

Telecommunications Carriers' Forum Incorporated

Extension to Project Scope for a LLU/NDSL Working Parties to form the:

LLU Lines Working Party UBA Working Party Co-location Standards Working Party Backhaul Standards Working Party Interference Management Working Party

Name of Proposer: LLU/NDSL Working Parties

Date Submitted: 13 March 2007

1. Issue Identification

The Telecommunications Act 2001 ('the Act'), as amended in December 2006, empowers the Commerce Commission to regulate the provision of various local loop unbundling (LLU) and Unbundled Bitstream Service (UBS) services in New Zealand. The industry agrees to work together to develop the technical and operational processes, procedures and specifications for these services.

In August 2006, the TCF established the LLU/NDSL Technical Standards Working Party and the LLU/NDSL Operation Standards Working Party. In accordance with the project scope, those Working Parties delivered the Phase One LLU/NDSL Report to the Board on 15 December 2006 and it was issued for public consultation on 20 December 2006.

Both the Working Parties, and the parties who submitted on the Phase One Report, supported the TCF continuing to Phase Two, to complete the work outlined in the Phase One Report and develop industry codes.

However, on 22 February 2007 the Commerce Commission initiated a Standard Terms Determination in respect of both LLU and UBS. The Commerce Commission indicated that it is likely to follow this up by initiating a Standard Terms Determination in respect of co-location and backhaul. Under this approach the Codes being developed by the TCF are not required as the Standard Terms Determination will cover, amongst other things, the subject matter of the Code.

Under the Standard Terms Determination process, Telecom is ultimately accountable for delivering a Standard Terms Proposal. However all working party members consider there is value in continuing the approach used in Phase One, with a view to seeking industry agreement on the technical and operational issues relating to LLU and UBA and to continue working on the ancillary issues of co-location, backhaul and interference management policy. The focus of the working parties will be the key technical and operational elements required for the Commerce Commissions Standard Terms Determination process.

This document outlines the Working Parties proposed deliverables, timeline and budget for the TCF's participation in the Standard Terms Determination processes.

2. Working Parties –project scope

The proposal is to reconstitute the two LLU/NDSL Working Parties to form five working parties, being the:

- LLU Lines Working Party
- UBA Working Party¹
- Co-location Working Party
- Backhaul Working Party
- Interference Management Working Party

The focus of the TCF Working Parties is to:

- Understand the range of views of working party members on technical and operational aspects of the services;
- Seek to reach agreement in a timely manner on the key technical and operational aspects of the services, including relevant provisions for any operations manuals;
- Document what has been agreed, and where agreement has not been achieved, document the degree of any disagreement, including the key points of disagreement by respective parties as discussed in the TCF context;
- Invite Telecom to, as far as possible, reflect the agreed views in its Standard Term Proposals to the Commerce Commission; and
- Prepare TCF submissions to the Commerce Commission.²

The particular technical and operational aspects the Working Parties will discuss are listed under the relevant Working Party.

There are a number of standard terms and conditions which will apply to each of the Standard Terms Proposals, but may need to be tailored for each. These are expected to include the following; however this list may be amended from time to time:

- Ordering Procedures
- Access Seeker's Responsibilities
- Safeguarding Telecom's Network and Equipment
- Access to Telecom's premises
- Service Disruption
- Charges and Invoices – regarding the format of bill and info to be provided in the bill
- Dispute resolution
- Variation to contract and amendment of services

These standard terms and conditions are likely to fit into whichever Standards Terms Proposal Telecom has to provide first to the Commerce Commission. The Working Party Chair will determine which working party should develop these, in discussion with working party members.

¹ UBA means Unbundled Bitstream Access, and corresponds to the new unbundled bitstream service (without backhaul) that can be regulated under Schedule 1 of the Telecommunications Act as amended in December 2006

² Individual parties will make their own submissions to the Commerce Commission. TCF submissions will focus on technical and operational issues, the extent that the Standard Terms Proposals reflect the agreement reached by the TCF and where there was disagreement, the key reasons for disagreement by respective parties as discussed in the TCF context.

Each working party will also develop: any service level agreement and forecasting requirements applicable to the service and associated access seeker obligations; and any terms and conditions specific to the service which would over-ride the general terms in the event of conflict.

a) **LLU Lines Working Party**

Service description – the service description content is expected to include the following; however this list may be amended from time to time:

- Line specifications
- Services available (e.g., new, move, relinquish)
- Batch processing and bulk migration
- Jumpering
- Line testing and fault management
- Handover/demarcation points

b) **UBA Working Party**

Service Description - the service description content is expected to include the following; however this list may be amended from time to time:

- Services available
- Local Aggregated Path choices
- Technical Specifications
- QOS choices

c) **Co-location Working Party**

Exchange Space and Allocation

Cabinet Space and Allocation

Tenure

Space Cost Structure

Cabling

Power/Heat

Access Rights

Demarcation

Third Party Backhaul

Liabilities

The Working Party notes that Co-location is an integral part of LLU and it needs to be delivered in a timeframe that as far as possible aligns with the delivery of LLU lines access.

d) **Backhaul Standards Working Party**

Service Description - the service description content for the two services, Backhaul for LLU and Backhaul for UBA is expected to include the following; however this list may be amended from time to time:

- Services available
- Technical Specifications
- QOS choices
- Points of interconnect

e) **Interference Management Working Party**

Key policy objective and principles for an interference management plan with key parameters.

An interference management plan consistent with the agreed policy objectives and principles, and any other agreed parameters.

3. Key Steps and Outputs

The Working Parties will, in a timeframe which aligns with the Standard Terms Determination process, do the following:

- Understand the range of views of working party members on technical and operational aspects of the services;
- Seek to reach agreement in a timely manner on the key technical and operational aspects of the services , including relevant provisions for the Operations Manual;
- Document what has been agreed, and where agreement has not been achieved, document the degree of any disagreement, including the key points of disagreement by respective parties as discussed in the TCF context;
- Invite Telecom to, as far as possible, reflect the agreed views in its Standard Term Proposals to the Commerce Commission;
- Prepare TCF submissions to the Commerce Commission; and
- Seek to respond positively to any approach from the Commerce Commission for assistance on any aspect of the Standard Terms Determination..

4. Exclusions From Scope

The following are excluded from the scope of these Working Parties:

- Implementation;
- Accountability for the production of Telecoms Standard Terms Proposal;
- Pricing and other commercial terms.

5. Working Party Membership, Budget and Timeline

Appendix 1 sets out the information that applies to all five Working Parties.

6. Recommendations

The Working Parties recommend that the Board

- Approve** this amendment to the LLU/NDSL project scopes, including the revised timeline and budget; and
- Instruct** the Forum Administrator to invite all TCF Members, TUANZ, ISPANZ and other existing working party members to advise which working parties they wish to participate in.

Appendix 1

The information contained in this appendix forms part of the project scopes for the five Working Parties.

1. Working Party Membership

The existing Working Party members for Phase One will be deemed to continue to be a member of the Working Parties unless they advise the Forum Administrator otherwise by the date outlined below. The following parties who are not currently Working Party members 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. ³
	ISPANZ members who are not TCF Members. ³
	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 Party and to assist it with meeting the tight timeframes, potential working party members must advise the Forum Administrator by 16 March 2007 if they wish to join the Working Party and participate in the 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 16 March 2007. Applications received after this date will require approval of the Board.

Working Party members⁴ are expected to:

- a) attend all of the meetings for their Working Party;
- b) have reviewed all documents in advance of the meeting;
- c) actively and constructively participate;
- d) complete agreed action points on time; and
- e) 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.

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.

³ 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.
⁴ Includes TCF Members, Interested Parties and Observers invited to join the Working Party.

Liaison between the Working Parties

The five 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 code(s) referred to in the project scopes and who are:
 - i. TCF Members; or
 - ii. New entrants and existing telecommunication providers who are not TCF Members³; or
 - iii. ISPANZ members who are not TCF Members³.
- b) For the avoidance of doubt, the Independent Chair and Forum Administrator will not have a vote.

3. Project Timetable

Working Party members acknowledge that the timeline below is challenging, and will require a very high level of time commitment from each participating organisation. Having said that, the timetable below reflects the best information currently available on the Standard Terms Determination process. The final dates will be set by the Commerce Commission.

The independent chair is to report on a monthly basis to the TCF Board on progress against the timeline.

Activity	Completion date
Board approval of extension of Project Scopes	9 March 2007
Working Parties formally commence	12 March 2007
Commerce Commission Scoping Workshops	First scoping workshop is on 21 and 22 March 2007. Other scoping workshops will be on dates to be advised by the Commerce Commission.
CC initiation of Standard Terms Determination process for Co-Location and Backhaul?]	In accordance with the Commerce Commission timetable
Telecom's Standard Terms Proposal for LLU and UBS	As above
Submissions on Telecom's Standard Terms Proposal	As above
Commerce Commission Standard Terms Draft Determination	As above
Submissions on the Commerce Commission's Standard Terms Draft Determination	As above

Activity	Completion date
Conference (if applicable)	As above
Standard Terms Determination – Final	As above

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 all of the Working Parties outline in this proposal.

With the approval of the TCF Chair, the Independent Chair can speak on behalf of the TCF in relation to the TCF's work streams outlined in this proposal.

5. Budget and Cost Allocation

The budget estimate to cover the cost of the five Working Parties from 1 January 2007 to the completion of Four Standard Terms Determinations is:

Working Parties	Total Budget (\$)
Budget for work undertaken up to and including Telecoms Standard Proposals being submitted.	\$347k
Budget for work undertaken after Telecoms Standard Proposals has been submitted	\$196k to \$320k
Indicative budget	\$543k to \$667k
Budget Proposed	\$664,580

This budget will be dedicated and ring fenced to this 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 \$664,580, TCF members will fund \$300k, with the costs be allocated using the same methodology as that used to calculate the TCF Membership Fee but applied specifically to the cost of the project, with the balance of the cost being funded by Telecom. Based on this approach, the allocation will be as follows:

Project costs (covers all working parties)

	Overall Allocation	
	Phase 2	Percentage Share
Tier 1		
Telecom	484,580	72.9%
TelstraClear	75,000	11.3%
Vodafone	75,000	11.3%
Tier 2 & 3		
Compass	3,750	0.6%
Callplus	3,750	0.6%
Orcon	3,750	0.6%
TeamTalk	3,750	0.6%
Woosh	3,750	0.6%
WorldxChange	3,750	0.6%
Kordia	3,750	0.6%
Vector	3,750	0.6%
TOTAL	\$664,580	

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 project.⁵

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 project scopes.

The project will be completed when the Board advise the working parties 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.

⁵ 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.