

TELSTRA CORPORATION LIMITED

Replacement Required Measure 5(B) for the Access Service Families CustomNet Spectrum

Consultation with Wholesale Customers, the ACCC and NBN Co

20 November 2018



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01 INTRODUCTION

Required Measure (RM) 5(B) sets out the disconnection processes that will apply to the Retail and Wholesale Access Service Families CustomNet Spectrum. It applies to both CustomNet services acquired directly from Telstra and services that have been certified by Wholesale Customers as Service Equivalent to these services (**CustomNet services**). RM 5(B) came into force on 27 February 2017, following the completion of Telstra's consultation on its terms and publication on the Telstra Wholesale Portal.¹

In accordance with clause 5.3 of the Migration Plan, Telstra is now consulting with its Wholesale Customers, the ACCC and NBN Co on some proposed amendments to the disconnection arrangements for CustomNet services set out in RM 5(B), as set out below.

02 BACKGROUND

The disconnection date for Special Services (also referred to as the Special Service Disconnection Date or **SSDD**) can be set either by (i) NBN Co publishing a white paper (the **White Paper DD**) or (ii) by Telstra announcing a BAU national product exit (the **Product Exit DD**).

Currently, the disconnection arrangements in RM 5(B) provide for a national Product Exit DD for all CustomNet services on 15 April 2019. Telstra announced this exit date prior to a White Paper DD of 29 April 2019 being determined as a result of publication of NBN Co's White Paper 2 in respect of CustomNet (P), (B) and (N) services on 29 April 2016.

The current SSDD for CustomNet services is a full national product exit date, applicable both in nbn rollout regions and outside of the nbn fixed line footprint.

In spite of the cease sale arrangements for CustomNet services which Telstra has put in place and the efforts of RSPs to migrate customers to alternative solutions prior to the Product Exit DD, there still remain a number of active legacy CustomNet services on Telstra's network, less than five months before 15 April 2019 (the current SSDD). Further, a significant portion of these remaining active legacy CustomNet services are utilised by end-users to support the provision of critical emergency and infrastructure services.

Telstra therefore considers that an amendment to the current disconnection arrangements is necessary, in order to minimise the risk of disruption to the supply of fixed-line carriage services to legacy CustomNet end-users, as required by the Migration Plan Principles (**MPPs**). At the same time, Telstra is aware of its obligations under the MPPs to ensure the efficient and timely disconnection of wholesale and retail fixed-line carriage services from its legacy network and the platform obsolescence issues, which limit Telstra's ability to support these products on anything other than a short-term basis.

As set out in more detail below, Telstra is therefore proposing to introduce a staged disconnection approach:

- commencing with a new SSDD on 29 April 2019 which aligns with the SSDD which would have been set under a White Paper driven disconnection process (encompassing all in-scope CustomNet (P), (B) and (N) services in Rollout Regions that have passed their Disconnection Date (**RRDD**) prior to the White Paper DD);

¹ See <https://www.accc.gov.au/regulated-infrastructure/communications/industry-reform/telstras-migration-plan/required-measures-5a-and-5b> and <https://www.telstrawholesale.com.au/nbn/special-services.html#2>



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- disconnecting other CustomNet (P), (B) and (N) services in Rollout Regions where RRDD occurs after the new SSDD; and
 - concluding with a revised final national product exit date on 31 January 2020 (i.e. approximately 9 months later than the current national product exit date of 15 April 2019) (**Final Sunset Exit Date**). This Final Sunset Exit Date will apply to all CustomNet services regardless of the geographical region in which these services are located or the access technology proposed to be used to connect them to the nbn.

We expect these proposed amendments to have very limited impact on our Wholesale Customers, as very few active Wholesale CustomNet services remain active (approximately 400 SIOs were identified in 2016 when the existing RM 5(B) was initially consulted upon).

03 OVERVIEW OF PROPOSED CHANGES

As explained above, Telstra is proposing amendments to RM 5(B) to effect a staged approach to disconnection of CustomNet services. This will commence on the new SSDD and will then follow the standard RRDD disconnection process for CustomNet services at premises to be connected using NBN Co's FTTP, FTTB and FTTN access technologies, up until the Final Sunset Exit Date.

Importantly Telstra is not proposing any amendments to the existing arrangements already in place for CustomNet services in respect of the national stop sell, cease sale or adds, moves or changes to existing services.

Telstra considers that the existing service restriction arrangements together with the introduction of a staged disconnection approach balances the support challenges that exist for CustomNet services (e.g. platform obsolescence issues, vendor support for products being withdrawn and a lack of spare parts) with the principle in the MPPs for Telstra to minimise risks to end-user service continuity, to the extent that this is within our control.

As Telstra is now seeking to align the disconnection milestones contained within RM 5(B) with the nbn rollout (up until the Final Sunset Exit Date of 31 January 2020), Telstra is also proposing to amend the disconnection arrangements to more closely align with the other RM 5s applicable to the other classes of Special Services.²

Accordingly, in addition to the staged disconnection approach described above, the key changes proposed to the disconnection arrangements within RM 5(B) include:

- Service disconnection CustomNet (P), (B) and (N) services will commence from 15 business days (**BD**) after the new SSDD and complete 25 BDs after the new SSDD, followed by permanent disconnection completing 55 BDs after the new SSDD;
- a 170 BD In-Train Order (**ITO**) Period will apply following the new SSDD in respect of CustomNet (P), (B) and (N) services migrating to the nbn, consistent with the approach set out in the Migration Plan variation recently approved by the ACCC, and not extending to non-nbn networks, consistent with Telstra's recent decision in that regard.

² Amendments to RMs 5(A), (C), (D) and (E) as contained in the recent Variation Proposal to Telstra's Migration Plan approved by the ACCC on 26 October 2018 (see <https://www.accc.gov.au/regulated-infrastructure/communications/industry-reform/telstras-migration-plan/variation-approved-1>)



- Disconnection timeframes will be extended in accordance with the ITO Period following the new SSDD for those Premises with CustomNet (P), (B) and (N) services that are “Deemed ITOPs” (as defined in the Migration Plan).
- Disconnection arrangements will be deferred for Changed Technology SS Premises (**CTP**) and also for Delayed Notification SS Premises (**DTP**), subject to the requirement that all CustomNet services will be disconnected (regardless of whether they are CTP or DTP) on the Final Sunset Exit Date
- The disconnection of CustomNet (P), (B) and (N) services subject to an RRDD occurring after the new SSDD but before the Final Sunset Exit Date, to generally be performed in accordance with Primary Disconnection Window and In Train Order processes as set out in RM 2 *Process for Managed Disconnection of Copper Services from the Disconnection Date*. All CustomNet services will be disconnected on the Final Sunset Exit Date and that there will be no ITO Period or any other extensions permitted beyond this date.
- Disconnection arrangements that will apply to remaining active CustomNet services subject to the Final Sunset Exit Date on 31 January 2020 will replicate those currently set out in RM 5(B) to apply on the current SSDD scheduled for 15 April 2019 (i.e. service disconnection will commence from 1 BD after the Final Sunset Exit Date and conclude as soon as practicable thereafter). These arrangements will apply irrespective of the Access Technology that NBN Co has notified Telstra it has used or proposes to use to make a Premises nbn Serviceable. Notwithstanding clause 1.4 of the Migration Plan, disconnection on the Final Sunset Exit Date will also apply to CustomNet services that terminate at an MDU Common Area.
- The current monthly Wholesale Customer notification arrangements for CustomNet services covering all services due for disconnection on the Final Sunset Exit Date for disconnection of all services nationally will continue. Additional notifications will also be provided in respect of those CustomNet (P), (B) and (N) services understood to be subject to an earlier new SSDD or RRDD, where applicable.

In conjunction with the proposed changes to the disconnection arrangements in RM 5(B), we are proposing a consequential change to the current drafting relating to Telstra’s Corporate ‘Corporate Virtual Private Network (**CVPN**) product. Specifically, we will be proceeding with Telstra’s previously announced national product exit of the CVPN product on 31 May 2019. CVPN never formed part of the CustomNet Access Service Family under the Migration Plan. However, a reference to the CVPN product was included in clause 2.1(c) of RM 5(B). It is proposed to delete this reference, as we will now exit CVPN separately from the exit of CustomNet services.

The key changes to the disconnection processes (and associated changes to our disconnections related communications) that we are proposing are detailed in the table and diagram below:

Obligation Area	Proposed Change
Final Sunset Exit Date	This will be effectively extended from the current SSDD of 15 April 2019 to 31 January 2020



Obligation Area	Proposed Change
Disconnection processes	<p>There are 5 possible disconnection scenarios that may apply to CustomNet services. These are:</p> <ul style="list-style-type: none"> (i) disconnection of CustomNet (P), (N) and (B) services which are covered by the new SSDD on 29 April 2019 (these will be disconnected in accordance with clause 9 of RM 5(B)). Service disconnection will commence from 15 BDs after the new SSDD and be completed 25 BDs after the new SSDD, followed by permanent disconnection completing 55 BDs after the new SSDD; (ii) disconnection of CustomNet (P), (N) and (B) services which are covered by the new SSDD on 29 April 2019, but which are recognised SS In-Train Order Premises or Deemed ITOPs (these will be disconnected in accordance with clause 7A of RM 5(B)). SS In-Train Order Premises and Deemed ITOPs will be service disconnected from 170 BDs after the new SSDD. Permanent disconnection will follow service disconnection as soon as reasonably practicable from this date; (iii) disconnection of CustomNet (P), (N) and (B) services following the RRDD, where the RRDD is after the new SSDD (these will be disconnected in accordance with clause 10.1 of RM 5(B) and the processes set out in Required Measure 2, but subject at all times to the requirement for disconnection of all remaining active CustomNet services on the Final Sunset Exit Date); (iv) disconnection of CustomNet (P), (N) and (B) services covered by the new SSDD or an RRDD after the new SSDD, which are CTP or DTP (these will be disconnected in accordance with clause 10.3 and 10.3A of RM 5(B), but subject at all times to the requirement for disconnection of all remaining active CustomNet services on the Final Sunset Exit Date); (v) disconnection of all remaining active CustomNet services on the Final Sunset Exit Date (these will be disconnected in accordance with clause 11). Service disconnection will commence from 1 BD following the Final Sunset Exit Date and will complete as soon as reasonably practicable thereafter.
SS In Train Order Premises and Deemed ITOPs	The same definitions and processes will be adopted as are now included in RM 5(A) and RMs 5(C)-(E), following the ACCC's approval of Telstra's Migration Plan Variation on 26 October 2018. ³
Stop Sell to new customers	No change as per clause 4 of RM 5(B).

³ See <https://www.accc.gov.au/system/files/Telstra%27s-Proposed-Migration-Plan-Variation-7-Sep-2018-Clean.pdf>



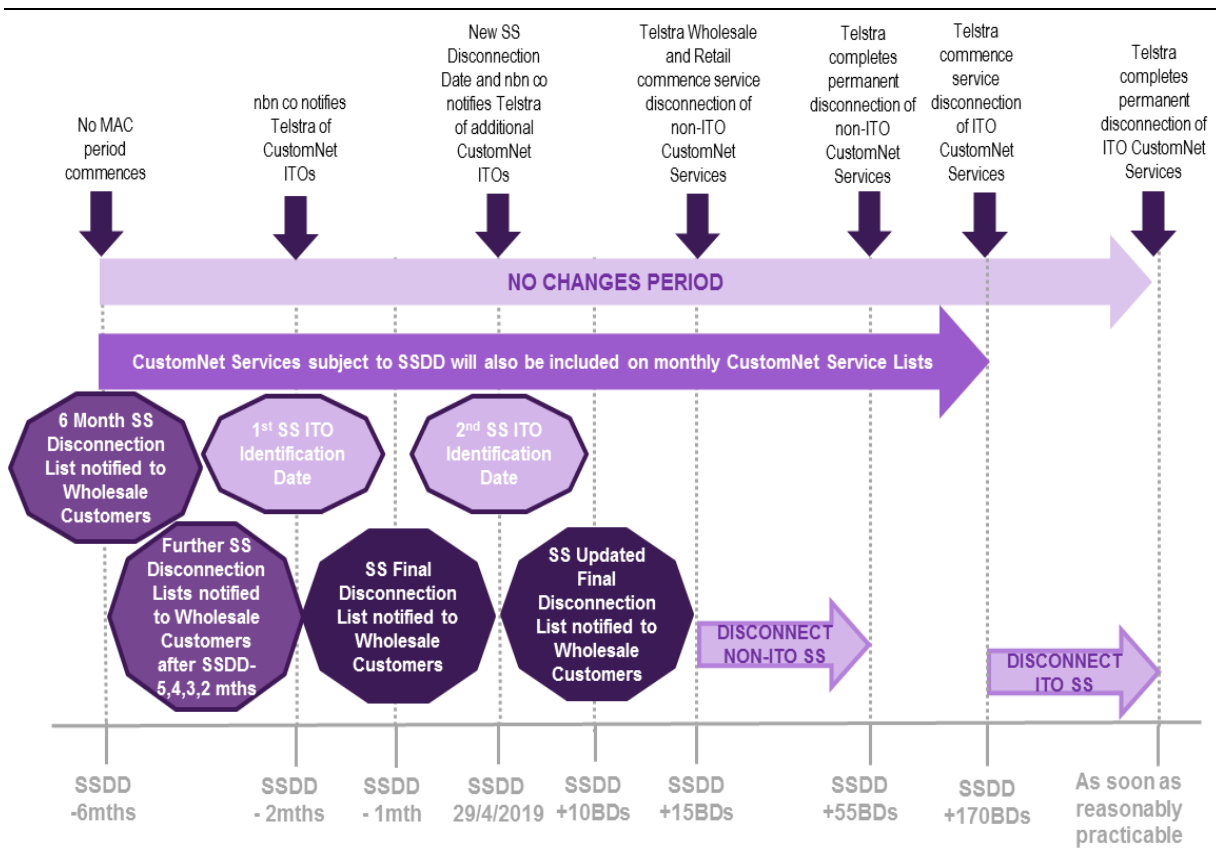
Obligation Area	Proposed Change
Cease Sale to existing customers	No change as per clause 4 of RM 5(B).
No MAC period	No change to the existing restriction in clause 5 of RM 5(B) on moves, adds and changes (MACs).
CTPs	CTPs will qualify for an extension of disconnection under clause 22.13 of the Plan, but subject at all times to the requirement for disconnection of all remaining active CustomNet (P), (N) and (B) services on the Final Sunset Exit Date.
DTPs	DTPs qualify for an extension of disconnection under clause 22.13A of the Plan, but subject at all times to the requirement for disconnection of all remaining active CustomNet (P), (N) and (B) services on the Final Sunset Exit Date.
Disconnection Communications	<p>Telstra will continue to provide Wholesale Customers with CustomNet Services Lists at monthly intervals, on a national basis for all remaining active CustomNet services subject to the Final Sunset Exit Date even though some of these services may be subject to earlier disconnection in association with the new SSDD or RRDDs (that occur after the new SSDD). Following the current terms of clause 6.1 in RM5 (B), Telstra will continue to do this until 1 month before the Final Sunset Exit Date (previously up to 1 month before the current SSDD).</p> <p>Telstra considers that this continued approach to Wholesale Customer notifications will benefit Wholesale Customers by allowing them to continue to be able to monitor the status of all their remaining active CustomNet services based upon a single national list.</p> <p>In addition, for CustomNet services that are subject to disconnection in accordance with the new SSDD, as per clauses 6.4, 6.6, 7 Telstra will provide Wholesale Customers with disconnection related notifications on a similar basis to other RM 5s applicable to the other classes of Special Services, including:</p> <ul style="list-style-type: none"> • 6 Month SS Disconnection List containing those CustomNet services expected to be disconnected in accordance with the SS Principal Disconnection Window; • Further SS Disconnection Lists updating the 6 Month SS Disconnection List each month up until the date that is two months before the new SSDD; • SS In-Train Order List containing SS In-Train Order Premises as at the date that is 2 months before the new SSDD, upon receipt from nbn co; • SS Final Disconnection List (inclusive of SS In-Train Order Premises) as at the date that is 1 month before the new SSDD; and



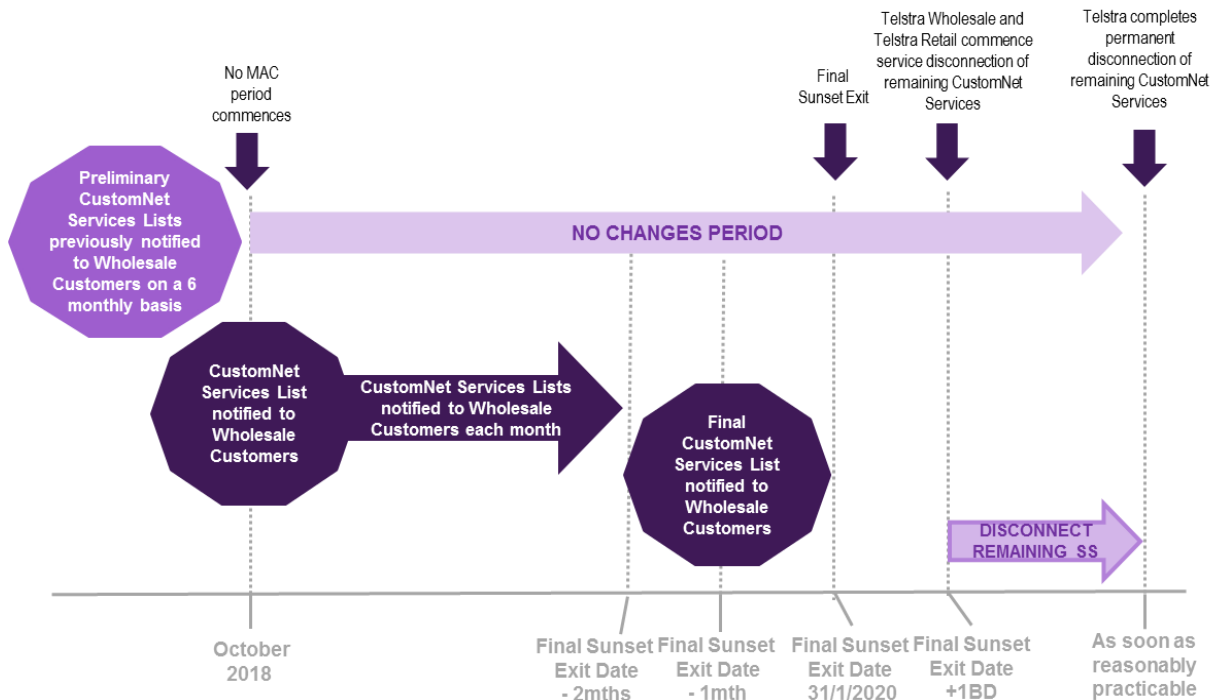
Obligation Area	Proposed Change
	<ul style="list-style-type: none"> SS Updated Final Disconnection List (exclusive of SS In-Train Order Premises) listing all CustomNet Services to be disconnected during the SS Principal Disconnection Window. <p>Further, where the CustomNet (P), (N) and (B) service is located in a Rollout Region where the RRDD occurs after the new SSDD, but before the Final Sunset Exit Date, Telstra will notify Wholesale Customers of those relevant services which Telstra expects to be subject to disconnection in accordance with the communication process set out in clause 3 of Required Measure 2. For clarification, these arrangements are also consistent with the other RM 5s applicable to the other classes of Special Services</p>
Dispute process	<p>The existing process developed the Product Exit DD will now apply in respect of the Final Sunset Exit.</p> <p>Further, minor consequential amendments to align the process to apply for CustomNet (P), (N) and (B) services subject to:</p> <ul style="list-style-type: none"> the new SSDD will be based upon the 3 Month SS Disconnection List in accordance with clause 6.5 of RM 5(B); or an RRDD occurring after the new SSDD, then clause 3 of RM 2 will apply with the exception that the basis on which a Wholesale Customer may dispute the inclusion of a Service on the Preliminary Disconnection List is as set out in clause 6.8 of this RM 5(B).
Service Continuity	<p>Without limiting or restricting any obligation owed by Telstra to NBN Co under a Definitive Agreement, Telstra may defer commencement of disconnection of a service which is otherwise subject to disconnection as part of the Final Sunset Exit Date if required to minimise disruption to fixed-line carriage services. Telstra would apply any such deferrals in an equivalent manner, in accordance with the objectives in clause 2.1(d) and (e) of the Migration Plan. It is anticipated that this would only occur in strictly limited circumstances, where the services are used for safety or infrastructure critical services. Completion of disconnection would continue to occur as soon as reasonably practicable after the Final Sunset Exit Date.</p>

04 DIAGRAM OUTLINING DISCONNECTION OF SPECIAL SERVICES

Proposed replacement timeline for the Disconnection of CustomNet (P), (N) and (B) services subject to disconnection following the new SSDD:



Proposed replacement timeline for the Disconnection of CustomNet services subject to disconnection following the Final Sunset Exit Date:





Note: the timeline for the disconnection of CustomNet (P), (N) and (B) services residing in Rollout Regions with RRDDs that occur after the new SSDD will be as per the RM 2 timelines, unless the Final Sunset Exit Date applies.

05 COMPLIANCE WITH THE MIGRATION PLAN AND MPPs

Telstra submits that the proposed replacement RM 5(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. RM 5(B) sets out the process and timelines by which Telstra Wholesale Customers will be advised when Telstra intends to disconnect CustomNet services from its network.

This replacement RM 5(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.

Clause 22.3 of the Migration Plan requires that, where Telstra supplies Copper Services of the same SS Class to both Retail Customers and Wholesale Customers, the Disconnection Date set for that SS Class under a product exit process must be:

- the same in respect of Retail Customers and Wholesale Customers; and
- in any event, subject to 18 months prior notice to affected Wholesale Customers (unless Telstra agrees a shorter notice period with a Wholesale Customer).

Telstra considers these requirements have been met as:

- All proposed revised disconnection dates in RM 5(B) are equivalent for both Retail Customers and Wholesale Customers; and
- More than 18 months prior notice of the Product Exit DD (being the current SSDD originally scheduled for 15 April 2018) has already been given to Wholesale Customers to enable them to prepare for migration ahead of mandatory disconnection. The total disconnection timeframe for all CustomNet customers will still exceed 18 months in all circumstances. This proposed variation simply extends the time available to migrate any remaining active CustomNet services prior to commencement of mandatory disconnection.

Clause 10(1)(b) of the MPPs requires Telstra minimise the risk of disruption to the supply of fixed-line carriage services, to the extent this is within Telstra's control. In spite of the cease sale arrangements for CustomNet services which Telstra has put in place and the efforts of RSPs to migrate customers to alternative solutions prior to the current SSDD, there still remain a number of active legacy CustomNet services on Telstra's network, less than five months before the Product Exit DD. Further, a significant portion of these remaining active legacy CustomNet services are utilised by end-users to support the provision of critical emergency and infrastructure services.

Telstra therefore considers that an amendment to the current disconnection arrangements is necessary, in order to minimise the risk of disruption to the supply of fixed-line carriage services to legacy CustomNet end-users.

At the same time, Telstra is aware of its obligations under clause 10(1)(a) of the MPPs to ensure the efficient and timely disconnection of wholesale and retail fixed-line carriage services from its legacy network. Telstra considers that the proposed staged disconnection approach, commencing on the new SSDD (only 14 days after the original Product Exit DD) and ending with a full national product exit on the Final Sunset Exit Date (just 9 months after the original Product Exit DD) appropriately balances the requirement for Telstra to comply with this obligation as well as ensuring that the terms of the Migration Plan minimise risks to service continuity within Telstra's control.



06 NEXT STEPS

A copy of the proposed replacement RM 5(B) with marked-up changes can be accessed on the TWCP (refer Documents and Reports > NBN > Legal and Regulatory). Any feedback should be provided by **Tuesday 18 December 2018** via this [link](#)

If you have concerns about the confidentiality of your submission, please clearly indicate which aspects of your submission you consider confidential when submitting your response and also provide a public version which may be published, if possible.

Following this consultation, Telstra will update RM 5(B) as required and will notify Wholesale Customers, the ACCC and NBN Co of its intention to publish RM 5(B).