

9 September 2019

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**Submission on:
Fibre input methodologies
Regulatory processes and rules**

Topic paper

**Northpower Fibre Limited and Northpower
LFC2 Limited**

Northpower
FIBRE

Thank you for the opportunity to provide feedback on the Fibre input methodologies, regulatory processes and rules, topic paper (**Paper**).

Northpower Fibre Limited and Northpower LFC2 Limited (together, **Northpower Fibre**) are supportive of and comfortable with the general direction and approach that the Commission is taking in developing the input methodology (**IM**) for regulatory processes and rules.

General comments

We agree with the Commission's proposal on what should be included in the regulatory processes and rules IM. We agree with the Commission's emerging view that the regulatory processes and rules IM should cover those items listed in paragraphs 12.1-12.3 of the Paper.

We note the Commission's comments in paragraph 16 of the Paper on how the regulatory processes and rules IM might apply to Northpower Fibre (e.g. ID only). Even with the clarification that the IM will be less applicable to Northpower Fibre, we would like to make the following general comments.

Specification of price, pass-through costs and recoverable costs

We support the Commission's view on the treatment of pass through and recoverable costs. We agree that pass through costs should be directly passed through to the consumer. We agree that levies and rates should be included as pass through costs.

Reconsidering a price-quality path

We agree with the principle that a path should only be reconsidered when the benefit of reconsidering the path is expected to outweigh the likely cost, with other risks left as the responsibility of the supplier.

We support the criteria proposed in paragraphs 39.1 - 39.4 for re-opening a price path.

With respect to the question in paragraph 43 about a specific re-opener in the event of an amalgamation with Chorus – we do not agree that this should trigger a reopening. Our view is that this would create too much uncertainty in the event of such an amalgamation as the amalgamating entity would not have visibility of the rules that might apply. The Commission should set out what would happen in an amalgamation situation so affected parties have that certainty (as is the case with Part 4).

Arrangements for balance dates

As noted in the paper, Northpower Fibre Limited and Northpower LFC2 Limited currently each have different balance dates. If each were to have to

align to a different period for regulatory reporting purposes this would result in increased compliance costs for the businesses.

The regulatory regime should achieve its purpose without creating unnecessary increases in compliance costs and as such, we support the Commission's suggestion that the regulatory processes and rules IM should include arrangements for balance dates so that *each regulated supplier's disclosure year lines up with their financial years for ease of reporting and compliance.*

We agree that including arrangements for balance dates in the regulatory processes and rules IM will help promote certainty for regulated suppliers and help them prepare for fibre regulation.

We thank you again for the opportunity to provide feedback.

Please contact Darren Mason (darren.mason@northpowerfibre.co.nz) if you would like to discuss any aspect of this submission further.



Darren Mason

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Northpower Fibre Limited

