



Specified points of interconnection: consultation

Cross submission | Commerce Commission

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## Introduction

1. Thank you for the opportunity to comment on submissions relating to the proposed specified Points of Interconnection (**specified POIs**) for the purposes of s231 of the Telecommunications Act 2001 (**Act**).
2. Submissions highlight that access seekers require certainty as to the location of fibre network handover points and we agree that this should be done through Commission's specified POIs process. We acknowledge Chorus's point that such certainty is important to RSPs.
3. Accordingly, we support specifying through the s231 process where fibre hand over points will be available. It is equally important that the specified points of interconnect should be designed to enable access seekers to access and interconnect within and across the UFB fibre network.

## Proposed approach

4. We propose that the Commission specify points of interconnect for current FFLAS, together with the key technical characteristics of the interconnection (so that the interconnect point is real), and the process for establishing new locations.
5. We further support the idea that the Commission may specify multiple points of interconnect where those may be more appropriate for different services. However, we agree with the concern raised by Vector that the specification of POIs should not unintentionally restrict the services that access seekers will be able to obtain from LFCs and provide to end-users.

## Determining specified POIs

6. Chorus has proposed that the NIPA is the starting point for the definition of points of interconnection and that the Commission may only specify points of interconnection as they are defined in the UFB2 NIPA. Chorus submitted on the emerging views paper that, accordingly, the ICABs service is outside the scope of Part 6 regulation<sup>1</sup>.
7. We disagreed. We consider that the Commission has a broad discretion to prescribe additional points of interconnection in the first notice. We consider that providing guidance now on how the Commission will exercise that discretion in future is also likely to shape the incentives on how fibre areas shape up over time.
8. Section 231(5) itself is not linked to the UFB2 NIPA, it only requires that the first notice must prescribe points of interconnection based on the points of interconnection that apply as at the close of 31 December 2019 under the UFB initiative.<sup>2</sup> The UFB initiative is defined simply as the programme to deploy fibre to 80% of New Zealand households, meaning that whatever UFB POIs are in place as at 31 December become at a minimum the POIs the Commission specifies, whether or not those POIs are set out in any NIPA.
9. It is open to the Commission to determine additional points of interconnect and where they should be. We consider that when determining any additional POIs, the Commission should consider, amongst other things, whether additional POIs would provide more efficient access to and interconnection with the fibre network, and whether doing so would best promote the purpose of Part 6 of the Act.

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<sup>1</sup> Para 72-78 of Chorus' submission on emerging views.

<sup>2</sup> Section 231(5) Telecommunications Act, 2001

10. We further acknowledge that access seekers require certainty relating to the operational and commercial availability of points of interconnect. In this case, the Commission specified POIs would initially encompass interconnection points for:

- a. Layer 2 services in a candidate area;
- b. DFAS and ICABs between interconnection points; and
- c. Anticipated PONFAS interconnect at exchanges and fibre flexibility points for Table B unbundled layer 1 services as highlighted by Vector in its submission. These services are reasonably expected and align with the requirements for points of interconnect<sup>3</sup>.

### Technical specification of specified POIs

11. In terms of the proposed specified POIs, the Commission should:

- a. Consider Chorus' proposed list of DFAS points of interconnection further, with a view to omitting Atiamuri, Colville, Kaiteriteri and Kaka Point. While these are in UFB candidate areas, DFAS services currently interconnect at different exchanges, i.e. Kaka Point is served from Balclutha; and
- b. The Commission should further specify the minimum technical capabilities of interconnection points. For example, the point of interconnection should have the capability to support:
  - i. Demand for connections at that interconnection point; and
  - ii. The relevant layer 1 technical interface and layer 2 capacity options (for example the full range of handover capacities) that must be available;

Otherwise, if the relevant capabilities are not available, the point of interconnection cannot serve its purpose.

### Process for changes to specified POIs

12. Chorus has also recommended that the Commission provide guidance on the process for changing the point of interconnection.

13. We agree that understanding the factors the Commission would consider when making changes to POI would be helpful. We agree with Vodafone's observation that Chorus may have incentives to create additional points of interconnect that drive inefficient costs on to access seekers.

14. Accordingly, we support the Commission providing guidance on the process and criteria for making changes to specified points of interconnection, both for existing services and for the addition of new interconnection points as FFLAS services or variants are developed. This will need to align with the Commission IMs approach to accepting assets in to the RAB and Capex, and Fibre Deeds.

15. However, given the timeframe, we recommend that the Commission specify the initial interconnection points at this stage and undertake a further consultation next year with the aim

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<sup>3</sup> The Commission may describe in the notice the nature of these interconnect points, i.e. that the fibre flexibility point in the fibre network is a point of interconnection.

of providing guidance on how it will consider and make changes over time. This need not be done prior to the initial public notice specifying interconnection points.

16. We believe that, recognising the incentives outlined by Vodafone, that the change process should be based on the recommendation of access seekers and providers. An access provider recommendation based solely on consultation is unlikely to fully reflect the efficiency concerns raised by Vodafone.
17. Ideally, the Commission would further ensure that additional Layer 2 POIs can continue to be agreed outside the specified list where technically feasible. As noted in our earlier submission, we plan to add further layer 2 handover locations over time and are discussing possible new sites with Chorus.

**[End]**