



**PUBLIC CONSULTATION PAPER ON THE
DECOMMISSIONING OF CO-LOCATION
SITES OFFERED UNDER SINGAPORE
TELECOMMUNICATIONS LIMITED'S
REFERENCE INTERCONNECTION OFFER**

**Submission by the StarHub Group to the
Info-communications Development Authority of
Singapore**

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A. Detailed Comments

1 Introduction

StarHub welcomes the opportunity to comment on IDA's proposed approach to the Decommissioning of Co-location Sites Offered under Singapore Telecommunications Limited's Reference Interconnection Offer ("RIO").

The purpose of requiring SingTel to offer co-location space in its exchanges is to promote competition by enabling Requesting Licensees ("RLs") to obtain services under the RIO, including local loop/sub-loop, line sharing and tail local leased circuits. However, building out to SingTel's exchanges, and establishing co-location spaces, involves substantial investment by the RLs. Even under favourable business conditions, such investment will take years to re-coup.

SingTel's proposed decommissioning of more than 50% of its exchanges (announced to the media on 29 June 2006) therefore creates considerable uncertainty for RLs. The RLs potentially face a 50% chance that their investment in building out to an exchange will have been wasted, if that exchange is to be decommissioned. SingTel's announcement may also discourage RLs from taking up co-location space in SingTel's exchanges, to avoid the risk of wasting their investments.

StarHub submits that it would be appropriate for IDA to ensure that RLs have sufficient information on this decommissioning, to enable the RL's to manage their investments. We also submit that RLs who have built out to SingTel's exchanges should not be made worse-off by this decommissioning.

StarHub believes that unless the risks associated with build-out are reduced, this will impede co-locating equipment in SingTel's exchanges. This will mean that RLs will not be able to compete with SingTel by obtaining services under Schedules 3 and 4C of the RIO. StarHub submits that this may reduce the competitiveness of the market, and defeat IDA's objective of including these services in the RIO.

StarHub is pleased to provide our responses to the specific questions raised in IDA's Consultation Paper.

2 Response to Specific Questions

Q1 Do you agree that SingTel's Announcement to consolidate its exchanges without specific details identifying the exchanges and the decommissioning timeframes would significantly affect your network deployment plans to co-locate in SingTel's exchanges? Please state your views clearly and explain why and how it will/will not affect your network deployment plans, taking into account the existing requirements of at least 6 months' written notice period.

RLs have to invest significant amounts in building-out to SingTel's exchanges and in establishing co-location spaces in those exchanges. It will generally take several years to re-coup these investments. Unfortunately, the current regime of requiring SingTel to provide 6 months notice of exchange closure is insufficient. Given the level of investment required for build-out, RLs must make careful decisions about which exchanges they roll out to, to ensure that their investments are not wasted.

SingTel's announcement, that it will be reducing the number of its exchanges from 27 to 12, without providing any details on which exchanges will be closed, will cause RLs to slowdown their rate of establishing co-location spaces for Point of Access ("POA"). This is because, without clarity as to which exchanges SingTel intends to close, when those exchanges will be closed and how SingTel will migrate services under such circumstances, there is a risk of, not only wasting our investments, but more importantly, of service disruption to our customers.

Even considering the present 6-month written notice that SingTel is obligated to provide, there remains the risk that the RLs will be unable to re-coup their build-out investments. In addition, depending on how the "migration" to the "absorbing" exchange is to be implemented, RLs may find that:

- a) It is not be financially viable for RLs to serve their existing customers from the "absorbing" exchanges. This could be the case since RLs will not only have to re-coup the costs of their initial investments, but possibly also the additional capex for building out to the "absorbing" exchange, the cost of recovering equipment from the initial exchange, and the cost of a duplicate set of equipment so that seamless migration can take place. On the other hand, RLs will not be able to increase the prices charged to their customers due to contractual obligations.
- b) It is not viable for RLs to continue to provide services. The business case of RLs is based on the exchange-serving area information provided by SingTel. RLs will decide where its target customers are, before deciding which exchanges to establish its co-location spaces. If this area is now divided up and served via multiple "absorbing" exchanges, RLs may find that it is no longer viable to provide services from these exchanges, as the target base may no longer provide for a viable business case.
- c) It is not possible for RLs to provide services to their end-users as SingTel no longer offers the services the RLs obtained previously. For example, if SingTel only provides fibre from the "absorbing" exchange to the a building, a RL which used to provide services via line sharing to its customer may no longer be able to do so.

StarHub would therefore urge IDA to ensure that measures are put in place to: (i) ensure that SingTel provides full disclosure of its decommissioning plans, (ii) ensure that this decommissioning does not increase the cost to RLs of providing services, (iii) provide viable alternative solutions to RLs, especially in situations where the services obtained by RLs are not available from the "absorbing" exchange; and (iv) ensure that migration to the "absorbing" exchanges is seamless and does not impose additional costs on the RLs.

Q2. What are your views regarding the proposed approach? Is the information to be provided by SingTel sufficient? What other information will be necessary? Please explain and justify your views clearly.

While StarHub believes that the 18-month notification timeframe proposed by IDA is an improvement over the current requirements, StarHub submits that there is a need to further improve the process.

We would stress that the decommissioning outlined by SingTel in its public statements cannot be considered a “run-of-the-mill” modification to its network. Rather, SingTel’s move from 27 to 12 exchanges represents a fundamental change to its network. The scale and potential impact of the decommissioning warrants an extended notification period.

In addition to the information identified by IDA in paragraph 6 of its Consultation Paper, we submit that SingTel should also provide the following information:

- a) The date by which SingTel expects the “absorbing” exchanges to be ready. It is likely that the “absorbing” exchanges will be ready ahead of the decommissioning date. This information will enable RLs to make more informed decisions on the establishment of their co-location spaces, as well as the migration of their services. The Ready-for-Service (“RFS”) date of the “absorbing” exchange should not be less than 6 months before the “out-of-service” date of the decommissioned exchange. IDA should also stipulate the minimum lead-times for migration, so that resources (both on the SingTel and RL end) are available.
- b) The services available (under the RIO) from the “absorbing” exchange to buildings in the exchange-serving area. The need for this measure arises from the fact that SingTel is pushing fibre closer to each building, and therefore RLs must be able to determine which services it can offer customers located in each building. Such information is also crucial to developing a business case and to ensure that RLs can deliver the services they have contractually agreed with their customers.
- c) Paragraph 8 of IDA’s Consultation Paper states that SingTel is required to submit the proposed RIO amendments to IDA. StarHub is concerned that by the time this information is conveyed to RLs, the RLs will have less than 18 months’ notice. StarHub therefore submits that SingTel should notify RLs at the same time it notifies IDA of the decommissioning of any exchange.

Q3. Is the notification period of at least 18 months reasonable? Please explain and justify your views clearly.

While StarHub can agree that 18 months is the minimum acceptable notification period, we would submit that a notification period of at least 24 months is preferable, for the following reasons:

- a) SingTel's exchanges are essential facilities for obtaining unbundled local loop, line sharing, and tail local leased circuits; and are therefore critical to competition;
- b) Due to the substantial investment required, the decision to establish a co-location space is a major one for RLs; and
- c) A 24 month notification period will ensure that there is sufficient time for current contracts with customers (some of which could have been signed just prior to SingTel's notification), to expire. This notification period will also help to give sufficient time for RLs to arrange for the migration of their customers to alternative solutions.

In relation to Paragraph 9 of IDA's Consultation Paper, StarHub submits that SingTel should be disallowed from decommissioning any of its exchanges until IDA has finalized its decision. This will ensure that SingTel has no incentive to delay the consultation process through unnecessary appeals and requests for re-consideration. Any notification period should only commence once after IDA's final decision.

Q4. Are there any other considerations relating to this review that IDA should consider, over and above those mentioned in the above questions ?

As RLs have invested significant amounts in rolling out to SingTel's exchanges, we submit that, where SingTel decides to decommission an exchange in which RLs have already established co-location spaces, SingTel should be obligated to:

- a) Ensure that there is sufficient space available in the "absorbing" exchange to accommodate all RLs that need to be "migrated" to this exchange.
- b) In terms of cable landing stations and exchanges used for Point of Interconnection, the same services provided by SingTel in its current exchanges must be available at the "absorbing" exchange. As these exchanges are critical in ensuring seamless exchange between networks (international and domestic), StarHub would submit that it is reasonable for SingTel to continue to provide all currently available services.
- c) Provide access to all required manholes and ducts in order to build-out to the "absorbing" exchange.
- d) Due to the critical need for careful co-ordination and cut-over of services, SingTel should be required to fully co-operate in the migration of services. This will include enabling RLs of cutover services during off-peak periods or outside of official business hours. This will ensure that service disruption and inconvenience to customers is minimized. SingTel should also not impose any charges for such work.
- e) RLs should not be required to pay SingTel any additional one-time or recurring charges (including but not limited to termination charges, application fees, and escort charges) since the "migration" is not caused

by any action of the RLs. RLs should not be put in a worse-off position than before the migration.

- f) In the process of establishing the co-location space in the “absorbing” exchange, SingTel should provide RLs with a reasonable amount of time to access the “absorbing” exchange to carry out the requisite works for setting up the co-location space. This should be done at no cost to the RLs.
- g) For cable landing stations, SingTel should be required to co-ordinate with the Cable Administrator (which will be SingTel in many cases) so that co-ordination for the cutover can be carried out smoothly and service downtime minimized.
- h) In situations where the same service being used by the RL is not available at the “absorbing” exchange, SingTel should be obligated to provide an alternative solution which does not put the RL in a worse-off position than before the “migration”. For example, if the line sharing service is not available, then SingTel must provide an alternative solution to the RL so that the RL can continue in the provision of services to its own customer. Should SingTel not be able to do so, SingTel should be required to compensate the RL for the loss of business or contractual penalties payable to the customer.
- i) SingTel should also provide a detailed plan for migration to the “absorbing” exchange. This will include providing RLs with at least 60 days’ notice from the cut-over date so that the RLs own customers can be informed and RLs can work with their own customers to execute the cut-over.

B. Conclusion

SingTel’s exchanges are essential facilities that are critical for the promotion of competition in the Singapore telecommunications market. In addition, the establishment of co-location spaces within such exchanges requires substantial investments by RLs. Therefore, any exercise to decommission these exchanges can have a great impact on RLs and their customers.

StarHub submits that IDA should take into consideration issues other than the timeframes within which SingTel should notify IDA/RLs of the decommissioning. In particular, IDA should ensure that RLs are not in a worse-off position than before the decommissioning, and therefore ensure that SingTel does not increase the costs of co-location for the RLs. StarHub has proposed a list of measures that we believe IDA should consider.

StarHub is grateful for the opportunity to comment on this issue.