



Assessing Chorus' new UBA variants – Boost HD and Boost VDSL

Issues paper

Date: 7 July 2014

Purpose of this paper

1. This issues paper seeks clarity and views on Chorus' proposed changes to its UBA variants, and the likely impact of these on the industry and consumers. Chorus' proposed changes include the:
 - 1.1 proposed new UBA variants (Boost HD and Boost VDSL); and
 - 1.2 proposed changes to regulated UBA (including the withdrawal of VDSL and bandwidth management).
2. We hosted a public workshop on 20 June 2014 to discuss Chorus' proposed new UBA variants. The workshop was attended by representatives from Chorus, Telecom, Vodafone, CallPlus, and Orcon. Concerns were expressed about the:
 - 2.1 Lack of clarity with Chorus' proposed variants; and
 - 2.2 The withdrawal of VDSL and bandwidth management of the regulated UBA service.

Background to the assessment of new UBA variants

What Chorus is required to do

3. Clause 10 of the UBA General Terms requires Chorus, as the Access Provider of the UBA Service, to provide us with 30 days' notice prior to the launch of any new UBA variant.
4. Chorus provided notice to us in relation to Boost HD and Boost VDSL on 14 May 2014.

What we are required to do

5. Following Chorus' notice, we will assess whether the proposed new UBA variants fall within the UBA Service Description outlined in Schedule 1 of the Standard Terms Determination for Chorus' Unbundled Bitstream Access Service (UBA STD).¹

We have requested information from Chorus

6. Chorus is required to provide us with information on the proposed new UBA variants under clause 10 of the UBA STD. We have also made compulsory statutory information requests to Chorus in order to assist our assessment.

¹ Commerce Commission, "Standard Terms Determination for Chorus' Unbundled Bitstream Access Service", 13 December 2007, available [here](#).

Chorus' proposed changes to its UBA variants

7. In order to assist submissions, we set out our understanding of Chorus' proposal as follows:

Boost HD

8. We understand that the proposed Boost HD service will be an ADSL2+ variant that will be available on ~90% of the existing broadband capable lines. We understand the variant will have the following key features:
 - 8.1 Line speed >6Mbps;
 - 8.2 Minimum throughput >5Mbps;
 - 8.3 Line optimisation;
 - 8.4 Improved pre-qualification;
 - 8.5 Proactive reporting;
 - 8.6 Installation charges are included in monthly price; and
 - 8.7 Separate handover to regulated UBA.

Boost VDSL

9. We understand that the proposed Boost VDSL service will be a VDSL2 variant that will be available on ~60% of the existing broadband capable lines. We understand the variant will have the following key features:
 - 9.1 Line speed >6Mbps;
 - 9.2 Minimum throughput >5Mbps;
 - 9.3 Line optimisation;
 - 9.4 Improved pre-qualification;
 - 9.5 Proactive reporting;
 - 9.6 Installation will be made fibre-ready in Chorus UFB areas;
 - 9.7 Installation charges are included in monthly price; and
 - 9.8 Separate handover to regulated UBA.

Proposed changes to regulated UBA

Withdrawal of VDSL

10. In June 2013, Chorus started offering VDSL as a regulated service under the UBA STD. At that time, Chorus said that any proposal to withdraw regulated VDSL would be in relation to fibre migration.²
11. For RSPs that have VDSL connections, Chorus is proposing that they either move customers onto Boost VDSL or continue to take regulated UBA over an ADSL2+ connection.
12. On 30 May 2014, Chorus gave notice that from 1 December 2014 the VDSL service provided under regulated UBA will be withdrawn, subject to consultation.

Bandwidth management

13. Chorus provides regulated UBA connections over its ATM and Ethernet networks. ATM, a legacy platform, has had bandwidth restrictions for some time. Chorus is proposing to introduce bandwidth management on its Ethernet connections. As part of this change, we understand that Chorus will cease to allocate network capacity for bandwidth growth as has occurred since UBA was first regulated.

Questions we are thinking about when assessing the UBA variants

14. The questions we are thinking about when assessing whether Chorus' proposed new UBA variants fall within the UBA STD service description include:
 - 14.1 the extent of new investment required to offer the proposed new UBA variants;
 - 14.2 the extent to which the new UBA variants would be substitutes or complements to the regulated UBA; and
 - 14.3 the extent to which the proposed changes are consistent with the section 18 purpose statement³.

² Chorus, "Update on VDSL" (7 May 2013).

³ Section 18 of the Telecommunications Act (2001).

15. We are also thinking more widely about Chorus' proposed changes to UBA that may be relevant to our assessment, including:
 - 15.1 whether the proposed changes, including the withdrawal of VDSL and bandwidth management of the regulated UBA service, are permissible under the UBA STD, including the 'good faith' and 'international best practice' requirements;
 - 15.2 the impact of the proposed withdrawal of the VDSL regulated service on retail service providers and end users; and
 - 15.3 the impact of the proposed bandwidth management on the regulated service.

We are interested in your views

16. We are interested in your views on Chorus' proposed new UBA variants, specifically:
 - 16.1 Are there any aspects of Chorus' proposal which we have not covered, or have covered inaccurately?
 - 16.2 What innovation(s) do the new UBA variants bring to the broadband market?
 - 16.3 What is the expected level of demand for the new UBA variants?
 - 16.4 To what extent do you consider the new UBA variants as substitutes or complements to the regulated UBA?
 - 16.5 To what extent will the proposed changes to regulated UBA:
 - 16.5.1 impact on your business; and
 - 16.5.2 influence the take-up of new UBA variants?
17. We are also interested in your views on Chorus' proposed changes to regulated UBA, specifically:
 - 17.1 To what extent do you view the throughput requirements in the STD as a minimum?
18. Are there any other questions or considerations that you think are relevant to our assessment of whether the proposed new UBA variants fall within the UBA Service Description?

Submissions on this issues paper are due by **5.00pm on Tuesday 15 July 2014**. Cross-submissions are due by **5.00pm on Friday 18 July 2014**. Please address responses to: Jessica Bevin, c/o telco@comcom.govt.nz.