

Explanation of key changes made in nbn’s SAU Variation lodged in August 2023

This document sets out a summary and explanation of the key changes in **nbn**’s amended SAU Variation lodged in August 2023 (**August SAU Variation**) relative to the SAU variation that **nbn** lodged in November 2022 and has subsequently withdrawn (**November SAU Variation**), other than those changes set out in **nbn** letters to the ACCC that have been published on the ACCC’s website during consultation on the November 2022 SAU variation. Accordingly, this document generally¹ does not address changes that have previously been explained in:

- **nbn**’s letter to the ACCC dated 24 March 2023 (including the annexures to this letter), published on the ACCC’s website on 2 May 2023; and
- **nbn**’s letter to the ACCC dated 2 June 2023 (including the annexures to this letter), published on the ACCC’s website on 5 June 2023.

This document should be read in conjunction with the blue shaded explanatory notes contained in the Comparison of **nbn**’s August SAU Variation to **nbn**’s withdrawn November SAU Variation.

Provision of August SAU Variation	Explanation
Pricing levels and structure	
<p>‘Floor and ceiling’ pricing construct</p> <p>Clauses 2B.2.3, 2B.3.1, 2E.2.2, 2F.4.1, Attachment E, Dictionary</p>	<p>nbn’s submissions of 2 June 2023 and 4 July 2023 address the ‘floor and ceiling’ pricing construct for Bundled TC-4 Offers.</p> <p>The August SAU Variation adopts Option 2 in nbn’s modified ‘floor and ceiling’ pricing proposal (as set out in nbn’s submission of 4 July 2023), which involves capping the Price of CVC TC-4 utilised in conjunction with Bundled TC-4 Offers at \$5.50/Mbps, and increasing the CVC inclusion for 50 Mbps services from 2.5 Mbps to 3.5 Mbps, from the Price Transition Date in FY24 (with the CVC TC-4 Price capped at \$4.50 in FY25 and \$3.50 in FY26). These changes are reflected in clauses 2B.3.1(b) and 2E.2.2(d) and in Attachment E.</p> <p>Under the ‘floor and ceiling’ pricing construct, the charge for an AVC TC-4 that is the subject of a Bundled TC-4 Offer, and any CVC TC-4 utilised by that AVC TC-4, is calculated independently on a per service basis and cannot exceed the Price of the 100/20 Mbps Flat-Rate Offer in the Tariff List for the relevant Financial Year. The August SAU Variation gives effect to this position by:</p> <ol style="list-style-type: none"> 1. capping the fixed Bundled Price for an AVC TC-4 that is the subject of Bundled TC-4 Offer at the Price in the Tariff List: see clause 2B.1.6(a); and 2. capping the charge for CVC TC-4 (overage) utilised in conjunction with an AVC TC-4 that is the subject of a Bundled TC-4 Offer: see clause 2E.2.2(e). <p>The way the August SAU Variation caps the charge for CVC TC-4 (overage) utilised in conjunction with an AVC TC-4 that is the subject of a Bundled TC-4 Offer is to:</p>

¹ This document sets out further clarifications and minor changes that are incremental to the changes proposed in the annexures to **nbn**’s letters to the ACCC.

Provision of August SAU Variation	Explanation
	<ul style="list-style-type: none"> • introduce a “Bundled Offer Ceiling” which clause 2B.2.3(f) states must not exceed the Price in the Tariff List for the 100/20 Flat-Rate Offer (defined as the “Reference Flat Rate Offer”). This means that the Bundled Offer Ceiling cannot exceed \$55 in FY24. Clause 2B.2.3(f) also requires nbn to publish the Bundled Offer Ceiling in the Tariff List for transparency; • establishes a “Maximum Overage Charge” for CVC TC-4 utilised in conjunction with an AVC TC-4 that is the subject of a Bundled TC-4 Offer. The Maximum Overage Charge is defined in clause 2F.4.1(e) to be an amount equal to the Bundled Offer Ceiling minus the fixed Bundled Price for the relevant Bundled TC-4 Offer. For example, in FY24, the Maximum Overage Charge for CVC TC-4 utilised by a 50/20 service will be \$5, where the Bundled Offer Ceiling is \$55 and the fixed Bundled Price of the 50/20 Bundled TC-4 Offer is \$50; • provides for a “Daily AVC Overage Charge” to be calculated for each AVC TC-4 that is the subject of a Bundled TC-4 Offer based in the “Daily AVC Peak Utilisation” of the AVC TC-4, where the Daily AVC Overage Charge cannot be less than zero or more than the Maximum Overage Charge: see clause 2F.4.1(e); and • caps the monthly recurring charges for CVC TC-4 utilised in conjunction with an AVC TC-4 that is the subject of a Bundled TC-4 Offer at the sum of the Daily AVC Overage Charges for that AVC TC-4 for each day in which that AVC TC-4 is supplied in that month, divided by the total number of days in that month (where each day’s Daily AVC Overage Charge is capped at the Maximum Overage Charge): see clause 2E.2.2(e). <p>In addition, the definition of “Bundled TC-4 Offer” has been amended, and a new “Note 1” included below the table in clause 2B.3.1(b), to confirm that charges for CVC TC-4 utilised in conjunction with a Bundled TC-4 Offer in excess of any CVC TC-4 inclusion apply where the utilisation relative to the inclusion is determined on a per-AVC TC-4 basis.</p> <p>The definition of “Daily CSA Peak Utilisation” has been replaced with a new definition of “Daily AVC Peak Utilisation” to account for utilisation being measured on a per-AVC basis under the ‘floor and ceiling’ pricing construct rather than on a pooled basis across a CSA. In addition, the definitions of “Access Seeker Daily Combined Charge” and “National Daily Combined Charge” are no longer required and have been removed as a consequence of the updates made to account for the ‘floor and ceiling’ pricing construct.</p>
SAU price controls for Bundled TC-4 Offers	<p>The “Average Combined Charge” and “Forecast Average Combined Charge” definitions used in the SAU price controls for Bundled TC-4 Offers have been updated to account for the way bundled TC-4 services will be charged in practice under the ‘floor and ceiling’ pricing construct.</p>
Clause 2F.4	<p>The method for calculating the “Average Combined Charge” for a Bundled TC-4 Offer in clause 2F.4.1 of the August SAU Variation involves:</p> <ul style="list-style-type: none"> • calculating for each day the “Daily AVC Overage Charge” for each AVC TC-4 that is the subject of a Bundled TC-4 Offer, where each day’s Daily AVC Overage Charge cannot be less than zero and is capped at the Maximum Overage Charge (see above); • calculating the “Average Daily AVC Overage Charge” for a given Bundled TC-4 Offer Group for each day by summing the Daily AVC Overage Charge for each individual AVC in a Bundled TC-4 Offer Group and dividing it by the total number of AVCs in that Bundled TC-4 Offer Group. The “Bundled TC-4 Offer Group” definition has been retained from the November SAU Variation;

Provision of August SAU Variation	Explanation
	<ul style="list-style-type: none"> calculating the “Daily Combined Charge” for each Bundled TC-4 Offer for each day by adding the Average Daily AVC Overage Charge to the fixed Bundle Price in the Tariff List for the Bundled TC-4 Offer on that day; and calculating the “Average Combined Charge” for a Bundled TC-4 Offer over a given time period (specified in the price controls) as the sum of the Daily Combined Charge for each day in that time period divided by the total number of days in the time period. <p>The changes to clause 2F.4.2 provide for the “Forecast Average Combined Charge” to be forecast in a manner consistent with the method for calculating the Average Combined Charge (as set out in 2F.4.1) and, in particular, with how the ‘floor’ and ‘ceiling’ concepts are applied on a daily basis when calculating the Average Combined Charge.</p> <p>By updating the method for calculating the Average Combined Charge and Forecast Average Combined Charge, no changes are needed to the existing price control provisions in Schedules 2D and 2E to accommodate the ‘floor and ceiling’ pricing construct.</p>
<p>Price Transition Date and transitional provisions</p> <p>Clauses 2B.1.4 and 2B.2.5</p>	<p>Where the August SAU Variation is accepted on or before 22 December 2023, the requirement in clause 2B.1.4 for nbn to supply the new Flat-Rate Offers, Bundled TC-4 Offers and Bundled TC-2 Offers within 3 months of acceptance of the SAU Variation has been retained. To account for the Christmas / New Year period, the August SAU Variation provides that the calculation of the 3-month period will exclude any days between 23 December 2023 and 14 January 2024. The August SAU Variation does not account for the circumstance in which it is accepted after 22 December 2023. This reflects nbn’s expectation that the SAU variation process will be resolved before that date.</p> <p>The transitional provisions in clause 2B.2.5 have been updated to account for the fact that the Second SAU Variation Date can only occur in the Second Regulatory Cycle. Specifically, the reference to “1 April 2023” in clause 2B.2.5(b), and clause 2B.2.5(c) from the November SAU Variation, are no longer required.</p>
<p>CVC inclusion adjustment mechanism</p> <p>Clause 2B.5.1</p>	<p>Three key changes have been made to the CVC inclusion adjustment mechanism:</p> <ul style="list-style-type: none"> where the Price Transition Date occurs before 1 January 2024 (e.g. 1 December), the CVC inclusion adjustment on 1 January 2024 is brought forward to 1 December 2023, and a clarification has been made to confirm that the starting CVC inclusion (i.e. “<i>CVC Inclusion_{PAD}</i>”) used in the calculation of the CVC Inclusion adjustment for the relevant Bundled TC-4 Offer that the CVC inclusion specified in clause 1.2 of Attachment E. In practice, nbn has communicated its plans to have the Price Transition Date on the first day of the month, so the only practical Price Transition Date before 1 January 2024 would be 1 December 2023; a consequential change to the definition of “National Daily Peak Utilisation” has been made to refer to the new definition of “Daily AVC Peak Utilisation” (see above) as utilisation is no longer aggregated and pooled at the CSA level under the ‘floor and ceiling’ construct; and the inclusion of new clause 2B.5.1(f) to clarify the utilisation data that will be used where a Measurement Period or Previous Measurement Period includes a period prior to the Price Transition Date (i.e. prior to the date the Bundled TC-4 Offers are first supplied).

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<p>Utilisation reports for Bundled TC-4 Offers</p> <p>Clause 2C.6</p>	<p>New clause 2C.6 requires nbn to provide RSPs with daily and monthly utilisation data reporting for individual AVC TC-4s supplied under Bundled TC-4 Offers. nbn does not expect these utilisation reports to play as important a role under the 'floor and ceiling' proposal given the price ceiling on Bundled TC-4 Offers avoids RSPs having to identify and optimise heavy use end-users to achieve a wholesale cost saving. However, nbn has included this obligation to the extent this reporting may still be valuable to RSPs as they seek to better understand end-users' behaviour, relative contribution to CVC overage and to identify opportunities for upsell.</p>
<p>Utilisation data issues</p> <p>Clauses 2B.5.1, 2C.6, 2E.2.2, 2F.4.1 and Definitions</p>	<p>In response to RSP feedback, nbn has clarified in the August SAU Variation the approach it will adopt in the event nbn cannot accurately observe, or cannot access the observation of, download usage of an AVC TC-4 that is the subject of a Bundled TC-4 Offer (e.g. during a data loss event). The August SAU Variation:</p> <ul style="list-style-type: none"> • includes a new definition of "Excluded AVC TC-4" which means <i>"an AVC TC-4 Product Component that is the subject of a Bundled TC-4 Offer and for which NBN Co cannot accurately observe, or cannot access the observation of, download usage, but only for the period of time that NBN Co cannot accurately observe, or cannot access the observation of, such download usage"</i>; • requires nbn to exclude any utilisation that occurs during a period in which a bundled AVC TC-4 is an Excluded AVC TC-4 when calculating the monthly recurring charges for CVC TC-4 (overage) utilised in conjunction with that AVC TC-4: clause 2E.2.2(f); • requires nbn to exclude the utilisation of an Excluded AVC TC-4 for the purpose of calculating the Average Daily AVC Overage Charge under clause 2F.4.1 (used in the calculation of the Average Combined Charge) and a CVC inclusion adjustment under clause 2B.5.1; and • requires nbn to list Excluded AVC TC-4s in the relevant utilisation reports under clause 2C.6 but utilisation data will not be reported for the period of time the AVC TC-4 is an Excluded AVC TC-4.
<p>NNI pricing changes</p> <p>Clauses 2B.3.4, 2B.6.2, 2B.6.3, 2F.5.3, and Attachment E.1</p>	<p>The August SAU Variation includes the following NNI pricing changes that were addressed in nbn's submission on NNI pricing dated 23 May 2023:</p> <ul style="list-style-type: none"> • a requirement for nbn to supply the new 10G NNI Starter Offer on 1 July 2024. Under the 10G NNI Starter Offer, the Price for a 10Gbps NNI Bearer has been reduced by 50% (to \$200 per month for a 10GbaseLR and \$250 for a 10GbaseER) where an RSP acquires a single 10G NNI Bearer at a POI in single chassis configuration, or a pair of 10G NNI Bearers used in chassis diverse configuration and does not acquire any other 10G NNI Bearers, or any 100G NNI Bearers, at that POI. This commitment is set out in clause 2B.3.4 and Attachment E.1; • a requirement for nbn to reduce the Price of set-up and activation charges for 10G NNI Bearers and 100G NNI Bearers on 1 July 2024. This commitment is set out in clause 2B.3.4(c)(ii) and Attachment E.1; and • a requirement for nbn to provide a rebate for NNI Upsize Migrations between 31 March 2024 and 30 June 2027 (being the date by which nbn must have conducted and concluded a review into NNI pricing – see below). This rebate covers set-up and activation charges for 'returned' NNI ports where these rebates offset the set-up and activation charges for new upgraded NNI ports. This commitment is set out in clause 2B.6.2. <p>The August SAU Variation also includes new clause 2B.6.3 which requires nbn to conduct and complete a review of NNI pricing by 30 June 2027. As part of that review, nbn is required to consult with Access Seekers and Customer Advocacy Groups.</p>

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	<p>New definitions of "1G NNI Bearer", "10G NNI Bearer" and "100G NNI Bearer" have been added to the Dictionary and are used in the new provisions described above. A consequential change to clause 2F.5.3(a)(ii) has also been made to refer to the 10G NNI Starter Offer. This change is consistent with the approach adopted in that clause for the other new NBN Offers proposed as part of the SAU Variation process and introduced by the August SAU Variation.</p>
<p>Enhanced (90 Day)-12 (24/7) Fault Service Level Offers</p> <p>Attachment D, clause 1C.2.13 and section 7 of Attachment E</p>	<p>nbn has included the August SAU Variation the Enhanced (90 Day)-12(24/7) Fault Service Level offers that nbn introduced in March 2023 so that the August SAU Variation reflects the enhanced fault rectification service options that nbn supplies today. Updates have been made in the August SAU Variation to add the new Enhanced (90 Day)-12(24/7) Fault Service Level Offers to clause 1C.2.13 with a related Price in section 7 of Attachment E. nbn has also included the new enhanced service level for each relevant technology as a Product Feature in Attachment D, consistent with the treatment of other enhanced service level product features in the SAU.</p>
<p>Changes relative to Annexure 2 to nbn's letter to the ACCC dated 2 June 2023: Entry Level Offer price control provisions</p>	
<p>Entry level offer price controls</p> <p>Clauses 5.9, 5.12, 2B.2.2(d), 2B.2.4(f), 2B.4, 2E.2.1</p>	<p>Annexure 2 to nbn's letter to the ACCC of 23 March 2023 included a proposed change to clarify how the 'Entry Level Offers' are determined for the first year of a new Regulatory Cycle for the purposes of the price controls in the SAU. The ACCC commented on that issue in its Draft Decision of May 2023. nbn then addressed this matter in Annexure 2 of its letter to the ACCC of 2 June 2023, proposing changes with a view to ensuring that:</p> <ul style="list-style-type: none"> • should the ACCC wish to change the Entry Level Offer for a new Regulatory Cycle, that change could take effect in the first year of that new Regulatory Cycle, even if the ACCC has not made a Replacement Module Determination by 31 March before the new cycle starts; and • nbn has the certainty required to develop the Tariff List (and Pricing Roadmap and Statement of Pricing Intent) that must be published by 1 May before the new cycle starts. <p>The August SAU Variation contains further changes relative to Annexure 2 of nbn's letter of 2 June 2023, made after further engagement with the ACCC. Those changes involve:</p> <ul style="list-style-type: none"> • simplifying clause 2B.4 so that the ACCC may set the Entry Level Offers for the first Financial Year of an upcoming Regulatory Cycle in two ways rather than three ways – ie, by issuing a Transitional Entry Level Offer Determination or an ACCC Replacement Module Determination by 31 March of the preceding Financial Year (but not through issuing a Draft Replacement Module Decision); and • including a related exception in clause 5.9 for the sake of clarity, making tidy-up changes to clauses 5.12, 2B.2.2(d) and 2B.2.4(f), and deleting the new clarifying clause 2E.2.1(c) which nbn had proposed in Annexure 2 of its 2 June 2023 letter.

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Service standards (BSS framework + particular issues for the first cycle + related ACCC powers)	
Service quality Clause 4A.4	<p>Clause 4A.4 of the August SAU Variation contains the additional service quality commitments that were outlined in nbn's letter to the ACCC dated 24 March 2023 (see, in particular, Annexure 3) and strengthened by the changes outlined in nbn's submission on service quality dated 23 May 2023. Both of these documents are published on the ACCC's website.</p> <p>Clause 4A.4 of the August SAU Variation sets out new obligations on nbn to publish Service Improvement Plans and review its performance against service standards. Further detail about these obligations, including consultation requirements, is provided below.</p> <p>For the second and subsequent Regulatory Cycles, clause 5.7 of the August SAU Variation requires nbn to consult with Access Seekers and Consumer Advocacy Groups on the Capex and Opex which nbn proposes to undertake in that Regulatory Cycle before nbn provides a Replacement Module Application (which will include proposed Benchmark Service Standards) to the ACCC in respect of a Regulatory Cycle.</p> <p>Service Improvement Plan</p> <ul style="list-style-type: none"> • nbn is required to publish on its website a Service Improvement Plan each Financial Year in the First Regulatory Cycle: clause 4A.4.2(a) and (c). • Each Service Improvement Plan must set out initiatives that nbn is undertaking (or plans to start undertaking) during the relevant Financial Year for the purpose of enhancing the experience of End Users and/or Access Seekers which are forecast to involve material Capex or Opex in that Financial Year. The Service Improvement Plan must also address the matters set out in clause 4A.4.2(b). • Prior to publishing a Service Improvement Plan in FY25 and FY26, clause 4A.4.1 requires nbn to consult with, and consider feedback from, Access Seekers about the areas of service experience and potential initiatives that should be considered in developing the Service Improvement Plan. Clause 4A.4.1(c) includes criteria that nbn may consider in reviewing initiatives proposed by Access Seekers. • Clause 4A.4.2(b) provides that nbn must then include in the Service Improvement Plans it publishes in FY25 and FY26 a summary of how it has considered feedback from Access Seekers and identify the initiatives it has adopted, those which it may consider for a future Service Improvement Plan and those which will not be progressed (including reasons for not progressing such initiatives). <p>Service performance review</p> <p>Clause 4A.4.3 requires nbn to conduct a review of its performance against service standards by the end of FY24 and FY25 and consult with Access Seekers as part of that review. nbn must publish on its website a report that:</p> <ul style="list-style-type: none"> • describes nbn's performance in respect of each service level and service performance objective in the previous 12-month period; • explains any material difference between nbn's performance and the service performance objective included in the WBA SFAA;

Provision of August SAU Variation	Explanation
	<ul style="list-style-type: none"> considers how initiatives in nbn's Service Improvement Plans have contributed to changes in nbn's performance in respect of service levels and service performance objectives in the previous 12-month period; summarises input received from Access Seekers regarding the effectiveness, relevance and/or impacts on End User experience of the service standards; and sets out any changes that nbn is considering in response to that review and feedback from Access Seekers (e.g. to the Benchmark Service Standards, to service standards in the WBA SFAA or to nbn's processes).
<p>Benchmark Service Standards</p> <p>Clause 4A.3 and Attachment I</p>	<p>nbn's letter to the ACCC dated 24 March 2023 included changes to the Benchmark Service Standards which are reflected in Attachment I.</p> <p>In addition, the Benchmark Service Standards in Attachment I of the August SAU Variation have been updated to account for:</p> <ul style="list-style-type: none"> improvements to CVC Activation Service Level (changed from 5 to 3 Business Days) and CVC Activation Performance Objective (changed from 90% to 95%), which were set out in nbn's submission on service quality dated 23 May 2023 (see sections 3.1 and 3.2 of Attachment I); and the inclusion of the WBA4 Network Activity Performance Objective (see section 5 of Attachment I). <p>nbn has also made the changes to the following dates in clause 4A.3 to account for the withdrawal of the November SAU Variation and timing of lodgement of the August SAU Variation:</p> <ul style="list-style-type: none"> definitions used in Benchmark Service Standards are linked to the WBA4 SFAA as at 11 August 2023 (updated from 22 November 2022); and the date by which nbn must include in the WBA SFAA an obligation to meet or exceed Service Standards which are no less favourable to Access Seekers than the Benchmark Service Standards has been changed from 1 July 2023 to the Price Transition Date (i.e. the date WBA5 is planned to commence).
<p>Changes relative to those set out in Annexure 1 to nbn's letter to the ACCC dated 2 June 2023: Relevant Grant Funding</p>	
<p>Treatment of Capital Contributions</p> <p>Definitions of 'Capital Contributions', 'Non-WAPC Core Service Charges' and 'Revenue'.</p> <p>Clauses 2D.2.1, 2G.5, 2G.7.2, 3B.3 and 3B.4.</p>	<p>In response to issues raised by the ACCC in its Draft Decision of May 2023, nbn proposed changes to the November SAU variation regarding grant funding of capex – see Annexure 1 to nbn's letter to the ACCC of 2 June 2023, which included a detailed explanation of the relevant background and context. The ACCC subsequently indicated to nbn that it would be preferable for all third party payments funding capex to be treated in the same manner as grant funding for capex – such that they are no longer treated as 'Revenue' for SAU purposes and are instead netted from the capex added to the RAB in the year the Capital Contribution is received (where such contributions have a negative asset value and are depreciated in future years).</p> <p>nbn has since made changes to give effect to that position (see further the explanation in nbn's supporting submission for the August SAU Variation). Those changes include defining a new term 'Capital Contributions' (and removing the new term proposed in June, being 'Relevant Grant Funding'), making related changes to the definitions of 'Revenue' and 'Non-WAPC Core Service Charges', and to clauses 2D.2.1 (Scope of WAPC Charge Components), 2G.5, 3B.3 and 3B.4 (the RAB roll forward provisions) and 2G.7.2 (Calculations for Forecast Tax Allowance).</p>

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	<p>The new term 'Capital Contributions' is defined to mean all monies paid to nbn to fund capex, including monies paid in relation to construction activities and the deployment of network infrastructure at new developments. For the avoidance of doubt, that term is stated to exclude monies received under the Regional Broadband Scheme (RBS) and monies paid for Installations (and equivalent installation activities in relation to services which are not mentioned in the definition of 'Connecting Equipment'). The latter reflects that the SAU definition of 'Installation' only relates to the installation and making ready for service of connecting equipment in respect of the specific services mentioned in the definition of 'Connecting Equipment', and not to installations for any new services that may be introduced by nbn in future or to other services introduced by nbn since the SAU commenced (such as in relation to the Smart Places service, which was introduced earlier in 2023 and is addressed in the SAU in a relatively light-touch way – see further section 7.9 of nbn's supporting submission for the November SAU Variation).</p> <p>As part of these amendments, nbn has made changes to clarify and simplify clause 2G.5.10 (relating to ex post review of capex), with consequential tidy-up amendments to other sections of clause 2G.5. In particular, clause 2G.5.10 specifies that the amount of capex added to the RAB for each year (as determined in an ACCC Replacement Module Determination) will be the amount that the ACCC determines is incurred prudently and efficiently in achieving the Expenditure Objectives, net of Capital Contributions. For the avoidance of doubt, clause 2G.5.10(e)(iii) states that efficiency and prudence of nbn's capex will be assessed having regard to any relevant Capital Contributions – which reflects that the extent to which capex is considered efficient and prudent may depend on the level of any Capital Contributions received to fund that capex.</p>
Other changes	
<p>Module 1 changes</p>	<p>Module 1 of the existing SAU had effect in the Initial Regulatory Period which ended on 30 June 2023.</p> <p>The Module 1 amendments contained in the November SAU Variation have been retained in the August SAU Variation. This is because most of the Module 1 amendments set out in the November SAU Variation remain necessary and are relied upon by provisions in Module 2. This is the case even where Module 1 is stated to apply for the Initial Regulatory Period (which ended on 30 June 2023) and the SAU August Variation is accepted in the Subsequent Regulatory Period. For example, most of the NBN Offers (including those supplied on the MTM networks) that nbn is required to supply in the Subsequent Regulatory Period under clause 2B.1.2 are described in Module 1 (see clause 1C.2). Only the new Flat-Rate Offers, Bundled TC-4 Offers, Bundled TC-2 Offers and 10G NNI Starter Offers are described in Module 2.</p> <p>nbn has also retained the remaining Module 1 changes which are not relied upon in Module 2. nbn has done this to assist stakeholders focus on the substantive changes made since the November SAU Variation in any consultation on the August SAU Variation and because reversing these changes is not as simple as reinstating the original text, as they are linked to the changes made to clause 1C.2 and would have consequences for definitions and cross-references used in the SAU Variation. This would involve more complex changes and require new drafting in Module 1 to address these issues.</p> <p>Retaining these changes in Module 1 of the amended SAU will not affect the operation of the current SAU in the Initial Regulatory Period – given that period has now finished. This is made clear through clause 3.3 of the November SAU Variation, which is retained in the August SAU Variation, which states that varied provisions of the SAU will apply from the date the August SAU Variation is accepted by the ACCC (ie, they will not have retrospective</p>

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	effect). This means that, in reporting on compliance with SAU price controls for the last year of the Initial Regulatory Period, the relevant price controls are those set by the current SAU accepted by the ACCC in 2013 (as varied in 2021).
<p>Pro-ration of charges</p> <p>Clause 2B.1.7, clause 2B.3.1(b) (Note 2) and clause 1.2 of Attachment E (Note 2)</p>	<p>New clause 2B.1.7 has been included in response to a stakeholder comment and clarifies the scope of the SAU for the avoidance of doubt. In particular, that clause states that the SAU does not specify rules about whether, or how, Prices which are for the supply of NBN Offers over a given period are to be pro-rated for supply that occurs for only part of such period, except to the extent of:</p> <ul style="list-style-type: none"> • clause 2B.3.1(b) and clause 1.2 of Attachment E, which relate to the Basic Bundled Offer; and • clause 2E.2.2(e), which relates to the monthly recurring charges for CVC TC-4 utilised in conjunction with an AVC TC-4 that is subject to a Bundled TC-4 Offer. <p>A minor consequential change to Note 2 below clause 2B.3.1(b), and Note 2 below clause 1.2 of Attachment E, has also been made for clarity.</p>
<p>Minor tidy-up changes and clarifications</p>	
<p>Transitional provisions for the Post-2032 Regulatory Period</p> <p>Clause 5.10(g)</p>	<p>Clause 5.10(g) sets out transitional provisions which apply if the ACCC has not issued an RMD in respect of a regulatory cycle in the Post-2032 Regulatory Period, including the instances in which nbn may update a transitional tariff list.</p> <p>The August SAU Variation deletes the word 'previously' from the following phrase in sub-clause (iii) of clause 5.10(g): '<i>a change to the Price of a previously Zero-Priced NBN Offer or Other Charge</i>'. This is a minor tidy-up change to make clear that this sub-clause only allows nbn to change a price in a transitional tariff list which is currently zero (ie, to change it to a non-zero price) – rather than providing for nbn to change any price in a transitional tariff list which was zero at some point in the past. Note that the term 'previously zero-priced' is used elsewhere in the August SAU Variation and is appropriate in those other contexts.</p>
<p>Supply of NBN Offers on MTM networks</p> <p>Clause 2B.1.2(a)(ii)</p>	<p>If the August SAU Variation is accepted, it will extend the SAU to cover NBN Offers on the MTM Networks. This will occur from the Second SAU Variation Date, a date that will occur during the Subsequent Regulatory Period (i.e. after 1 July 2023). To account for this, nbn has included a new clause 2B.1.2(a)(ii) to clarify that nbn is obliged to supply from the Second SAU Variation Date any offer that was not supplied as an NBN Offer during the Initial Regulatory Period but satisfies the requirements of an "NBN Offer" as set out in the varied SAU (e.g. NBN Offers on the MTM networks). A provision to account for these NBN Offers existed in clause 1C.1.2(a)(v) of the November SAU Variation when it was anticipated that the Second SAU Variation Date would occur in the Initial Regulatory Period.</p>
<p>WAPC provisions</p> <p>Clauses 2D.2.4 and 2D.2.6</p>	<p>The August SAU Variation makes amendments to clause 2D.2.4 relative to the November SAU Variation, as set out in Annexure 5 to nbn's letter to the ACCC of 24 March 2023.</p> <p>In addition, nbn has made minor tidy-up changes to add the words 'in Financial Year 0' in the definition of p_0^m in that clause to clarify that it is intended to refer to the Average Combined Charge in the relevant Financial Year of charge components which were Bundled TC-4 Offers in that Financial Year (regardless of whether those charge components have since become Flat-Rate Offers – noting that the August SAU Variation provides for nbn to</p>

Provision of August SAU Variation	Explanation
	<p>transition From Bundled TC-4 Offers to Flat-Rate Offers by FY27). nbn has made equivalent changes to the definitions of p_{t-2}^m and p_{t-3}^m in the WAPC Excess Adjustment Factor provision (clause 2D.2.6).</p> <p>Further, in clause 2D.2.6, the previous reference to '1 May' in the definition of 'm' has been corrected to instead refer to '31 March', for accuracy and consistency with the definition of $q_{t-3,25}^m$ in this clause and the definition of m in the WAPC formula at clause 2D.2.2, which defines m as "each WAPC Charge Component supplied by NBN Co as at 31 March of Financial Year t – 1...".</p>
<p>Other price control matters</p> <p>Clause 2F.3</p>	<p>A new clause 2F.3(e) has been included in the August SAU Variation to supplement existing clause 2B.3.1(d) and clarify the application of the SAU price controls for the year that nbn transitions its lower speed tiers from a bundled AVC-CVC pricing construct to a flat-rate or 'AVC-only' pricing construct. Clause 2F.3(e) makes it clear that, for the Financial Year in which a Bundled TC-4 Offer becomes a Flat-Rate Offer, the price controls which apply are the price controls for Bundled TC-4 Offers (noting that would be the final application of those price controls, as the price controls applying to Flat-Rate Offers would apply in following years).</p>
<p>Adjustment for return on debt true-up</p> <p>Clause 2G.2.6</p>	<p>Clause 2G.2 of the November SAU Variation sets out provisions for calculating the forecast ABBRR in any Replacement Module Application proposed by nbn and any Replacement Module Determination made by the ACCC. One such provision is the 'return on debt true-up' clause (2G.2.6) which, broadly, provides that the forecast ABBRR may be adjusted (in an NPV-neutral way) to account for the difference between the expected and outturn return on debt for the previous Regulatory Cycle.</p>
<p>Expenditure and Price reporting)</p> <p>Clause 2F.7.1</p>	<p>The minor changes to clause 2G.2.6 in the August SAU Variation (which include a reference to Attachment J of the SAU) will allow that clause to function as intended – and in particular, will allow the ACCC to determine such a return on debt true-up in the Second Regulatory Cycle (should it choose to do so), in circumstances where the expected return on debt used to calculate the rate of return for the First Regulatory Cycle is set in Attachment J of Module 4 of the SAU, rather than in an ACCC Replacement Module Determination.</p> <p>A similar tidy-up change has been made in clauses 2F.7.1 (Expenditure and Price reporting).</p>
<p>Opening value of the Real Core Services RAB Portion as at 1 July 2023</p> <p>Clause 2G.5.2</p>	<p>Clause 2G.5.2 sets out how the opening value of the Core Services RAB Portion as at 1 July 2023 will be calculated. This clause will be relevant when rolling forward the Core Services RAB Portion for the Second Regulatory Cycle (noting that Attachment J of the August SAU Variation only includes a <i>forecast</i> of the opening value of the Core Services RAB Portion as at 1 July 2023). Clause 2G.5.2 is the 'Core Services RAB Portion' equivalent of clause 2G.5.1.</p> <p>The August SAU Variation amends clause 2G.5.2 relative to the November SAU Variation to account for the ACCC having issued a final LTRCM Determination in respect of FY21/22 (which was published by the ACCC on 21 June 2023).</p>
<p>Building Block Model parameters</p>	<p>The building block model parameters for the First Regulatory Cycle (set out in Attachment J), and the Module 2 and Module 3 ICRA values, have been updated from those in the November SAU Variation for the reasons described in nbn's supporting submission for the August SAU Variation.</p>

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Attachment J, clauses 2G.3.1 and 3B.3.5	<p>In addition, following from changes related to the treatment of capital contributions, Attachment J now includes forecasts of Capital Expenditure, Capital Contributions and Capital Expenditure net of Capital Contributions.</p> <p>nbn has also made minor tidy-up changes to the table in Attachment J – eg, adding for completeness a new row the Forecast Construction in Progress (start period) (nominal), which is an input into the Annual Construction in Progress Allowance (nominal). While values for that input were not expressly stated in Attachment J of the November SAU Variation, such values were contained in the BBM lodged with the November SAU Variation and could be calculated from the other values stated in Attachment J in the November SAU Variation.</p>