



3 December 2019

Mr Robert Wright
General Manager, Insurance, Water and Wireline Markets Infrastructure Regulation
Australian Competition and Consumer Commission
Level 17, Casselden Place
2 Lonsdale Street
Melbourne Vic 3000
Email: robert.wright@accc.gov.au

Copy To:

Mr Darren Kearney

Email: darren.kerney@accc.gov.au

Mr Rod Middleton

Email: rodney.middleton@accc.gov.au

Dear Mr Wright,

Request for an extension of forbearance from existing disconnection requirements for non-serviceable premises in Service Continuity Regions

Following a further request from nbn co, Telstra is now requesting the ACCC's permission to grant an extended forbearance to premises that remain not nbn-serviceable in the additional disconnection waves 59 and 60.

This is Telstra's fourth request for forbearance (and the seventh and eighth disconnection waves impacted) to apply further extensions to premises that are already subject to extended disconnection arrangements, as per the arrangements outlined within this letter. These arrangements are reflected in Telstra's Migration Plan Variation Proposal as recently submitted to the ACCC for approval on 18 November 2019.

Background:

In May 2018 Telstra sought and the ACCC granted, forbearance from disconnection obligations that applied to premises in Service Continuity Regions (**SCRs**) that remained not nbn-serviceable (service class 0, 10, 20 and 30) from three months prior to the SCR Disconnection Date (**DD**). Impacted premises were classified as '**Extended SCR Premises**' and granted a further 150 business days (**BDs**) so nbn co could make them serviceable, to support an RSP connection prior to our commencement of managed disconnection.

nbn co subsequently advised Telstra there were premises subject to this forbearance that will remain not nbn-serviceable beyond the additional 150 BDs extension already granted. Accordingly, in mid-April 2019, the parties agreed a commercial framework whereby nbn co can notify a list of specific Extended SCR Premises and request for Telstra to agree to apply a further 150 BD deferral beyond the SCR DD, before mandatory disconnection can commence (i.e. effectively up to SCR DD + 300 BDs). These premises are to be classified as '**Extended Time Premises (ETP) Plus Premises**'. These commercial arrangements also require Telstra request forbearance from the ACCC from its managed disconnection obligations under the Migration Plan.

Telstra has previously requested and obtained forbearance from the ACCC to apply this extension of the existing forbearance arrangements, being for ETP Plus Premises in respect



of disconnection waves numbers 51, 52 54, 55, 56 and 58. nbn co has now requested Telstra agree to apply these ETP Plus Premises arrangements to approximately 3700 premises in disconnection waves 59 and 60. Accordingly, we provide a consolidated overview of the premises that have already been granted forbearance or are proposed to be subject to these ETP Plus Premise arrangements, as follows:

| Associated Disconnection Wave numbers: | Approx. Ready For Service (RFS) date: | Approx. Rollout Region (RR) Disconnection Date (DD): | Associated Service Continuity Region (SCR) DD: | Extended SCR Premises defer commencement of Managed Disconnection until: | ETP Plus Premises defer commencement of Managed Disconnection until: | Approx. volume of premises subject to forbearance requests: |
|--|---------------------------------------|--|--|--|--|---|
| 51 | Aug'16 | Feb'18 | 10 Aug'18 | 20 Mar 19 | 24 Oct'19 | 2,000 |
| 52 | Sep'16 | Mar'18 | 14 Sep'18 | 29 Apr'19 | 29 Nov'19 | |
| 54 | Nov'16 | May'18 | 9 Nov'18 | 20 Jun'19 | 24 Jan'20 | 300 |
| 55 | Jan'17 | Jul'18 | 18 Jan'19 | 26 Aug'19 | 02 Apr'20 | 4,750 |
| 56 | Feb'17 | Aug'18 | 8 Feb'19 | 13 Sep'19 | 24 Apr'20 | |
| 58 | Mar'17 | Sep'18 | 8 Mar'19 | 15 Oct'19 | 22 May'20 | |
| 59 | Apr'17 | Oct'18 | 12 Apr'19 | 19 Nov'19 | 26 Jun'20 | 3,700 |
| 60 | May'17 | Nov'18 | 10 May'19 | 12 Dec'19 | 21 Jul'20 | |

As previously advised to the ACCC, in the absence of any alternative arrangements coming into effect, nbn co has indicated there will be a need to also request that ETP Plus Premises arrangements be applied to premises in SCRs in future disconnection waves. The parties continue to engage on the development of alternative disconnection arrangements to apply for premises in SCRs that remain not nbn-serviceable, in place of both the Extended SCR Premises and ETP Plus Premises arrangements. This engagement includes consideration about how any new arrangements can deliver improved outcomes for impacted RSPs and their end-users, compared to the existing Extended SCR Premises and ETP Plus Premises arrangements.

Whilst Telstra continues its negotiations with nbn co, as noted in our recent submission in support for MP Variation Proposal, the accountability for making premises within the Fixed Line Footprint nbn-serviceable, including the associated timing, ultimately resides with nbn co and is not within Telstra's direct control. Further, in association with a separate ACCC consultation relating to the 'NBN wholesale service standards inquiry', Telstra highlighted some concerns with nbn co's recent performance in relation to nbn-serviceability and included some proposals for consideration to help address this, including the imposition of obligations on nbn co.

Details of extension of forbearance requested:

Telstra is now seeking a further formal forbearance from the ACCC to apply the ETP Plus Premises arrangements, thereby extending the disconnection timeframe beyond what currently applies for Extended SCR Premises, for premises in SCRs that remain not nbn serviceable in disconnection waves 59 and 60. Accordingly we are seeking to extend the commencement of managed disconnections by an additional 150 BDs. The applicable SCR DDs occurred on 12 April 2019 and 10 May 2019 respectively. Under the current Extended SCR Premise forbearance (from May 2018), the disconnection of these premises was scheduled to commence from: 19 November 2019 for disconnection wave 59 and 12 December 2019 for disconnection wave 60. Currently, in respect of disconnection wave 59, the service disconnection step for impacted premises has been withheld pending ACCC consent.



We consider it appropriate in this circumstance to support nbn co in these efforts by providing an extension of time prior to disconnection where difficulties continue to be encountered, to help manage the service continuity risks faced by impacted end-users at impacted premises.

Telstra has already submitted a Migration Plan Variation Proposal reflecting this proposal for the ACCC's approval. The receipt of the ACCC's forbearance decision in advance of this will enable us to (i) make any necessary adjustments to the proposal to address any relevant ACCC concerns and (ii) provide early visibility of the arrangements to Wholesale Customers (and they in turn to end-customers), pending the MP variation coming into force.

Next Steps:

Subject to receiving forbearance from the ACCC (or in the event our Migration Plan Variation Proposal were to be approved on an earlier basis), changes to the managed disconnection timeframe for these premises will be formally communicated equivalently via our existing Wholesale and Retail Customer communication channels. We will continue to work with Telstra Wholesale to ensure impacted premises are specifically notified to Wholesale Customers, and likewise with Telstra Retail.

Should you have any queries about this matter please contact me or Peter Walsh on (03) 8694 3854.

Yours sincerely

Iain Little
Director of Equivalence, Regulatory Affairs
Corporate Affairs
iain.little@team.telstra.com