Section 30R review of Chorus' Unbundled Bitstream Access Draft Determination

Cross Submission to Commerce Commission

15th December 2016

ABOUT VOCUS

1. Vocus (New Zealand) (**Vocus**) thanks the Commission for the opportunity to make this cross submission on the Section 30R review of Chorus' Unbundled Bitstream Access Draft Determination.

2. Vocus New Zealand is the third largest fixed line telecommunications company employing over 600 staff in New Zealand. Our retail operation includes a number of challenger brands - Slingshot, Orcon, Flip and 2Talk. We are also an active wholesaler of services including access, voice and broadband over both fibre and copper.

3. Vocus has made significant investments in New Zealand. We are the largest copper unbundler with a presence in over 200 exchanges throughout New Zealand. In addition we operate a 4,200km fibre optic network that transits between virtually all major towns and cities, and connects directly into all major peering exchanges.

4. Our customers in New Zealand range from government agencies, integrators, large corporates, SMEs and residential households. We are committed to New Zealand's fibre future.

5. Vocus also retails power & gas in New Zealand through its Switch Utilities brand.

6. Vocus Group is one of the fastest growing telecommunications companies in Australasia and a major provider of voice, broadband, domestic and international connectivity and data centres throughout New Zealand and Australia.

7. If you would like any further information about the topics in this submission or have any queries about the submission, please contact:

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COMMENTS ON THE DRAFT DETERMINATION SUBMISSIONS

UBA SERVICE SPECIFICATION – LINK UTILISATION

8. Chorus' submission, in our opinion, supports some of the issues Vocus and others highlighted in their submission with respect to the thresholds tests for link utilisation and capacity augmentation.

9. Vocus submitted[1], based on our experience of operating a network, that:-

   (a) The link utilisation maximum should be less than the proposed 95%.

   (b) Capacity augmentation plans should be in place for any link exceeding 70-75%

   (c) Reporting on capacity augmentation progress should be required monthly on any link over 70%.

10. Chorus' own submission supports the view of Vocus and other RSPs that a lower link utilisation levels should be used. Chorus state that:-

   (a) *"no Ethernet fibre-based LAP has exceeded the proposed 95% utilisation limit, or the proposed 85% threshold for reporting upgrades*". [para 10 Chorus submission]

   (b) "*right now 99.4% of our Ethernet fibre-based LAPs have utilisation below 50% and none of the almost 8000 LAPs exceed 80%*" [para 16 Chorus submission]

11. This is not unexpected and Vocus concludes that the thresholds proposed by the Commission are too high and do not reflect best practice, as stated by ourselves, other RSP's and inferred by Chorus.

12. Vocus submits that the maximum link utilisation should be 85%, lower than the proposed 95% which, as we have stated in our submission, would mean that "*At the proposed level of 95% utilisation over 15 minutes the links will already be heavily congested, furthermore if demand increases the links will rapidly become completely congested*"[2]

13. Chorus' submission also support Vocus' submission that plans for augmentation of a link should be in place well ahead of the 85% proposed reporting threshold. Vocus suggested[3] "*that the monthly reporting should include, on any link over 70% utilisation, the date on which capacity augment is to commence, the expected completion date of the work and the forecast utilisation of the link on completion date*"

14. Chorus' practices support our position, as Chorus states: -

   (a) "We monitor and forecast link utilisation, generally starting planning for upgrades when it reaches about 60%. Once triggered upgrades are completed typically in just a few weeks" [para 16 Chorus submission]

15. Vocus is also concerned by Chorus suggestion that it reports on planning information only for "*cabinet identification and location of **approved** upgrades*" [Chorus submission para 23 emphasis

[1] *Para 10-11 Vocus Submission 30th November 2016*
[2] *Para 9 Vocus Submission 30th November 2016*
[3] *Para 11 Vocus Submission 30th November 2016*

added]. Chorus should be required to have a plan to upgrade the link once it passes the threshold for reporting investment plans, the onus is on Chorus to have an approved plan.

16. If the limit is set too high – 95% - then it risks driving costs into RSP's through customer complaints and churn as consumers get degraded performance due to link congestion. This is not in the long term best interest of consumers.

10 GigE HANDOVER CONNECTIONS

17. Vocus submitted[4] the price the FPP TSLIRC model is generating does not reflect the commercial reality. Vocus also highlighted that capping the cost of 1GigE ports at the price of the $10GigE port doesn't really resolve the issue of 10GigE availability as no one can effectively use multiple 1GigE ports given load balancing challenges.

18. The utility and value of 10 * 1GigE ports is well below the utility of a 10GigE port. Given the significant inefficiencies inherent in multiple discrete ports it becomes more critical that a 10GigE port is available as data demands continue to rapidly grow and the costs of 10GigE ports inevitably reduces. As such we do not agree with Chorus' submission[5] that *"the availability of 10 GigE handovers being limited to those links where it is available, with the decision left to us to determine whether there is sufficient demand".*

19. Vocus agrees with the Commission's decision to include 10GigE handovers in the regulated service and as such the availability should also be regulated, not left to Chorus.

[4] *Para 13-20 Vocus Submission 30th November 2016*
[5] *Appendix B Chorus Submission 30th November 2016*