)
 - Return on capital
 - Opex and allowable revenue
 - Loss calculation
- Government funding deducted from the RAB
- Adjusting the loss values to present value
- Amortisation of the loss after implementation date
- **Cost allocation section**
- **Question time**

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Past losses asset - Telecommunications Act 2001



- Section 177:

(2) Each regulated fibre service provider is treated, as at the implementation date, as owning a fibre asset with an initial value equal to the financial losses, as determined by the Commission, incurred by the provider in providing fibre fixed line access services under the UFB initiative for the period starting on 1 December 2011 and ending on the close of the day immediately before the implementation date.

(3) In determining the financial losses under subsection (2), the Commission—

(a) must take into account any accumulated unrecovered returns on investments made by the provider under the UFB initiative; and

(b) in respect of any Crown financing provided in connection with those investments, must refer to the actual financing costs incurred by the provider (or a related party).

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Emerging views paper



We set out our emerging views as:

- to use a building blocks approach to calculate the initial losses asset at implementation date for Chorus and the other LFCs.
- subtracting the face value of the Crown financing from the accumulated cost of UFB assets (ie, the 'investment' component of the formula) when applying the required rate of return for the relevant year.
- to adopt a suitable treatment for those components of cost of capital, cost allocation and taxation as defined in those IM topic areas for the building blocks calculation for the 2011-21 loss period
- to progress the practical process for calculating the value of the initial loss asset as part of the overall process for calculating the initial RAB.
- developing IM rules that are consistent across Chorus and the other LFCs, unless a regulatory reason requires differing approaches.

See EVP paras 208 and 147.3.

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Simplifying assumptions



- This illustrative calculation ignores:
 - cost allocation for capex and opex (some high-level issues regarding cost allocation will be discussed later in this session)
 - capital contributions
 - asset disposals or write-offs
 - annual cashflow timing adjustments
 - repayments of government funding prior to implementation date
 - impairment losses and GAAP revaluations.
- We assume losses occur in each pre-implementation year for all suppliers.

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Simplifying assumptions continued



- No tax allowance:
 - we assume tax losses from the fibre rollout will have been used by Chorus and the other LFCs to offset profits in other parts of the business or group (*see EVP para 871*)
 - tax depreciation and interest costs are also therefore ignored
- No indexation of the RAB during the loss period, as the Act directs that cost is adjusted at implementation date for accumulated depreciation and impairment losses (if any) only, under generally accepted accounting practice in New Zealand
 - doesn't allow revaluations at implementation date, so we propose to not calculate indexed revaluation during the loss period.

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Building block calculation for the losses



- The general calculation of building blocks allowable revenue is:
 $RAB \times \text{Cost of Capital} + \text{Depreciation} + \text{Operating Expenditure} + \text{Tax} - \text{Revaluation Gains (or + Revaluation Losses)} - \text{Other income}$
 - Given simplifying assumptions and the deduction of govt funding from the RAB, this becomes:
 $(RAB \text{ less govt funding}) \times \text{Cost of Capital} + \text{Depreciation} + \text{Operating Expenditure}$
 - The end of year RAB value:
 $RAB \text{ (beginning of year)} - \text{Depreciation} + \text{Revaluations} + \text{Capital Additions} - \text{Capital Disposals}$
 - Is simplified to:
 $\text{End of year RAB} = RAB \text{ (beginning of year)} - \text{Depreciation} + \text{Capital Additions}$
- And we assume, for each year of the loss period that:
- $$UFB \text{ Revenue} < (RAB \text{ less govt funding}) \times \text{Cost of Capital} + \text{Depreciation} + \text{Operating Expenditure}$$

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Capital additions and the RAB



- Capital additions – commissioned assets for the period (based on GAAP, but with any necessary regulatory adjustments)
- Annual Government UFB funding – based on reported amounts

Capex spend on UFB	50	100	150	200	200	200
Government funding	30	50	70	100	100	100

We calculate the RAB based on total capex invested:

- Capex additions are added to opening RAB value
- Depreciation reported under GAAP for UFB assets is deducted to calculate the closing RAB

Opening RAB	–	50	148	290	476	652
Capex additions	50	100	150	200	200	200
less Depreciation (GAAP)	–	3	7	15	24	33
Closing RAB	50	148	290	476	652	819

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Return on capital



For each year we take:

- The opening RAB value; Less
- Opening Government UFB funding – based on reported amounts.

To determine the qualifying RAB, that is the portion of the RAB which the cost of capital is applied to, to determine the return on capital for that year.

Opening RAB	–	50	148	290	476	652
less Opening government funding	–	30	80	150	250	350
Qualifying RAB	–	20	68	140	226	302
Return on capital (WACC x Qualifying RAB)	–	2	7	14	23	30

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Opex and allowable revenue



- Opex – UFB operating costs based on GAAP, with any necessary regulatory adjustments
- So the total BBM allowable revenue is calculated as:

Return on capital (WACC x Qualifying RAB)	–	2	7	14	23	30
Return of capital (depreciation)	–	3	7	15	24	33
Opex allowance	50	100	150	200	250	300
Total BBM allowable revenue	50	105	164	229	296	363

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Loss calculation



- Actual revenues – revenues from UFB services based on GAAP, with any necessary regulatory adjustments
- Actual revenues are deducted from calculated allowable revenue to determine the loss per year

Total BBM allowable revenue	50	105	164	229	296	363
less UFB revenues	–	50	100	150	200	225
Losses (ie, shortfall)	(50)	(55)	(64)	(79)	(96)	(138)

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Government funding deducted from RAB value



- We assume the actual financing costs incurred by the provider for the government funding is nil (*see EVP para 515.3*)
- When calculating the return on capital as part of the building blocks calculation, we deduct the nominal value of the government funding from the RAB value
 - Implication - funding saves the cost of capital
- Note that if there are any fees associated with Crown financing, we propose to add them to the BBM costs (eg opex estimate used to determine losses) (*see EVP para 517.6*)
- Previous submissions discussed other costs associated with Government funding, we would welcome evidence of these costs.

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Adjusting the loss values to present value



- Any annual losses are adjusted to present value at the end of 2021 and summed to calculate the opening value of the loss asset at implementation date.
- The discount rate we propose to apply is the same as the WACC value (*see EVP paras 521 to 523*).

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Amortisation of the loss asset after implementation date



- We propose to apply straight-line amortisation to the loss asset. Given the loss asset is a special case, intangible asset, consisting of an amalgamation of various unrecovered building block costs, we need to determine what period to amortise it over.
- Our emerging view is that we will amortise the loss over a period equivalent to the weighted average life of the main (non-loss asset) RAB as at the implementation date.
- We recognise other alternatives to setting the period over which the loss asset is amortised. Alternatives we have considered are:
 - amortisation over a fixed period of time, such as 15, 20 or 30 years; or
 - a period consisting of a number of regulatory periods, such as 2, 3 or 4 periods; or
 - allowing the loss asset to simply remain within the RAB, with no amortisation.

See EVP para 237.

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Cost allocation for past losses



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Cost allocation



- The main function of the cost allocation IM is to determine the rules and methodologies that providers must use to identify the **portion of asset values and operating expenses associated with regulated fibre services**.
- Cost allocation applies to both capital and operating expenditure (CAPEX and OPEX)
- We propose distinguishing between:
 - Directly attributable costs; and
 - Shared costs.



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Our emerging view on past losses



- All costs that are directly attributable to the UFB initiative must be allocated to the UFB past losses.
- All shared costs that relate to the UFB initiative must be allocated using ABAA.
- ABAA is to be applied using consistent, objective, measurable and timely cost allocators when calculating the past losses (this includes the use of causal/proxy allocators).
- No double recovery of costs.
- For past losses applies to asset values, depreciation and OPEX.

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Issues we think need to be considered



- What is the potential for simplification? (eg: annual data versus average, level of aggregation for network assets).
- What is the purpose of the investment and how does that impact the allocation approach?
- What should be the level of prescription?



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Example New CAPEX that is shared



- New equipment that is shared between services.
- Some allocator options;
 - Full allocation as installed for UFB; or
 - Partial allocation to UFB based on UFB customers as a proportion of total customers changing over time; or
 - Partial allocation to UFB based on traffic mix between UFB and other services, changing over time.
- There may be others that provide a simple causal or appropriate proxy

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Example continued

- Assume \$100 investment in 2015, depreciation at \$10 p.a.
- All approaches see the unallocated asset valued at \$40 in 2022, but differ in the allocation of the asset value to the UFB past losses.
- The past loss amount differs by 100%.

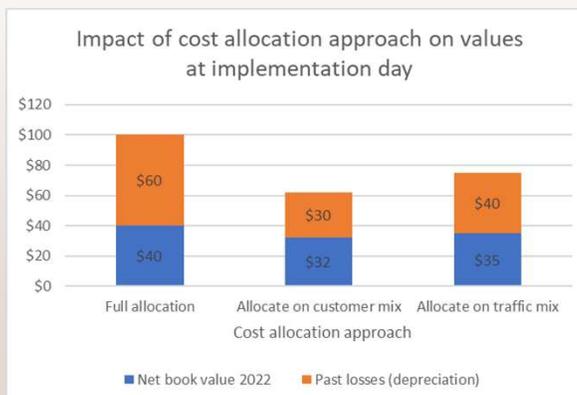


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Example results

- \$60 if fully allocated to UFB;
- \$30 based on pro rata of customer mix; or
- \$40 based on traffic mix.



40 The example has no adjustment for discounting

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Questions?



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Appendix – illustrative calculation



UFB initial loss methodology illustration calculation

All figures are purely illustrative

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Totals
Inputs											
WACC	10%										
Depreciation rate	5%										
Capex spend on UFB	50	100	150	200	200	200	200	200	200	200	
Government funding	30	50	70	100	100	100	100	0	0	0	
UFB revenues	0	50	100	150	200	225	230	240	260	300	
UFB opex	50	100	150	200	250	300	300	300	300	300	
Calculations											
Opening RAB	–	50	148	290	476	652	819	978	1,129	1,273	
Capex additions	50	100	150	200	200	200	200	200	200	200	
less: Depreciation (GAAP)	–	3	7	15	24	33	41	49	56	64	
Closing RAB	50	148	290	476	652	819	978	1,129	1,273	1,409	
Opening government funding	–	30	80	150	250	350	450	550	550	550	
Additions	30	50	70	100	100	100	100	–	–	–	
Closing Govt funding	30	80	150	250	350	450	550	550	550	550	
Opening RAB	–	50	148	290	476	652	819	978	1,129	1,273	
less: Opening government funding	–	30	80	150	250	350	450	550	550	550	
Qualifying RAB	–	20	68	140	226	302	369	428	579	723	
Return on capital (WACC x Qualifying RAB)	–	2	7	14	23	30	37	43	58	72	285
Return of capital (depreciation)	–	3	7	15	24	33	41	49	56	64	291
Opex allowance	50	100	150	200	250	300	300	300	300	300	2,250
Total BBM allowable revenue	50	105	164	229	296	363	378	392	414	436	2,826
less: UFB revenues	–	50	100	150	200	225	230	240	260	300	1,755
Losses (ie, shortfall)	(50)	(55)	(64)	(79)	(96)	(138)	(148)	(152)	(154)	(136)	(1,071)
Present Values											Total PV @ 2021
PV losses forward to 2021	(118)	(117)	(125)	(139)	(155)	(202)	(197)	(184)	(170)	(136)	(1,542)

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Lunch and Networking

We start again at 1.15pm



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Quality Dimensions IM

Fibre Workshop

25 June 2019

Anna Paterson



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Today we will cover...



- Background
- “Best practice” characteristics
- Emerging views for discussion today
 1. Quality dimensions
 2. How detailed should the IM be?
- How the quality IM could relate to PQR and ID
- Consultation as a quality dimension?
- Questions/discussion

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Background



- Telecommunications Act requires a quality dimensions IM
 - *“measures of the quality of fibre fixed line access services, and may include (without limitation) responsiveness to access seekers and end-users”*
- Once the quality IM has been determined, it will be applied to:
 - the quality measures in ID regulation
 - the quality standards that apply under PQR
- We published a report from CEPA on the potential scope of “quality dimensions” for fibre services alongside our proposed approach paper

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Background



- We have considered how the quality IM interacts with:
 - the purpose of Part 6;
 - PQR and ID;
 - the capex approval IM;
 - regulations made by the Minister (eg, anchor services);
 - retail service quality regulation; and
 - existing fibre industry agreements
- We have also thought about how the quality IM can balance flexibility and certainty

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“Best practice” characteristics



We also propose to use CEPA’s suggested “best practice” characteristics when selecting dimensions and determining how the regulation will be applied:⁴⁰⁰

The IM could also set out the ‘best practice’ characteristics that any quality standards or metrics should meet. For example, best practice characteristics might specify that standards should be relevant for the desired outcome, measurable, verifiable, within the control of the service provider and should not place a disproportionate burden on the service provider.

Fibre regulation emerging views – technical paper, page 153

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Emerging views on quality

1. CEPA's suggested quality dimensions should be included in the IM. This includes ordering, provisioning, switching, faults, availability, performance, and an overarching dimension of customer service. Our view is that these adequately cover all relevant quality dimensions of fibre at this stage of development of the network.
2. The level of detail used to set the quality IM should be up to CEPA's level 3. This would involve setting out a list of quality dimensions, as well as a list of possible quality measures linked to the dimensions, in the IM determination. We consider that this approach gives adequate certainty to fibre providers as to how quality regulation will be applied, but still allows us enough flexibility to set quality standards and measures via PQR and ID.

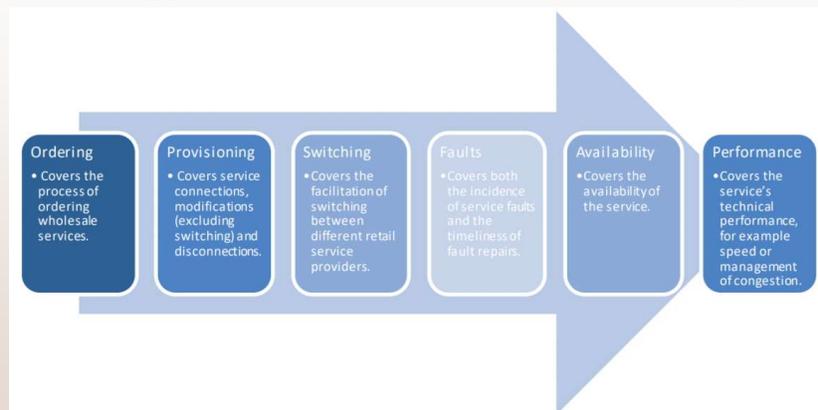
Fibre regulation emerging views – technical paper, page 141

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Quality dimensions

CEPA's suggested dimensions = fibre service lifecycle



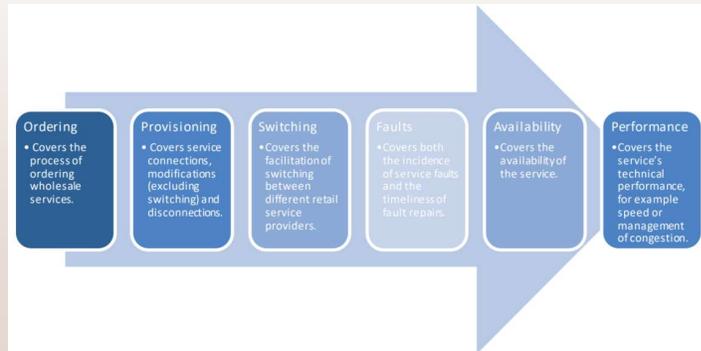
+ customer service

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Quality dimensions

- Do these quality dimensions cover all aspects of fibre quality?
- Should any dimensions be added/removed/changed?



Fibre regulation emerging views – technical paper, page 162

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CEPA's "levels" of detail

Hierarchical levels:

1. IM specifies principles to guide which quality dimensions, metrics and/or standards would be included in the Commission's PQR/ID determinations
2. IM sets out the specific quality dimensions that the Commission would assess in making a PQR/ID determination
3. **IM sets out the specific quality dimensions and metrics that the Commission would set under the PQR/ID regimes**
4. IM specifies the quality dimensions, metrics and standards that apply under the PQR/ID regimes

CEPA report – page 38

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Emerging view: level 3



- We consider up to CEPA's level 3 to be the appropriate degree of prescription to use in setting the quality IM.
- The IM would consist of:
 - a list of CEPA's suggested quality dimensions; and
 - a list of possible quality measures linked to the dimensions

➤ **Is this the right level of detail?**

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Examples of what “level 3” could look like



- Quality dimension
 - Customer service
- Quality metric
 - Example: “End-user connection satisfaction”
- Quality measure
 - Example: “Connection satisfaction must be measured via quarterly connection satisfaction surveys. The results of these surveys must be published, broken down by service, RSP and geographic area.”

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Examples of what “level 3” could look like



- Quality dimension
 - Ordering
- Quality metric
 - Example: “Time to complete order”
- Quality measure
 - Example: “Time to complete order must be measured as the number of business days following the company’s receipt of a properly completed request from the RSP.”

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Examples of what “level 3” could look like



- Quality dimension
 - Performance
- Quality metric
 - Example: “Frame delay and frame loss”
- Quality measure
 - Example: “Frame delay and frame loss must be measured over a five minute interval (24 hours per day). Frame delay and frame delay variation must be measured in milliseconds, and frame loss must be measured as a percentage.

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Quality metrics/measures in the IM?



- **Should quality measures be included in the IM?**
- **Which quality dimensions should be linked to measures?**
- **How should these quality measures be specified?**

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How the quality IM could relate to PQR and ID



- We see the options as:
 1. All the quality dimensions become *both* quality standards in PQR *and* quality measures in ID
 2. All the quality dimensions become *either* quality standards in PQR *or* quality measures in ID
 3. Some or most of the quality dimensions become *either* quality standards in PQR *or* quality measures in ID
- **What are your views on these options?**

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Consultation as a quality dimension



- **Should fibre providers' consultation with stakeholders (eg, access seekers and end-users) be a quality dimension?**
- **Could the quality IM deal with consultation on issues such as quality and innovation in a different way?**

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Any questions/thoughts?



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Tea/coffee break



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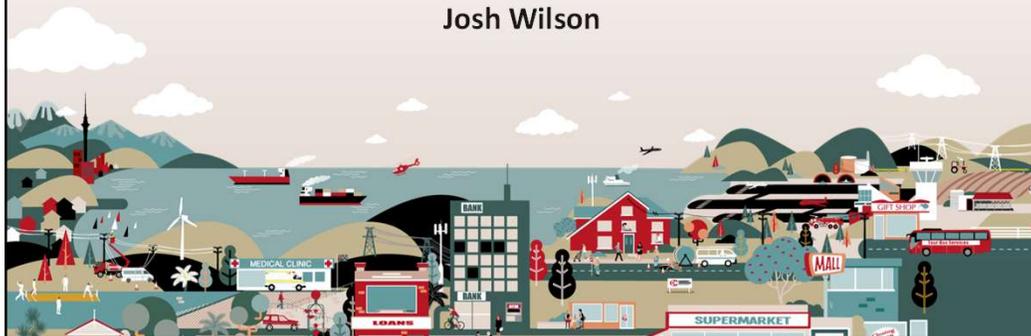
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Capital expenditure input methodology

Fibre Workshop – Commerce Commission

25 June 2019

Josh Wilson



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Purpose of this session



- Provide an overview of the capital expenditure input methodology (**capex IM**) including its role within price-quality regulation
- Provide a more in-depth look into two components of the capex IM:
 - Independent verification (**IV**) requirements on suppliers under price-quality regulation
 - Assessment criteria to evaluate capex proposals
- Address any questions on assessment criteria and IV requirements
- Help inform stakeholder submissions on the capex IM

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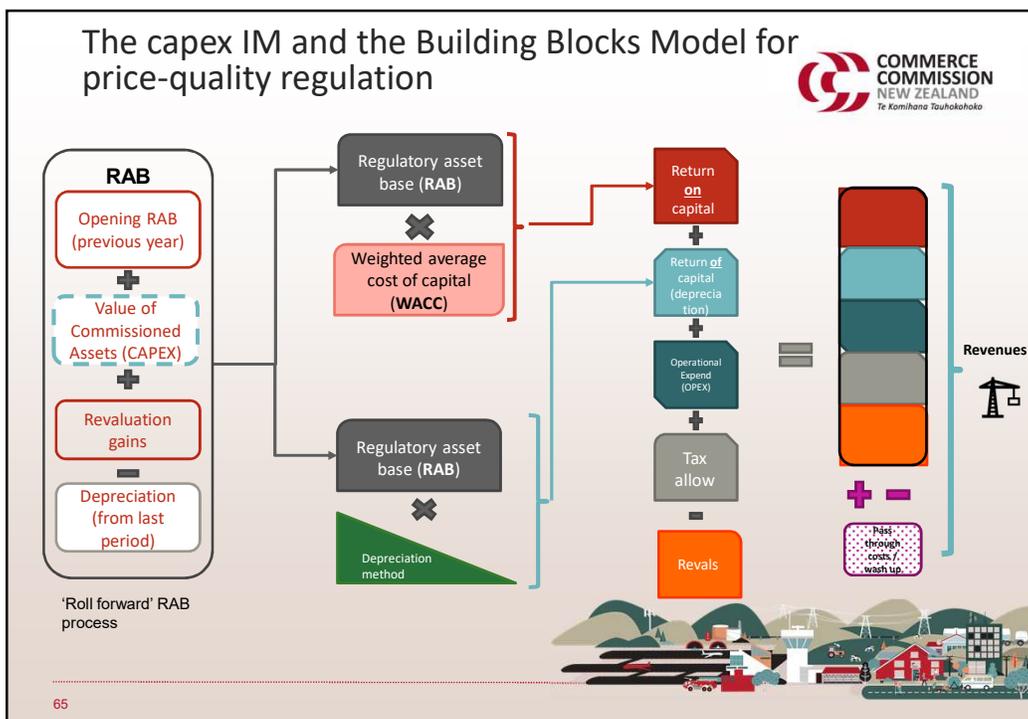
Context



- The capex IM will outline the rules and processes we will use to determine the capex allowance under price quality regulation (**PQR**) for upcoming regulatory periods
- The capex IM is part of a broader set of levers to achieve our expenditure (and quality) objectives under price-quality regulation
- We have other levers to achieve our expenditure objectives under PQR:
 - Price-quality path reopens for significant events that affect expenditure
 - Rules and processes for assessing and determining opex
 - Quality standards provide an incentive
 - Additional expenditure incentive mechanisms

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Capex snapshot: fibre

Chorus fibre capex*	H2 FY 2018 \$m	H1 FY 2018 \$m
UFB communal	118	113
Fibre connections & layer 2	149	145
Fibre products & systems	7	0
Other fibre connections & growth	37	28
Customer retention costs	8	5
Subtotal	319	301

Note there are caveats with interpreting Chorus's current capex profile

For the equivalent period Transpower's total capex FY 2018 was \$248.6m**

66 *Chorus's Investor Roadshow presentation 25 March 2019
** Transpower Information Disclosure 2017-2018

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Role of the capex IM



- The capex IM outlines the rules and processes we will use to determine the capex allowance for upcoming regulatory periods
- The capex IM will help us address certain risks to setting expenditure:
 - Chorus undertaking inefficient investment
 - Risks associated with setting ex-ante capex allowances
 - Incentives to over forecast and dealing with forecast uncertainty
 - Incentives to beat the approved expenditure level

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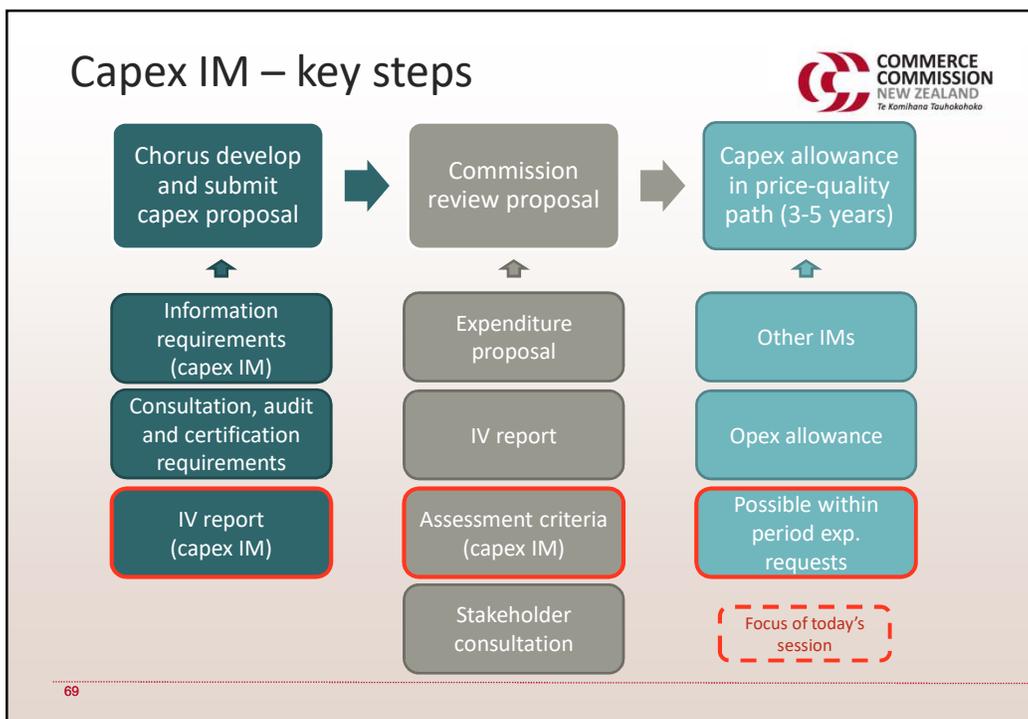
Requirements for the capex IM



- Under Part 6 of the Telecommunications Act 2001, the capex IM must include:
 - **Scope and specificity of information required, extent of independent verification and audit, and the extent of consultation and agreement with other parties**
 - The **criteria used to evaluate** capex proposals
 - **Timeframes and processes** for evaluating capex proposals

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Role and purpose of an IV requirement

COMMERCE COMMISSION
NEW ZEALAND
Te Komihana Tauhokohoko

- To scrutinise all or specific components of the regulated supplier's expenditure proposal for its upcoming regulatory price-path.
- In the Part 4 regime, an **independent verifier** is commissioned to develop a report that is submitted to us along with an expenditure proposal.
- We use the IV report to support the evaluation of expenditure.

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Summary of EVP views



- Benefits of an IV process
 - provides a process of peer review and challenge from an independent third party on the proposal
 - enables us to better focus our scrutiny during our evaluation on areas that are less likely to meet the expenditure outcome
 - identifies issues we may want the regulated supplier to focus on as it continues to improve its asset management and planning processes
 - improves the consultation process by providing additional targeted assessment of the capex proposal for stakeholders to consider

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Considerations for IV requirements



Our emerging view is suppliers should be required to conduct an independent verification of their capex proposal.

Considerations

- Level of detail of the requirements to include in the capex IM
- Scope of the independent verification
- Identity of the verifier (independence and type of verifier)
- Timing of the IV report

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Questions?

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Assessment criteria for evaluating capex

- Describes the criteria we will use to **evaluate and scrutinise** expenditure proposals to determine capex allowance
 - Can be in the form of **'tests'** that are applied to expenditure
 - Assessment criteria needs to reflect what best promotes the purposes of Part 6 of the Telecommunications Act 2001 (162 and 166)
- Key areas for consideration
 - What assessment criteria should we include
 - Applying different criteria for different 'types of capex' eg where different types of capex have different risks
 - Mechanisms for enabling Chorus to apply for additional capex

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Possible assessment criteria



- Capex proposals meet an expenditure objective based on:
 - Investment that reflects **efficient costs by a prudent supplier** to deliver regulated services at an appropriate level of quality
- Proposed expenditure is **sufficient to achieve an appropriate level of quality**
- Capex reflects appropriate level of efficiency
 - Consideration of **historic and potential efficiency improvements**
 - **Assessment of unit costs**
 - **CBA** of project/programme or other forms of economic analysis
- **Reasonableness of the process** to develop expenditure forecasts
 - Assumptions used in forecasts (i.e. demand)
 - Assessment of **asset management approach**
 - Have appropriate **processes and governance been applied**
 - **Deliverability of the expenditure proposal**

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Different assessment criteria for different types of capex



- Different types of expenditure may need a different assessment approach
- May help address issues with cost and timing uncertainty
- Different level of scrutiny may be required
- Possible options for different mechanisms for approving capex (for illustrative purposes):
 - All at once pooled capex assessment
 - Within period applications for one-off individual projects
 - Annual assessment of capex
 - Within period mechanisms for adjusting capex when certain triggers are met

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Other issues relating to assessing capex



- What should our role be in assessing UFB committed spend
- Proposals for capex that involve spend on both regulated services and non-regulated services
- Proposals for capex for assets that are likely to become competitive
- Proposals for capex that seek approval for expenditure that is less than we think is the efficient level to promote competition in other markets

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Questions?

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Clarification Questions



Wrap up and Close



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