

**Senate Standing Committee on Environment and Communications**  
**Answers to Senate Estimates Questions on Notice**  
**Budget Estimates May 2017**  
**Communications Portfolio**  
**NBN Co Limited**

**Question No: 253**

**NBN Co Limited**

**Hansard Ref: Written, 07/06/2017**

**Topic: CVC pricing**

**Senator Urquhart, Anne asked:**

1. Where can the public locate the pricing details of NBNCo's CVC retail-based discount model which came into effect on 1 June 2017? Please attach any relevant documents.
2. Please detail what discounts are provided based on how much CVC retail providers purchase on average per end-user each month. Every discount tier and the associated CVC price should be presented. Please attach any relevant documents.

**Answer:**

1. The public can access the details of the discount model via the 'CVC Dimension Based Discount – effective 1 June 2017' on the nbn website;

**<http://www.nbnco.com.au/sell-nbn-services/supply-agreements/wba.html>**

Direct link to the discount model;

**[http://www.nbnco.com.au/content/dam/nbnco2/documents/sfaa-cvc-dimension-based-discount-notice effective 1 June 2017 2016 20170227.pdf](http://www.nbnco.com.au/content/dam/nbnco2/documents/sfaa-cvc-dimension-based-discount-notice%20effective%201%20June%202017%202016%2020170227.pdf)**

A copy of this document is attached.

2. See answer to part 1 of this question.

# Discount Notice

**Discount name:** CVC Dimension Based Discount

**Date:** 27<sup>th</sup> February 2017

This Discount Notice is provided to Customer in accordance with the Wholesale Broadband Agreement (**WBA**) entered into between NBN Co and Customer.

## 1. Background

- 1.1 NBN Co is introducing a discount to the recurring Charges for the CVC TC-4 Product Component of NEBs (**Recurring CVC Charge**) for the Ordered Products detailed in section 4 based on the dimensioning of relevant CVCs supplied to Customer (the **Discount**).
- 1.2 This Discount replaces the CVC Dimension Based Discount that commenced on 1 June 2016. That Discount, which was offered under the Discount Notice dated 5 May 2016 is withdrawn, with effect on and from 1 June 2017. May 2017 will be the last Billing Period to which that Discount Notice will apply.
- 1.3 The amount of the Discount (if any) will depend on the total CVC TC-4 capacity ordered by Customer across all relevant CSAs and the corresponding total number of AVC TC-4s ordered by Customer in relevant CSAs during the previous Billing Period.

## 2. Discount Calculation

- 2.1 In accordance with sections 4 and 5, for each Billing Period a Discount (if any) will be applied to the Recurring CVC Charge on your invoice.
- 2.2 The applicable Discount per CVC TC-4 symmetrical Mbps (CIR) for the Billing Period will be as set out in the table below, and the CVC Dimensioning will be calculated as set out in paragraph 2.4 (below).

DBD by RSP Tier Structure (TC-4 CVC)		
CVC		
Dimensioning		
Tiers kbps	DB Discount	Effective Price
0 to 399	\$0.00	\$17.50
400 to 549	\$0.75	\$16.75
550 to 699	\$1.25	\$16.25
700 to 849	\$1.75	\$15.75
850 to 999	\$2.50	\$15.00
1000 to 1149	\$3.25	\$14.25
1150 to 1299	\$4.00	\$13.50
1300 to 1449	\$4.75	\$12.75
1450 to 1599	\$5.50	\$12.00
1600 to 1749	\$6.25	\$11.25
1750 to 1899	\$6.75	\$10.75
1900 to 2049	\$7.25	\$10.25
2050 to 2199	\$7.75	\$9.75
2200 to 2349	\$8.00	\$9.50
2350 to 2499	\$8.25	\$9.25
2500 to 2649	\$8.50	\$9.00
2650 to 2799	\$8.75	\$8.75
2800 to 2949	\$9.00	\$8.50
2950 to 3099	\$9.25	\$8.25
3100 and Above	\$9.50	\$8.00

- 2.3 The Discount effectively reduces the Recurring CVC Charge for each relevant CVC TC-4 bandwidth profile by an amount equal to the applicable Discount per Mbps multiplied by the symmetrical bandwidth (in Mbps) for the respective CVC TC-4 bandwidth profile.

For example, if the applicable Discount is \$1.25 per Mbps, for 100 Mbps of CVC TC-4 symmetrical Mbps (CIR) the Recurring CVC Charge is effectively reduced from \$1,750.00 to \$1,625.00 (after applying the Discount of \$1.25 x 100Mbps = \$125.00).

- 2.4 For each Billing Period the Discount will be calculated based on the CVC Dimensioning (in kbps) in the previous Billing Period, as follows:

**CVC Dimensioning = Relevant Network CVC TC-4 Capacity ÷ Relevant Total AVC TC-4s**

Where:

**Relevant Network CVC TC-4 Capacity** means, in kbps, an amount equal to the average of the daily total of the bandwidth profiles of all CVC TC-4 capacity supplied to Customer



on the NBN Co Network (excluding any CSAs to which a CVC Transitional Pricing Credit applies), during the previous Billing Period.

**Relevant Total AVC TC-4s** means the average of the daily total number of AVC TC-4s supplied to Customer on the NBN Co Network (excluding any CSAs to which a CVC Transitional Pricing Credit applies) during the previous Billing Period.

- 2.5 This Discount will apply for the first time to the Billing Period commencing on or after 1 June 2017.
- 2.6 Any applicable 50Kbps CVC Credit or CVC Transitional Pricing Credit will be calculated using the Recurring CVC Charge after the Discount is applied.
- 2.7 For the purposes of the calculation in paragraph 2.4 any CVC TC-4 capacity and any AVC TC-4:
  - (a) will be deemed to be supplied by NBN Co during the period that NBN Co is entitled to charge the Customer for the relevant Product Component under its Wholesale Broadband Agreement; and
  - (b) supplied by means of the NBN Co Satellite Network will be excluded from the calculation.

### **3. Commencement and Expiry**

- 3.1 The Discount commences on and from 1 June 2017 and (subject to paragraph 3.2), will expire on 31 May 2019.
- 3.2 NBN Co may amend, suspend, withdraw or extend the Discount or otherwise amend the terms of this Notice by giving not less than 3 calendar month's prior notice to Customer.

### **4. Ordered Products to which the Discount Relates**

- 4.1 The Discount applies to the Recurring CVC Charge, excluding any NEBS supplied by means of the NBN Co Satellite Network.

### **5. Process to claim or receive Discount**

- 5.1 NBN Co will apply the Discount when the relevant Recurring CVC Charge is invoiced in accordance with section 2. The discounted Recurring CVC Charge will appear as the chargeable amount in the invoice.
- 5.2 No claim for the Discount is required to be submitted by Customer.

### **6. Transitional Billing Periods**

- 6.1 Notwithstanding sections 1, 2 and 5, if the first Billing Period to which the Discount applies commences after 1 June 2017, then, in respect of the period commencing on 1 June 2017 up to the commencement of the next Billing Period (**Interim Billing Period**):
  - (a) the Customer's May invoice will apply the CVC Dimension Based Discount offered under the Discount Notice dated 5 May 2016 to the CVC TC-4 capacity supplied up to and including the end of the Interim Billing Period; and
  - (b) before the end of the next Billing Period, NBN Co will:



- (i) calculate the actual Discount for the Interim Billing Period in accordance with section 2, by applying the CVC Dimensioning during the Interim Billing Period; and
- (ii) provide Customer with a credit or additional charge (as the case may be), reflecting the difference between the discount applied to the May invoice and the actual Discount .

**7. Special terms**

7.1 Capitalised terms used in this Discount Notice have the meaning given to them in Customer's WBA unless otherwise defined.

**8. Continuing engagement**

8.1 Given the high level of customer interest and feedback on the Recurring CVC Charge, NBN Co will continue engagement with all interested customers on the Recurring CVC Charge and this Discount.

8.2 If Customer wants to discuss any aspect of the Recurring CVC Charge or this Discount, please contact your Account Executive.