



COMMENTS TO IDA'S PUBLIC CONSULTATION ON PROPOSED INTERCONNECTION OFFER FOR THE PROVISION OF SERVICES ON THE NEXT GENERATION NATIONAL BROADBAND NETWORK

1. Introduction

BT welcomes this consultation on the proposed Interconnection Offer (ICO) for the Next Generation National Broadband Network (NGNBN) and has set out its response in this paper in accordance with the IDA requested format for the provision of comments:

- Description of the respondent and its interest in the proceeding;
- Summary of the respondent's position;
- General comments; and
- Views regarding specific provisions of the Consultation Documents.

2. Description of BT and its Interest in the Proceedings

BT operates in an increasingly competitive and dynamic commercial environment, both in the UK and around the globe. BT has a strong interest in Singapore, being present in Singapore since 1988 via its wholly owned subsidiary BT Singapore, the regional HQ for South East Asia, one of the largest foreign IT Networked Service Providers in Singapore and the region. Our vision is to be the leading provider of networked IT solutions in the region.

BT is a fully licensed telecommunications operator in Singapore with a Facilities-Based Operator (FBO) Licence issued by IDA which entitles BT to own and operate facilities and land our own sub-sea cable.

BT in its home market has voluntarily proposed a number of legally-binding undertakings which were accepted by Ofcom and came into force in September 2005. Equality of access is the key element in these undertakings. Such undertakings have led to the creation of Openreach, functionally separated to manage our access and backhaul networks and their associated portfolio of Openreach products and services. These products and services are to be made available in exactly the same way to its external and internal customers, i.e. all communications providers who wish to use them, including BT's own retail arms; under the same timescales, terms and conditions, prices, processes, and with the same information available to all.

From the above it can be seen that BT's interests are multi-faceted. In so far as this specific consultation is concerned we are a market player in Singapore and require a truly competitive market to enable us to ensure that we can maximise our investment opportunities in the Singapore market. As such we intend to take services from the NGNBN interconnection offer if it makes commercial sense to do so.



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3. Summary of the BT's Position with Respect to this Consultation

BT agrees with the IDA objective that the NGNBN shall act as a strategic enabler for Singapore to exploit new economic opportunities in this digital age, through much faster broadband access and higher broadband take-up by households and businesses leading to greater productivity gains.

The NGNBN has the potential to create an extraordinary digital world centre of excellence in Singapore. This would be of massive benefit to Singapore including business, citizens and e-government.

The proposed NGNBN ICO appears to be a repeat of the interconnection approach offered under the current SingTel Reference Interconnection Offer (RIO). In our opinion the current RIO has not been a success; it is cost prohibitive and difficult to manage. From this perspective, the proposed NGNBN ICO is not next generation in approach.

We note that the IDA will disregard any comments on prices. Whilst we appreciate that the precise detail of the prices may not be up for discussion at this time, certain principles that are fundamental to the creation of a competitive environment may need to be discussed.

If the NGNBN is to meet its objectives then in our opinion this will only take place if there is a truly competitive environment created that will foster innovation and many players entering the market. For this to be achieved access seekers of the NGNBN will need to have confidence that a truly competitive landscape has been created through regulation of both the NGNBN and SingTel.

With reference to the following concerns, BT is doubtful that such an environment has been created—

(a) The OpenNet consortium has sub-contracted 100% of the fibre roll out to both homes and business premises to SingTel.

We are doubtful that pursuant to this sub-contract, there may be effective control from the operation perspective by the sub-contracted party (SingTel) whom may, for example decide or change the roll out schedule and/or geographical reach to meet its individual needs in preference to the needs of the NGNBN OpCos/QPs. SingTel should use completely independent processes, systems, and people to ensure that NGNBN OpCos/QPs will get access to OpenNet services in conformance to the equivalence of input promised through the structural separation of OpenNet from its RSP investors.

(b) SingTel has not been required to functionally separate or to provide services on an equivalence of input (eoi) basis, in particular its legacy services which would compete with the NGNBN services.

(c) There are no clear provisions providing on the implementation of the structural separation for the NGNBN.



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(d) SingTel naturally as the monopoly provider both in its own right and through the sole sub-contractor provisioning of all fibre access for the NGNBN will serve its monopoly interests best through practices that overtly or covertly prevent the development of effective and sustainable competition.

We are concerned that the IDA appears to be moving back to a monopoly telecoms approach that existed pre April 2000. We are concerned that if the regulatory framework is not correctly set up then the NGNBN will fail in providing world class telecoms services and best in class pricing that allows us all to compete innovatively and effectively in Singapore. The forced restriction to comments only on the NGNBN interconnection text with any services description, price or regulatory principle commentary excluded is not in our opinion the appropriate way forward for a next generation e-society.

4. General Comments with respect to this Consultation

As set out above we are apprehensive that the proposed NGNBN ICO appears to be a re-working of the existing SingTel RIO. We are also concern that the IDA has chosen not to address the core principles that enable competition including the environment within which the NGNBN will operate where we have SingTel as the monopoly provider of current services and the monopoly provider of NGNBN fibre access to OpenNet. In our minds this raises a raft of regulatory and competition issues and principles to be addressed by the IDA to give NGNBN access seekers some confidence of the possibility of fair business opportunities.

Furthermore the proposed ICO is a take it or leave it contractual form. Such an approach is not next generation in nature as there is no recognition that a process must exist by which the ICO evolves.

We welcome the commissioning of a website and on-line provisioning platform relating to the Mandated Services, which would definitely better serve the management of service ordering, provision, faults reporting, etc. in comparison with the current modus operandi of the corresponding SingTel RIO processes. We believe that a well thought through and effective automated system will ensure that access seekers will get a fair and auditable (by IDA) access to the NGNBN services. In view that both the website and platform would be used by potential and existing access seekers, we would recommend that the same to be made available for public consultation to ensure that such website and platform are mutually user friendly. This would be beneficial to both OpenNet and the users.

We note the information note which explains that the manual ordering, fault and other processes will in some unspecified time be upgraded to a fully automatic system. It is really quite extraordinary that the service does not start with a fully automatic system. System migrations from manual to automatic will cause disruption and confusion and is not in keeping with a next generation service.



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We would request that IDA share with the public any plans (procedures/guidelines) for the following:-

- (a) Assessment of OpenNet's performance (relating to OpenNet's compliance with the key performance indicators (KPIs) in its bid response, the ICO, and the NetCo Interconnection Code); and
- (b) Complaints handling (relating to any alleged breach of OpenNet's obligations).

5. Views Regarding Specific Provisions of the Consultation Documents

5.1 OpenNet ICO – Main Body

- **Preamble Paragraph C.** *“OpenNet will offer to provide the Services to all Requesting Licensees on terms and conditions that are non-discriminatory and on an equivalence basis”.* We would like to seek further clarification from IDA on this statement. Does it for example mean that volume based discounting is non-discriminatory? What does “equivalence basis” mean? How would QPs know or verify if they are indeed receiving services on an equivalence basis?
- **Part 1 – Acceptance Procedures.** The implication of the acceptance procedures are that unless the NetCo QP is prepared to accept all the prices, terms and conditions contained in the ICO then it cannot move to the next stage to enter into an agreement. There is no ability to negotiate or to seek change or to reflect changing circumstances or to address problems. This clearly is not a flexible approach and begs the question as to the purpose of sub-clause 1.12.
- **Part 1, Sub-Clause 1.3 – Exclusivity Period.** The Exclusivity Period is generally defined under Schedule 18 but without clear indication when it will come into effect. It appears that where the 100% fibre roll out/management being sub-contracted to SingTel, there may be bilateral control between OpenNet and SingTel on when the exclusivity period expires. We would recommend that IDA seeks public consultation with regards to the Exclusivity Period before such period is being determined and/or changed.

We note that during the Exclusivity Period, only an NGNBN OpCo may enter into an ICO. All other requests will be rejected. With a single supplier OpenNet and a single customer OpCo then this further heightens the question as to what non-discriminatory and equivalence basis actually mean.



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- **Part 1, Sub-Clause 1.12.** Further to our comments on Part 1 above, in particular query on the significance of this provision, we would like to seek clarification from IDA under what circumstances would IDA assist? Whether the scope of disputes regarding the acceptance of an ICO is limited to any dispute which may arise under the circumstances where OpenNet may find a Notification of Acceptance of ICO to be non-conforming provided in sub-clause 2.1?
- **Part 1, Sub-Clause 2.2 – Exemption or Suspension.** We would like to seek further clarification from IDA on the purpose of this clause and under what circumstances might the Authority agree to the cessation in provision of mandated services?
- **Part 1, Sub-Clause 5.2 – Amendments made by OpenNet will automatically form part of the ICO.** Such a unilateral approach to change lacks transparency. The Authority should take a greater role in ensuring transparency, e.g. conducting industry or public consultations.
- **Part 1, Clause 6 – Acceptance of ICO Pending Adoption of Customised Agreement.** This provision relates to the acceptance of ICO pending adoption of customised agreement. We would recommend addition of a specific provision on customised agreements including; the relevant procedures, circumstances or criteria which may lead from negotiations of an ICO to a Customised Agreement.

We note that any customised agreement, with confidential parts removed, will be published by IDA. However, it seems to us that this potentially undermines the whole ICO process that is intended to create a non-discriminatory equivalence of input environment. A better approach would be to evolve the ICO, under the auspices of the IDA, as disputes and other events take place rather than creating a set of customised agreements.

- **Part 2 – Interconnection Offer Agreement, Clause 1.2 – Structure.** It appears that all schedules must be incorporated when entering into an ICO. How does this provision work with clause 1.9(a) of Part 1 and the Notification of Acceptance of ICO, in particular with reference to Attachment A, where a QP is to select the specific Mandated Service(s) which is/are requested?
- **Part 2, Clause 5 – Charges.** Regulated charges are based on cost accounts (ideally with accounting separation) that are always in lag from the current point in time. This generally results in an overcharging unless provision is made for the retrospective application of charges. We would therefore recommend addition of a provision to cover the retrospective rebate of charges or part thereof as and when determined by the Authority.



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- **Part 2, Sub-Clause 6.4(b) – Payment.** We do not agree that withholding is strictly forbidden, particularly in the event of disputes. Withholding of payments where service delivery issues, incorrect billing and a variety of other problems take place is a normal and rationale approach to the resolution of disputed amounts. It is often the only lever that a QP can legitimately use to force an outcome from the dominant player. However, there must be rules around what can and cannot be withheld and that in any event either party should have recourse to the IDA through dispute process in this regard.
- **Part 2, Clause 10 – Quality of Mandated Service.** On a wider perspective besides looking at general faults identification and reporting procedures, more specifically for the purposes of building an effective and efficient next generation network and offering world class next generation services, IDA should take a pro-active role in ensuring the quality of Mandated Services. We would recommend that IDA develops a set of minimum mandatory standards on the quality of Mandated Services.
- **Part 2, Sub-Clause 11.1(e) – Suspension.** With reference to our comments on sub-clause 6.4(b) above, we do not agree that 'failure to pay any sum invoiced' leads to a material breach. Exemption under billing dispute scenario (Schedule 16) should extend to the other possible disputes scenario. Please also see our response to sub-clause 6.4(b) above.
- **Part 2, Sub-Clause 12.1(d) – Termination.** As per our comments on sub-clauses 6.4(b) and 11.1(e) above.
- **Part 2, Clauses 19 and 20 – Confidentiality and Customer Relationship.** It must be of grave concern to any party contemplating this proposed ICO that on the one hand their main competitor at the retail level is SingTel and on the other hand the monopoly provider of all customer connections to OpenNet is also SingTel. Further regulatory provisions are required to cover this aspect. It is essential for IDA to ensure that SingTel as a RSP shall have no access to OpenNet's customers data.
- **Attachment A – Notification of Acceptance of ICO.** We would like to seek further clarification from IDA on the Individualised Agreement referred to on page 1.

5.2 Sub-Section 2.2 of Schedules – Service Level Guarantees

- Our comments on this matter are the same for all schedules under the proposed ICO and are not repeated. We do not agree to the principle where it is up to the receiving party of service to have to apply for a service credit. It should be the responsibility of the supplier to calculate such service credits on regular basis (we would recommend on a monthly basis) based on faults identified and reported, and make the relevant payment/adjustment/rebate automatically whilst giving the receiving party the opportunity to challenge the level of service credits against their own records. Also please see our recommendation on clause 10 of Part 2 above.



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5.3 Annex 12B – List of Central Offices

- The list of COs is designated by OpenNet which appears to be SingTel Exchanges. There should be scope for QPs to request one or more of their locations to be considered as COs. It seems that a QP would need to request three different segments to make up an end-to-end connection, where OpenNet will dictate the COs to be used.
- We note that the proposed ICO allows for fibre diversity but makes no provision for CO diversity as the CO in a Building-CO connection is dictated by OpenNet.
- It appears that in this arrangement, OpenNet would require QPs to isolate the location of the fault on their own within the different segments of the OpenNet network. We would recommend that the Mandated Services under the proposed ICO include a service to connect from one building MDF to another building MDF, which would be made up of three segments but ordered and managed as one connection.
- While we see the possibility of a QP subscribing for End point to CO, CO to CO, and CO to End point in three sections, it is not clear how the QP would know which COs to choose without having to be fully aware of the OpenNet's cable routing and free capacity available across the network. It is therefore requested that OpenNet proposes a full end-to-end routing with Service Level Guarantees (SLGs), where the onus of providing the end-to-end routing including SLGs would be with OpenNet.
- We also note that the proposed ICO does not require OpenNet to provide street level fibre paths for the services that are being ordered, this makes it impossible for QPs to confirm diversity between services provided by the OpenNet network and also services provided on the OpenNet network and other networks.

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