



23 September 2022

Thomas Jones
Fibre Manager, Infrastructure Regulation
Commerce Commission | Te Komihana Tauhokohoko

Wellington

By email

Dear Thomas,

Commission consultation on the framework for considering changes to Specified Points of Interconnect (SPOI)

When we submitted our feedback on the draft SPOI process last week we were still working through the implications of Chorus' proposed withdrawal of the eighteen SPOIs for our business customers. I thought it would be useful to give you an update on this work as the implications are significant for Spark and our business customers.

In short, we have around [] **SPKCI** and growing business connections spread across SPOI sites. As the notice includes major nodes such as Mayoral Drive, Wellington, Christchurch and Dunedin, these connections represent the full spectrum of our customer base, including critical infrastructure providers such as hospitals and electricity line companies.

Large business customers require very high levels of resiliency and, accordingly, the Spark network design is specific to each of these customers, who in turn design their own networks to achieve the desired level of resiliency. For example, they will design their networks in light of the physical location of the fibre routes and handovers we use.

Therefore, if the SPOI sites are to change we will need to engage and work with each of our business customers to audit their network and likely reconfigure both Spark and our customers' networks to maintain the target resiliency. This is not a process that we would undertake lightly and would not be welcomed by our customers, who will be very conscious of the service risks associated with migration activity such as this.

We believe it would likely take 2 to 3 years to audit, design and reconfigure the networks for all our impacted customers. A further risk is that the migration would undermine current and planned work to add additional capacity and resiliency to the network. For example, [] **SPKCI** As there is a limit on the amount of work on the network at any time, a forced migration could delay these initiatives.

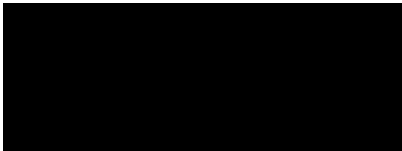
Given the uncertainty over the exact nature of Chorus' proposed change and implementation timeframe, at this stage we haven't notified our customers of the possible changes. Chorus has confirmed that it continues to consult on the proposal and that no dates have been set relating to the proposed changes. Significantly more discussions will need to occur. If Chorus does go ahead with the SPOI changes we would need to see detailed plans of when and how they are making the changes, including timelines, with considerable notice periods to allow for preparatory work by Spark and by our business customers. This would help Spark to assess the risk so that:

- a) Customer changes are minimised, thus reducing risk in customer networks; and
- b) Our network resiliency – and that of our customers - can be planned for taking into account all of the moving parts of the network changes.

Nonetheless, we recognise that the network will change over time and that service providers routinely work with their customers to evolve the network, but this is reminder that we should be conscious of the effects on customers when making decisions on changes to SPOIs and that these changes need to be kept to a minimum.

Accordingly, in our submission we recommended additional measures intended to promote transparency - and consensus - by clarifying that the Commission must approve changes that limit services available from the SPOI (rather than permitting the incremental withdrawal of services) and that notice periods start from when the change has been approved by the Commission.

Yours sincerely



Nick Haywood
Regulatory and Industry Affairs Partner
Spark NZ