

NOTICE OF INTENTION

3 MARCH 2023

Proposal to Make Potential Amendments to the Input Methodologies for Fibre – potential June 2023 amendments

1. The purpose of this notice of intention is to advise that we are beginning work to consider certain potential amendments to the Fibre Input Methodologies Determination 2020 [2020] NZCC 21 (fibre IMs).
2. In accordance with section 179 of the Telecommunications Act 2001 (the Act), this notice outlines the scope of the potential amendments under consideration, and the proposed process and indicative time frames for considering and consulting on these potential fibre IM amendments.

Scope of potential amendments to the fibre IMs under consideration

Process for determining Enable, Northpower and Tuatahi's initial information disclosure (ID) Regulatory Asset Bases (RABs)

3. We are currently in the process of determining the initial ID RABs for Enable Networks Limited (Enable), Northpower Fibre Limited (Northpower) and Tuatahi First Fibre Limited (Tuatahi) under the fibre IMs and s 177 of the Act and have commenced evaluation of initial ID RAB proposals as part of that process. In the course of our evaluation of those proposals, we have identified amendments to the fibre IMs that may better promote the outcomes in s 162 of the Act, promote the certainty purpose in s 174 more effectively, or reduce compliance or other regulatory costs or complexity.
4. We are considering an amendment to the fibre IMs to enable the benefits of Crown financing received prior to 1 December 2011 but enjoyed during the financial loss period to be included in the calculation of the financial loss asset.
5. We are also considering amending clause B1.1.2(9)(c) of Schedule B of the fibre IMs so that the provision references the calculation of the UFB opening asset value for all regulated fibre service providers, rather than just Chorus.

Weighted average cost of capital (WACC) determinations

6. We are considering an amendment to the fibre IMs to enable the weighted average cost of capital (WACC) determinations made for Chorus ID to be made within two months of the start of Chorus' disclosure year, rather than one month.

Wash-up requirements as part of PQP2

7. In October 2022 we reached a final decision on Chorus' initial RAB. This decision determined Chorus' price-quality and ID-only RABs, which together form Chorus' ID RAB. As the

maximum allowable revenue (MAR) for the first regulatory period was set based on a transitional initial PQ RAB, the requirement for a wash-up to account for the difference between the transitional and final initial PQ RAB needs to be considered to ensure the MAR in the second regulatory period is based on the correct opening RAB value for the second regulatory period.

8. We are considering introducing a wash-up for the revenue effect of the difference between forecast and actual opening RAB values for the second and subsequent regulatory periods (the “opening RAB wash-up”).

Proposed process and indicative time frames for potential fibre IM amendments

	Process	Indicative timeframe
1.	Draft decisions on potential fibre IM amendments	Mid-March 2023
2.	Submissions due from interested persons on potential fibre IM amendments (4 weeks)	Mid-April 2023
3.	Cross-submissions due from interested persons on potential fibre IM amendments (2 weeks)	Late-April 2023
4.	Final decisions on potential fibre IM amendments	June 2023

Updates and any process refinements will be published on the Commission’s website.