

24 March 2021

The Telecommunications Commissioner
Commerce Commission
Wellington

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NOVA ENERGY SUBMISSION TO THE COMMERCE COMMISSION: REVIEW OF SERVICES IN SCHEDULE 1 OF THE TELECOMMUNICATIONS ACT 2001

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 Review of Schedule 1 Services – fixed PSTN interconnection, number portability services, and co-location on cellular mobile transmission sites (together, "**the Schedule 1 Services**") – and the Commission's draft decision not to commence an investigation under Schedule 3 of the Telecommunications Act 2001 (**Act**) into whether to remove the Schedule 1 Services.
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. 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 the Schedule 1 Services has helped promote competition in downstream telecommunications retail markets for the long-term benefit of end-users.
4. We support the Commission's draft decision that there are not reasonable grounds for commencing an investigation into whether any of the Schedule 1 Services should be omitted from Schedule 1 of the Act at this time. In particular, we agree that:
 - (a) Number portability continues to play an important role in reducing barriers to customer switching and promoting competition in downstream retail markets in which fixed and mobile telephony services are supplied.
 - (b) The ability to interconnect with fixed PSTN services remains important in many parts of the country, and there is currently no clear direct substitute for the PSTN interconnection service in respect of traditional copper-based landline voice calling.

(c) The availability of the fixed PSTN interconnection service in Schedule 1 is likely to continue to provide an important backstop and reference point for commercial negotiations for the provision of the service (and this is unlikely to impose costs on the sector).

(d) The ability of an MNO to co-locate mobile network transmission and reception equipment on the infrastructure of another MNO continues to facilitate competition between MNOs, particularly in more remote areas. However, for completeness, we note that this regulation does not assist the ability of MVNOs to access the mobile market on fair and reasonable wholesale prices and terms and Nova still considers (as set out in our submission dated 28 June 2019 on the Commission's mobile market study) that:

i) New Zealand's wholesale MVNO market remains under-developed;

ii) sufficient competitive conditions at the wholesale MVNO level do not currently exist, and

iii) sufficient competitive conditions are unlikely to arise under current regulatory settings.

5. 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,



Michael O'Donnell
General Manager – Retail
Nova Energy Limited