



9 September 2005

Osmond Borthwick
Commerce Commission
PO Box 2351
Wellington

Dear Osmond

TelstraClear Bitstream Application

Proposed technical specification of the Bitstream Access Service

I am writing in response to the Commission's paper of 30 August 2005, seeking comment on the proposed technical specification of the bitstream access service.

1. Downstream Peak Information Rate (PIR)

- 1.1. Ihug is not happy with the Commission's revised PIR specification. 3.5 Mbps is a significant disappointment compared with the "non-rate-shaped downstream speed" of the draft determination.
- 1.2. Secondly we are not pleased to see the availability of a higher line speed dependant on a potential future Telecom retail product. The bitstream wholesale service should be based on the technical capabilities of the local loop, not on Telecom's choice of retail products. Further to this, Telecom do have a "full speed" product available to the business market that should be used as a benchmark for UBS technical specification. Neither should a requirement to wholesale service be used as an excuse to downgrade product specification and thus contribute to New Zealand's "backwater" status. However note also our related comments in paragraph 1.8.
- 1.3. The default PIR should be "as fast as the line can deliver". If that has to be defined as a number then it should be as big a number as possible, say 7.6 Mbps. If a particular line cannot deliver 7.6 Mbps, then the modem should drop back to the next highest possible speed.
- 1.4. This is a fundamental issue in which we consider it vital that the Commission dictates that access seekers can specify a high PIR, and if the line quality is such that the modem cannot connect at that speed, it is allowed to drop back to the highest possible speed below the specified PIR. Telecom must not be permitted to reject a UBS application

because the line cannot deliver 7.6 Mbps. Among other things, this would necessitate a range of specified PIRs spanning the gap from the current 2 Mbps maximum of commercial UBS, to the agreed maximum from this determination, of say 7.6 Mbps, with a potentially painful provisioning process.

- 1.5. The concept of a line route qualification check should be developed into a requirement for Telecom to make available their database of local line capability. This should be based on information Telecom already have available on cable type and length, plus other relevant line quality information. Access seekers could be provided with on-line access to this database to identify a theoretical line speed for each local line. There should not need to be a charge for this except where the access seeker requires a more accurate route qualification check than the local line database offers.
- 1.6. We note that in Australia Telstra provide iiNet and other access seekers with online access to their LinxOnline provisioning system for service qualification, which makes available detailed information about cable type; cable gauge; and cable length for each section of cable involved. Detail on this system can be provided on request.
- 1.7. With this local line database there should be no need to rely on concepts such as “common route” or “short binders”. Otherwise these and similar terms would need full definition and careful application. The local line database content should be auditable in the sense that Telecom retail should not have access to different or more accurate information than access seekers. We have seen too many examples of where Telecom wholesale claims that ADSL service is not available, but Telecom retail is able to provide service on the same local line.
- 1.8. Ihug accepts the exception noted by the Commission, that where Telecom has limited capacity between the ATM switch and the DSLAM, the PIR should be set to the maximum capacity available, provided that there is auditable parity with retail.
- 1.9. Ihug firmly believes that the determination must contain a proviso for Telecom to make available newer ADSL technology (such as ADSL2 and ADSL2+) to access seekers at the same time as it does to its own retail customers. This must cover the introduction of higher PIR speeds than currently possible on Telecom’s old technology DSLAMs. So if Telecom were to introduce for example 12 Mbps ADSL2-based retail products, then by default the UBS product range should be extended to include the wholesale equivalent.

2. Downstream Sustained Information Rate (SIR)

- 2.1. Ihug is concerned that the Commission is proposing a more negative view of SIR than Telecom currently provide with commercial UBS. Our understanding is that Telecom currently dimension the network for an SIR based on a 50:1 contention ratio for each product offered. This means a product with a higher PIR will be allocated a higher SIR, and in periods of congestion, all products with different SIRs would be throttled back proportionately.

- 2.2. While we are not happy with the 50:1 ratio Telecom appear to have chosen, at least the concept or the SIR being proportional to the PIR makes sense. Products with higher PIRs should have a higher SIR, everything else being equal.
- 2.3. It is important that there is parity between Telecom retail and wholesale for equivalent offerings (e.g. retail and wholesale products with the same PIR should have the same SIR), but this should not necessarily apply across an access seeker's entire customer base. For example if TelstraClear were to sell products with on average a much higher PIR than Telecom's retail average, then TelstraClear should also have a higher SIR average than Telecom retail.
- 2.4. In contrast, it appears that the Commission's proposed SIR specification would see all the end customers of access seekers getting an SIR based on the weighted average of current Telecom retail services. This would mean that the end customer purchasing a 7.6 Mbps product from an access seeker would receive a lower SIR than a current Telecom Xtra 2 Mbps retail customer. Entirely unacceptable.
- 2.5. Ihug agrees with TelstraClear and the Commission's view that the implementation of this SIR concept should be network wide, not per DSLAM.
- 2.6. The concept of SIR and the mechanisms Telecom uses to restrict traffic flows to this level should only apply to the shared virtual path from the DSLAM to the L2TP Access Concentrator (LAC). It should be the access seeker's choice how the backhaul is dimensioned from the LAC into their own network, given that they will be paying for this backhaul directly.

3. Upstream Speed

- 3.1. Ihug believes that the 128 kbps upstream speed should be re-interpreted as a minimum not maximum speed. This element of the bitstream service definition was a mistake that the Commission needs to take the earliest opportunity to rectify. 128 kbps is a significant inhibitor to the value of UBS to business customers and Telecom have non-restricted retail products available to the business market.

4. Sharing of Best Efforts Internet Grade Virtual Path

- 4.1. Ihug acknowledges that Telecom, TelstraClear and other access seekers will be required to share a single virtual path from the LAC to the DSLAM.

5. Operational Support Systems

- 5.1. Ihug is happy with the progress we are seeing with Telecom's OSS development and don't see anything in this revised technical specification that should delay further developments. The only exception to this may possibly be the proposed local line qualification database.

Please contact me if you would like to discuss any aspect of this submission further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Diprose', written in a cursive style.

David Diprose
General Manager – Regulatory
ihug Limited