

Media Release

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Consultation on number and location of NBN points of interconnect

The ACCC today released a discussion paper on the number and location of initial points of interconnect (POIs) where NBN Co's network will handover traffic to the networks of wholesale and retail service providers.

The ACCC's discussion paper includes NBN Co's Public Position Paper which outlines a range of POI options and sets out the approach that NBN Co believes best delivers the Government's policy objective of a uniform national wholesale price for the use of the NBN.

NBN Co's proposed approach would mean that a retail service provider would pay the same wholesale price to serve an end-user customer regardless of the end-user's location, or whether they are using a fibre, wireless or satellite service.

The Government has asked the ACCC and NBN Co to provide advice on the POI architecture that would best meet the long-term interests of end-users. The matters that the advice is expected to address include:

- short and long-term competition impacts of POI alternatives on the backhaul and retail markets
- current and prospective state of competition in the backhaul market, including pricing and the location and value of any assets that may be stranded by the POI alternatives, and options for addressing any adverse implications (if any) for existing backhaul asset owners
- implications (if any) for potential future Layer 1 unbundling and home-run topology, and
- stakeholder responses to the consultation process.

NBN Co has analysed a number of options and currently believes that a "composite" option for the location of the POIs would best promote the objectives of the Government. This approach would see the network built with 14 centralised POIs in five capital city locations plus, upon request, the possibility of connecting to POIs deeper in the network where this is needed for technical reasons, after meeting certain business rules.

Under the proposal, the price of access to either the centralised or wider selection of POIs would be the same.

NBN Co CEO Mike Quigley said: "In carrying out its analysis of options for the location of POIs, NBN Co has sought to identify the best solution for implementing the Government's objective of uniform national wholesale pricing.

"NBN Co recognises however that there are many factors that need to be considered in making a decision on POI location, so we are very pleased to be supporting the ACCC's consultation process on this important industry issue."

NBN Co started discussion on the POI issue in its December 2009 consultation paper which outlined the high-level network design and wholesale bitstream products. In response to that paper there was substantial industry comment, including the need for more detailed information and discussion on POI locations.

The ACCC is seeking written submissions by 8 November in response to its paper, and will make these submissions available on its website. Following the consultation period, NBN Co and the ACCC will provide advice to the Government for decision.

A copy of the paper is available on the ACCC website
<http://www.accc.gov.au/content/index.phtml?itemId=952292>

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