



Commission for
Communications Regulation

Information Notice

Status Update on Local Loop Unbundling

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An Coimisiún um Rialáil Cumarsáide

Commission for Communications Regulation

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1. Executive Summary

A vibrant, competitive and innovative broadband sector is of critical importance to Ireland's economic development and is a prerequisite if Ireland is to maintain its status as a leading economy.

As shown in other markets, Local Loop Unbundling (LLU) can make a significant contribution to achieving these objectives. It enables operators to provide consumers with the choice and quality of broadband (and telephony) service that they want and are entitled to.

In recent weeks difficulties have arisen in relation to the progress of a number LLU issues. However, because there are now indications of progress on some of the key issues following discussions between ComReg and interested parties, ComReg is of the view that it is opportune for a full re-engagement to take place. To that end, ComReg intends to immediately re-convene the LLU Industry Forum and to proceed in line with the milestones as set-out in the attached document.

For the purpose of ensuring clarity and transparency, ComReg has set out in this Information Note the undertakings made by the relevant parties together with its view as to how all the issues associated with LLU should proceed from here. ComReg expects these undertakings to be met and will take all necessary steps to ensure that they are. As part of the ongoing process, ComReg will publish monthly status reports on LLU.

2. Status of Local Loop Unbundling

Local Loop Unbundling (LLU) is a key wholesale product primarily designed to enable operators to provide retail broadband and bundled broadband/telephony products to compete with those provided by *eircom* over the copper access network. The availability of LLU is considered to be a key catalyst in driving broadband penetration in a range of countries including France and the United Kingdom.

For consumers, LLU gives more choice in terms of services and service providers as it enables operators to innovate in terms of both the product design and its associated pricing. This contributes to the development of a more competitive broadband market and can thereby play a key role in enhancing the take-up of broadband by consumers. Meeting these twin objectives is clearly in the national interest and imperative if Ireland is to maintain its status as a leading growth economy.

To date ComReg and the industry has identified four key areas of LLU development which need to be addressed and which are described in more detail in this paper. These are:

- Number Portability and LLU (known as GLMP)
- Co-existence of Line Share and Wholesale Line Rental
- Ongoing delivery problems associated with the existing LLU product

- Wholesale Product Combinations & Migrations

The immediate background to most of these issues was *eircom*'s response to Access Seekers' (those operators who have signed wholesale contracts with *eircom* for the provision of LLU services) MRD which was delivered in October 2005. This document set out *eircom*'s position on, *inter alia*, the issues of number portability and wholesale migrations. In the document *eircom* agreed to progress the development of GLMP and ComReg convened an industry forum to that end. Good progress was made in specifying the details of an interim solution for this product until recently when, as described below, Access Seekers withdrew from the Forum following *eircom*'s response to their Statement of Requirements because, in their view, the response was inadequate.

Following discussions with both *eircom* and LLU Access Seekers, ComReg considers that the conditions now exist for a full re-engagement by all parties and that the possibility of making real progress in some, and possibly all, of the key areas. Particularly encouraging is the recent agreement in principle between *eircom* and Access Seekers to facilitate for the provision of Line Share and Single Billing-Wholesale Line Rental (SB-WLR) products on the same telephone line.

The purpose of this Information Note is to provide all participants in the process with clarity as to how ComReg intends to progress the development of the LLU product and other specific issues outlined in this document. ComReg proposes therefore now to immediately reconvene the LLU GLMP Industry Forum to address these issues and to immediately address all other issues that remain unresolved.

3. Consumer Right to keep the existing phone number when switching to another operator (GLMP)

Consumers have a right to keep their existing fixed line telephone number when switching between fixed line service providers. The process which is in place to enable this right to be delivered is known as Geographic Number Portability (GNP) and is an obligation on all operators to whom ComReg allocates geographic numbers. While GNP and LLU have both been available for a number of years, the current market requirement is for an integrated industry solution which will allow a customer to take a broadband and telephony service, through LLU, without having to give up their existing telephone number. This integrated solution for combining GNP and LLU is referred to as GLMP.

In October, 2005 ComReg chaired a forum to develop an industry solution. After an initially positive engagement by all sides, a detailed Statement of Requirements (SoR) document was submitted by the access seekers in February 2006. This proposal was intended to provide an interim manual solution, based on existing systems structures, which would deliver a GLMP product in the shortest time possible, albeit with certain processing limitations. The requirement for a longer term, and unconstrained, solution was also discussed and identified as a key issue. Following an internal feasibility study, *eircom* responded to the industry SoR on 27 March 2006. This response, while it did propose the delivery of a solution, fell short of what the Access Seekers had sought in their SoR. In light of this, Access Seekers disengaged from the process, citing the inadequacy of the *eircom* response and the apparent unwillingness to address the range of

LLU issues in a proactive matter. Given that the SoR had benefited from significant input from *eircom* on the technical and process issues which would shape the end product, *eircom*'s feasibility response was, in ComReg's view, disappointing.

Since then *eircom* has supplemented and further clarified its original proposal for the interim GLMP product:

- In relation to order processing capability, *eircom* has committed that there will be no upper limitation on order processing volumes, but that work will commence with an initial target of 120 orders per day at 90% right first time¹. After a period of stable operation, these volume capabilities will be further reviewed.
- *eircom* has also given a commitment to commence work on the development of a 'fit for purpose' unconstrained solution (which require at least some systems automation). As part of that commitment *eircom* will engage in detailed product discussions upon the introduction of the interim GLMP solution on 8 August 2006 and to deliver a long term fit for purpose solution at the earliest opportunity.

ComReg has also, in accordance with the terms of reference for the GLMP Industry Forum, recently made a determination which removes a process known as 'Retail Defence'², from the GLMP product description proposed by *eircom*.

ComReg supports Access Seekers' and *eircom*'s position that the initial GLMP solution can only be interim in nature and will need to be upgraded to a solution that requires lower levels of manual intervention, with less process complexity. However, ComReg believes that the current revised proposal for the interim solution is broadly consistent with the Access Seekers' minimum set of requirements and that any inconsistencies can be resolved through the industry product development process. ComReg also notes that, despite the absence of an industry forum, *eircom* has continued with the development and implementation of the interim product as described in their response.

ComReg has not taken a formal position as to the sufficiency of *eircom*'s current proposal with respect to its legal obligations and reserves the right to intervene formally should it prove necessary to do so. This process is a pragmatic short term solution but it is not sustainable in the longer term as it is inconsistent with the need to uphold consumers' number portability rights and the principles of effective and efficient management of the numbering resource. ComReg further notes that while *eircom* has addressed the issue of an explicit cap on the throughput capacity of orders, it is likely that due to the inherent complexity of the proposed manual process it will be difficult to achieve mass market volumes under this interim proposal. These characteristics are some of the reasons why the interim GLMP product cannot be accepted or represented as being the final goal. A redesign and potential automation of the process will be necessary if consumer

¹ Further discussion is required to adequately define this term. It is understood by ComReg that this target metric will not be used unfairly as a means to forestall a move to higher volume levels.

² Retail Defence is a process within the GNP product which allows the losing operator to make a single contact with the customer prior to them moving their telephone number.

needs are to be fully met and it is essential that *eircom* (with co-operation from industry) fulfils the requirement to develop a more efficient product within a reasonable timeframe.

ComReg therefore expects *eircom* to table proposals and timetables as soon as possible for the further development of the GLMP product to meet these requirements, but in any event work should commence no later than 8 August, 2006.

While certain aspects regarding the development of the GLMP solution have been disappointing, particularly given the initial positive nature of industry discussions, the recent clarifications in relation to the SoR should, in ComReg's view, allow for the resumption of the Industry Forum.

ComReg notes the commitments made by *eircom* in this regard, in particular, to commence a trial launch of the GLMP product by 8 August 2006 and also to commence work on a long terms solution at this point.

Key GLMP Milestones

- **Milestone 1.1:** ComReg to call a GLMP industry meeting for 31 May 2006 to develop an interim product.
- **Milestone 1.2:** *eircom*, in co-operation with Access Seekers, to deliver an interim GLMP solution with Trial a launch date by 8 August 2006.
- **Milestone 1.3:** *eircom*, in co-operation with Access Seekers, to commence work on the delivery of a long term fit for purpose GLMP solution by 8 August at the latest. A comprehensive draft project plan which will set out the key milestones to achieve this aim will be required.
- **Milestone 1.4:** ComReg to publish performance metrics on GLMP as part of LLU status update reports (see Section 7).

4. Coexistence of Line Share and WLR

At an industry meeting facilitated by ComReg on 25 May 2006, Access Seekers agreed, in principle, to an *eircom* proposal that would facilitate Line Share and Single Billing-Wholesale Line Rental (SB-WLR) services being provided on the same telephone line. ComReg believes that the pragmatic approach adopted on all sides on this issue is helpful at this time, but notes that such agreement is without prejudice to all parties' positions (including ComReg's) in relation to the wider issue of migrations (see Section 6). As discussed further below, ComReg is of the view that migrations generally should be facilitated and that this issue needs to be addressed.

In the meantime, *eircom* have indicated that this facility will be introduced within 2-3 weeks and will be liaising with both industry and ComReg regarding the necessary arrangements to facilitate this.

Key Line Share/SB-WLR Milestones

- **Milestone 1.5:** *eircom* to introduce ability for Line Share and SB-WLR to be ordered on the same telephone line by 19 June 2006 at the latest.

5. Performance issues around the standard LLU Products

The ability to avail of GNP and the coexistence of LS and SB-WLR are both largely dependent on the effective and efficient performance of the existing LLU product. ComReg is aware that the ordering, delivery and “in service” performance of the basic product currently falls short of the standards set out under industry agreed inter-operator processes and wholesale service level agreements.

ComReg is aware of the willingness of all parties to address these issues and proposes to progress matters by bringing the industry together to engage in a focused programme of work. ComReg expects that many of the issues can be resolved through both process development and design and believes that rapid results can be achieved by ensuring that adequate resources are in place to meet demand. Indeed, ComReg has been informed by *eircom* that extra resources are already in place.

ComReg intends to schedule weekly meetings between *eircom* and Access Seekers to work on these issues until such time as processes and performance against them is considered to reach a level which is consistent with an efficient and effectively functioning LLU product. Such a review may also include other elements associated with the standard LLU product, for example the collocation product suite. The prioritisation of work streams and their timeframes for completion will be decided within the industry meetings.

Key Standard LLU Performance Milestones

- **Milestone 1.6:** ComReg to convene an LLU process working group for 31 May 2006 to review and where necessary improve or develop processes to resolve operational problems around the provisioning and repair processes.
- **Milestone 1.7:** ComReg intends that performance metrics regarding the ongoing provision of LLU should be published as part of regular updates on the status of LLU (See Section 7).

6. Ability to move seamlessly between operators and products

The original Access Seeker’s MRD of December 2004 also included a request that it should be possible for customers to move from one set of services provided over a particular set of wholesale inputs to services provided over a different set of wholesale inputs without experiencing significant inconvenience. (This is referred to as Wholesale Migrations). ComReg is of the view that because there exists the prospect of progress in relation to the matters described above, that it is now time to revisit the issue of migrations.

A key consideration for all sides in relation to this issue should be the possible impact on users. ComReg believes that unnecessary restrictions at the wholesale level ultimately restricts consumer choice and inhibits competition. Migrations would allow for greater choice for consumers who wish to avail of new or different products. However, few consumers are likely to avail of such choice if it entails loss or disruption of service for a period of time or other significant inconveniences. Without prejudice to the legal rights and obligations of any party, ComReg is of the view that, since the exercise of consumer choice is a key driver of competition and innovation, prima facie, product transfers at the wholesale level would be of benefit and should be facilitated.

ComReg therefore proposes to address this issue over the coming weeks. On one hand it may be that some form of industry consultation may be appropriate; on the other, ComReg may take the view that the issue is already adequately covered by existing regulatory obligations and that the best way to progress would be by way of formal enforcement proceedings in light of any such obligations. ComReg would expect to be in a position to communicate in more detail on this matter as part of its July status update (or earlier if possible).

Key Product Transfer Milestones

- **Milestone 1.8:** ComReg will communicate in more detail on next steps in relation to wholesale product migrations as part of its July status update (or earlier if possible).

7. Next Steps

ComReg is of the view that a competitive and innovative broadband sector is of key importance to Ireland's economic development. Ultimately, this is a question as to whether end users have the choice and quality of broadband (and telephony) service that they are entitled to. All players have responsibilities in this regard but of particular importance is *eircom*, as the sole wholesale player. ComReg will move to exercise its formal powers if progress is inadequate. For the avoidance of doubt, ComReg has included a non-exhaustive summary of the main commitments currently made by the parties in relation to LLU at Appendix 1. ComReg will now proceed in the manner described in this paper and will immediately reconvene the GLMP forum.

Finally, in order to provide clarity on overall progress, ComReg will issue monthly status reports on all the issues discussed above. Each status report will issue within 5 working days following the end of the preceding month.

Key Product Transfer Milestones

- **Milestone 1.9:** ComReg to issue monthly LLU status reports on progress on the issues highlighted in this information note. Each status report will issue within 5 working days following the end of the preceding month

8. Appendix 1 - Summary of Key LLU Milestones

- **Milestone 1.1:** ComReg to call a GLMP industry meeting for 31 May 2006 to develop an interim product.
- **Milestone 1.2:** *eircom*, in co-operation with Access Seekers, to deliver an interim GLMP solution with Trial a launch date by 8 August 2006.
- **Milestone 1.3:** *eircom*, in co-operation with Access Seekers, to commence work on the delivery of a long term fit for purpose GLMP solution by 8 August at the latest. A comprehensive draft project plan which will set out the key milestones to achieve this aim will be required.
- **Milestone 1.4:** ComReg to publish performance metrics on GLMP as part of LLU status update reports (see Section 7).
- **Milestone 1.5:** *eircom* to introduce ability for Line Share and SB-WLR to be ordered on the same telephone line by 19 June 2006 at the latest.
- **Milestone 1.6:** ComReg to convene an LLU process working group for 31 May 2006 to review and where necessary improve or develop processes to resolve operational problems around the provisioning and repair processes.
- **Milestone 1.7:** ComReg intends that performance metrics regarding the ongoing provision of LLU should be published as part of regular updates on the status of LLU (See Section 7).
- **Milestone 1.8:** ComReg will communicate in more detail on next steps in relation to wholesale product migrations as part of its July status update (or earlier if possible).
- **Milestone 1.9:** ComReg to issue monthly LLU status reports on progress on the issues highlighted in this information note. Each status report will issue within 5 working days following the end of the preceding month