
TELSTRA CORPORATION LIMITED

Required Measure 5(C) – Process for Managed Disconnection of Direct Special Services and Special Service Inputs – ATM over copper

Submission in support

23 January 2017

01 INTRODUCTION

Telstra is pleased to submit the following Required Measure to the Australian Competition and Consumer Commission (**ACCC**) for review:

- Disconnection Process for Special Services and Special Service Inputs for the SS Classes Wholesale ATM (over copper) – P, B and N, ATM (Rebill) (over copper) – P, B and N and ATM (over copper) – P, B and N.

This Required Measure will be referred to as Required Measure 5(C) (**RM5(C)**).

02 BACKGROUND

Special Services and Special Service Inputs are various types of (typically business) services that are delivered over Telstra's copper network for which there was not initially a replacement product available over the national broadband network (**NBN**). These services were given an extended timeframe for disconnection so that replacement product functionality could be developed for Retail Service Providers (**RSPs**) to migrate their copper based special services onto the NBN.

The disconnection date for a Special Service Class (**Special Service Class**) (also referred to as the Special Service Disconnection Date or **SSDD**) can be set either by nbn co. publishing a white paper for the SS by class (i.e. by the access technology used or proposed to be used to connect the Premises to the NBN) or by Telstra announcing a Business As Usual (**BAU**) national product exit for that SS Class before an SSDD for that SS Class has been determined under the white paper process.

On 29 April 2016, nbn co. issued a white paper in respect of ATM (P), (B) and (N) titled '*Temporary Special Services White Paper ATM on the nbn™ Ethernet Bitstream Service*' (**White Paper 2**). White Paper 2 offers replacement product functionality over the NBN where the access technology used or proposed to be used to connect a Premises to the NBN is Fibre to the Premise, Fibre to the Node or Fibre to the Basement. As a result of this white paper process, an SSDD for the ATM SS Class has been determined to be 29 April 2019.

Clauses 5.2 and 22.5 of the Migration Plan (**Plan**) set out the process by which disconnection arrangements are to be developed for a Special Service once an SSDD has been determined, or a BAU product exit has been announced for an SS Class. Telstra must complete development of these disconnection arrangements (which become part of the Plan) within 6 months of an SSDD being determined, whether via the white paper process or by a BAU exit being announced. The process for developing a new Schedule to the Plan requires Telstra to consult with Wholesale Customers, nbn co. and the ACCC for a minimum of 20 Business Days. Telstra may then complete development of the Schedule (taking into account the feedback received) and notify the ACCC, Wholesale Customers and nbn co. of Telstra's intention to publish the new Schedule.

03 PROPOSED RM5(C)

This proposed RM5(C) outlines the processes by which Telstra will permanently disconnect Special Services for which replacement product functionality is provided by nbn co.'s White Paper 2 – ATM over copper, as well as Special Service Inputs that are used to supply services that are equivalent to ATM over copper. Importantly, RM5(C) only applies where these services are supplied to premises to which

nbn co. will deliver services using Fibre to the Premise (**FTTP**), Fibre to the Basement (**FTTB**) or Fibre to the Node (**FTTN**), collectively **Covered SS Classes**. RM5(C) outlines the process we will use for Managed Disconnection of Direct Special Services and Special Service Inputs in Covered SS Classes at the SSDD, or at subsequent Rollout Region Disconnection Dates (**RRDDs**). This RM5(C) does not currently cover Premises connected or proposed to be connected using nbn co.'s hybrid fibre-coaxial cable or any new Access Technology which nbn co. may introduce.

Where the Direct Special Service or Special Service Input in a Covered SS Class is only required to be disconnected on a later RRDD, RM5(C) largely applies the same disconnection processes that apply to standard PSTN, ULLS and ADSL services as set out in Required Measure 2.

Direct Special Services and Special Service Inputs in a Covered SS Class that are required to be disconnected immediately following the SSDD (because the Service is supplied to a Premises which is in a Rollout Region with a Disconnection Date on or before the SSDD) are referred to in RM5(C) as **Covered Special Services**. While Telstra has various products available that rely on these Covered Special Services, none of these Direct Special Services are currently being acquired by Telstra customers. Currently, the only active services Telstra supplies that are affected by this White Paper and Disconnection Date are Special Service Inputs in a Covered SS Class that have been certified by Wholesale Customers as being used to supply an equivalent service to Wholesale ATM (over copper), ATM (Rebill) over copper and ATM (over copper). Telstra currently supplies only a very small volume of Special Service Inputs that have been certified as equivalent to the ATM Direct Special Services, which comprise less than 1% of the total volume of Special Service Inputs supplied to Wholesale Customers. This means only a very small number of services will be disconnected in accordance with this Required Measure 5(C).

Many aspects of the Managed Disconnection process for Covered Special Services (and those Direct Special Services and Special Service Inputs in Covered SS Classes that are only disconnected on a later RRDD) will be the same as those for standard services, however there are certain areas which have varied disconnection arrangements. Further, certain disconnection processes differ between services that are subject to disconnection immediately following the SSDD and services subject to disconnection following the RRDD that are subsequent to the SSDD. These processes are detailed in the table and diagram below.

Development	Implications
<p>Disconnection Date</p>	<p>There are four possible mandatory disconnection scenarios that may apply to Direct Special Services and Special Service Inputs in a Covered SS Class. These are:</p> <ul style="list-style-type: none"> (i) disconnection of Covered Special Services following the SSDD (these services will be disconnected following the SS Principal Disconnection Window with no extension to disconnection comparable to the In-Train Order process for standard services). For RM5(C) the SSDD is 29 April 2019. (ii) disconnection of Direct Special Services and Special Service Inputs in a Covered SS Class following the RRDD where the RRDD is after the SSDD. (iii) disconnection of Direct Special Services and Special Service Inputs in a Covered SS Class supplied to Premises which Telstra has been notified are Changed Technology SS Premises and qualify for an extension to disconnection under the Plan.

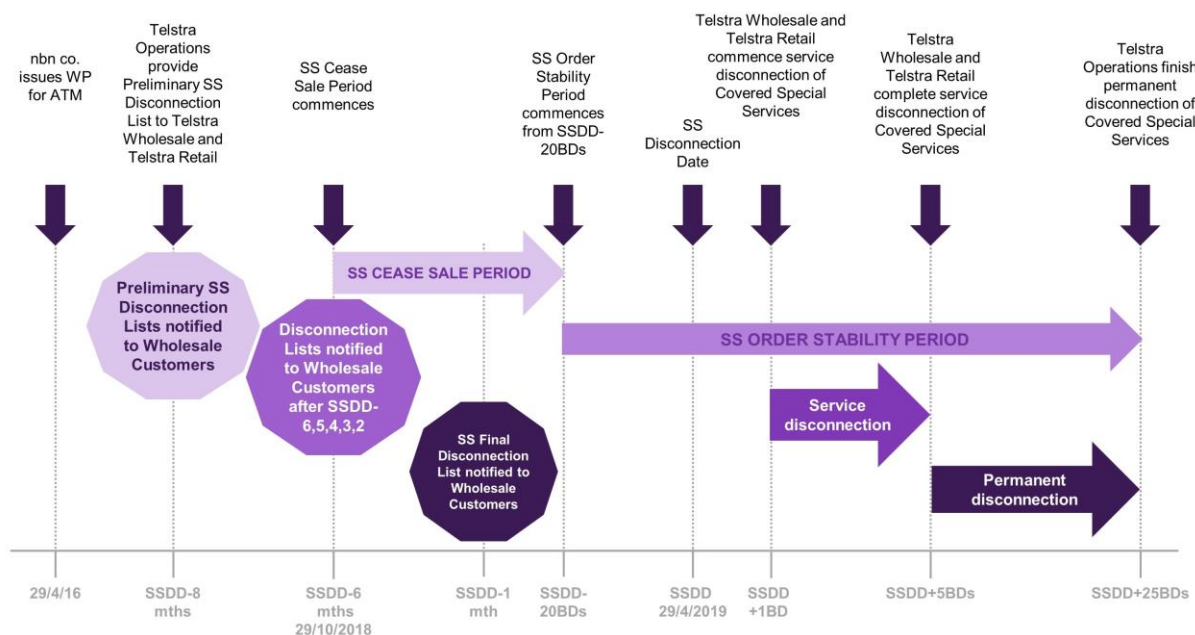
	(iv) disconnection following Telstra announcing a Final Sunset Exit (after the SSDD).
Final Sunset Exit	<p>Notwithstanding any nbn co. activities relating to Special Services, Telstra may elect to conduct a product exit for products that are supplied as Direct Special Services and the equivalent Special Service Inputs after the SSDD if either of the following commercial drivers become apparent:</p> <p>(i) platform or technology obsolescence; or</p> <p>(ii) in Telstra's reasonable opinion it becomes no longer commercially viable to support the product.</p>
Cease Sale	<p>Different cease sale arrangements apply depending on when the Direct Special Service or Special Service Input in a Covered SS Class faces disconnection.</p> <p>Cease sale will occur on the later of:</p> <p>(i) 29 October 2018 (for Special Service / Special Service Input in a Rollout Region which is already subject to cease sale); and</p> <p>(ii) Rollout Region Ready For Service + 10 Business Days for Special Service / Special Service Input that only becomes subject to cease sale after the date that is 6 months before the SSDD, consistent with the application of cease sale for other services within the Rollout Region.</p>
Order Stability Period	<p>Telstra will apply a Special Service Order Stability Period from the date that is 20 Business Days before the SSDD until the date that is 25 Business Days after the SSDD to Covered Special Services.</p> <p>If the Disconnection Date for the Rollout Region is after the SSDD, Telstra will apply the Order Stability Period that applies to standard services in accordance with clauses 22.8 and 13 of the Plan.</p> <p>There is a different list of order types that are allowed to proceed during the Order Stability Period for Special Services than those that are allowed for standard PSTN, ULLS and ADSL services due to the different characteristics of these Special Services. This is because many of the standard order types which were allowed to proceed during the Order Stability Period for standard services are not relevant to Special Services. These are outlined in Attachment A to RM5(C).</p>
Communication with Wholesale customers	<p>Telstra is proposing to provide Wholesale Customers with notification from no later than 8 months before the SSDD of any Covered Special Services that are active at 9 months before the SSDD to provide additional time for Wholesale Customers to arrange migration of these Services well ahead of mandatory disconnection. This is significantly earlier than Telstra provides notification of mandatory disconnection in respect of standard Services. Telstra has proposed this earlier notification of disconnection in recognition of the greater complexity associated with Special Services and the longer timeframes that may be needed to migrate the Covered Special Services by the SSDD, given that no extended period following the SSDD applies to these Services that is equivalent to the ITO period provided in respect of standard PSTN and ADSL services.</p> <p>However, given these services are much more closely managed by Wholesale Customers than standard NBN services, it is likely that Wholesale Customers are already very aware of the SSDD that applies to their customers' services.</p> <p>Telstra will then provide Wholesale Customers with updated information on Covered Special Services heading for disconnection from SSDD – 6 months, updated monthly up until 2 months prior to the SSDD. These updated lists will be provided on a reasonable efforts basis within 5 Business Days of the list being</p>

	<p>generated, and will be provided to Wholesale Customers before or at the same time as the equivalent information is provided to Telstra's Retail Business Units.</p> <p>At SSDD –1 month Telstra will generate the SS Final Disconnection List which includes Covered Special Services that are still active and will be disconnected at the SSDD. The SS Final Disconnection List will be provided on a reasonable efforts basis within 5 Business Days of the list being generated, and will be provided to Wholesale Customers before or at the same time as the equivalent information is provided to Telstra's Retail Business Units.</p> <p>Where the Direct Special Service or Special Service Input in a Covered SS Class is in a Rollout Region with a Disconnection Date after the SSDD, these Services will be treated in the same manner as standard services after the SSDD, and disconnection of these Services will be notified in accordance with the existing processes set out in Required Measure 2.</p>
Dispute process	<p>Telstra has put in place a dispute process whereby Wholesale Customers can notify Telstra of services that they consider should not be subject to disconnection. The permitted reasons for a dispute regarding disconnection under RM5(C) are similar to those in Required Measure 2, with a few variations that accommodate the different characteristics of Special Services. Reasons for raising a dispute include:</p> <ul style="list-style-type: none"> (i) A data error which places a service on the disconnection list inappropriately (ii) The service is a Double Ended service and is therefore subject to disconnection only when the other end of the service reaches its Disconnection Date (iii) A service is provided to a premise that was notified to Telstra as being a Changed Technology Special Service Premise and is consequently not subject to disconnection at this time. <p>Telstra will respond to any dispute notified to it within 20 Business Days (compared to 10 Business Days for standard PSTN, ULLS and ADSL services). Disputes relating to a service being supplied to a Premises that was notified to industry and Telstra as a Changed Technology Special Service Premises can be raised at any time (given that Access Technology changes can occur at any time).</p>
Disconnection	<p>Covered Special Services that are required to be disconnected following the SSDD will be disconnected during the Special Service Principal Disconnection Window (from SSDD +1 Business Day up to and including the date that is 25 Business Days after the SSDD).</p> <p>In accordance with clause 22.5(c)(i) of the Plan, no process that defers disconnection that is comparable to the In-Train Order process which applies in respect of standard services will apply to Covered Special Services. This means that these services will need to have migration activities complete by the SSDD or they will be disconnected by SSDD +25 Business Days.</p> <p>Where the Direct Special Service or Special Service Input in a Covered SS Class is in a Rollout Region with a Disconnection Date after the SSDD, the existing In-Train Order process set out in Required Measure 2 will apply.</p>
Change of Access Technology	<p>This RM5(C) only deals with the situation in which there is a change in the Access Technology used to make a Premises NBN Serviceable so that a Direct Special Service or Special Service Input forms part of a Covered SS Class.</p> <p>If there is a change in an Access Technology such that a Direct Special Service or Special Service Input no longer forms part of a Covered SS Class and a disconnection obligation applies to that Service, it will fall off the relevant</p>

	disconnection lists notified under this RM5 and be disconnected in accordance with either the applicable RM5 that applies to the new SS Class, if any, or Required Measure 2.
Double ended services	Services that are Double Ended will not be subject to disconnection until the later of the relevant disconnection dates (SSDD or RRDD) of the A or B ends in accordance with clause 22.11 of the Plan.
Reporting	Telstra will incorporate Special Service reporting into our Migration Plan Compliance Report lodged with the ACCC on a quarterly basis. This will provide the ACCC with visibility over the volumes of Special Service disconnection for Covered Special Services (to be disconnected following the SSDD) at key milestones that are of relevance in a similar manner as is currently provided for non-special services. Where disconnection of Special Services and Special Service Inputs occurs following a subsequent RRDD, Telstra will report on disconnection of these services as part of its reporting on the disconnection of standard services.

04 DIAGRAM OUTLINING DISCONNECTION OF SPECIAL SERVICES

Proposed timeline for disconnection of Covered Special Services subject to disconnection following the SSDD



05 COMPLIANCE WITH THE PLAN AND MIGRATION PLAN PRINCIPLES (MPPs)

The Plan provides that the ACCC may object to a proposed new Schedule if it is not compliant with the MPPs, although the ACCC may not object to a proposed Schedule where it is required by a Standard Industry Process or applicable generally accepted industry arrangements and is consistent with that Standard Industry Process or applicable generally accepted industry arrangements.

Telstra submits that the proposed RM5(C) complies with the MPPs. Telstra notes that MPP 18(6) requires Telstra to develop a process or processes that will be used to manage and implement the disconnection of each class of Special Service and Special Service Inputs. RM5(C) sets out the process and timelines by which Telstra Wholesale Customers will be advised when Telstra intends to disconnect ATM over copper Special Services and Special Service Inputs from its network.

This RM5(C) consultation process complies with MPP 28 which sets out the process by which Telstra must consult on new or replacement schedules to the Plan. RM5(C) provides sufficient clarity to industry to support the orderly migration of ATM over copper Special Service / Special Service Inputs to alternative product solutions well ahead of disconnection of Covered SS Classes following the SSDD or

subsequent RRDD as appropriate. Wherever possible, the disconnection arrangements in RM5(C) utilise existing disconnection processes and terms that apply to non-special services to ensure familiarity and reduce points of potential confusion for Wholesale Customers.

Importantly, this process provides industry with sufficient time between the SSDD being determined and the SSDD to migrate end users to retail service product offerings that use replacement products available over the NBN (using the product functionality released in White Paper 2) or alternative infrastructure.

ATM is a product that has been in decline for many years. Telstra does not have any ATM over copper Direct Special Services remaining on its network (in either retail or wholesale business units). A small number of wholesale customers have certified ULL services as ATM over copper Special Service Inputs, however the total number of services in this category is less than 900 nationally.

Importantly, Telstra has not announced a product exit for the ATM product, and will continue to supply Wholesale ATM, ATM (rebill) and ATM where those services are delivered over fibre. Wholesale customers have the option of migrating their ATM over copper services to fibre delivery, deploying their own fibre, or transitioning their end user to an IP based service delivered over the NBN or alternative infrastructure.

This proposed RM5(C) has been published on the Telstra Wholesale website and Wholesale Customers, the ACCC and nbn co. are being invited to provide feedback by 22 February 2017. Following this consultation, Telstra will update RM5(C) as required and, in accordance with clause 5.2(e) of the Plan, will notify the ACCC, nbn co and wholesale customers of Telstra's intention to publish RM5(C) on or before 1 March 2017.