

NOTICE OF INTENTION

30 APRIL 2021

Proposal to Make Potential Amendments to the Input Methodologies for Fibre – potential November 2021 amendments

1. The purpose of this notice of intention is to advise that we are beginning work to consider certain potential amendments to the *Fibre Input Methodologies Determination 2020* [2020] NZCC 21 (**fibre IMs**).
2. In accordance with section 179 of the Telecommunications Act 2001 (**the Act**), this notice outlines the scope of the potential amendments under consideration, and the proposed process and indicative time frames for considering and consulting on these potential fibre IM amendments.

Scope of potential amendments to the fibre IMs under consideration

3. We are currently in the process of determining the first price-quality (**PQ**) path for Chorus Limited (**Chorus**) and the information disclosure requirements (**ID**) that will apply to Chorus and the other local fibre companies (**LFCs**) under s 170 of the Act.
4. In the course of that process, we have identified:
 - a. certain circumstances where amendments to the fibre IMs are necessary to implement draft decisions that we are planning to make for our first PQ path and our ID requirements; and
 - b. certain circumstances where amendments to the fibre IMs would enhance certainty about the rules, requirements and processes that apply to PQ paths and ID regulation.

Amendments that are necessary to implement draft decisions that we are planning to make for our first PQ path and ID requirements

5. In order to implement draft decisions that we are planning to make for our ID requirements, amendments to the fibre IMs for disclosure year 2022 for Enable Networks Limited, Northpower Fibre Limited, Northpower LFC2 Limited and UltraFast Fibre Limited are being considered, consisting of:
 - a. amending the definition of “revaluation rate” for the Asset Valuation fibre IM in clause 2.2.11;
 - b. amending the definition of “notional deductible interest” for the Taxation fibre IM in clause 2.3.1; and
 - c. amending clauses 2.4.1(1)-(2), 2.4.3, 2.4.4(1) and 2.4.5(1) of the Cost of Capital fibre IM to change the timing of our weighted average cost of capital determinations.

6. In order to implement draft decisions that we are planning to make in respect of quality for our first PQ path and ID requirements, amendments to the definition in clause 1.1.4(2) of the fibre IMs for “downtime” and clauses 2.5.1(1)(a)(ii) and 3.6.1(1)(a)(ii) of the Quality Dimensions fibre IM are being considered.

Amendments that would enhance certainty about the rules, requirements and processes that apply to PQ paths and ID regulation

7. In order to enhance certainty about the rules, requirements and processes that apply to PQ paths and ID regulation, the following amendments to the fibre IMs are being considered:
- a. amendments to clarify that the definitions in clause 3.1.1 and 1.1.4(2) of the Specification of Price and Revenues fibre IM for “total FFLAS revenue”, “allowable revenue”, “pass-through costs” and “building blocks revenue” can be applied on a forecast basis; and
 - b. amendments to clarify the meaning of “income” as used in clause B1.1.3(4)(a) of Schedule B of the fibre IMs.

Proposed process and indicative time frames for potential fibre IM amendments

Process		Indicative time frame
1.	Draft decisions by the Commission Draft decision on potential fibre IM amendments	27 May 2021
2.	Submissions due from interested persons on potential fibre IM amendments (6 weeks)	8 July 2021
3.	Cross-submissions due from interested persons on potential fibre IM amendments (2 weeks)	22 July 2021
4.	Final decisions by the Commission Publication of final decisions on potential fibre IM amendments	November 2021

Updates and any process refinements will be published on the Commission’s website.