Migration Plan variation - **nbn** submission

Migration Plan variation to reflect updated Special Services White Paper and ITO processes

25 May 2016

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Executive summary

nbn supports the proposed changes to the Migration Plan submitted to the ACCC by Telstra on 9 May 2015. In particular, **nbn** considers that the changes:

1. align the Special Service White Paper and disconnection regime with **nbn**'s approach to developing Special Services in the Mixed Technology Model; and
2. provide improvements to the In Train Order process for industry and end users while continuing to encourage migration to the **nbn** network.

Additionally, the changes:

3. allow Telstra to stabilise the supply of Special Services on its network in the lead up to a Special Services Disconnection Date; and
4. provide clarity in relation to extensions to the Disconnection Date of certain premises which are already the subject of ACCC forbearance.

1 White Paper process in an MTM environment

1.1 Migrating Special Services in an MTM environment

With **nbn**'s fixed line network transitioning from a single line access technology (FTTP) to multiple (including FTTN, FTTB and HFC), **nbn** and Telstra have needed to ensure the mechanism for the migration of Special Services from the existing Telstra copper network onto the **nbn** network continues to operate effectively. The importance of migrating these business focused products as the **nbn** network is rolled out, and enabling the structural separation of Telstra, has not changed with the updated technology mix.

As it is confirmed that the **nbn** network connecting premises supports services equivalent to Special Services, it remains important that these end users are migrated to the **nbn** network in a timely manner. For example, if:

- **nbn** connects a premises with FTTP/N/B technology where the end user is acquiring a Wholesale BDSL service;
- FTTP/N/B is capable of supporting RSP services equivalent to Wholesale BDSL; and
- RSPs have been given appropriate time to develop FTTP/ N/B based substitutes to Wholesale BDSL,

it is appropriate that migration from the relevant Special Service to an **nbn** based equivalent service at the premises is encouraged.

Except in the limited case of Double Ended services, the ability of other **nbn** access technologies (eg. HFC) to support services equivalent to Wholesale BDSL is not relevant to the migration of the services at the FTTP/B/N premises, and accordingly should not delay the migration of those premises from the existing Telstra network to the **nbn** network.

1.2 Technologies covered by First White Paper

On 30 September 2015, **nbn** released the *Temporary Special Services White Paper: Ethernet Lite and Wholesale BDSL on the nbn™ Ethernet Bitstream Service* (**First White Paper**). The First White Paper details key capabilities of the NEBS and outlines how **nbn**'s product capabilities can enable service providers to develop and supply business packages on the **nbn** network that are equivalent to the Ethernet Lite and BDSL Special Services operating on

Telstra's existing copper network. Assuming that the **nbn** product functionality (as set out in the First White Paper) is confirmed to support Special Service substitutes on the **nbn** network, and the Migration Plan changes are implemented, the Disconnection Date for the services covered by the First White Paper will be 12 November 2018 in relation to FTTP/N/B premises.[1]

nbn has received questions from industry regarding the fact that the First White Paper does not include HFC. There are four key reasons why HFC is not captured in this White Paper:

1) **nbn and industry emphasis on issuing of Special Services White Papers**
   Government policy and industry migration arrangements encourage **nbn** to progress the Special Services White Paper process to enable the transition of end users from Special Services on the Telstra network to the **nbn** network. Among the recommendations of the Vertigan review were that **nbn** should prioritise the development of White Papers.[2] In acknowledgement of this recommendation and the importance of supporting these services on the network, **nbn** progressed with the first of its White Papers – resulting in the publication of the First White Paper in September 2015.

2) **Experience of FTTP NEBS product**
   At the time the First White Paper was developed and published, **nbn** had extensive experience in relation to the Ethernet Bitstream Service supplied over FTTP architecture to inform how the NEBS was capable of supporting services equivalent to Ethernet Lite and Wholesale BDSL. In confirming the NEBS functionality, it was possible to draw on both **nbn** and industry's experience with a product that had been supplied to customers for almost 3 years.

3) **Availability of FTTN/B NEBS products**
   In 2015 **nbn** released its FTTN and FTTB NEBS products to industry and incorporated these access technologies in its Wholesale Broadband Agreement. While these products were in the market for a shorter time than FTTP in advance of the First White Paper, the technical similarity of these products to the FTTP NEBS means that the capacity of these products to support Wholesale BDSL/Ethernet Lite equivalents is effectively the same as FTTP. In addition to understanding the technical capabilities of the NEBS over FTTP/N/B, industry also had clarity before September 2015 on the supply arrangements (eg. service levels) that attached to the FTTN/B products.

4) **HFC product not available at time of White Paper publication**
   As **nbn**'s HFC product is not currently available to industry, including this access technology in the First White Paper was not possible or of utility to industry. Unlike FTTN/B, the network architecture for HFC is not as easily comparable to FTTP. It is therefore reasonable that **nbn** was not in a position in September 2015 to leverage its experience with the FTTP NEBS product in order to set out how **nbn**'s HFC product based services could support services equivalent to Ethernet Lite and Wholesale BDSL. Additionally, in setting out how a HFC based product can support these services, it is expected that service providers would expect to have visibility of not only the HFC network architecture but also the service levels that attach to this **nbn** product.

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[1] If the Migration Plan is approved by 23 June 2016 the Disconnection Date for the First White Paper will be over 37 months from the publication of the paper – longer than the standard 36 month disconnection window applicable to Special Services.

[2] Recommendation 31 of the *Statutory Review under section 152EOA of the Competition and Consumer Act 2010.*

nbn acknowledges the questions raised by industry with regard to HFC not being captured in the First White Paper. As with FTTP/N/B, some of the key business capabilities that will inform the release of White Papers for HFC are enhanced service levels (E-12 & E-8), higher TC-1 speed Tiers (500Kbps & 1M), and initial TC-2 speed tiers (5M & 10M). As with FTTx technologies, the development and launch of business capabilities on HFC will occur subsequent to the HFC initial product release. Proposed release dates for these business capabilities are set out in **nbn**'s _Integrated Product Roadmap_.[3]

On 29 April 2016, nbn released its second White Paper covering CustomNet Spectrum and ATM services supplied on the Telstra copper network (**Second White Paper**).[4] As with the First White Paper, and for the reasons set out above, the Second White Paper confirms the capabilities of **nbn**'s FTTP/N/B access technologies and does not capture HFC. The Integrated Product Roadmap also includes proposed timeframes for publication of FTTP/N/B White Papers regarding Megalink, DDS Fastway, Data Access Radial and Wholesale Transmission (May 2016) and ISDN 10/20/30 and ISDN 2 (Q3 2016).

2 In Train Orders

The proposed changes in relation to In Train Orders (specifically new section 15.1A) reflect arrangements that Telstra and **nbn** have developed in order to improve the ITO process for end users and service providers. These changes:

- extend the definition of In Train Orders to premises connected to the **nbn** network from DD-4 months rather than DD-1 month as set out in section 15.1(b)(iii) (or DD- 3 months under the interim arrangements currently in place);
- provide two centralised points in the migration window (DD+60 business days and DD+90 business days) at which Telstra will initiate the managed disconnection process for those premises where all In Train Orders have either been connected or cancelled; and
- ensure that those premises not disconnected at the centralised points continue to have an additional 30 business days from DD+120 business days before Telstra commences mandatory disconnection (section 15.1A(c)(iii)).

The first of these changes will ensure that more premises are included as ITO premises and receive additional time in which service providers can complete the activation of retail services. **nbn** understands that the interim arrangements capturing ITO premises from DD-3 months have assisted end users and service providers from a service continuity perspective – ensuring that existing services on the Telstra network are not prematurely disconnected without the customer having sufficient opportunity to activate the retail service on the **nbn** network. As such, **nbn** anticipates the move to capture premises from DD-4 months would be welcomed by industry.

The introduction of the two centralised points for managed disconnection at DD+60BD and DD+90BD (set out in section 15.1A(c)) contrasts with section 15.1(c) of the Migration Plan, which would otherwise apply from 1 July 2016. Under the default arrangements in section 15.1(c) managed disconnection would be triggered on a

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[3] Integrated Product Roadmap as at April 2016

[4] The CustomNet Spectrum and ATM White Paper (referred to as White Paper No.2) is published in 2 separate documents available at _Temporary Special Services White Paper: CustomNet_ & _Temporary Special Services White Paper: ATM_

premises basis once **nbn** provides a completion or cancellation notification to Telstra. This notification from **nbn** may occur at any time in the disconnection window. The benefit of the two centralised points is that Telstra will receive a consolidated list of premises at these points in the disconnection window, and similarly service providers will receive consolidated lists for managed disconnection, rather than incremental notifications for each premises.

The third point above reflects a change that has already been effected through the interim ITO arrangements. **nbn** understands that delaying mandatory disconnection by an additional 30 business days (for ITO premises remaining at DD+120 business days) has been a positive development for end users – specifically where an RSP requires further time to complete activation of services on the **nbn** network.

As with other changes that support service continuity for service providers and end users, **nbn** supports the changes to the ITO process as captured in the Migration Plan amendments.

3 Stabilising SS in the lead up to disconnection

Telstra has proposed changes to the Cease Sale construct for Special Services in the lead up to the Special Service Disconnection Date. **nbn** supports the proposed changes as these should both assist Telstra in the managed disconnection process and encourage end users to adopt **nbn** based solutions where these are available.

The default Cease Sale period of 6 months (leading up the Special Services Disconnection Date) is appropriate as this provides Telstra with a reasonable time in which to stabilise and monitor those services subject to disconnection before commencing the managed disconnection process. More importantly, this means end users and service providers will not be acquiring services on the Telstra network that will soon be subject to disconnection. It would not be a positive customer experience for an end user to acquire a service on the Telstra network at, for example, 1 month prior to the Special Services Disconnection Date only to have that service disconnected immediately following the Special Services Disconnection Date.

The amendments in section 22.8 and 22.14 also align Cease Sale for Special Services with the Cease Sale construct that applies to standard copper and HFC services under section 17.1. These provisions provide an exemption to Cease Sale for Special Services where a premises is not **nbn** serviceable (and is not a frustrated premises). **nbn** supports this amendment and understands that industry will welcome this move to ensure that customers have access to business products on the Telstra network where **nbn** is yet to connect a premises.

4 Capturing existing forbearances

Telstra's proposed changes to the Migration Plan also capture certain service continuity arrangements which are currently subject to ACCC forbearance. This includes interim changes to the ITO arrangements up until 30 June 2016, extensions to the Disconnection Date for certain premises that have transitioned from FTTP to FTTB access technology (section 15.6) and extensions to the Disconnection Date for certain SC0 premises in Service Continuity Regions (section 15.7). **nbn** considers that these new provisions reflect the FTTP to B and Service Continuity Region arrangements that have received forbearance from the ACCC.