

## NBN Bills

At the recent public hearings on the Senate Committee's inquiry into the NBN Legislation Optus was asked to respond to comments made by the utility companies regarding their need for exemptions in respect of the obligation that NBN Co can only provide services directly to carriers or carriage service providers.

Following, the hearing Optus has given further consideration to this matter and we would like to take the opportunity to put on record some further comments.

As we understand the argument, the utility companies have suggested that they will need direct access to the NBN to enable them to provide smart grid or network management type services. It has been argued that this will require a less sophisticated form of access service than is likely to be offered by the telecommunication wholesalers (who use the NBN as an input).

For the smart grid type service to operate, Optus understands that the following technical arrangements are likely to apply;

- i) NBN Co will need to provide an access service from an end-user premise to one of its designated Points of Interconnection; and
- ii) From the designated Point of Interconnection the utility will need to provide backhaul capacity to its own network. It can self-provide this backhaul capacity or acquire such a service from telecommunications provider. (Note that NBN Co should not be able to provide backhaul access above the point of interconnection as this would be a clear breach of the ACCC's recent guidance to NBN Co on its proposed location of Points of Interconnection, which are aimed at ensuring that NBN Co does not interfere with competitive sectors of the market).

From the above scenario it can be seen that to provide an end-to-end network management capability, utilities may well seek to work with telecommunication providers in any event.

It appears that one of the underlying issues in this debate is that current product offerings released by NBN Co (the access service in i) above) are largely targeted at consumer broadband applications. These are unlikely to be fit for purpose for the utility companies which require a lower data rate services at a lower cost.

A logical way forward is to require NBN Co to provide a fit for purpose wholesale access service that will meet the requirements of the utilities. We anticipate that NBN Co will seek to develop this service to meet the perceived demand.

However, it remains important to enforce the wholesale-only restriction on NBN Co, by removing any exemptions from the principle that NBN Co can only supply to carriers or carriage service providers.

This would not restrict the ability of utilities to engage with NBN Co. They would have the choice of either setting up their own carrier or service provider to manage their requirements, i.e. to source an access service directly from NBN Co. Alternatively, they could source those requirements from telecommunication service providers.

This approach will have the advantage of injecting competition into the supply of the network management services utilities will require. Importantly, it will also preserve a very bright demarcation line on NBN Co's activities and ensure that it only provides services to genuine wholesale customers.

Regards

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Optus