

Telecommunications Carriers' Forum Incorporated

Extension of Project Scope for LLU / Naked DSL Working Parties, to form the following separate working parties:

Sub-Loop & Sub-Loop Co-Location Working Party Sub-Loop Backhaul Working Party UCLL Services and Wholesale Cabinet-delivered DSL Services Working Party

Date Submitted: 7 December 2007

Issue Identification

The Standard Terms Determinations (**STD**) for Telecom's Unbundled Copper Local Loop Network (**UCLL**) and UCLL Co-location Services, dated 7th November 2007, have been issued by the Commerce Commission detailing the terms and conditions under which UCLL and UCLL Co-location Services from exchanges must be made available in New Zealand. An STD process is also currently underway to set the terms and conditions for the UCLL Backhaul Service.

The Sub-Loop, Sub-Loop Co-Location and Sub-Loop Backhaul Services (**Sub-Loop Services**) were specifically excluded from these STDs. In anticipation of Access Seeker demand, the industry needs to work together to develop Sub-Loop Services, processes, procedures and specifications.

It is recommended that the LLU/NDSL Working Parties be re-established with the aim of providing:

- (i) input into a future Telecom Standard Terms Proposal (**STP**), or STPs, in relation to the Sub-Loop Services; and
- (ii) input into Telecom's service development process for Wholesale's cabinet-based DSL services (in addition to the current regulated UBA services) and Telecom's soon to be established Access Network Services unit's (**ANS**) UCLL related services.

If the input to an STP for the Sub-Loop Services is completed ahead of the Commerce Commission's timeline for submission by Telecom of the STP or completion of the STD process then, if Telecom determines to offer any of the Sub-Loop Services on a commercial basis in the interim or as an alternative to the STD process, this input may form the basis of such commercial offers to Access Seekers.

Background

The Telecommunications Amendment Bill was introduced into Parliament on 26 June 2006. This Bill implements the Government's Telecommunications Stocktake announcements of 3 May 2006, including the proposed regulation of unbundled services at both the exchange and the cabinet. The Amendment Bill was passed at the end of 2006.

The UCLL and UCLL Co-location STDs have been delivered by the Commerce Commission. Access Seekers have already begun actively installing equipment in exchanges to take advantage of the pre-soft launch trial. A soft launch of the services under the UCLL and UCLL Co-location STDs will commence early in the New Year.

Under the terms of the UCLL and UCLL Co-location STDs, Telecom was required to publish an initial notice to the industry of its plans to cabinetise its network (**Initial Notice**). In addition, Telecom has an ongoing obligation to provide cabinetisation notices and rolling 3 year cabinetisation forecasts. When Telecom released its Initial Notice on 21st November 2007 this resulted in calls from stakeholders for the urgent agreement on the non-price access terms for cabinet-based services.

Telecom has publicly expressed an interest in the industry working toward an early date by which the commercial Sub-Loop Services can be implemented.

Telecom has held informal discussions with many stakeholders and has come to the view that most parties are in agreement that TCF Working Parties would be an appropriate vehicle to develop Sub-Loop, Sub-Loop Co-Location and Sub-Loop Backhaul non-price access terms in advance of the Commerce Commission commencing an STD process to cover any of these Sub-Loop Services.

Most stakeholders also support a TCF Working Party being used to consult and develop technical/operational standards for potential Telecom Wholesale cabinet-delivered DSL services in addition to the current regulated UBA services. While some additional types of Wholesale Cabinet-delivered DSL services are not necessarily covered by current regulation, Telecom believes that developing agreed business requirements and specifications through a TCF Working Party may be an efficient and inclusive way to consult on them. This Working Party could also be used to consult on future regulated services and UCLL related services, if considered appropriate.

Under Operational Separation ANS will control and manage the Sub-Loop Services and UCLL, UCLL Co-location and UCLL Backhaul Services, so representatives of ANS will participate in the relevant Working Party where appropriate. The UCLL and Wholesale Cabinet-delivered DSL Services Working Party will involve representatives from ANS, Wholesale and Telecom Retail, so each group will be represented at the Working Party as appropriate. If Working Party representation is required prior to ANS staff being established, Telecom Wholesale will represent ANS to ensure that this does not delay the work of the Working Parties. (Note the above reflects the responsibilities of the Telecom units as set out in Telecom's draft separation plan, which may change under the final separation plan).

Proposed Project Scope

The proposal is to reconstitute the LLU/NDSL Working Parties to form 2 or 3 Working Parties.

- **Sub-Loop & Sub-Loop Co-Location Working Party:**

The Sub-Loop & Sub-Loop Co-Location Working Party will continue the work done in the LLU Working Party to develop input to Telecom's STP (or STPs) for these Sub-Loop Services. If Telecom, through ANS, decides to offer such services outside the STD process, this input may also form the basis of any commercial offers presented to Access Seekers.

- **Sub-Loop Backhaul Working Party:**

The Sub-Loop Backhaul Working Party will continue the work done in the Backhaul Working Party to develop input to Telecom's STP. If Telecom, through ANS, decides to offer such services outside the STD process, this input may also form the basis of any commercial offers presented to Access Seekers.

Note: It is possible that these two working parties could be combined.

- **UCLL Services and Wholesale Cabinet-delivered DSL Services:**

The UCLL Services and Wholesale Cabinet-delivered DSL Services Working Party will consult and develop work on the business requirements for cabinet-delivered Wholesale DSL services that Telecom may deliver in lieu of Access Seekers putting their own DSLAMs in cabinets on a commercial and/or regulated basis. These services would be additional to current regulated UBA services, where such UBA services are delivered over DSLAMs deployed in cabinets. This Working Party may also consider related variants of the regulated UBA, (where such variants involve a cabinet) and UCLL related services."

It is anticipated that a single Working Party will be established initially to agree the issues that need to be covered by the respective workstreams. The first deliverable of each separate Working Party, once formed, is an agreed scope definition for the options that will be explored.

Expected Deliverables

Specifications covering the non-price terms of the Sub-Loop Services, which:

- (i) will provide input to Telecom's STP on the Sub-Loop Services; and
- (ii) may, if Telecom, through ANS, decides to offer such services outside the STD process, also form the basis of any commercial offers presented to Access Seekers; and

Requirements covering the business requirements of Wholesale cabinet-delivered DSL services and/or UCLL Services, which may:

- (iii) provide input to Telecom Wholesale's product development process and ANS's product development process for UCLL related services; and
- (iv) provide input into regulatory processes if such services are covered by regulation or Telecom undertakings.

Options Available

- a) There is a regulatory process for solving the issues relating to the Sub-Loop, Sub-Loop Co-Location and Sub-Loop Backhaul Services, so the industry could wait for the Commerce Commission to launch its proceedings in relation to a STP(s) for the Sub-Loop Services.
- b) The industry can work together in advance of any regulatory process and establish voluntary rules and processes to facilitate access to the Sub-Loop, Sub-Loop Co-Location and Sub-Loop Backhaul Services by interested Access Seekers.

Preferred Option

Telecom prefers working with the industry stakeholders to develop rules and processes ahead of any regulatory process to help provide early certainty to Access Seekers around sub-loop access.

Expected Deliverables

Specifications covering the non-price terms of the Sub-Loop Services, which:

- (i) will provide input to Telecom's STP on the Sub-Loop Services; and
- (ii) may, if ANS decides to offer such services outside the STD process, also form the basis of any commercial offers presented to Access Seekers; and

Requirements covering the business requirements of Wholesale cabinet-delivered DSL services, which may:

- (iii) provide input to Telecom Wholesale's product development process and ANS's product development process for UCLL related services; and
- (iv) provide input into regulatory processes if such services are covered by regulation or Telecom undertakings.

Refer Appendix 1 for the information that applies to all **Sub-Loop** and **UCLL services and Wholesale Cabinet-delivered DSL services** Working Parties

Recommendation

Telecom recommends that the Board:

1. **Approve** this Extension to the Project Scope; and
2. **Note** that Confidentiality Agreements will continue to apply and are in place for the majority of Working Party Members and available for other Working Party members to sign.

Appendix 1

Project Proposal for Sub-Loop and UCLL Services & Wholesale Cabinet-delivered DSL Services Working Parties

The information contained in this Appendix forms part of the project scope for the following three Working Parties:

- Sub-Loop & Sub-Loop Co-Location Working Party;
- Sub-Loop Backhaul Working Party; and
- UCLL Services & Wholesale Cabinet-delivered DSL Services.

1. Working Party Membership

The existing Working Party members for LLU, Naked DSL, and Backhaul will be deemed to continue to be members of these Working Parties unless they advise the Forum Administrator otherwise by the date outlined below. The following parties will be invited to join the Working Parties:

Working Party Members:	
TCF Members	All TCF Members
Interested Parties	New entrants and existing telecommunication providers who are not TCF Members. ¹
	ISPANZ members who are not TCF Members. ¹
	TUANZ representative
	InternetNZ representative
	Other parties who can demonstrate a legitimate interest (to be approved by the Board on a case by case basis).
Observers	Commerce Commission
	Ministry of Economic Development

To ensure the smooth operation of the Working Parties and to assist with meeting the tight timeframes, potential Working Party members must advise the Forum Administrator by 1st February 2008 if they wish to join any of the Working Parties and participate at the first Working Party meetings. Existing Working Party members will be requested to clarify the Working Party(s) they wish to participate in. If existing members no longer wish to participate, they are to advise the Forum Administrator by 1st February 2008. Applications received after this date will require approval of the Board.

Working Party members² are expected to:

- attend all of the meetings for their Working Party;
- have reviewed all documents in advance of the meeting;
- actively and constructively participate;
- complete agreed action points on time; and
- have authority to agree to policy decisions on behalf of their respective organisation.

Upon a recommendation by the Independent Chair of the Working Party, the Board may remove Interested Parties from a Working Party if they are not meeting the requirements set out in the project proposal(s).

With the exception of the independent resource referred to below, all Working Party members will bear their own costs and expenses of participation.

¹ If a telecommunications provider or ISPANZ member is entitled to be an eligible person or is an eligible person, they will be required to join the TCF in order to participate in the Working Party.

² Includes TCF Members, Interested Parties and Observers invited to join the Working Party.

Confidentiality

Working Party members may choose to provide commercially sensitive information to the Working Party. Prior to joining the Working Party, all Working Party members will be required to sign a confidentiality agreement protecting that information. It is the responsibility of each Working Party member to clearly identify any commercially sensitive information that should be protected by that confidentiality agreement. If the standard form of that confidentiality agreement is not in place in time for the first meeting of the Working Party, Rule 26.2 shall apply in its place. Working Party members will be required to sign the confidentiality agreement within 3 working days of it being made available to them.

Liaison between the Working Parties

The Sub-Loop & Sub-Loop Co-Location, Sub-Loop Backhaul, and UCLL Services & Wholesale Cabinet-delivered DSL Services Working Parties will liaise with each other to ensure consistency in the work of both groups and to ensure the outputs can be delivered on time.

2. Voting

The TCF Rules and Handbook will apply in relation to voting by the Working Party with the amendments/clarifications to the clauses 12.4 and 12.7 to 12.12 of the TCF Handbook as follows:

- a) The Working Party members entitled to vote must be active Working Party members who are likely to become parties to an access agreement with Telecom which would incorporate the rules referred to in the project scopes and who are:
 - i. TCF Members; or
 - ii. New entrants and existing telecommunication providers who are not TCF Members¹; or
 - iii. ISPANZ members who are not TCF Members¹.
- b) For the avoidance of doubt, the Independent Chair, Operations/Code Writing Experts, and Forum Administrator will not have a vote.

3. Project Timetable

Activity	Completion date
Board approval of extension of Project Proposals/Scopes	07 December 2007
Working Party work commences	04 February 2008
Individual Working Party Scope and key issues identified	29 February 2008
Consultation on Sub-Loop & Sub-Loop Co-Location Working Party key outputs commences	30 April 2008
Consultation on Sub-Loop Backhaul Working Party key outputs commences	30 April 2008
Working Party outputs completed to the point where the UCLL Services & Wholesale Cabinet-delivered DSL Services business requirements are finalised and ready for input to Telecom Wholesale's product development process.	30 April 2008
Finalise outputs from Sub-Loop & Sub-Loop Co-Location and Sub-Loop Backhaul Working Parties and prepare recommendation to TCF Board	16 May 2008
TCF Board Approval of Sub-Loop & Sub-Loop Co-	30 May 2008

Activity	Completion date
Location and Sub-Loop Backhaul Working Party recommendations	

Timeframes for individual Working Parties will need to be confirmed as each Working Party scope is finalised.

Note that it is not envisaged that the output of the UCLL Services & Wholesale Cabinet-delivered DSL Services Working Party will require TCF Board approval and therefore no timeframe has been allowed for this. If, however, that Working Party recommends an addition to a regulated service then appropriate consultation and TCF Board sign-off may be required.

4. Independent Resource

The Working Parties will require the following external resources:

1. An Independent Chair
2. Forum Administrator

An allowance is also required for the travel and other incidental costs for the above resources.

Independent Chair

The Independent Chair will be Tony Baldwin. The same Independent Chair will chair both Sub-Loop Working Parties as well as the UCLL Services & Wholesale Cabinet-delivered Services Working Party.

The Independent Chair can speak on behalf of the TCF in relation to the TCF's Sub-Loop work streams with the approval of the TCF Chair.

The intention is that Working Party members will provide their own technical experts and that the independent technical experts will be available to the Independent Chair on an as required basis - within the approved budget. It will be the Independent Chair's responsibility to determine what action points are allocated to the Independent Experts and what action points are allocated to Working Party members.

5. Budget and Cost Allocation

The budget estimate to cover the cost of phase of all LLU/Naked DSL Working Parties is:

Sub-Loop Working Parties	Total Budget
Code development (indicative)	90 – 110,000
Budget Proposed	~\$110,000.00

UCLL Services & Wholesale Cabinet-delivered DSL Services Working Party	Total Budget
Customer experience and Business Requirements (indicative)	30 - 50,000
Budget Proposed	~\$50,000.00

This budget will be dedicated and ring fenced to the Sub-Loop/UCLL & Wholesale Cabinet-delivered DSL Services project for the specific purpose of paying for the external resources identified above. The Forum Administrator will be responsible for administering the budget and providing reports to the TCF

Board each month. The Independent Chair will be responsible for ensuring the project stays within the approved budget.

Allocation

In accordance with Rule 6.3, these costs will be paid by TCF Members in addition to the annual TCF Membership Fee. Of the proposed budget for the Sub-Loop Working Parties \$110,000 and the Wholesale Cabinet-delivered DSL Services Working Party \$50,000, TCF Members will fund \$160,000, with the costs to be allocated using the same methodology as that used to calculate the TCF Membership Fee but applied specifically to the cost of the relevant project. Based on this approach, the allocation will be as follows:

Project costs (covers all working parties)

	Overall Allocation		
	Phase 3		Percentage Share
Tier 1			
Telecom	64,000		40%
TelstraClear	40,000		25%
Vodafone	40,000		25%
Tier 2 & 3			
Compass	2,000		1.25%
CallPlus	2,000		1.25%
Kordia	2,000		1.25%
Orcon	2,000		1.25%
NZ Communications	2,000		1.25%
Woosh	2,000		1.25%
WorldxChange	2,000		1.25%
Vector	2,000		1.25%
TOTAL	\$160,000		

The normal TCF Membership Fee structure includes a cap of \$5,000 for Tier 2 and 3 members. While the above costs do not exceed the cap, if at any stage the Working Party was to seek additional funding for these Working Parties, the cap would apply to the cost of the projects.³

The intention is to hold all meetings face to face in Auckland and Telecom has agreed to provide the meeting room facilities.

TCF Members will be invoiced for their share of the costs on approval of the project proposal by the Board and the invoices will be payable within 10 working days of the date of receipt of that invoice.

The Board is requested to approve the budget for these Working Parties by approving the extension to the project scopes.

The project will be completed when the Board advises the Working Party that they are disbanded. Any monies left over at the completion of the project will be refunded to TCF members in the same proportion to the amounts paid by those members for the relevant phases.

³ The share of the costs paid by a TCF member for this project will not be taken into account when the annual TCF membership fee is calculated.