Our ref: 46860
Contact officer: Jane Goldwater
Contact phone: 03 9290 1493

13 July 2015

Mr Iain Little
Deputy Executive Director – Regulatory Affairs
Corporate Affairs

By email: iain.little@team.telstra.com
Cc: alister.montgomery@team.telstra.com

Dear Iain

Re: ACCC's fixed line services final access determination inquiry: request for further information

I am writing in reference to the Australian Competition and Consumer Commission (ACCC) inquiry to make final access determinations (FADs) for the fixed line services.

The purpose of this letter is to obtain information to better inform the ACCC on how access seekers interact with Telstra when acquiring the declared Wholesale ADSL service. This information is necessary for the ACCC to complete its inquiry on the declared fixed line services FADs.

In particular, the ACCC is seeking information concerning the options Telstra offers to access seekers to acquire the declared wholesale ADSL service and AGVC/VLAN capacity to supply to end-users. The ACCC also seeks information to assist in determining the appropriateness of the AGVC/VLAN usage charge calculation. In this regard, I refer to stakeholder submissions received in response to the ACCC's draft decision, which raise concerns regarding the current price structure and methodology of generating the AGVC/VLAN charge in the fixed line services model (FLSM).

The ACCC is also seeking to enhance its understanding of the impact on demand for AGVC/VLAN capacity of recent developments in the market for broadband services.

Information requested by ACCC

The ACCC recognises that access seekers make decisions to provision capacity acquired from Telstra based on their own individual needs, including acquiring additional capacity for redundancy purposes. The ACCC also understands that it may be necessary for access seekers to acquire network components and services that do not fall within the declared service description in order to supply ADSL to end users. The ACCC would like to further develop its understanding on how access seekers interact with Telstra in this regard.

The following requests for information and data will assist the ACCC in clarifying and developing its understanding of these matters.

1. To assist the ACCC to understand how Telstra supplies the Wholesale ADSL service, please:

a. Describe the services and/or network components that are necessary to acquire the Wholesale ADSL service from Telstra that are additional to components and services within the declared service description.

b. Explain where in the network the **necessary** components and services are situated—both those that fall within the service description and those that do not. (A diagram containing the additional components and the AGVC and port components would be helpful to clearly indicate where these are situated).

c. Describe how these services are required to ensure the supply of the Wholesale ADSL service to end-users. Are they required for all Wholesale ADSL access seekers? For example, would different technology or network infrastructure be required to supply a SIO that has its service provided over a fully loaded port when compared to one that is supplied with AGVC/VLAN capacity purchased separately?

d. Explain how end-user experience of the Wholesale ADSL service is likely to differ between options or between the range of services and network components acquired by the wholesale customer? Can access seekers significantly influence the performance of the Wholesale ADSL service depending on the package of components and services bought?

a. Explain how Telstra prices and charge for network components acquired to resell the Telstra ADSL service but which do not fall within the service description?

2. The ACCC understands that Telstra provisions capacity for its retail services with 'head room' above the peak usage required to meet demands on the network. The ACCC also understands that access seekers can purchase either a fully loaded port or AGVC/VLAN capacity separately to the acquisition of the port.[1] Further, in the latter case, access seekers may acquire additional AGVC/VLAN links (network infrastructure) and additional AGVC/VLAN capacity for redundancy purposes.

a. Please provide a detailed explanation of the options Telstra makes available to access seekers who purchase capacity separately to the ADSL port on its network for the Wholesale ADSL service. Please also explain the key differentiating characteristics (i.e. advantages for the access seeker) of each option offered to wholesale ADSL customers.

b. When providing an explanation of the options Telstra makes available, please explain if Telstra places any requirements on access seekers regarding the purchase of capacity for redundancy purposes. If so, is capacity that is purchased for redundancy accounted for when Telstra measures total capacity acquired by wholesale ADSL customers?

c. What amount of usage capacity per Wholesale ADSL SIO is acquired as part of a fully loaded port?

d. What proportion of total Wholesale ADSL SIOs are supplied on a loaded port basis?

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[1] Telstra, Response to BBM RKR Information Request, Explanatory Statement, November 2013, p.51

3. For each financial year from 2011-12 to 2013-14, please provide the ACCC with historical data on the aggregate amount of AGVC/VLAN capacity acquired for the Wholesale ADSL service for each financial year.

   Please note that the total amount of AGVC /VLAN capacity acquired by customers of the Wholesale ADSL declared service (in Mbps) includes both the amount of capacity purchased by Wholesale ADSL customers that choose to acquire capacity separately, and customers who choose to purchase 'fully loaded ports' (meaning customers purchase a port already provisioned with capacity).

4. In light of recent developments in the market for broadband services, namely the impact on the usage of services due to increasing uptake of IPTV and video-on-demand, please provide the ACCC with the following datasets for the forecast period (each financial year from 2014-15 to 2018-19):

   a. An updated set of forecasts for the total amount of peak usage per Mbps (as defined by Telstra in its explanatory statement to the BBM RKR information request) for its **Retail ADSL services**.

   b. An updated set of forecasts for total services in operation (SIOs) for Telstra's **Retail ADSL services**.

   c. An updated set of forecasts total peak usage per Mbps **for Wholesale ADSL** customers

   d. An updated set of forecasts for total SIOs of **Wholesale ADSL**.

   e. A forecast for the total amount of acquired AGVC/VLAN capacity for all **Wholesale ADSL customers**.

The ACCC would like a response to this information request on or before **22 July 2015**. Please contact Jane Goldwater either by email at jane.goldwater@accc.gov.au or by phone on (03) 9290 1493 if you would like to discuss this matter.

Yours sincerely

Robert Wright
General Manager
Infrastructure Regulation Division