

TELSTRA CORPORATION LIMITED

Replacement Required Measure 2 – Process for Managed Disconnection of Copper Services from the Disconnection Date

Replacement Required Measure 3 – Process for Managed Disconnection of HFC Services from the Disconnection Date

Submission in support

11 December 2015

Summary

Telstra is pleased to submit the following replacement Required Measures to the Australian Competition and Consumer Commission (**ACCC**) for approval:

- Required Measure 2 – Process for Managed Disconnection of Copper Services from the Disconnection Date (**Required Measure 2**); and
- Required Measure 3 – Process for Managed Disconnection of HFC Services from the Disconnection Date (**Required Measure 3**). Required Measure 3 only applies to Telstra's Retail Customers.

The amendments made to both Required Measures 2 and 3 reflect the changes required by the Government's policy shift to a Multi-Technology Mix (**MTM**) rollout for the National Broadband Network (**NBN**) as well as the new disconnection processes set out under the Varied Migration Plan accepted by the ACCC on 26 June 2015.¹

The amendments also provide additional clarity around the processes Telstra will use to manage recently added exceptions to Managed Disconnection, such as services used to supply fire alarm and lift phone services and Multi-Dwelling-Unit (**MDU**) Common Areas.

This submission explains the changes made in the revised Required Measure 2 and Required Measure 3 and sets out how each of these Required Measures complies with the *Telecommunications (Migration Plan Principles) Determination 2015 (MPPs)*.

1. What hasn't changed in Required Measure 2?

The key features of Required Measure 2 which remain the same include:

- **Mandatory communications with Wholesale Customers:** In order to facilitate the reviews by Wholesale Customers of their remaining copper services ahead of the Disconnection Date and to facilitate management by Wholesale Customers of the migration of their end users, Telstra will provide Wholesale Customers with a Preliminary Disconnection List at least three months prior to the Disconnection Date. In addition, Telstra will provide Wholesale Customers with a Final Disconnection List as soon as practicable after the Disconnection Date.
- **Dispute process:** In the event a Wholesale Customer does not believe a Premises should be subject to Managed Disconnection following receipt of the Preliminary Disconnection List on certain grounds as set out in the Required Measure, that Wholesale Customer may raise a dispute as per the previous process.
- **Exemption of certain services or premises from Managed Disconnection:** As with the previous disconnection approach, services that are flagged as Special Services or Special Service Inputs, Added Premises or Affected Premises or premises with In-Train Orders at the Disconnection Date, will not proceed to disconnection from the Disconnection Date. However, the Required Measure has been updated to reflect the recent addition of temporary exceptions from Managed Disconnection that apply in respect of MDU Common Areas and Fire Alarm and Lift Phone services (further detail below).

¹ In April 2014, Telstra, following agreement with NBN Co and consultation with the Federal Government and the ACCC, implemented changes to the managed disconnection process under the Migration Plan as it applied in the first 31 FSAMs where the NBN was made available. Taking into account feedback from wholesale and retail customers and experiences gained in these initial FSAMs, in November 2014 Telstra communicated a modified disconnection approach to apply to all future Rollout Regions (the FSAM32+ arrangements). These FSAM32+ arrangements were developed with NBN Co and were also the subject of public consultation by the ACCC from December 2014 to January 2015.

2. What has changed in Required Measures 2 and 3?

The key amendments and their implications are summarised below. As noted above, these changes have been driven predominantly by the FSAM32+ variations which were approved by the ACCC as part of the MTM amendments to the Migration Plan. In particular, the timeline for disconnection of services has been extended to allow for increased flexibility for end users and industry. An overview is provided in Figure 1 (attached).

Development	Implications
<p>Application of Soft Dial Tone (SDT) post Disconnection Date, where practicable, as a prompt to migrate end users to the NBN (Required Measure 2 only)</p>	<p>Under the previous Required Measure 2, SDT was used in a relatively limited fashion. Following industry experience in managing end users in the early Rollout Regions, SDT will now be applied, where practicable, to all wholesale line rental and retail line rental services that appear on the Final Disconnection List, where an order for an NBN service has not been received. This will act as a prompt for end users to migrate to the NBN if they wish to maintain continuity of their fixed line services.</p> <p>SDT will be applied, where practicable, until the date that is 25 Business Days after the Disconnection Date. If Telstra is notified that a valid NBN Order has been received for a service appearing on the Final Disconnection List, Telstra will not apply SDT to that service, or, if SDT has already been applied, Telstra will restore the service and disconnect in accordance with the In-Train Order disconnection approach.</p> <p>Consequently, SDT will be applied to minimize disruption to the end user. This new approach also means that, post the Disconnection Date, SDT will serve as both a safety net and final prompt for end users, including vulnerable customers, to take action before their services are permanently disconnected.</p> <p>SDT is not relevant to HFC services.</p>
<p>Provision of Updated Final Disconnection List</p>	<p>To ensure any additional exceptions to Managed Disconnection are disconnected in accordance with the extended timeframes afforded in the Varied Migration Plan, NBN Co will notify Telstra from the Disconnection Date until the date that is 25 Business Days after the Disconnection Date of any additional In-Train Order Premises, MDU Common Areas or copper services that are used to supply a NBN registered Fire Alarm and Lift Phone service. These notified Premises or services are removed from the Final Disconnection List, to create the Updated Final Disconnection List, to which Managed Disconnection will apply.</p> <p>Telstra will provide Wholesale Customers with the Updated Final Disconnection List and to ensure equivalence, Wholesale Customers will receive notification of the Updated Final Disconnection List at the same time as or before Telstra Retail.</p>
<p>Service Disconnection Phase allowing Wholesale Customers the opportunity to manage disconnection of their end users (RM2 only)</p>	<p>Wholesale Customers will continue to have the ability to raise disconnection orders in Telstra's systems for their end-users' services at any point until the date which is 25 Business Days after the Disconnection Date. In order to provide Wholesale Customers with a high degree of autonomy and control over the disconnection of their end-users, Telstra Wholesale will only begin to disconnect services from the date that is 30 Business Days after the Disconnection Date and will usually complete service disconnection by the date that is 35 Business Days after the</p>

	<p>Disconnection Date (Service Disconnection phase).</p> <p>During this same timeframe, Telstra Retail will implement Service Disconnection of Telstra Retail Customers.</p>
Permanent Disconnection process	<p>Following the Service Disconnection Phase and by no later than 45 Business Days after the Disconnection Date, Telstra Operations will Permanently Disconnect any Copper or HFC services remaining on the Updated Final Disconnection List.</p> <p>This disconnection process will be managed on a day to day basis to effectively deploy resources and to respond to any operational issues that arise, so as to complete Permanent Disconnection as efficiently as possible.</p> <p>Telstra Operations will process all Permanent Disconnections without regard to whether the service is supplied to a customer of Telstra Retail or Telstra Wholesale.</p>
Relocation of existing reporting requirements in Required Measure 2 and 3 to the Varied Migration Plan once the Required Measures are approved	<p>Our obligations to report to the ACCC under Required Measures 2 and 3 are unchanged.</p> <p>Telstra is removing individual and separate reporting clauses from each Required Measure and proposes to consolidate these into a single place within the Varied Migration Plan for ease of reference, once the Required Measures are accepted. However, we are not proposing any changes to the substance of the reporting obligations for either Required Measure 2 or 3 in these updated Required Measures.</p>
Special provisions for In-Train Order Premises	<p>In-Train Order Premises will not be subject to Managed Disconnection during the Primary Disconnection Window. Rather, to facilitate service continuity, customers will be able to continue to use their existing services at the In-Train Order Premises for up to 120 Business Days after the Disconnection Date, while the NBN connection is being completed. Telstra will effect the disconnection of In-Train Order Premises as soon as reasonably practicable after the date that is 120 Business Days after the Disconnection Date.</p> <p>If NBN Co notifies Telstra after the Disconnection Date that the open NBN orders at a Premises have either been completed or cancelled/revoked, Telstra has a period of not more than 30 Business Days to disconnect the Premises.</p> <p>Telstra continues to work with industry and NBN Co on the In-Train Order process and requirements and anticipates that it will be consulting on further amendments to the In-Train Order process in the near future.</p>
Exemption of MDU Common Areas	<p>In accordance with the Varied Migration Plan, Telstra will not commence the Managed Disconnection of MDU Common Areas during the Primary Disconnection Window.</p> <p>Telstra will separately publish the process it will apply to the Managed Disconnection of MDU Common Areas six months before the End of Rollout Date.</p>
Temporary exclusion from Managed Disconnection of	<p>In accordance with the arrangements communicated to industry and allowed by the ACCC in recent correspondence (published</p>

<p>NBN registered Copper Services being used to supply Fire Alarm and Lift Phone services (Required Measure 2 only)</p>	<p>25 September 2015), Telstra will defer the Managed Disconnection of services used to supply Fire Alarm and Lift Phones until 30 June 2017. The embargo from Managed Disconnection until after 30 June 2017 will only apply to those service registered with NBN Co as being used to supply Fire Alarm and Lift Phone services and notified to Telstra (by NBN Co) prior to the date that is 25 Business Days after the Disconnection Date.</p> <p>These arrangements will provide additional time for application service providers to develop product solutions that are compatible with NBN services before these critical services are required to be disconnected.</p> <p>We expect to submit a formal variation to the Migration Plan that reflects these arrangements in the near future.</p> <p>Telstra will publish subsequently the processes it will apply in effecting Managed Disconnection of the embargoed copper services once the process has been established.</p> <p>The temporary embargo on the Managed Disconnection of these services does not prevent customers from requesting the disconnection of these services, nor does it prevent Telstra from implementing business-as-usual disconnections of these services.</p>
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3. Revised Required Measure 3

The updated Managed Disconnection process applicable to HFC Services under Required Measure 3 will be identical to that applicable to Copper Services under Required Measure 2 as set out above, with the following differences:

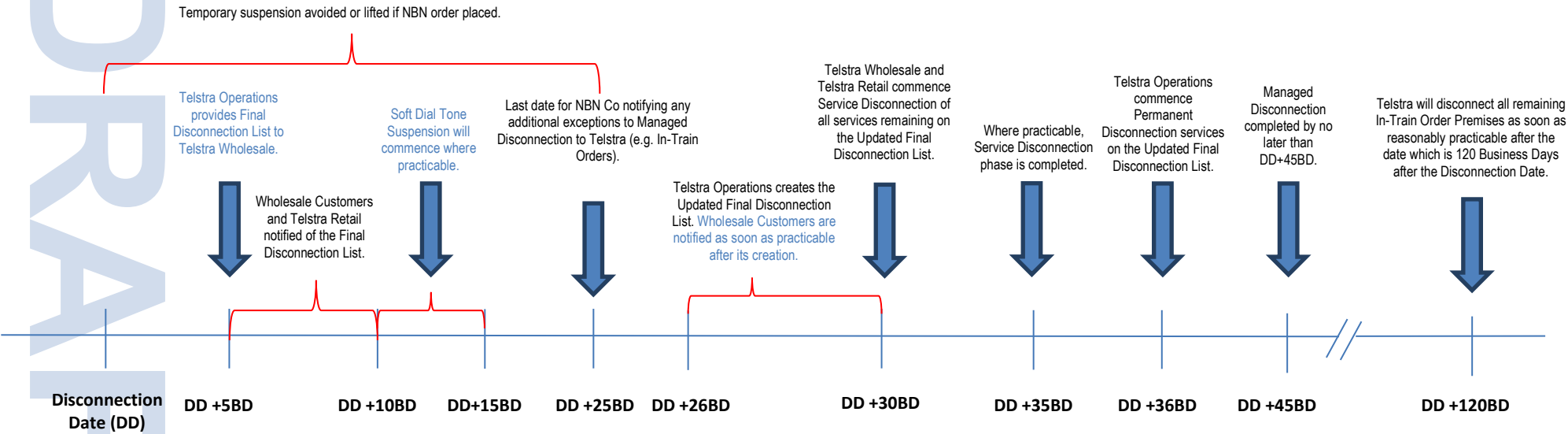
- (a) as HFC Services are not supplied on a Wholesale basis, the elements of the Managed Disconnection process that involve notification of disconnection to Wholesale Customers, which appear in Required Measure 2, do not apply in respect of HFC Services and do not appear in Required Measure 3;
- (b) as Special Services and Fire Alarm and Lift Phone services are not supplied over HFC Lines, these exceptions are not included in Required Measure 3; and
- (c) Required Measure 3 does not include provision for SDT.

4. Consultation with ACCC, NBN Co and Wholesale Customers

Draft Required Measures 2 and 3 are subject to consultation with Wholesale Customers, NBN Co and the ACCC and disallowance by the ACCC under clause 5.2 of the Varied Migration Plan.

We submit that the amended Managed Disconnection processes proposed in Required Measures 2 and 3 will ensure the efficient and timely disconnection of services and will minimise disruption to the supply of fixed-line carriage services. These changes maintain the alignment of each Required Measure with the MPPs, particularly in accordance with MPP 10 and 12.

Figure 1: Managed Disconnection Timeline (Copper Services- Required Measure 2 and 3)



Key

Applies to both Required Measure 2 and Required Measure 3

Applies to Required Measure 2 only