

4 November 2015

Mr Michael Cosgrave
Executive General Manager
Infrastructure Regulation
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Dear Michael

PROPOSED TREATMENT OF 2 MBPS TRANSMISSION SERVICES

At the 28 October meeting between the ACCC, CCC and Optus, the ACCC noted that Economic Insights was conducting further inquiries into differences between 2 Mbps and higher speed services, including testing the impact of removing 2 Mbps from the dataset and preparing a 2 Mbps-only regression analysis.

This further analysis is welcomed by Optus and we look forward to further consultation on these issues.

In addition to this further analysis, Optus suggested that its current commercial 2 Mbps deal with Telstra could be referenced to test whether the regression outputs are consistent with market prices. The commercial prices should be treated as a ceiling for prices that would be deemed consistent with the legislative criteria.

To assist, Optus attaches the current price list for 2 Mbps services under the x163 product from Telstra Wholesale (**[CiC]**). Optus notes this commercial deal reflects prices acceptable to Telstra Wholesale in a market where it is the only provider of services. This deal was signed prior to the 2012 FAD, and thus represents commercial prices unaffected by regulatory intervention.

For metro routes, the Draft FAD results in higher prices for distances less than 30 km. This represents **[CiC]** of metro 2 Mbps services acquired by Optus. For regional routes, the Draft FAD results in higher prices for distances less than 20 km. This represents **[CiC]** of regional 2 Mbps services acquired by Optus.

Optus would support the attached rates being used as a possible alternative to the regression outputs, or as a market test for the reasonableness of the regression outputs.

Please do not hesitate to contact us if you wish to discuss further.

Yours sincerely,



Andrew Sheridan
Head of Interconnection and Economic Regulation