

## SINGTEL RESPONSE TO DIRECTION

## 1. General approach

We think it is important to examine the general approach SingTel adopted when drafting and submitting Schedule 4B for the IDA's approval.

When drafting Schedule 4B (and the associated amendments), SingTel had regard to the following:

- **consistency with the RIO:** while needing to adopt a “modular approach” to drafting Schedule 4B as applicable to the Connection Service, Schedule 4B obviously fits in to an over-arching Reference Interconnection Offer. Consistency between the provisions of the RIO is important to provide certainty to SingTel and to all operators who acquire services under it. Consistency is also important because provisions of the RIO inevitably interact with each other. Inconsistency between Schedules will lead to confusion about which procedures apply to which service and will also lead to unnecessary disputes;
- **consistency with the IDA's designation:** Schedule 4B was drafted within the scope of the IDA's designation of the Connection Service;
- **recognising different technical configurations:** SingTel has not sought to exempt itself from its regulatory obligations due to technical feasibility issues. Instead, SingTel has appropriately tailored Schedule 4B to cater for a range of technical configurations. A one-size fits all approach sought by some respondents will only lead to an exemption path because the procedures simply will not practically work if applied to all cable systems alike.

SingTel believes that these principles are sound and that IDA should reconsider its decision in the Direction consistent with these principles.

## **2. Response to General Concerns**

### **2.1 IDA Issue 1**

**2.1.1 IDA: The provision of Connection Services under Schedule 4B cannot be limited to equipment that are co-located within the submarine cable landing station (Direction, Schedule 1, Section 1)**

#### **2.1.2 SingTel response to section 1.2**

On 23 April 2002 (GN S 189/2002) the IDA designated the Connection Service “*to facilitate competitive entry in the international facilities market in particular self-provision of backhaul facilities in Singapore*”. Under the designation, SingTel is required to provide:

*“6.3.1 Connection services at submarine cable landing stations*

*6.3.1.1 A Dominant Licensee must offer to provide services at its submarine cable landing stations in order for Facilities-based Requesting Licensees to connect and access capacity on any submarine cable system landing at those submarine cable landing stations.”*

SingTel believes the scope of the designation is limited to providing access through space at submarine cable landing stations. SingTel, however, for the time being, in the spirit of wishing to meet the requirements of IDA as far as possible, has incorporated provisions that permit the Connection Service to be offered at Cable Landing Stations by running an interconnection cable through SingTel’s cable landing station. If this method is to be used, however, the Requesting Licensee will still need access to SingTel’s cable landing station to run the interconnection cable to the point of connection. This method of access will involve seeking access to alternative space (eg. distribution frame, distribution panels and cable trays within the SingTel exchange) to that covered by Schedule 8D. Schedule 8 (clauses 1.2 to 1.6) currently provides a mechanism for SingTel to provide co-location space in addition to that specified in Schedules 8A to 8D (inclusive). Accordingly, this mechanism will need to be triggered if a Requesting Licensee does not propose to use Schedule 8D Co-Location Space.

SingTel has amended the text of clauses 1.2(a); 1.4; 3.4(e); 14.1; and 16.1(d) in Schedule 4B to allow co-location through the mechanism in Schedule 8 and accordingly to accommodate the IDA’s position that Requesting Licensee’s be able to run interconnection cables to SingTel’s cabling landing station.

### **2.1.3 SingTel response to section 1.3**

If the Requesting Licensee chooses to commercially negotiate and agree co-location at SingTel's cable landing station for the purposes of connection to a cable system, then presumably it is equally capable of commercially negotiating a suitable connection service arrangement. Alternatively, it can seek co-location and connection services under the Reference Interconnection Offer. The ability to reach commercial agreement also suggests that these services should not be regulated. SingTel does not believe that Requesting Licensees should be permitted to game the system by commercially negotiating without a bona fide desire to reach a commercial solution with SingTel on all relevant matters.

### **2.1.4 SingTel response to section 1.4**

See the SingTel response above in 2.1.1. A suitable process has been included in Schedule 8 and relevant consequential amendments have been made to Schedule 4B.

## **2.2 IDA Issue 2**

### **2.2.1 IDA: The provision of Connection Services under Schedule 4B cannot be limited to existing Cable Systems (Direction, Schedule 1, Section 2)**

#### **2.2.2 SingTel response to section 2**

SingTel has included some amendments into Schedule 4B regarding future cable systems. The IDA will recall that the same flexibility was incorporated into Schedule 8 regarding additional locations for collocation space that are currently designated under the Code but which are not provided for in the RIO as described further above. This way of dealing with this issue has worked effectively to date.

The difficulty with automatically incorporating new cable systems into Schedule 4B is in determining the technical procedures required to provide the Connection Service in respect of that new cable system. SingTel has already had to set two classes of Cable Systems to accommodate different technical arrangements. If new cable systems fall within the scope of the IDA's designation then SingTel will need to consider the technical arrangements for connecting to those cable systems and incorporate them into the RIO as appropriate. SingTel therefore believes we have sufficiently recognised this issue through the inclusion of clause 2.2 referred to above.

## **2.3 IDA Issue 3**

### **2.3.1 IDA: The forecasting, ordering, activation and de-activation processes and procedures in Schedule 4B are onerous and burdensome (Direction, Schedule 1, Section 3)**

#### **2.3.2 SingTel response to section 3.1**

SingTel submits that the processes and procedures in Schedule 4B as drafted are “just, reasonable and non-discriminating”. However, SingTel has made adjustments to the language to conform more closely to the Code. See the amended text to clauses 3.1 and 11.2 of Schedule 4B.

#### **2.3.3 SingTel response to section 3.2**

SingTel does not agree with the IDA that the processes and procedures in Schedule 4B are onerous and burdensome.

The processes and procedures set out in Schedule 4B were drafted conscious of two constraints:

- (i) SingTel’s operational systems; and
- (ii) SingTel’s obligations to provide services in a non-discriminatory manner.

It is worth emphasising that the procedures set out in Schedule 4B are not arbitrary or irrational or unnecessary. SingTel’s operational systems have been put in place based on our considerable experience as a facilities based operator. They are the product of our endeavours at achieving the best possible internal efficiencies to enable SingTel to effectively plan and prepare the requirements requested by the Requesting Licensee in advance. In the absence of such systems it will not be possible to appropriately monitor and ensure compliance.

SingTel does not agree and does not understand the concerns raised regarding forecasts. SingTel has not provided for forecasting of capacity under Schedule 4B. It has provided a standard ordering procedure, with appropriate lead times to reflect SingTel’s standard provisioning times and the time involved to fulfil the order, including appropriate procurement periods from third parties. In particular the procedures in clauses 4 and 7 are not forecasts procedures, they are ordering procedures. On receipt of a Request for Connection Services under these clauses, SingTel is required to do work to install cabling, patch cords and DACS capacities. Activation of capacity is a separate process, as discussed below. Accordingly, SingTel does not believe that any change is needed to address the concern about “forecasting” because no forecasting is included.

SingTel also cannot accede to the IDA request that minimum activation and duration charges must also be deleted (consequent upon the deletion of “forecasting” provisions). Setting minimum activation and duration charges is a rational decision based upon our cost of infrastructure and is not arbitrarily or randomly determined.

The minimum activation requirement reflects the way in which the charges are structured for this Connection Service. SingTel does not charge an upfront charge for the cabling, patch cords required and DACS capacities to be installed up front by SingTel for link and capacity activation. It only charges a processing charge based on the time associated with processing the orders.

The costs of the installation activities and equipment installed up-front is recovered as and when the link and capacity is activated under Schedule 4B. The minimum activation requirements impose a discipline on Requesting Licensees to activate capacity/links to enable SingTel to recover (at least in part) the installation and equipment costs associated with the Connection Service.

As to the minimum duration, the 24 month period simply reflects the period over which the activation fees recover (at least in part) the cost of the equipment installed to activate the capacity/links, as identified above.

SingTel is however prepared to reduce the requirement on Requesting Licensees on the Minimum ICO Link/Capacity Activation to 75% instead of 80% (see the consequent changes to clause 5.4) as a compromise to address IDA’s concerns. This provides Requesting Licensees with flexibility at the initial ordering stage which is intended to assist them to overcome some degree of uncertainty at this point.

SingTel can also agree to reducing the minimum commitment period to 12 months to address IDA’s concerns subject to the cost recovery period as submitted to IDA on 24 May 2002 for the purpose of the calculation of the submitted charges is approved without change.

Finally, in relation to the simplicity of the process, SingTel submits that the process is simple and consistent with industry practice. We have further simplified clauses 5, 6, 8 and 9 by combining them by offering the same number of alternatives to retain the flexibility in the previous draft Schedule. Hence, the procedures for activation are as follows:

- **Link Activation (Group A and Group B cable systems):** Links can be activated independently of the capacity on them. This provides operators with flexibility about the timing of activating links and capacity on those links. SingTel recognises that these processes are independent of one another and has dealt with them in a modular way as required by the Code. For Group A cable systems, link activation automatically activates capacity on those links.

- **Capacity Activation (Group B cable system only):** For the same flexibility reasons, for Group B cable systems, capacity can be activated independently once the associated link has been activated.
- **Link and Capacity Activation (Group B cable system only):** A combined link and capacity activation for Group B cable systems.

Then, in respect of each of the above forms of activation, there are initial and additional link/capacity activations. SingTel has done so to facilitate the initial ordering process, where SingTel recognises that demand can be difficult to estimate. Additional activations then require additional planning by SingTel and are dealt with separately.

#### **2.3.4 SingTel response to section 3.3**

The timeframes specified in the proposed Schedule 4B reflects SingTel's ability and commitment to meet its obligations based on the current resources available to manage the service and the recovery of costs through the charges lodged with IDA. The time periods set out in Schedule 4B are consistent with trends in other jurisdictions.

Any amendments to lead times and processing times can only be implemented if SingTel is permitted to amend its charges to accommodate the additional cost occasioned thereby.

#### **2.3.5 SingTel response to section 3.4**

In SingTel's experience there has never been more than 5 requests in a day. In any event even if this amount was to be exceeded the Requesting Licensee's request will only be delayed for processing by around 24 hours because in the unlikely event that, say, 10 requests are received, 5 will be pushed to the next day only.

If SingTel is obliged to follow the Direction of IDA, then it will have to incur additional employment costs to handle the requests, as indicated in the IDA direction. SingTel could increase the resources but only after the IDA had agreed to an increase in the charges first (otherwise SingTel will not cost recover). Accordingly, SingTel has not made an amendment to Schedule 4B to increase the limits but SingTel undertakes to re-submit the charges for IDA approval if additional resourcing is required to process requests under Schedule 4B. Upon approval of such charges, SingTel undertakes to amend the RIO and increase resourcing accordingly.

## **2.4 IDA Issue 4**

**2.4.1 IDA: SingTel must specify in Schedule 4B a detailed fault escalation, management and rectification process, and the applicable quality of service standards in relation to its provision of Connection Services (Direction, Schedule 1, Section 4)**

### **2.4.2 SingTel response to sections 4.1 and 4.2**

SingTel notes these paragraphs but does not agree with section 4.2 for the reasons outlined below.

### **2.4.3 SingTel response to section 4.3**

In the main body of the RIO and in Schedule 4B, SingTel reflects its regulatory responsibilities under the Code to treat other operators in a non-discriminatory manner. SingTel has QOS responsibilities to the IDA. SingTel has also provided a rebate for late delivery in Schedule 4B (clause 1.7) which is identical to the rebates incorporated into other Schedules in the RIO.

Nonetheless, again in the spirit of attempting to meet the requirements of the IDA as far as possible, SingTel has included more detailed provisions for fault reporting (clauses 13.4 – 13.10) and has made minor amendments to the language of Schedule 4B to accommodate concerns regarding non-discrimination.

### **2.4.4 SingTel response to section 4.4**

As the connection service is only one part of an element in the connection between the Requesting Licensee's equipment and the overseas destination within the cable system, measuring the quality of the connection service element without breaking the links and connecting up a test instrument is problematic. As such, SingTel would perform tests on the connection service element before activating the links. The fault escalation procedures mentioned above are relevant to this concern and SingTel submits that this should adequately address the concerns in this regard.

## **3. Schedule 2 of the Direction**

SingTel notes IDA's comments about the other amendments to SingTel's RIO. In particular, SingTel has amended Schedule 8D in the manner specified.