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Submissions
Commerce Commission
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TRUSTPOWER SUBMISSION: CONSULTATION ON CHORUS' PRICE-QUALITY PATH FROM 1 JANUARY 2022 – DRAFT DECISION

1. Trustpower Limited (**Trustpower**) welcomes the opportunity to make a submission to the Commerce Commission (**Commission**) on its consultation on Chorus' price-quality path from 1 January 2022, draft decision, 27 May 2021 (**Consultation Paper**).
2. Our focus in this submission is the Commission's decision in the Consultation Paper that Chorus is to submit an individual capex proposal for expenditure on customer incentive payments.
3. Trustpower agrees with the Commission's analysis that incentive payments can benefit end-users in the long-term.¹ Our view is that incentive payments play an important role in promoting the uptake of fibre-based broadband, given the alternative forms of broadband access, which consumers benefit from in the long-term. As the Commission notes, this is consistent with behaviour expected in a workably competitive market.²
4. The Commission's discussion sets out that the regulatory challenge is to determine the appropriate value for the incentive payments that should be allowed in the price-quality path. In general, this is a matter of finding the balance between a value that is sufficient to enable a process of workable competition, but that is not excessive so as to potentially be anticompetitive.³
5. Trustpower considers that it is important that Chorus continues to provide incentive payments. We have noted in an earlier submission that as a retail service provider (RSP), we have benefited from incentive payments provided by Chorus. These payments have enabled us to offer more compelling retail propositions to our customers and compete with larger RSPs, which benefits consumers in general.⁴

¹ Consultation Paper, pages 200 -201, paragraphs G16-G19

² Ibid, page 204, paragraph G36

³ Ibid.

⁴ Trustpower submission: Consultation on Chorus' proposed expenditure for PQP1, 12 March 2021

6. The Commission's proposal to require Chorus to submit a separate, individual capex proposal for the customer incentive payments creates uncertainty. It extends the process for finalising price-quality path while the outcome remains uncertain. Trustpower, therefore, proposes that the Commission consider finalising its decision on the treatment of incentive payments during the present consultation, particularly if Chorus submits on the points raised by the Commission in Attachment G of the Consultation Paper.

7. For any questions relating to the material in this submission, please contact me on 027 305 8802.

Regards,



Antony Srzich PhD

Advisor – Strategy & Regulation