



**DRAFT REGULATORY PROCESSES AND RULES FIBRE INPUT METHODOLOGIES
DETERMINATION 2020**

Cross-submission to the Commerce Commission

PUBLIC VERSION

11 June 2020

INTRODUCTION

1. Vocus welcomes the opportunity to cross-submit in relation to the Commerce Commission's "*Draft Regulatory Processes and Rules Fibre Input Methodologies Determination 2020*" (the draft RP&R IM) and the "*Draft Decision – Reasons Paper (Regulatory Processes and Rules)*" (the draft Reasons Paper), issued on 2 April 2020.
2. Vocus retains the view that it is not in the long-term interests of end-users for Chorus to have an "*unconstrained*" wash-up mechanism. There is nothing new in Chorus' submission which would provide reason for the Commission to adopt an unconstrained wash-up mechanism. We otherwise share Chorus' view that the wash-up mechanism should be included in the RP&R IM.
3. We note Chorus criticised the Commission in relation to pass-through and recoverable costs on the basis that "*The Reasons Paper doesn't explain why the Commission has departed from Part 4*". This comment could also be applied to the questions Vector has raised about the treatment of inflation under Part 4 Commerce Act and the proposed Part 6 Telecommunications Act RP&R IM. The comment could also be applied to Chorus' proposal that the monetary thresholds for re-openers be cost-based. Chorus has not explained why the Commission should adopt a different approach to that under Part 4 Commerce Act.
4. Chorus also criticised the Commission's proposed approach to pass-through and recoverable costs on the basis that it would "*expose the supplier to risk that it is not well placed to manage*". This begs the question, who is better to manage the risk, Chorus or end-users? The Commission has been clear, in relation to allocation of risk, that "*ideally, we allocate particular risks to suppliers or consumers depending on who is best placed to manage the risk*". We consider Chorus is better placed than end-users to manage any uncertainty about its costs.
5. If you would like any further information or have any queries about this submission, please contact:

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