



## Media release

28 January 2020

# NBN Co commences industry consultation on dark fibre procurement for Enterprise Ethernet connections

NBN Co today released a telecommunications industry consultation paper to explore possible approaches for the procurement of additional dark fibre services from network carriers in customer locations already served by existing fibre.

NBN Co is proposing to augment its extensive deployment of Fibre to the Premises (FTTP) technology by drawing greater utility from the spare capacity in Australia's existing stock of dark fibre infrastructure. The company's plan is to achieve more efficient investment outcomes for the benefit of enterprise and government customers requiring fibre.

Will Irving, Chief Strategy and Transformation Officer said: "Enterprise and government customers require access to high-speed, committed bandwidth, business grade, symmetrical services that can only be delivered over fibre infrastructure.

"To date, whilst we have usually installed new fibre connections to large customer locations when requested, we have made some limited use of existing fibre when we have done so. However, because other network operators may have spare capacity on infrastructure serving some of these locations it may be unnecessary for NBN Co to duplicate the fibre infrastructure serving those premises. We hear the industry, and this consultation paper explores ways NBN Co might efficiently obtain the use of that existing fibre to serve the needs of business and government customers who wish to be connected using the **nbn**<sup>™</sup> network."

The company is proposing two possible approaches to customer premises dark fibre procurement:

- Option One would involve the expansion of NBN Co's current Request For Proposal (RFP) process in which the company would request one or more pre-qualified **nbn**-approved suppliers to provide a proposal to supply dark fibre connectivity services at specific locations to support the delivery of either **nbn**'s TC2 or Enterprise Ethernet service.
- Option Two involves NBN Co establishing an industry-wide reverse auction process by which the company would periodically conduct reverse auctions allowing existing fibre network providers to bid, on a confidential basis, to supply NBN Co with dark fibre connectivity services to specified locations on specific, pre-determined standard terms and conditions.

NBN Co is looking to facilitate the use of third-party dark fibre connections with the objective of lowering the expected economic costs and/or time to delivery compared to NBN Co deploying its own infrastructure (including applying a commercial cost of capital no less than the rate agreed with the ACCC in its Special Access Undertaking).

NBN Co has invited network carriers to submit written submissions in response to its industry consultation Paper: *'Options for establishing an industry-wide procurement process to make greater use of third-party fibre infrastructure'* by 24 February 2020.

**ENDS**

### Notes to editor:

During a reverse auction, suppliers lower their prices to compete against each other to win the business of providing goods or services that have clearly defined specifications for design, quantity, quality, delivery, and related terms and conditions. In a reverse auction bids reduce in value as the auction progresses rather than increase as they do in a traditional auction.

Reverse auctions are typically conducted online. Using specialised software, suppliers submit successively lower bids during a scheduled time period. The supplier with the lowest price wins the reverse auction.

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