

# TEA Model: Issues from ACCC Draft

Information Paper, 2 December 2008

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## 1 Introduction

The ACCC recently released its draft decision<sup>1</sup> on Telstra's Unconditioned Local Loop Undertaking. In response to issues raised in this Draft, Network Strategies wishes to make two points of clarification in relation to visibility of inputs and assumptions, and the impact of nodes and joints in the TEA model.

## 2 Visibility of inputs and assumptions

From the draft decision, page 62:

In regard to the flexibility of the model, Network Strategies notes that it is not possible to vary the network architecture. It also took the view that inputs and assumptions in the TEA model are not visible and cannot be checked because of the way premodelling data has been incorporated into the TEA model network database. The ACCC notes however that Network Strategies did not provide evidence to substantiate this view. In contrast, Ovum considered that the TEA model provides the user with an appropriate level of flexibility to change specific parameters"

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<sup>1</sup> ACCC, *Assessment of Telstra's Unconditioned Local Loop Service Band 2 monthly charge undertaking, draft decision*, November 2008

The inputs and data that we noted are not visible relate to the network architecture, which affected our ability to verify and test effects of varying the network architecture. Specifically, we are not easily able to see customer locations, network topology and the cable routes, because these are not included in the TEA model. We consider this data is crucial to the correct implementation of a model such as the TEA model. Furthermore a significant level of data is stored in the network database and is not easily viewed or able to be modified.

The ACCC has noted that this is our view on page 61.

Data contained in the engineering and cost modules (such as equipment capacities and unit costs) are visible and are able to be viewed and modified as required.

### 3 Impact of nodes and joints

From the draft decision, page 70:

Optus submits that the network contains a large number of access nodes and cable joint close together and as cable jointing is particularly expensive, this design characteristic is a source of inflated costs in the TEA model. In contrast, Ovum reports that the jointing of cables in the model is efficient and cable lengths are given a generous value which may end up underestimating the jointing costs.

Network Strategies did not submit that the network contains a large number of access nodes and cable joints. We did note that the network was based on the historical network which contains a large number of nodes and joints<sup>2</sup>:

The model contains all the locations of the structure points (manholes, pits and pillars) from the real network. However the model may not install structure at those points, because the model may connect the customers to different (more efficient) structure points<sup>3</sup>.

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<sup>2</sup> Network Strategies, *Review of Telstra TEA model version 1.1*, 5 September 2008, section 3.2.1

<sup>3</sup> Telstra, *Telstra Efficient Access (TEA) Model Overview*, 21 December 2007, paragraph 39

Therefore those locations simply serve as ‘waypoints’ on the cable routes. We are unable to determine whether these ‘waypoints’ are in efficient locations (if required at all), or whether they are inefficient, legacy from the historical network.

Thus we believe that the use of the historical network may cause inefficient cable routes.