
TELSTRA CORPORATION LIMITED

Required Measure 5(B) – Process for Disconnection of Direct Special Services and Special Service Inputs – CustomNet Spectrum

Submission in support

19 December 2016

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 Access Service Families CustomNet Spectrum.

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

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 SS 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 Special Service 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.

In contrast to the white paper process (in which the SSDD is only an initial date that impacts Services in Rollout Regions that have already passed their Disconnection Date, and other Services are disconnected following their subsequent Rollout Region Disconnection Date) a product exit typically applies nationally to all remaining Services that are active at the SSDD.

On 29 April 2016, nbn co. issued a white paper in respect of CustomNet Spectrum (P), (B) and (N) titled '*Temporary Special Services White Paper CustomNet Spectrum 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.

Telstra announced a BAU national product exit for the CustomNet Spectrum products on 27 July 2016 – prior to the determination of an SSDD as part of the white paper process for any of the CustomNet Spectrum SS Classes. This means the CustomNet Spectrum Special Services and Special Service Inputs that are certified by Wholesale Customers as Service Equivalent will be disconnected according to Telstra's BAU national product exit process.

The key milestone dates in Telstra's BAU national product exit process are:

- cease sale for existing customers on and from 15 October 2018 (noting that a 'stop sell' was previously announced for new Wholesale Customers in 2008); and
- an SSDD of 15 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 SS 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(B)

The proposed RM5(B) that Telstra has developed outlines the processes by which Telstra will disconnect Special Services and Special Service Inputs of the Wholesale and Retail CustomNet Spectrum Access Service Families which remain connected on the SSDD. Importantly, the proposed RM5(B) applies to all CustomNet Spectrum services supplied to Retail and Wholesale nationally irrespective of whether they are in the Fixed Line Footprint, the Rollout Region's timing for disconnection, nbn serviceability or the nbn access technology applicable for any individual location.

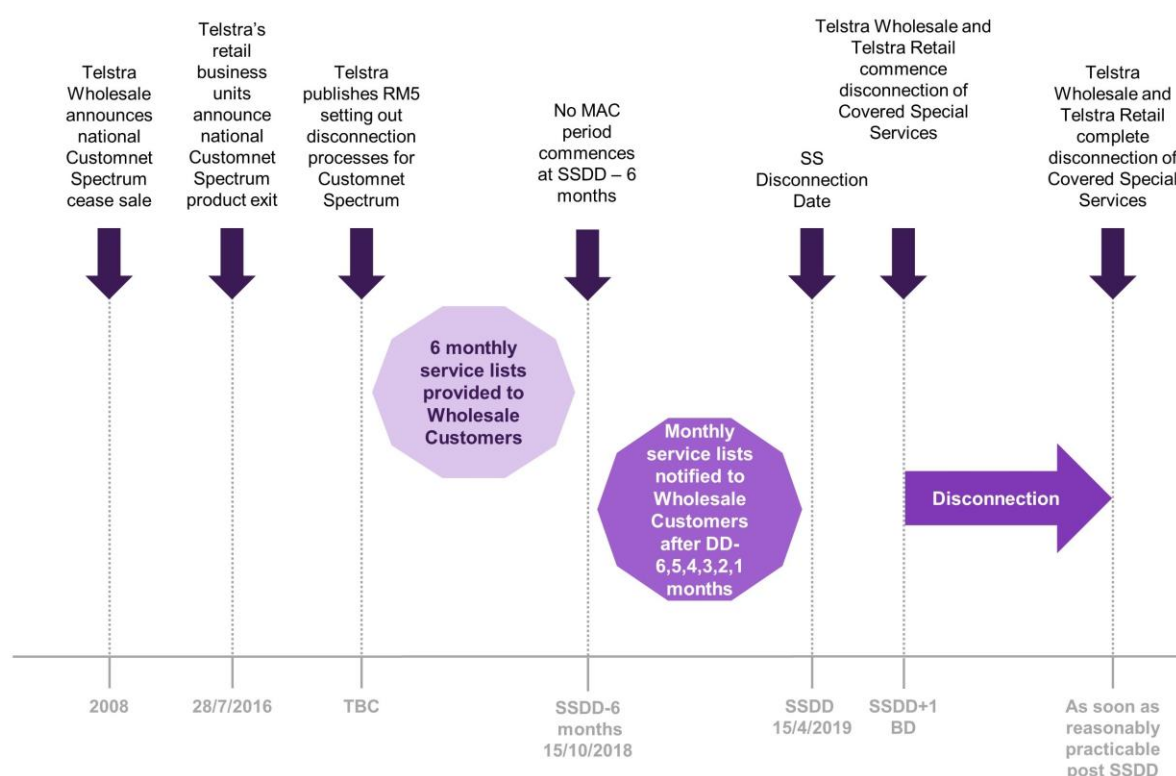
The disconnection process for CustomNet Spectrum and Special Service Inputs that are certified as being Service Equivalent to CustomNet Spectrum is simpler than the disconnection process that applies to some other Special Services. For CustomNet Spectrum and Service Equivalent Special Service Inputs there is only one disconnection date (the SSDD). The processes that apply for this SSDD are broadly the same as those which apply to the SSDD for a Special Service and Special Service Inputs subject to a white paper exit process. These processes are detailed in the table and diagram below.

Development	Implications
Disconnection Date	The Disconnection Date (final product exit date) for CustomNet Spectrum services is 15 April 2019.
Stop sale to new customers	Telstra Wholesale announced a stop sale to new customers in 2008. Telstra's Retail Business Units announced a stop sale to new customers on and from 14 July 2016.
Cease sale to existing customers	Cease sale to existing Wholesale and Retail Customers will apply on and from 15 October 2018. From this point on, existing customers will not be able to order new services, or move or change existing services. This period is referred to in RM5(B) as the No MAC Period . During the No MAC Period the only orders that Wholesale Customers can make are service cancellations, some portability and voice related changes or some limited configuration changes. These are listed in clause 5.2 of the proposed RM5(B). Nothing in RM5(B) will prevent Wholesale Customers from placing service cancellation orders.
Communication with Wholesale Customers	Telstra Wholesale will provide customers with information on the number of CustomNet Spectrum (or Special Service Input equivalent) services that are still connected at regular intervals between the product exit announcement and the SSDD. This information will assist Wholesale Customers in managing their end customers' ongoing requirements via replacement services over the NBN or an alternative network.

	Telstra Wholesale proposes to provide this information on a 6 monthly basis initially, switching to a monthly basis in the 6 month period immediately prior to the final product exit date (or SSDD).
Dispute process	Wholesale Customers will be able to lodge disputes in relation to the service information provided by Telstra Wholesale through the existing complaint and dispute processes that are in place in their commercial supply arrangements. Disputes will be handled by Telstra in accordance with the processes set out in those agreements.
Disconnection	Any CustomNet Spectrum (or Special Service Input equivalents) that remain connected at the SSDD (15 April 2019), will be disconnected as soon as reasonably practicable following the SSDD.

04 DIAGRAM OUTLINING DISCONNECTION OF SPECIAL SERVICES

Proposed timeline for disconnection of CustomNet Spectrum (or SSI equivalents) subject to disconnection following the SSDD



03 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(B) 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(B) sets out the process and timelines by which Telstra Wholesale Customers will be advised when Telstra intends to disconnect CustomNet Special Services and Special Service Inputs from its network.

This RM5(B) 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(B) provides sufficient clarity to industry to support the orderly migration of CustomNet SS/SSI to alternative product solutions well ahead of disconnection of Covered SS Classes following the final product exit date (or SSDD). Wherever possible, the disconnection arrangements in RM5(B) 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 final product exit being announced and the SSDD to develop retail service product offerings using replacement products available over the NBN (using the product functionality released in White Paper 2) or alternative infrastructure. Some RSPs have already commenced delivering replacement solutions to end users, typically utilising multiline voice solutions delivered over IP networks.

CustomNet Spectrum is a product that has been in decline for many years. Telstra Wholesale service numbers (including both Special Services and the equivalent Special Service Inputs) have reduced from around 3,000 services in operation (**SIOs**) in 2011, to approximately 400 SIOs in early 2016. There are a wide range of vendors offering IP based multi-line voice solutions that replicate and expand upon the traditional feature set of CustomNet Spectrum. These solutions are delivered over a variety of IP access technologies including ADSL, fibre and nbn based services.

This proposed RM5(B) has been published on the Telstra Wholesale website and Wholesale Customers, the ACCC and nbn co. are being invited to provide feedback by 20 January 2017. Following this consultation, Telstra will update RM5(B) as required and will notify the ACCC of its intention to publish RM5(B) on or before 27 January 2017.