

Telstra Migration Plan and the Disconnection Process for Services in FSAMs 32+

Background

In April 2014, Telstra and NBN Co, following consultation with Government, implemented some changes to the managed disconnection process in the first 31 Fibre Serving Access Modules (FSAMs) where the National Broadband Network (NBN) fibre network was made available. The changes were designed as interim arrangements to facilitate timely migration to the NBN and balance the need for Telstra to structurally separate through disconnecting customers from its network with the need for industry to assist customers (particularly those with special needs) in migrating to a new network.

Going through the first migrations and disconnections has provided some important experiences for Telstra, NBN Co and the rest of industry. These experiences have informed the development of a revised approach to managed disconnection, which we have developed with NBN Co and in consultation with the Government. The revised approach will apply for all FSAMs after the first 31 (which will remain subject to the process previously communicated).

The ACCC has expressed the desire to consult with Telstra's wholesale customers on the proposed approach for FSAMs 32+, and in particular, how it might impact Telstra's obligations under the Migration Plan. This document has been prepared for the ACCC for that purpose.

The proposed new disconnection approach

This new approach ensures that disconnection of the legacy network (and therefore the structural separation of Telstra) remains a core tenet of the Government's policy. It is also designed to provide more flexibility and an improved migration experience for customers who place an order for an NBN service, including a final opportunity to place their NBN order within a limited timeframe after the Disconnection Date prior to the disconnection of their services from Telstra's legacy networks. It is based on Telstra's understanding that data stability and certainty in the customer base that will be disconnected is important to industry in the lead up to disconnection.

This new approach introduces a mechanism for all service providers to manage their customers through the first stages of the managed disconnection process, something that does not exist under the current Migration Plan.

As with the previous disconnection approach under the Migration Plan, services that are flagged as Special Services or Special Service Inputs, or premises with in-train orders at the Disconnection Date, will not proceed to disconnection on the Disconnection Date. However, the approach also includes a new "suspension" period where Soft Dial Tone (SDT) will be applied to Telstra line rental services as a final prompt for customers (including medical alarm customers) to take action to migrate to the NBN before their services are permanently disconnected.

After the Disconnection Date, end-users who wish to migrate to the NBN but who have not placed an NBN order may do so not later than 25 business days after the Disconnection Date if they wish to have their legacy services maintained or restored to full working order while they wait for their NBN service to be connected. If an NBN order has not been placed by this point in time the copper service will proceed to disconnection as part of the managed disconnection process and it will no longer be possible for the end-user to have a copper based service.

This new disconnection approach provides equivalence in the disconnection arrangements for Telstra's Wholesale Customers and Telstra Retail.

The disconnection process for FSAMs 32 and beyond is summarized in Table 1 below.

Table 1: Overview of mandatory disconnection process

Timeframe	Activity
DD	NBN Co will provide Telstra with a list of all in-train and in-flight orders that have been placed for premises within the relevant FSAM
No later than DD+5BD	Telstra will provide to Telstra Retail and relevant Wholesale Customers a Final Disconnection List of any active services remaining at premises in the NBN footprint that are not Special Services or which do not have an in-train or in-flight order, and thus will be subject to disconnection
No later than DD+15BD	Telstra will implement a SDT suspension (where practicable) to all voice line rental services. During this period and up to DD+25BD, a customer may request the restoration of their copper service provided they have placed an NBN order
At DD+26BD	NBN Co will provide an updated list of all in-train and in-flight orders to Telstra in order to capture the final list of premises that have placed NBN orders in the time that has elapsed up to this point after the DD and for Telstra to update the Final Disconnection List
No later than DD+30BD	Telstra will provide an updated Final Disconnection List to relevant Wholesale Customers and Telstra Retail, and the managed disconnection period will begin
No later than DD+45BD	All Managed Disconnections will be completed (excluding exceptions from this process, such as for Special Services and in-train orders)
DD to DD+120BD	In-train/in-flight orders will remain connected to Telstra's legacy network until the earlier of an NBN connection being fulfilled, Telstra receiving a request for disconnection of the service, the in-train order being revoked or cancelled, or DD+120BD. At DD+120BD the mandatory disconnection process will begin for all legacy services (other than Special Services and other permitted exceptions (e.g. where disconnection is prohibited by law))

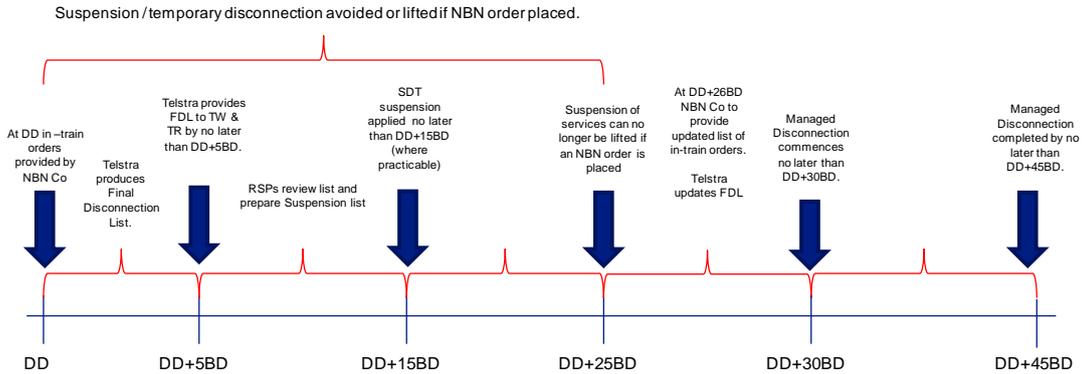
There will be no separate treatment for any premises in the process. It is therefore imperative that end-users who wish to retain a fixed network service place an order for an NBN service as soon as possible and not later than 25 business days after the Disconnection Date. If an NBN order has not been made by this point in time, then unless the service is a Special Service or a Special Service Input, the Telstra legacy service will be disconnected as part of the managed disconnection process.

This process will operate equivalently across Telstra's Retail and Wholesale services, noting however that for Unconditioned Local Loop (ULL) customers Telstra cannot implement at an operational level any suspension measures, such as SDT. This means during the SDT period, there will be no change to ULL services at Telstra's end. Telstra's Wholesale Customers with ULL services are encouraged to consider whether they should apply a service restriction to their services during this timeframe as a signal that disconnection is imminent. Managed disconnection will apply to ULL services that are not Special Service Inputs or at Premises with an in-train order no later than 30 business days after the Disconnection Date as per other Telstra Wholesale and Retail services.

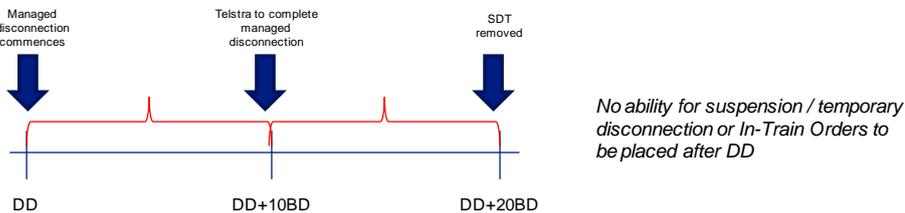
The above process is a marked difference from the current disconnection process provided for in the Migration Plan. A comparison of the disconnection timelines under the current and proposed arrangements appears at Diagram 2.

Diagram 2

Managed Disconnection timeline for FSAM 32+



Current managed disconnection timeline under Telstra's Migration Plan



Service Class 0

Many Telstra Wholesale customers have expressed concern about the number of Service Class 0 premises with Disconnection Dates in early 2015. In order to minimise the potential for services to be disconnected where the end-user does not have the opportunity to connect to the NBN, Telstra and NBN Co have agreed a process whereby at six months prior to the Disconnection Date any Service Class 0 premises in an FSAM will be removed from the FSAM and placed into another 12 month rollout region. These premises will then have an additional six months for NBN Co to make them fibre serviceable and for an NBN order to be placed by the end-user before they are subject to mandatory disconnection. The Disconnection Date for these Service Class 0 premises will be six months after their original Disconnection Date.

Telstra is currently working with NBN Co to operationalise this process.

NBN Co have also agreed that from 1 July 2015, in order to provide stability to the NBN footprint from six months before the Disconnection Date, there will be no SC0 rollbacks in the "parent" FSAM during the final six months to the Disconnection Date. This will mean that, in the final six months of the migration window all premises will remain NBN Serviceable, and NBN orders will not be subject to rejection due to incorrect classification of serviceability. During this time NBN Co will work to ensure all Premises are promptly connected to the NBN. Should NBN Co find that in these last six months before Disconnection Date it has incorrectly classified a Premises as NBN serviceable when in fact it is not, and NBN Co advises it is unable to provide a service within 15 Business Days of discovering the error, the customer will be able to request a copper service from Telstra if there is infrastructure in place to support that service. This will be a new exception to the cease sale rule.

Transitional Arrangements for SC0 Premises

As we are already within the final six month period for Disconnection Dates up to June 2015, the current Service Class 0 premises in these FSAMs will be removed from the disconnection list and will be given an extended disconnection timeframe of at least 12 months from the date that they are removed from their FSAM.

Consolidated Disconnection Dates

NBN Co and Telstra have agreed to consolidate disconnection dates that occur within a given month. In general there will be only one disconnection date per month, however, where there is a significant volume of FSAMs due for disconnection there may be two disconnection dates in a given month.

Changes to Telstra's Migration Plan

The Migration Plan will need to be varied to include the arrangements outlined above for FSAMs 32 and beyond. However, the 20 February 2015 Disconnection Date for 21 FSAMs is fast approaching and in order to provide as much lead time as possible ahead of this for Telstra's Wholesale Customers and Telstra Retail to implement the required operational arrangements, Telstra will commence implementation of the new arrangements for FSAM 32 and beyond ahead of a formal variation to the Migration Plan being lodged with the ACCC.

We have and will continue to provide the ACCC and industry with transparency of our arrangements through our communications and updates to our operational documents. We will also shortly lodge a variation to our Migration Plan reflecting the arrangements for FSAM 32 and beyond. While a formal consultation process will be undertaken on the variation to the Migration Plan, Telstra and the ACCC would welcome industry feedback on the arrangements for FSAM 32 and beyond arrangements ahead of this time.

What the changes to the Migration Plan will look like

Set out below in Table 3 are high level details of some of the key changes likely to be made to the Migration Plan to formalise these arrangements.

Table 3

Overview of Migration Plan impacts of FSAM32+ requiring changes to the current framework

Migration Plan clause	Implications of FSAM32+
<p>Clause 7.2 (Disconnection of different types of rollout regions)</p>	<p>There will be a new set of regions created for Service Class 0 premises, which will be created at DD-6 months with a migration window of at least 12-months.</p> <p>The Ready For Service Date concept will also be different for this new type of region, being based on the date which is six months earlier than the Disconnection Date of the 'parent region', rather than the date declared by NBN Co as Ready For Service.</p>
<p>Clause 7.4 (First and last date for disconnection orders)</p>	<p>There is a requirement for Telstra to specify the first and last date for Telstra Wholesale Customers to place disconnection orders. Under the original arrangements, the last date on which Wholesale Customers can lodge disconnection orders is the Disconnection Date.</p> <p>Under the FSAM 32+ proposal, the last date for Wholesale Customer disconnection orders will align with the longer Managed Disconnection timeframe – allowing disconnection orders to be lodged at any time up to 25 Business Days after the Disconnection Date for most services.</p>
<p>Clause 9.1 (Disconnection processes during the Migration Window)</p>	<p>The concept of the 'Migration Window' under the current Migration Plan assumes a period that runs from the Ready For Service Date to the Disconnection Date.</p> <p>The FSAM32+ processes extend the period over which disconnection occurs, and it may be necessary to extend the Migration Window.</p>
<p>Clause 13 (Order Stability Period)</p>	<p>It may be necessary to extend the Order Stability Period post Disconnection Date to operate in the period in which copper services can be reactivated where new in-train orders are placed. This aspect of implementation is still under consideration.</p>
<p>Clause 14.1 (Managed Disconnection) and Required Measures 2 and 3</p>	<p>It will be necessary to significantly change the Managed Disconnection process as a result of the FSAM32+ proposal.</p> <p>Previously, Managed Disconnection was required to be completed within 10 Business Days after the Disconnection Date. Under the new arrangements proposed for FSAMs 32+, Managed Disconnection will not commence on the Disconnection Date, but will commence no later than 30 Business Days after the Disconnection Date and will be completed for all services (other than the noted exceptions) by the date which is 45 Business Days after the Disconnection Date.</p>
<p>Clause 15.1 (In-Train Order Premises)</p>	<p>The role of in-train orders will expand under FSAM32+. While we would encourage all customers to place their orders for an NBN service prior to the Disconnection Date, in-train orders will now be able to be placed by customers up until 25 Business Days after the Disconnection Date.</p> <p>NBN Co will provide Telstra with two lists of in-train orders – on the Disconnection Date and again following the final date for acceptance</p>

	<p>of new orders (25 Business Days after the Disconnection Date).</p> <p>It will be necessary to introduce a new process to enable Telstra to restore copper services after the Disconnection Date where the end-user (or Wholesale customer) requests the restoration of the copper service and Telstra has been notified by NBN Co that an in-train order has been submitted.</p> <p>It will also be necessary to introduce a new process to enable Telstra to disconnect copper services after the Disconnection Date where Telstra is notified that they do not intend to migrate to the NBN.</p> <p>Copper Services supplied to in-train order Premises will be maintained for a longer period than is currently anticipated by the Migration Plan i.e. 120 Business Days after the Disconnection Date, unless cancelled or revoked earlier.</p>
<p>Clause 17 (Cease Sale)</p>	<p>A new exception to cease sale will be introduced, to enable Telstra to accept orders for copper services where, in the last six months of the Migration Window, NBN Co advises that the Premises they had categorised as being NBN Serviceable is in fact not NBN Serviceable, and the timeframe for connecting the NBN service at the Premises will be more than 15 Business Days. In this limited circumstance, Telstra will be able to fulfil a request for a new service at the Premises where there is infrastructure in place to provide that service.</p> <p>This change will assist in avoiding lengthy delays for end users in the final months before disconnection as a result of an error in serviceability classification by NBN Co.</p>
<p>Clause 21 (Soft Dial Tone)</p>	<p>The approach to SDT will change under FSAMs 32+ to enable it to be applied as a final prompt for customers to place an order for an NBN service by DD+25 Business Days before their services progress to permanent disconnection.</p> <p>SDT will be applied (where practicable) to Wholesale and Retail line rental services at Premises in a Rollout Region that are not Special Services or Special Service Inputs, or are not provided at Premises with an in-train NBN order, by no later than 15 Business Days after the Disconnection Date.</p> <p>The SDT will remain in place until the service is disconnected, unless:</p> <ul style="list-style-type: none"> - the customer requests a disconnection of the copper service; - the customer notifies that it does not want to migrate and that the service can be cancelled (in which case, disconnection of the service will proceed); or - a new order is placed with NBN Co (so that it becomes an in-train order) and a full working service is restored until NBN Connection. <p>Telstra will complete removal of SDT from all Premises in a Rollout Region by no later 45 Business Days after the Disconnection Date.</p>

Conclusion

Telstra and NBN Co believe these changes will provide considerable benefit to industry and end-users in the migration process. Telstra has provided details of the changes to customers, and will continue to engage with them in promoting a clear understanding of the changes that are being made to the disconnection process.

3 December 2014