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Communications Markets and Advocacy
Australian Competition & Consumer Commission

By email: nbn@accc.gov.au

21 July 2023

Dear ACCC Team

AGL Telecommunications and Southern Phone (**AGL**) welcomes the opportunity to provide input on the issues raised in the Floor and Ceiling – Modified Pricing Options Paper dated July 2023 (**Paper**) published as part of the ongoing ACCC Consultation regarding NBN Co's application for variation of its Special Access Undertaking.

Our submission is enclosed.

It does not contain any confidential information.

Please do not hesitate to contact us if you have any questions in relation to this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'D Stewart', with a long horizontal flourish extending to the right.

Dean Stewart
Head of Telco Product Operations



AGL Southern Phone Submission

Modified floor and ceiling proposals

Of the three pricing options proposed by nbn in the Paper, AGL's preference would be the implementation of Option 1.

Indicative timing of the SAU Variation

nbn has indicated potential price transition dates of 1 February 2024 or 1 March 2024 (subject to various dependencies which could either expedite or further delay the timeframe). We strongly support efforts by the ACCC and nbn to accelerate this timeframe where possible and would support an implementation date of 1 February 2024 or 1 December 2023 (but not 1 January 2024).

The timeframe suggested by nbn in the Paper would result in two wholesale price changes within 4 months in the first half of 2024. We consider that would be inefficient.

Accordingly, we submit that the next periodic wholesale price change should be scheduled for 12 months after the implementation date. We observe that there is no need for nbn's wholesale price changes to align to financial years and, in fact, that there would be various efficiencies from these changing at a different time (given that many other processes align with the financial year, including in other industries such as energy).

Transitional relief for RSPs

AGL welcomes the transitional credit in recognition of the:

- costs associated with delays; and
- costs of implementation itself.

The costs of implementation are largely independent of the number of services in operation for a retailer. These are significant and not adequately recognised in the currently proposed allocation. We acknowledge that different retailers may have different costs associated with implementation but do not consider that they depend on the number of services in operation for each retailer. We consider that a methodology which fails to appropriately take account of these implementation costs would detrimentally affect smaller retailers disproportionately.

Accordingly, we submit that the transitional credits should be allocated equally between these costs in order to give greater recognition to these implementation costs. Specifically, we propose half should be allocated as an equal amount 'per retailer' in recognition of a portion of the implementation costs and the other half should be allocated as a variable component based on the number services each RSP has at that point in time in recognition of the costs associated with delays.

Wholesale switching costs

Consultation on the WBA5 is ongoing and requires parallel consideration.

In the interest of efficiency, we observe that the current Service Transfer Fee charged to retailers when customers switch from one retailer should in our view be reduced and maintained at a lower level throughout the term of the SAU. Lowering this charge would better promote competition in downstream markets and enable efficient switching. We will continue to discuss this with nbn.