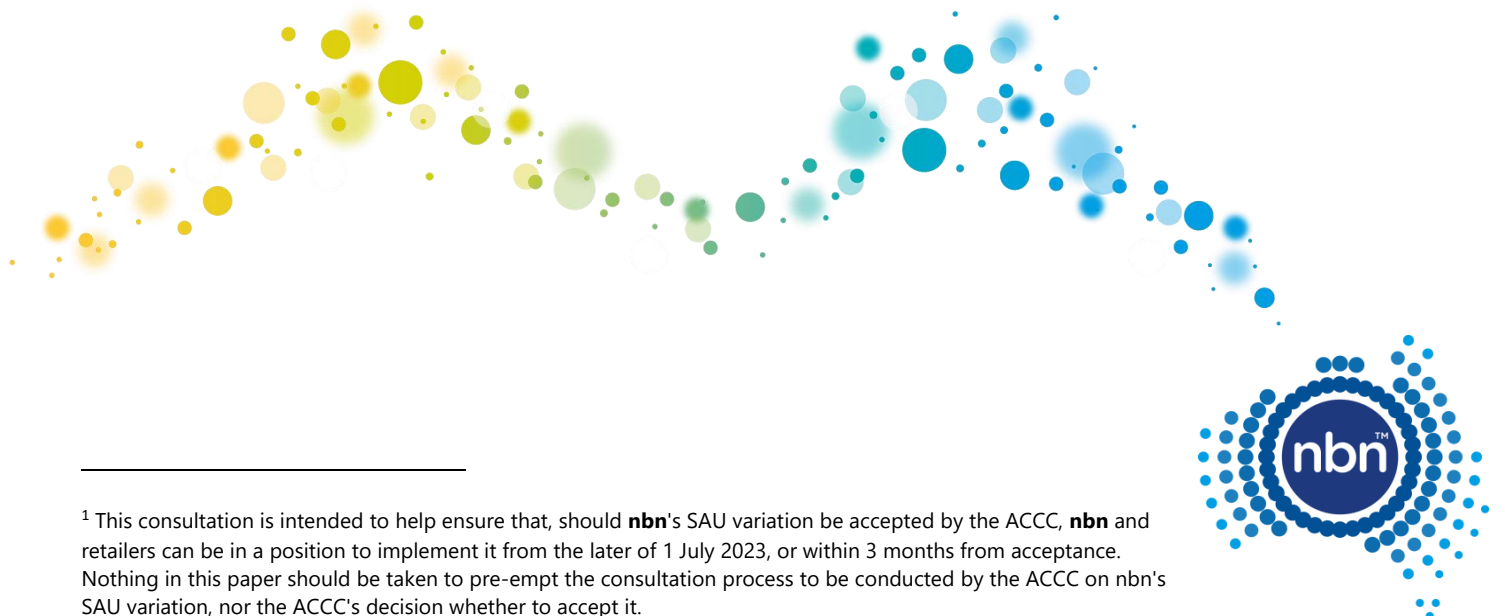


# WBA5

## First consultation paper on implementing a varied SAU<sup>1</sup>

November 2022



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<sup>1</sup> This consultation is intended to help ensure that, should **nbn's** SAU variation be accepted by the ACCC, **nbn** and retailers can be in a position to implement it from the later of 1 July 2023, or within 3 months from acceptance. Nothing in this paper should be taken to pre-empt the consultation process to be conducted by the ACCC on nbn's SAU variation, nor the ACCC's decision whether to accept it.



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# 1 Overview

## 1.1 Context

Recognising the need for an SAU that reflects the changes in the policy landscape and operating environment, on 27 July 2022 **nbn** withdrew the SAU variation it had lodged in March 2022. This resulted in an adjusted timeline for lodgement of a new SAU variation with the ACCC and we now expect to lodge it as soon as possible in November 2022, reflecting the significant scope and nature of the proposed changes to our March variation and the open and extensive consultation we have undertaken. **nbn** anticipates that the ACCC will commence public consultation on **nbn**'s new variation shortly after it has been lodged with them. The ACCC has discretion to either accept or reject the variation **nbn** is proposing to the SAU. The Minister for Communications the Hon Michelle Rowland MP, and Minister for Finance Senator the Hon Katy Gallagher, indicated that the objective of the SAU process should be to secure an outcome as soon as possible with the aim for this to occur by early 2023. This would allow **nbn** and industry the time to develop new systems and prepare to implement a varied SAU on 1 July 2023.

**nbn**'s SAU variation will deliver significant improvements to **nbn**'s regulatory and pricing framework, which should benefit retail customers, the telecommunications industry as a whole, and the wider Australian economy and society. The SAU variation, if accepted, will remove CVC charging by 1 July 2026, simplify **nbn**'s pricing, reduce the level of operational complexity for RSPs, provide greater price certainty, establish a link between **nbn**'s efficient costs and prices, ensure that service standards cannot degrade over time, and provide a significantly enhanced oversight role for the ACCC. At the same time, the varied SAU will continue to provide **nbn** with the regulatory certainty needed to afford us the opportunity to operate as a sustainable commercial organisation that is able to invest in network capability over the long-term to meet the evolving needs of customers and deliver Australian government policy. **nbn** is therefore committed to working constructively with the ACCC and the industry to have a varied SAU in place as soon as possible, which will also achieve the objectives set out by our Shareholder Ministers.

We understand that many RSPs are waiting for the SAU variation to be lodged to understand some of the issues in detail however the ongoing nature of the SAU variation process does not stop **nbn** and RSPs from engaging on how best to implement the SAU variation proposals, should they ultimately be accepted. There is substantial work we as an industry should commence now to translate the benefits of any varied SAU into the commercial and operational detail of WBA5. The time pressures are a constraint all of industry faces, and **nbn** would rather conduct this work in parallel with the SAU variation process to ensure that as an industry we are in the best possible position to implement a varied SAU on 1 July 2023 if the ACCC accepts **nbn**'s SAU variation proposal.

**nbn** has listened to RSP feedback on the engagement approach from the WBA5 Opening Consultation Paper. This consultation is the first in a series of papers, and we will release more content as it becomes available, to ensure we are moving forward towards implementation as effectively and iteratively as possible. We also will provide other ways for RSPs to receive and give feedback such as webinars and we provide more information about this process later in this paper.

## 1.2 This Consultation

To assist RSPs in preparing we have prioritised the items into this paper which we believe may have the greatest implementation impact on RSP systems, operations and processes including:

1. Utilisation-Based Billing
2. CVC Inclusions Adjustment
3. Voice-Only Bundled Offering
4. Billing Price Configuration Changes
5. Overbooking of CVC TC-4 on Network-Network Interface (NNI)
6. Overage Waiver

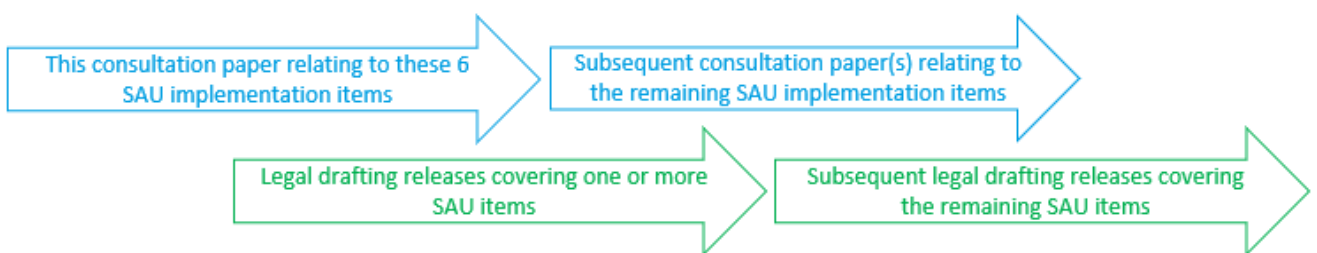
This will then inform the legal drafting for WBA5 which we will progress as soon as practicable once we get closer to securing alignment with you on how to implement these six items.

This first WBA5 paper on SAU implementation will be followed by further WBA5 SAU implementation papers which will cover the remaining WBA-impacting items which will be contained in **nbn**'s varied SAU. These items include the following and we anticipate releasing Consultation Papers covering these by no later than 16 December 2022 with 4 weeks to respond (taking into consideration any Christmas closure period):

1. Change right amendments to facilitate the operation of new regulatory oversight frameworks that might be set out in a varied SAU
2. Network Utilisation rules
3. SAU-driven Service Levels Schedule changes
4. The SFAA term

To help ensure we can meet the target of 1 July 2023 to implement any varied SAU, in consulting with you on these (and subsequent) WBA5 SAU implementation items, we have sought to (and will continue to seek to):

1. Adopt your feedback and recommendations in the WBA5 Opening Consultation Paper on how you wish to be consulted and how we can optimise the consultation process.
2. Prioritise items which we anticipate will have the greatest implementation lead time for RSPs.
3. Release consultation papers and proposed legal drafting as soon as practicable. This will mean that consultations and legal drafting releases will run in parallel as follows:



As we will release materials as soon as they are ready, we will not presuppose the number of consultation papers or drafting releases that will be needed as this will depend on factors including how quickly we as an industry can agree on how to implement the SAU items and how quickly the legal drafting can be prepared. For example, if we can quickly secure industry alignment on three of the SAU items covered in this paper, but three items remain contentious, we would release the legal drafting for the three agreed items and not wait for all six items to be settled. If the drafting for one of those items is ready, but the remaining two items require a further two weeks to prepare, we would release the drafting for that one item immediately and the remaining two items in two weeks' time, rather than waiting and releasing the three items together.

We are acutely aware of the amount of work we as an industry need to do to translate the benefits of a varied SAU into the commercial and operational detail of WBA5 in time for implementation on 1 July 2023 in the event the ACCC accepts **nbn**'s SAU variation by 31 March 2023. We are mobilising all available resources within **nbn** to ensure that consultations and legal drafting can be prepared and issued to RSPs as soon as practicable.

If the SAU variation is accepted after 31 March 2023, **nbn** will still commit to implementing new pricing within three months after the SAU variation is accepted.

While the primary focus of WBA5 will be implementing the changes covered in the SAU variation, it also represents an opportunity to continue to work with RSPs to address any challenges that are best addressed during the WBA renewal process. We are always open to discussing potential inclusions in WBA5 beyond the SAU implementation items however the scope of non-SAU related changes must be moderated by our priority to implement the new SAU terms in line with our Shareholder Ministers' expectations so that we can offer the new pricing constructs to customers on 1 July 2023 (or as close to that time as possible, depending on the date of any acceptance of the SAU variation).

To provide RSPs early visibility, **nbn** plans to propose the following non-SAU related WBA5 changes in a subsequent consultation once we have further progressed the SAU implementation items:

1. Governance – Implementing a robust governance framework with clear communication and escalation commitments and pathways.
2. Confidentiality – Clarifications to **nbn**'s rights to use Confidential Information.
3. Fair Use Policy – Implementing quicker, less process heavy introduction of FUP exemptions to the document.
4. Non SAU-driven service level changes including:
  - RCP - Regional Connectivity Program – Introduction of Service Levels for Isolated and Limited Access FTTP customers
  - SLAs for Facilities Access – New SLS for Cross-Connect Modify to account for impact to active Services.

We thank you for your engagement and participation in this consultation process and look forward to your feedback.

## 2 Approach to consultation

On 31 August 2022, **nbn** released its WBA5 opening consultation paper to begin the conversation with RSPs and sought feedback from RSPs on how best to engage RSPs on WBA5 to ensure that any varied SAU is implemented as soon as possible.

**nbn** sought to establish the right engagement framework from the outset to help ensure the optimum process for WBA5 consultation.

In that consultation, **nbn** indicated that while the primary focus of WBA5 will be implementing the changes covered in the SAU variation, it also represents an opportunity to continue to work with RSPs to address any challenges that are best addressed during the WBA renewal process.

**nbn** wishes to thank RSPs that submitted feedback in response to that opening consultation paper.

### 2.1 RSP feedback to the opening consultation paper

RSPs' feedback to the WBA5 opening consultation paper included:

- A recognition that the timeframes for WBA5 contract finalisation are tight and a request that **nbn** distribute papers and then facilitate industry workshops to gather feedback and look to settle positions in a manner which minimises consultations with RSPs, and to ensure that commercially agreed outcomes are clear and can be accurately reflected in WBA5 drafting.
- A request that **nbn** include additional RSP benefits within the scope of WBA5 beyond the items and RSP benefits pertaining to the implementation of the varied SAU.

- A request for **nbn** to bundle up and prioritise IT and operational impacts into early communications.
- A request for **nbn** to provide a timetable for engagement, consultation, and changes.

## 2.2 nbn's response to RSP feedback

**nbn** agrees with the industry that timeframes for WBA5 contract finalisation are tight and proposes to address RSPs' feedback as follows:

- Following the release of this consultation paper, **nbn** proposes to conduct an industry webinar to provide an overview of the content, followed by workshops with RSPs to gather feedback and look to settle positions in those workshops and thereby look to minimise the number of written consultations with RSPs. Furthermore, **nbn** will release materials (consultation papers and legal drafting) as soon as they are ready to ensure that RSPs have the longest possible period to review those materials. **nbn** will not delay release of materials to meet pre-determined dates and will release materials as soon as they are ready. To the extent commercial positions are not settled, **nbn** will look to release materials and drafting for the items that are settled. **nbn** will also conduct consultations, and release materials, in parallel where necessary to ensure that RSPs receive materials as soon as they are prepared.
- While the primary focus of WBA5 will be implementing the changes covered in the SAU variation, it also represents an opportunity to continue to work with RSPs to address any challenges that are best addressed during the WBA renewal process. **nbn** is open to discussing inclusions in WBA5 beyond the SAU implementation items however the scope of non-SAU related changes must be moderated by our priority to implement the varied SAU in line with our commitments and our Shareholder Ministers' expectations. In this context, **nbn** has provided RSPs with early visibility in this paper of the non-SAU items **nbn** proposes to discuss with RSPs subject to there being sufficient time to do so without compromising the implementation of the varied SAU.
- In determining which items to consult on first, **nbn** has sought to prioritise items which will have the greatest implementation lead time for RSPs.
- While it is difficult to precisely forecast when materials will be ready for release (as it depends on when those commercial positions are settled with RSPs), **nbn** anticipates releasing consultation papers covering the remaining SAU implementation items by no later than 16 December 2022. Subsequent papers, if needed to address RSP feedback following this paper, will be released as soon as the content is ready. **nbn** will keep RSPs abreast of development timeframes throughout the WBA5 consultation process. **nbn** will release legal drafting as soon as it is prepared once commercial positions are settled with RSPs and is mobilising all available resources to ensure that legal drafting can be prepared and released as quickly as practicable. While the precise number of legal drafting releases will depend on when individual commercial positions are settled with RSPs, **nbn's** process of preparing legal drafting as soon as a commercial position is settled will ensure that RSPs have the maximum possible time to review.

## 3 Scope of this consultation

### 3.1 Summary of items

This consultation paper relates to the following six items. There are a diverse range of SAU items to implement as part of WBA5. In line with RSP feedback and the above principles, this first paper seeks to tackle the biggest and most impactful items first.



Item in this consultation	Summary of proposed changes
<b>Utilisation-Based Billing</b>	The CVC TC4 billing model will be changed from the current billing 'provisioned' CVC to 'utilised' CVC across TC-4 Bundled Offers (other than for Satellite). This change will result in RSPs no longer having to actively forecast and manage CVC provisioning. RSPs will instead only be charged for CVC that is actually utilised.
<b>CVC Inclusions Adjustment</b>	For TC-4 Bundled Offers defined rules will be introduced for bi-annual adjustments to CVC inclusions reflecting actual changes in end-user download usage over time. This change will significantly improve cost certainty for RSPs by substantially reducing the level of <b>nbn</b> discretion in adjusting bundled inclusions.
<b>Voice-Only Bundled Offering</b>	A new voice-only option will be introduced, priced at \$12 per month and provided using the 12/1Mbps speed tier. Different prices applying to voice-only 12/1 and broadband 12/1 will be based on a threshold data test.
<b>Billing Price Configuration Changes</b>	<b>nbn</b> is committing to significant pricing construct changes, such as the introduction of AVC-only products for <b>nbn</b> Homefast and above, transitioning from the current two tier AVC/CVC pricing to TC-4 Bundled Offers with utilisation-based billing, AVC-only pricing on Flat-Rate Offers, an entry level pricing reform etc. Related to these changes, implementation, processes, and transition requires consideration. Operationally, RSPs will still need to provision CVCs in connection with the AVC-only Flat-Rate Offers.
<b>Overbooking of CVC TC-4 on NNI</b>	<b>nbn</b> will allow RSPs to order aggregate CVC TC-4 capacity in excess of the capacity of the NNI, in order to enable RSPs to better utilise the capacity of the NNI.
<b>Overage Waiver</b>	For the transition period of Bundled TC-4 Offers moving to Flat-Rate Offers, <b>nbn</b> proposes to modify the existing Overage Waiver by changing the setting for the Waiver Threshold. <b>nbn</b> is proposing two options for the Waiver Threshold.

The proposed implementation and consultation questions for each item are set out in the following pages.

These items will come into effect on the date on which **nbn** implements new pricing structures in WBA5 in accordance with its commitments in an SAU variation (if accepted by the ACCC). **nbn** will commit to implement the new pricing in a varied SAU by 1 July 2023 if the SAU variation is accepted by 31 March 2023. If the SAU variation is accepted after 31 March 2023, **nbn** will still commit to implementing new pricing within three months after the SAU variation is accepted. Additional detail on implementation related to CVC Inclusions Adjustment can be found in section 5.

## 3.2 How to provide your feedback

We look forward to your feedback on these items by **5pm on Tuesday 6 December 2022**.

Please contact your **nbn** Account Manager so that we can arrange an appropriate forum for your feedback to be provided in your preferred format.

If you wish to provide your feedback in a written response, please email your written response to [contractmanager@nbnco.com.au](mailto:contractmanager@nbnco.com.au).

We will also shortly communicate arrangements about the workshops we intend to facilitate to discuss the subject matter of this consultation with you.

## 4 Utilisation-Based Billing

### 4.1 Proposal

**nbn** is proposing to implement utilisation-based billing (**UBB**) at the same time that **nbn** introduces the [TC-4 Bundled](#) Offers. With UBB, utilisation will be pooled nationally and RSPs will only incur Overage Charges where the National Bandwidth Utilisation exceeds the National Bandwidth Inclusion for the applicable service offerings. The benefits from this are twofold.

Firstly, UBB enables a smooth transition to the new pricing construct, by enabling the same CVCs to be used by RSPs for all (non-satellite) TC-4 services regardless of whether they are supplied under TC-4 Flat Rate Offers or TC-4 Bundled Offers. RSPs do not have to specify how much capacity is being provisioned for TC-4 Flat-Rate Offers and TC-4 Bundled Offers to enable different billing treatment. Instead, for billing purposes **nbn** will only measure capacity utilised by TC-4 Bundled Offers.

Secondly, UBB will result in a significant reduction in on-going CVC management functions that RSPs have advised can be costly and complex. Moving to UBB provides RSPs with choice on how they wish to manage their network. RSPs will have the choice of managing CVC bandwidth traffic as per today (actively forecast and provision adequate shaping CVC bandwidth traffic on a regular basis), or instead RSPs may prefer to 'set and forget' CVC at the maximum bandwidth and minimise CVC management. With the latter option significantly reducing RSPs need to actively forecast and manage CVC provisioning. RSPs also reduce costs as unused capacity, provisioned to meet unforeseen demand, is not considered for Overage charges.

**Note:** Provision-based CVC billing will remain for TC-1, TC-2, and satellite offerings.

**nbn** will also reduce the [CVC TC-4 Overage Charges](#) annually and transition to AVC-only pricing across all wholesale speed tiers by 1 July 2026. **Note:** AVC charges may increase at the same time.

### 4.2 Overage Charges - Calculation Methodology

**nbn** will determine the Overage Charges for the applicable offerings via the below methodology. Please refer to [Case Study 4.6](#) for a worked example of this methodology.

#### Step 1: Calculate the Daily Peak Hour

Each day for each Connectivity Serving Area (CSA) and for each Access Seeker, identify the 60-minute period during which **nbn** observes the highest aggregate download usage (in megabits) across all AVC TC-4 Product Components supplied to that Access Seeker in that CSA on that day (AEST time).

#### Step 2: Calculate Daily Peak AVC Utilisation

The download usage observed by **nbn** during the relevant Daily Peak Hour for that Access Seeker for each Bundled TC-4 Offer divided by 3600.

### Step 3: Calculate the Overage

**Overage** will apply if across a Billing Period and will be the amount by which the **National Bandwidth Utilisation** is more than the **National Bandwidth Inclusion**.

**National Bandwidth Utilisation** means the aggregate peak AVC Utilisation of all Bundled Offers for each Access Seeker across a Billing Period.

**National Bandwidth Inclusion** means the aggregate of the relevant CVC Inclusions for all Bundled Offers for each Access Seeker across a Billing Period.

### Step 4: Calculating the Overage Charge

If Overage applies, the **Overage Charge** = **Overage Amount** x **Overage**.

The **Overage Amount** will reduce by at least \$1 per Mbps each financial year, starting at the current \$8 per Mbps in FY24 until it is fully phased out by the end of FY26 ([CVC TC-4 Overage Charges](#)) Overage Charges will appear in the subsequent month bill (i.e., 1-31 January charges will appear on the invoice sent to RSPs in March).

## 4.3 Data Quality Management

**nbn** will endeavour to maintain a high level of data quality. However, system issues may occur occasionally. In dealing with data quality issues, **nbn** will give RSPs the benefit of any data losses by applying the following rules:

- Only AVCs with network data reported during peak hour will be used in the Overage calculation. To the extent that AVCs have missing throughput information due to data loss issues, these will be excluded from the total.
- Inclusions will be based on the total AVC inventory for each RSP including AVCs that had missing data.

## 4.4 RSP Supply Process Impacts

**IT Interface:** RSPs would likely need to ingest new reports to be supplied by **nbn** to support this change on any RSP IT Interface Impacts related to UBB.

**Operations Interactions:** With UBB being implemented, RSPs may need to consider how best to manage CVCs under the new pricing model.

**Other:** In addition to existing reporting, **nbn** is aiming to supply the following reports:

- A daily AVC utilisation data at peak hour report that will contain for each Bundled TC-4 Offer service for the Access Seeker the daily AVC utilisation data during the Daily Peak Hour. Expected columns in this report will be *Date, AS ID, CSA, Peak Hr, AVC ID, AVC throughput (Mbps)*.
- Daily Overage report (as per current but instead of provisioned CVC bandwidth). Expected columns will be *Date, National Utilisation, National Inclusion, Daily Overage, Month-to-Date Overage, Count of Bundled TC-4 Offers*.
- Reports will be supplied via the Managed Document API platform at the end of the following day.
- During network/system issues, data may still be available for re-capture. In these instances, the reports will be updated and available for RSPs to view on a delayed basis.

## 4.5 Transitional / Migration Considerations

- While existing bundled services will be transitioned to the new pricing construct automatically, **nbn** is keen to work with RSPs individually to plan and implement and manage any bulk AVC migrations within the new pricing construct.

- It is envisaged that RSPs may encounter contention at the NNI if dimensioning is not planned adequately. RSPs will need to take into consideration relevant delivery lead times when planning NNI capacity.
- **nbn** is planning to implement NNI overbooking capability for RSPs to better manage NNI utilisation (refer [Overbooking of CVC TC-4 on NNI](#)).

## 4.6 Case Study

### Worked Example – Monthly Overage Calculation

Step 1: Daily Peak Hour is identified for Access Seeker in each CSA based on aggregate usage across all TC4 services.

Daily Peak Hour			
Access Seeker	CSA	Date	Peak Hour
RSP1	Castle Hill	07-10-2022	7:00:00 PM
RSP1	Castle Hill	08-10-2022	7:30:00 PM
RSP1	North Sydney	07-10-2022	8:00:00 PM
RSP1	North Sydney	08-10-2022	9:00:00 PM
RSP2	Castle Hill	07-10-2022	7:00:00 PM
RSP2	Castle Hill	08-10-2022	7:30:00 PM
RSP2	North Sydney	07-10-2022	8:00:00 PM
RSP2	North Sydney	08-10-2022	9:00:00 PM

Step 2: For each Bundled TC-4 Offer, average usage is reported during the previously identified Daily Peak Hour by Access Seeker and CSA.

Daily Peak Hour AVC Utilisation						
Access Seeker	CSA	Date	Bundled TC4 Offer Service	Bundled Inclusions (Mbps)	Peak Hour Usage [Mbps]	Billable Peak Hour Usage [Mbps]
RSP1	Castle Hill	07-10-2022	AVC1 - 12/1	0	1.10	1.10
RSP1	Castle Hill	07-10-2022	AVC2 - 25/5	0.2	2.20	2.20
RSP1	Castle Hill	07-10-2022	AVC3 - 50/20	2.5	3.30	3.30
RSP1	Castle Hill	07-10-2022	AVC4 - 100/20	-	4.40	-
RSP1	North Sydney	07-10-2022	AVC5 - 12/1	0	0.80	0.80
RSP1	North Sydney	07-10-2022	AVC6 - 25/5	0.2	1.70	1.70
RSP1	North Sydney	07-10-2022	AVC7 - 50/20	2.5	2.20	2.20
RSP1	North Sydney	07-10-2022	AVC8 - 100/20	-	4.00	-

Step 3: Daily Peak Hour utilisation is then aggregated daily across all CSAs for the respective RSP.

Access Seeker	Date	Aggregated Bundled Inclusions	Aggregated Daily Billable Peak Hour Utilisation
RSP1	07-10-2022	5,000	6,500
RSP1	08-10-2022	5,000	6,600
RSP2	07-10-2022	5,000	4,300
RSP2	08-10-2022	5,000	4,400

Step 4: Overage Charge for the Billing Period occurs when the Aggregated Daily Billable Peak Hour Utilisation across the Billing Period is more than the Aggregated Bundled Inclusions across the Billing Period.

Monthly Overage Charge						
Access Seeker		Day 1 07-10-2022	Day 2 08-10-2022	Day n	Monthly Average	Overage (Mbps)
RSP1	Peak Hour Utilisation	6,500	6,600	...	6,550	1,550
	Bundled Inclusions	5,000	5,000	...	5,000	
RSP2	Peak Hour Utilisation	4,300	4,400		4,350	-
	Bundled Inclusions	5,000	5,000		5,000	

## 4.7 Consultation Questions

- Does your organisation have any specific concerns with the proposal for how this item will be implemented? If so, what are those concerns? How might **nbn** best address them?
- How will this change affect the CVC Management for your organisation?
- Does your organisation foresee any AVC migration needs if the new pricing construct is introduced? What volumes of AVC migrations do you forecast and what support can **nbn** provide to facilitate the migrations?
- Are the proposed reports sufficient and the delivery mechanism acceptable? What additional reporting would your organisation need? **nbn** will be reviewing the need for CVC related reports in the future to minimise redundant reports. Do you foresee the need for **nbn** to continue providing CVC related reports in the future, for example the Senate Estimates Hearing (SEH) CVC report?
- Are there any barriers to implementation for your organisation that **nbn** needs to be aware of? Are there any other variables that **nbn** should consider?

## 5 CVC Inclusion Adjustment

**nbn** has committed in the proposed SAU variation to conduct an assessment twice each financial year to review and adjust the amount of included CVC TC-4 capacity for each TC-4 Bundled Offer (**CVC TC-4 Inclusion**) based on industry wide utilisation. This commitment will only apply while CVC charging is still applicable until the end of FY26.

- **nbn** will compare like-for-like six-monthly periods for two corresponding years to smooth out any seasonality variations from the inclusion changes and make increases more predictable.
- **nbn** is proposing that the SAU will specify the effective date of each change after the measurement period and that RSPs will receive at least two months’ notice of upcoming inclusion changes.
- **nbn** will make amendments to the Pricing and Change Rights provisions in the WBA as needed to enable outcomes of each assessment to come into effect.

### 5.1 Implementation

The first CVC inclusion adjustment will come into effect on 1st Jan 2024. RSPs will have two months to prepare for the changes. e.g., 1 April to 30 September measurement period. One month later RSPs will receive a notification of adjustment, (~1<sup>st</sup> Nov). Inclusions will be adjusted in a timeframe proposed in the SAU.

## 5.2 Supply Process Impacts

**IT Interface:** RSPs would likely need to ingest new reports to be supplied by **nbn** to support this change on any RSP IT interface impacts related to CVC inclusion adjustment.

**Operations Interactions:** **nbn** does not foresee any RSP operational interaction impacts for related CVC inclusion adjustment.

**Other:** **nbn** is aiming to supply a monthly bundled offer group utilisation report with daily utilisation stats for each RSP with their own data as well as the industry average. It is intended for the report to be supplied via the Customer Centre with a monthly delay e.g., Daily Utilisation data for 1-30 September will be published on the 1<sup>st</sup> of November.

## 5.3 Consultation Questions

- Does your organisation foresee any implementation risks or issues with implementing the proposal?
- Are there any barriers to implementation for your organisation that **nbn** needs to be aware of?

# 6 Voice-Only Bundled Offer

In consideration of customers who are using the **nbn** network for voice-only calls and basic connectivity, **nbn** will introduce a Voice-Only Bundled Offer. This new offer will be made available using the 12/1Mbps speed tier across all fixed line technologies (Fibre, FTTB, FTTN, FTTC and HFC) at a wholesale charge of \$12 per month. The Voice-Only Bundled Offer will allow RSPs to provide voice-only services on significantly reduced price levels compared to the current WBA4 charges of \$22.5 per month.

The voice-only offer will be implemented via billing processes. As such there will be no need for **nbn** or RSPs to develop a new product.

## 6.1 Methodology

The application of the \$12 charge for a 12/1 service will be dependent on the service being used as an input into voice-only retail products.

- Each individual service will be subject to a daily threshold test.
- That data will be measured as peak usage on 12/1Mbps AVCs, and any AVCs which use more than the specified voice-only bandwidth (0.1Mbps) will attract an additional monthly 'charge adjustment' of \$12.40, pro-rated daily.
- Peak usage for each 12/1 AVC will be based on the highest 60-minute sample for each AVC for that day.
- Unlike the current Entry Level Bundle (**ELB**) construct, the additional charge will be applied at an individual AVC level.

Charge adjustments, where applicable, will appear in the subsequent month bill (i.e., 1-31 January charges will appear on the invoice sent to RSPs in March).

## 6.2 Supply Process Impacts

- **IT Interface:** RSPs would likely need to ingest new reports to be supplied by **nbn** to support this change on any RSP IT interface impacts related to Voice-Only Bundles.
- **Operations Interactions:** **nbn** does not foresee any RSP operational interaction impacts related to Voice-Only Bundles.
- **Other:** The proposed daily AVC utilisation report as part of UBB will contain the maximum throughputs of each AVC on a daily basis. This will allow RSPs to identify which AVCs qualified for the Voice-Only Bundled Offer on a daily basis. This report will be provided via the Managed Document API platform. It is intended that this report will be combined with the daily overage utilisation-based billing report.

## 6.3 Transitional / Migration Considerations

- **nbn** will automatically bill AVC, meeting the service offer criteria outlined above.
- RSPs will not need to migrate services to the offering.

## 6.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might **nbn** best address them?
- Is the proposed reporting sufficient for your organisation? Are there any additional reporting requirements? Does simplifying the number of reports and combining voice-only reporting with UBB reporting make sense for you or would you rather separate reports?
- Does your organisation foresee any implementation risks or issue implementing the proposal?
- Are there any barriers to implementation for your organisation that **nbn** needs to be aware of?

# 7 Billing Price Configuration Changes

In the variation to the SAU, **nbn** proposes significant changes regarding the pricing construct. This section provides an overview of the new changes to price offerings as well as considerations related to implementation, processes, and transition.

## 7.1 Changes

**nbn**'s new TC-4 pricing construct consisting of Bundled TC-4 Offers and Flat-Rate Offers will apply to all access technologies except Satellite Offerings (refer Table 1: *TC-4 Bundled Offers* and Table 2: *Flat-Rate Offers*).

Some Basic services will no longer be available for purchase under the proposed changes such as TC-4 Asymmetric AVC Offers, TC-4 Additional Asymmetric AVC Offers and Symmetric Access Capacity Offers (TC-2). **nbn** will need to work with relevant RSP's to migrate the small numbers of services that are left on these services to bundled offers.



## (a) TC-4 Bundled Offers

AVC TC-4 PIR downlink (Mbps)	AVC TC-4 PIR uplink (Mbps)	CVC TC-4 PIR symmetrical inclusion (Mbps)	Monthly Recurring Charge, per SIO	Technology
12 (Voice-Only Bundled Offer) <sup>1</sup>	1	-	\$12.00	Fibre, FTTB, FTTN, FTTC, HFC
12	1	-	\$24.40	Fibre, FTTB, FTTN, FTTC, HFC, Wireless
25	5	0.2	\$26.00	Fibre, FTTB, FTTN, FTTC, HFC, Wireless
25	5 - 10	0.2	\$26.00	FTTB, FTTN
25	10	0.2	\$26.00	Fibre, FTTC, HFC
25 – 50	5 - 20	2.5	\$50.00	FTTB, FTTN
50	20	2.5	\$50.00	Fibre, FTTC, HFC
Up to 75 <sup>2</sup>	Up to 10 <sup>2</sup>	2.5	\$50.00	Wireless

Table 1: TC-4 Bundled Offers

**Notes:**

<sup>1</sup> The Voice-Only Bundled Offer and \$12.00 Monthly Recurring Charge will apply for each day of a billing period on which an SIO with the relevant bandwidth profile is used as an input into an Access Seeker Product or Downstream Product which is a voice-only service and utilises 0.1 Mbps of TC-4 (PIR) or less of capacity. On other days, the \$24.40 Monthly Recurring Charge will apply on a pro-rated daily basis.

<sup>2</sup> This is a potential maximum information rate, not a peak information rate.

## (b) Flat-Rate Offers

AVC TC-4 PIR downlink (Mbps)	AVC TC-4 PIR uplink (Mbps)	Monthly Recurring AVC TC-4 Charge, per SIO	Technology
25 – 100	5 – 20	\$55.00	FTTB, FTTN
25 – 100	5 – 40	\$58.00	FTTB, FTTN
50 – 100	20	\$55.00	FTTC
50 – 100	20 – 40	\$58.00	FTTC
100	20	\$55.00	Fibre, HFC
100	40	\$58.00	Fibre, HFC
250	25	\$60.00	Fibre, HFC
250	100	\$100.00	Fibre
500 to 1,000 <sup>2</sup>	50	\$70.00	Fibre, HFC
500	200	\$160.00	Fibre
1,000 <sup>3</sup>	400	\$230.00	Fibre
Fixed Wireless Home Fast <sup>1</sup>		\$55.00	Wireless
Fixed Wireless Superfast <sup>1</sup>		\$60.00	Wireless

Table 2: Flat-Rate Offers

**Notes:**

<sup>1</sup> The Fixed Wireless Home Fast and Fixed Wireless Superfast Flat-Rate Offers are supplied with a potential maximum information rate, not a peak information rate.

<sup>2</sup> In relation to the NBN Co Fibre Network, the Maximum Data Transfer Rate will be less than but close to 1000 Mbps. In relation to the NBN Co HFC Network, the Maximum Data Transfer Rate will fall anywhere between 500 Mbps and close to but less than 1000 Mbps.



<sup>3</sup>The Maximum Data Transfer Rate will be less than but close to 1000 Mbps.

### (c) CVC TC-4 Overage Charges

The CVC TC-4 Overage Charge for TC-4 Bundled Offers will be reduced to \$0 by no later than 1 July 2026, converting these TC-4 Bundled Offers into AVC-only pricing. Up until that point, **nbn** will be reducing the CVC TC-4 Overage Charge on TC-4 Bundled Offers by at least \$1 per Mbps each financial year, starting at the current \$8 per Mbps in FY24. **Note:** AVC charges may increase at the same time.

DATE	CVC TC-4 Overage (per Mbps) Max. Regulated Price
1 July 2023	\$8.00
1 July 2024	\$7.00
1 July 2025	\$6.00
1 July 2026	\$0.00

Table 3: CVC TC-4 Overage Charge

## 7.2 Supply Process Impacts

- All changes will be made inside **nbn**'s IT billing systems.
- Operationally, RSPs will still need to provision CVCs in connection with the AVC-only Flat-Rate Offers.
- RSP's will need to evaluate their IT systems to determine if changes are required to remove expiring service offerings and introduce the new service offerings.

## 7.3 Transitional / Migration Considerations

- When the WBA5 comes into effect and implements the new pricing construct, a range of price offerings will expire.
- Where RSPs have customers on some of these expiring offers, **nbn** Account Teams will work with RSPs to move their customers to new offerings ahead when WBA5 comes into effect and implements the new pricing construct.
- **nbn** will include a mechanism in WBA5 which will facilitate direct migration from the current offerings to the new price offerings.

## 7.4 Consultation Questions

- Does your organisation have any specific concerns with the proposed implementation of this item? If so, what are those concerns? How might **nbn** best address them?
- Does your organisation foresee any implementation risks or issues with implementing the proposal?
- Are there any barriers to implementation for your organisation that **nbn** needs to be aware of?

## 8 Overbooking of CVC TC-4 on NNI

Currently the total CVC bandwidth cannot exceed the capacity of the associated NNI Group or V-NNI. For example, an RSP may connect 10 CVCs of 1Gbps each to a 10G NNI as the combined CVC total is equivalent to the capacity of the NNI. This ensures that each of the CVCs could operate at full capacity and not be constrained by the NNI.

While this provides certainty in relation to the bandwidth allocated to each CVC, the restriction may result in certain inefficiencies if particular CVCs are operating at full bandwidth, while others on the same NNI are under-utilised but contributing to the NNI capacity available.

In order to maximise the benefits of TC-4 AVC-only Offers, utilisation-based CVC billing, and address previous RSP requests for this capability, **nbn** will change the current rules to permit the ordering of CVC TC-4 bandwidth which, in total, may exceed the capacity of the associated NNI Group, thereby promoting more efficient use of the network.

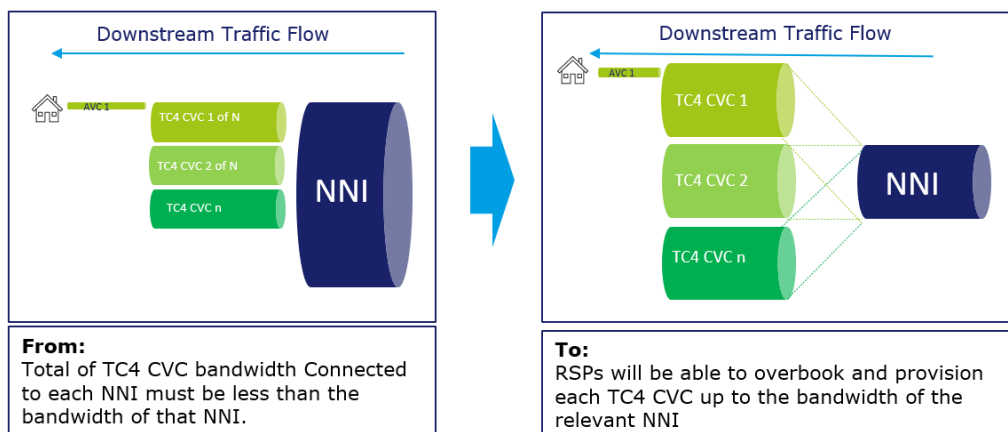
Concern was raised during the SAU consultation that this change may allow **nbn** to congest CVC. To clarify, this change does not allow **nbn** to congest CVC and **nbn**'s network performance will still be managed under the network utilisation management commitment and increased performance reporting.

**Note:** This is not proposed to apply to **nbn** Ethernet (Satellite) TC-4 CVC which will remain CIR.

## 8.1 Methodology

To support the booking of aggregate TC-4 CVCs in excess of NNI capacity,

- CVC TC-4 will now be configured as Peak Information Rate (**PIR**) instead of Committed Information Rate (**CIR**); and
- Associated traffic policing functions will be configured as Peak Burst Size (**PBS**) instead of Committed Burst Size (**CBS**).



CVC to NNI bandwidth mapping, before and after NNI overbooking

## 8.2 Supply Process Impacts

1. There are no changes for RSPs to order CVC capacity as it is specified in terms of bandwidth only. As CIR and PIR are not orderable parameters, they do not form part of the ordering process.
2. RSPs may need to change their ordering systems to allow for overbooking of NNIs.
3. An individual CVC TC-4 order will only be rejected if the bandwidth of that CVC TC-4 order exceeds the capacity of the NNI Group (or V-NNI size) as applicable.
4. RSPs will need to be cognisant of the amount of CVC TC-4 booked to an NNI if they do not want to overbook it and cannot rely on **nbn** systems to reject an order for CVC TC-4 that exceed available NNI capacity.

## 8.3 Transitional / Migration Considerations

RSPs are currently responsible for shaping traffic at the AVC and CVC level. If RSPs overbook NNI capacity, they will need to manage capacity of the NNI links (if applicable) and shape all traffic to the NNI group size to manage potential frame loss at the RSP interface to the NNI level.

**nbn** currently makes reporting available to RSPs of frame drops at the CVC, but this will be indicative of mismatching of RSP/ **nbn** CVC configuration and possible congestion of the CVC only. In an overbooking scenario, **nbn** will not have visibility of frame loss at the RSP's interface to the NNI and will not be able to advise RSPs of frame loss conditions caused by NNI congestion and therefore cannot make reporting available to advise RSPs about congestion at the NNI level.

If RSPs choose not to overbook NNI capacity with CVC TC-4, RSPs will have no need to monitor and shape at the NNI level and can continue to rely on **nbn** making reporting available to RSPs of frames being dropped at the CVC to indicate mismatching of RSP/ **nbn** CVC configuration and possible congestion at the interface to **nbn**.

Currently, **nbn** can observe packets drops at the CVC which helps in the diagnosis of assurance tickets related to speed performance issues. In an overbooking scenario, **nbn** can only observe high NNI utilisation but not packet drops at the NNI, as it will occur outside the **nbn** network.

## 8.4 Consultation Questions

- Are you intending to adopt the new overbooking features?
- Do you have suggestions on how **nbn** can manage assurance tickets in an overbooking scenario (e.g., would RSPs be open to share more traffic data proactively that will help diagnose the issue or could **nbn** close the ticket if extremely high NNI utilisation is observed)

# 9 Overage Waiver

Currently, **nbn** provides an Overage Waiver to help address economies of scale barriers for smaller RSPs associated with provisioned CVC. Whilst the introduction of UBB reduces this scaling barrier, **nbn** is proposing to retain the waiver in a modified form until CVC is fully phased out and seeks feedback on the modification.

Please note the waiver is not part of the SAU.

**nbn** proposes to modify the existing Overage Waiver construct by changing the setting for the waiver threshold from provisioned bandwidth to utilised bandwidth. The Overage Waiver will be removed when all the non-satellite TC-4 products move into a Flat-Rate construct from 1 July 2026.

## 9.1 Methodology

For context, the current Overage Charge is only applied to eligible CSAs, which are those CSAs in which the aggregate CVC TC-4 bandwidth capacity (in Mbps) ordered by RSP in respect of all Bundled CVCs in that CSA is greater than the Overage Waiver Threshold. The Overage Waiver Threshold is 1500 Mbps.

When assessing whether Overage should be waived **nbn** will measure utilisation only on TC-4 Bundled Offers.

With the modified waiver **nbn** is considering the following two options:

**Option 1:** Maintain the current test for Overage Waiver at the CSA level. To account for the change to UBB, **nbn** is proposing a revised Overage Waiver Threshold of 700 Mbps at each CSA.

**Option 2:** Change the test for Overage Waiver to the national level. For this **nbn** proposes an Overage Waiver Threshold of 100,000 Mbps for the Monthly Aggregated National Utilisation.

The thresholds proposed are based on an analysis of the likely scale issues RSPs may face with UBB (i.e., number of users required to get a stable peak hour) and helping to facilitate similar levels of financial support at the aggregate level.

## 9.2 Supply Process Impacts

**nbn** does not anticipate any supply process impacts to RSP IT interface, operation interactions or other processes.

## 9.3 Transitional/ Migration Considerations

This modified Waiver will be implemented via **nbn**'s billing processes and will be automatically waived as per the conditions above, with no transitional processes needed.

## 9.4 Consultation Questions

- Which of the two options proposed is preferred by your organisation? Are there other structures preferred by your organisation?
- Does your organisation foresee any implementation risks or issues with implementing the proposal?
- Are there any barriers to implementation for your organisation that **nbn** needs to be aware of?