



**TransGrid Submission on the
ACCC Advice to Government
National Broadband Network Points of
Interconnect**

14th January 2011

1 Background

- 1.1 This submission has been prepared in response to the ACCC's advice on the location and number of proposed Points of Interconnect (POI) for the National Broadband Network (NBN).
- 1.2 TransGrid is a NSW State Owned Corporation (SOC) constituted by the Energy Services Corporation Act 1995 (NSW). TransGrid is the owner, operator and manager of the high voltage electricity transmission network in NSW, connecting generators, distributors and major end users.
- 1.3 TransGrid operates a significant telecommunications network within the state of NSW for the operation, protection, control, security and maintenance of the NSW High Voltage (HV) electricity network.
- 1.4 TransGrid also provides telecommunications services to a number of third party organisations.
- 1.5 In formulating this response to the ACCC's advice on the proposed POIs, TransGrid is mindful of its obligations as a state owned electricity transmission company and its obligations to the National Electricity Market (NEM).

2 TransGrid's Telecommunications Business

TransGrid operates its existing telecommunications business without the need to hold a carrier license based on an exemption under Section 49 of the Telecommunications Act 1997 (Cth), which allows TransGrid to provide services to members of the Electricity Supply Industry (ESI), or to licensed telecommunications carriers on a wholesale basis. TransGrid is unable to provide telecommunications services directly to other organisations, including other government instrumentalities, without a carrier license. Therefore TransGrid operates primarily as a telecommunications wholesaler to other licensed carriers. TransGrid does not intend to seek a carrier license.

TransGrid provides telecommunications services based on an open access model and on a non-discriminatory basis. TransGrid currently provides telecommunications services to a number of existing licensed carriers on this basis. TransGrid also currently provides telecommunications services to a number of NSW based members of the ESI.

It is TransGrid's intention to continue to provide telecommunications services to licensed carriers at a number of the POIs proposed under the NBN.

3 TransGrid’s Review of the Points of Interconnect

- 3.1 TransGrid has approximately 2000km of optical fibre network in NSW, with a further 600km currently in planning or under construction. TransGrid’s optical fibre network currently has 32 Points of Presence (POP) in NSW, with a further 8 POPs to be added within the next 5 years.
- 3.2 The list of POIs provided by the ACCC allows for 40 POIs in NSW with 28 in the Sydney metropolitan area and 12 in regional NSW.
- 3.3 TransGrid generally agrees that the locations of the regional NSW POIs are suitable to promote competition among backhaul providers.
- 3.4 TransGrid has only one POP in the Sydney metropolitan area that is well located to service a proposed POI.
- 3.5 TransGrid has existing optical fibre POPs within close proximity to 5 of the proposed regional NSW POI’s as follows.

POI Name	Nearest TransGrid Substation	Distance from POI to TransGrid Substation
Mayfield	Waratah	3 km
New Lambton	Waratah	6 km
Tamworth	Tamworth	6 km
Wagga Wagga	Wagga	7 km
Wyong	Tuggerah	5 km

4 Benefits of TransGrid Providing Telecommunication Services

There are currently four significant optical fibre networks owned by commercial telecommunications carriers in regional NSW. However, it is likely that most of the POIs in regional NSW will only have 2-3 competitive backhaul providers. TransGrid notes that the ACCC guidelines require 2 competitive backhaul providers at each POI.

TransGrid could significantly boost competition in the regional telecommunications backhaul market in NSW by providing a further option for competitive backhaul at a significant number of the regional NSW POIs. This would benefit the Retail Service Providers (RSPs) and their customers including consumers in regional NSW.

5 Barriers to TransGrid Providing Telecommunication Services

As noted previously, TransGrid operates its existing telecommunications business without the need to hold a carrier license based on an exemption under Section 49 of the Telecommunications Act 1997 (Cth). TransGrid only wishes to provide telecommunications services on a wholesale basis to carriers, and has no intention of providing services to the public. TransGrid does not intend to become a licensed carrier.

TransGrid's POPs are located several kilometres from the Telstra exchanges where the POIs will be located. Currently under the Telecommunications Act, TransGrid cannot extend its network out to meet a carrier customer or a POI without the primary use of the network extension being for ESI purposes, or without TransGrid obtaining a carrier licence.

Currently any licensed carrier customer of TransGrid must invest in infrastructure in order to meet TransGrid at its POP in order to take a service from TransGrid. This tends to be a significant barrier to TransGrid's carrier customers due to the cost, particularly for smaller customers. It is also inefficient where multiple customers duplicate these links.

TransGrid would like to build out its network to each POI it intends to service in order to prevent the duplication of infrastructure, and to be able to provide a complete end to end service for our customers.

In order to build out its network to each POI, a nominated carrier declaration would be required, or TransGrid's exemption under the Telecommunications Act would have to be expanded. TransGrid is not certain about whether a nominated carrier declaration would be a suitable instrument to use for this type of network build involving potentially multiple customers.

In the interests of boosting competition in the regional backhaul market, TransGrid would therefore request that the ACCC gives consideration to a recommendation to amend Section 49 of the Telecommunications Act to allow TransGrid to build out its optical fibre network to each POI, without the need for a carrier licence.

6 Additional Points of Interconnect

TransGrid's has committed to extend its optical fibre network to a number of new POPs in NSW. These new POPs will include Orange in central NSW and Lismore in north eastern NSW. Both of these POPs are due for commissioning in 2014.

Both Orange and Lismore have existing competitive backhaul infrastructure. By locating a POI in these regional centres, TransGrid will be able to boost competition by providing an additional option for competitive backhaul within 3 years. Based on the publically released NBN coverage maps, these locations would also appear to be suitable points to aggregate NBN traffic.

TransGrid therefore requests that the ACCC give consideration to the location of additional POIs in both Orange and Lismore, or the relocation of the Grafton POI to Lismore and the relocation of the Dubbo POI to Orange.

7 Conclusions & Summary

- 7.1 TransGrid is supportive of the ACCC's objectives to deliver competitive telecommunications transmission services to regional NSW.
- 7.2 TransGrid is currently able to service 5 of the 12 proposed regional NSW POIs.
- 7.3 TransGrid requests that the ACCC gives consideration to a recommendation to amend Section 49 of the Telecommunications Act to allow TransGrid to build out its optical fibre network to each POI, without the need for a carrier licence or ESI primary use.
- 7.4 TransGrid requests that the ACCC give consideration to the location of additional POIs in both Orange and Lismore.