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Ministry of Business, Innovation and Employment
Hikina Whakatutuki

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Tēnā koutou

DISCUSSION DOCUMENT: ENHANCING TELECOMMUNICATIONS REGULATORY AND FUNDING FRAMEWORKS

Unison Networks Limited (**Unison**) is an Electricity Distribution Business (**EDB**) that operates networks in Hawke's Bay, Taupō and Rotorua, and manages Centralines Limited, the EDB operating in Central Hawke's Bay. Unison is part of Unison Group which includes other electricity sector businesses (contracting, manufacturing, and consultancy). As a critical infrastructure service, Unison has obligations as a lifeline utility under the Civil Defence and Emergency Management Act.

The purpose of this submission is to raise Unison's concern with the restriction for local fibre companies to have a direct relationship with the consumer, specifically lifeline utilities. The criteria listed in the Discussion Document highlight why some out of scope matters need to be promptly addressed.

We explain briefly below our circumstances and view that the status quo restriction on lifeline utility consumers having a direct relationship with the relevant local fibre companies (and infrastructure owner) does not meet the criteria of the Discussion Document, including:

- consistency with existing regulatory regime;
- promoting competition;
- protecting consumer interests; and
- fair and transparent regulatory design.

Background

Earlier this year Unison Group sold its fibre subsidiary (Unison Fibre Limited now called Tuatahi Central Fibre Limited) to Tuatahi First Fibre Limited (**Tuatahi**). Unison's critical assets communicate with fibre, and it is essential to maintain our ability to monitor and control these assets, which supply large proportions of Unison's customer base. Unison is required to respond to unplanned outages on its network in a timely manner as it is a regulated business, which these fibre connections enable.

A disappointing barrier to cost and practical efficiency was the restriction for Tuatahi to have a direct relationship with Unison. Unison contracted with a retailer to be an intermediary with no meaningful service function in respect of a LL Utility managing the Layer 2 activities itself. This inhibits working directly with the infrastructure owner in respect of service levels and outages.

Inefficient regulation that is not promoting consumer interests

Unison's critical assets utilise Dark Fibre Services (Infrastructure Level Services). The requirement to include an intermediary retailer is administratively burdensome, requires significant unnecessary cost, and adds complexity for outage and fault management (of particular concern in emergencies). The harm of this forced vertical separation between infrastructure provider, retailer and consumer appears to outweigh any potential regulatory justification (which remains unclear).

The most pressing concern is inefficient communication during an emergency. Unison's fibre communications for critical assets are fundamental to its performance in an emergency. Intermediaries risk technical accuracy, speed and ensuring the best pragmatic response to restore power. It is preferable to contract directly with another lifeline utility who is experienced in operating with similar regulatory

requirements, jointly participates in regional emergency activities, and has requisite technical competency to urgently understand and react.

It would improve consumer interests (both Unison's as a fibre consumer, and consumers of critical infrastructure including electricity) to enable local fibre companies to have a direct relationship with any lifeline utilities they serve for at least Infrastructure Level Services. Chorus can contract direct with specified entities creating a peculiar inconsistency in the regulatory framework.¹

Please do not hesitate to get in touch to discuss the contents of this submission.

Ngā mihi

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¹ Register-of-Chorus-non-retail-users-4-June-2024.pdf (comcom.govt.nz).