

Via email: [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz)

1 November 2022

### **Chorus individual capex allowance for customer incentives**

Mercury welcomes the opportunity to submit to the Commerce Commission (Commission) on *Chorus' individual capex proposal for customer incentives 2023 – Draft decision – Reasons paper*, 18 October 2022 (Reasons Paper).

The Reasons Paper sets out the Commission's draft decision on Chorus Limited's (Chorus) individual capital expenditure (capex) proposal for customer incentives. The draft decision is to determine an individual capex allowance for customer incentives in regulatory year 2023 of \$12.5m.

Mercury supports in general the Commission's draft decision. It is important that Chorus continues to provide incentive payments. As a retail service provider (RSP), we benefit from the incentive payments provided by Chorus. These payments enable us to offer more compelling retail propositions to our customers and compete with larger RSPs, which benefits consumers.

Mercury agrees with the Commission's analysis that incentive payments can benefit consumers in the long-term. 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. As the Commission indicates, this is consistent with the behavior expected in a workably competitive market.<sup>1</sup>

For any questions regarding this submission, please contact me on [REDACTED]

Yours sincerely,

[REDACTED]

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<sup>1</sup> Reasons paper, paragraph 2.9



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