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Ben Oakley
c/o Regulation.branch@comcom.govt.nz
Commerce Commission
Wellington

Nova Energy Limited
PO Box 10141, Wellington 6143
www.novaenergy.co.nz

Speak to one of our team
0800 668 236
7.30am to 7pm – Monday to Friday

Or email us
info@novaenergy.co.nz

NOVA ENERGY SUBMISSION TO THE COMMERCE COMMISSION: IMPROVING RETAIL SERVICE QUALITY FOR CONSUMERS

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 open letter dated 29 October 2020 to Mobile, Broadband and Consumer Stakeholder Groups, calling for views on the key "pain points" being experienced by fixed and mobile consumers and how they could be remedied.
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. As a new entrant in the telecommunications market Nova is supportive of the Commission's efforts to improve retail service quality for telecommunications consumers. We have kept our submission brief, because:
 - (a) the key consumer pain points we have experienced in our capacity as an RSP largely relate to the ease and ability of consumers being able to switch telecommunication providers; and
 - (b) the Commission has signalled that it will issue, in March 2021, a more detailed consultation document on key consumer pain points experienced generally and proposals for resolving them, which Nova is keen to have input into.
4. The key consumer pain points that Nova has experienced as an RSP are as follows.

Pain Point: Open service orders

5. Nova has experienced Chorus (or other relevant LFCs) rejecting transfer requests issued by Nova regarding new broadband customers wanting to switch to Nova, in circumstances when a “pending disconnection order” or other “open service order” has been placed on the customer’s connection by the “losing” RSP. This flags as a conflicting order within Chorus’ system, and subsequently means:
 - (a) Nova has to contact the new customer to explain why their service cannot be transferred;
 - (b) the new customer then has to contact their existing RSP and ask them to remove/cancel the disconnection order, so as to “unlock” the transfer in Chorus’ system; and
 - (c) the losing RSP essentially gains a customer “win back” opportunity.
6. Nova understands that there are TCF codes in place which informally regulate the telecommunications switching process, namely:
 - (a) the Customer Transfer Code for regulated services (copper services including bitstream, unbundled copper and backhaul and UFB services);
 - (b) the Fibre Customer Transfer Code (eg UFB services); and, to a lesser extent,
 - (c) the Disconnection Code.
7. The TCF Codes under a) and b) outline the transfer process and supporting behaviour by all parties involved, to facilitate a customer transfer. This includes acting cooperatively and in good faith when a customer requests a transfer. The Disconnection Code sets minimum standards for credit related disconnection or restriction of services where a customer does not meet its terms and conditions.
8. However, we note that:
 - (a) The TCF Codes are industry codes that are self-regulated e.g. non-binding and not legally enforceable. They are based on self-certification with a cascading set of measures with the ‘worst’ being publication of a breach on their website.
 - (b) Nova (and Megatel) are currently not TCF members and do not have the ability to raise disputes under TCF’s dispute resolution provisions.
9. The impact of this situation is that the customers’ switching experience can be slow, uncertain, and, at times, completely frustrated.
10. We consider this pain point could be addressed by the Commission issuing a regulated Customer Transfer Code in respect of certain regulated telecommunications services (especially broadband) and/or by the creation of a broadband registry/database (discussed further at paragraphs 14-16 below).

Pain Point: Multiple services on same optical network terminal

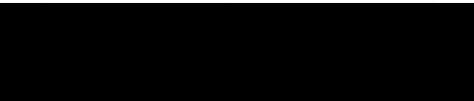
11. There is currently a situation in the industry where multiple retailers can have an active service at one site on one Optical Network Terminal (**ONT**) (i.e. multiple ports on the ONT are active and live at the same time).

12. Because the LFC's don't provide visibility via any reporting to RSP's or through their web-based tools that RSP's use, the impact is that consumers can end up being billed by two retailers, at the same time, for the same service.
13. We consider this pain point could be addressed by requiring Chorus and the other LFCs providing regular ONT reports to RSPs and/or by providing visibility of active services at each ONT (and the specific customer sites connected to those ONTs) via a web-based tool.

Pain Point: Overall industry transparency, accuracy and compliance

14. Nova considers that the telecommunications industry would benefit from the creation of a broadband (or wider telecommunications) registry/database; similar to the electricity registry maintained by the Electricity Authority.
15. We consider that a telecommunications registry would be likely to deliver the following benefits to both retailers and consumers:
 - (a) transparency around the exact connection options at every property in New Zealand;
 - (b) transparency as to the incumbent RSP(s) for every connection point – i.e. removing the issue of having multiple services from multiple retailers on the same ONT;
 - (c) avoid confusion and give greater certainty regarding customer site identification and demarcation;
 - (d) create a more streamlined switching process – e.g. by improving visibility regarding, or removing entirely, the open service order issue described above;
 - (e) potentially create a more streamlined billing reconciliation process – e.g. by having greater transparency over who is (and who has been) the RSP for each connection point, there may be fewer cases of consumers being unfairly billed by their previous RSP after the consumer's contractual termination notice period has ended; and
 - (f) promote and ensure that RSPs are compliant with industry regulation generally.
16. We realise that the creation of a new Telecommunications Registry is a significant workstream. However, given the industry certainty created by, and the overall success and utility of, the EA's Electricity Registry, we consider there are strong grounds supporting the creation of a Telecommunications Registry. Nova would be more than happy to provide further input and assistance to the Commission in this regard.
17. 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



Michael O'Donnell
General Manager – Nova Retail