

National Information and Communications Technology Authority



PUBLIC NOTICE **PUBLIC CONSULTATION**

REVIEW OF WHOLESALE INTERNATIONAL SUBMARINE CABLE TRANSMISSION CAPACITY SERVICES – SPECIFIC PRICING PRINCIPLES

BACKGROUND

On 17th December, 2019 the National Information and Communications Technology Authority (NICTA) made a formal *Determination* under the *National Information and Communications Technology Act, 2009* (the "Act") setting out the Service-Specific Pricing Principles that would apply, from 1st January, 2020 in relation to Wholesale International Submarine Cable Transmission Capacity Services (the Declared Service). The *Determination* related to the provision of the Declared Service over four (4) separate Submarine Cable Systems, APNG-2, PPC-1, Coral Sea Cable, and the national Kumul Cable. In a schedule to the *Determination* maximum prices were set out for Capacity Services on each of the first three (3) cables mentioned for each year over the four (4) years from 1st January, 2020.

The *Determinations* apply to all licenced Operators that provide the Declared Services. However, only one (1) Operator provides these services at present, namely PNG DataCo Ltd ("DataCo").

DECLARED WHOLESALE SERVICES

The services described in the Ministerial Declarations of 19th February, 2019 to which the Pricing Principles relate, are Wholesale Services. That is, they are services provided by one (1) licensed Operator to another licensed Operator. They need to be distinguished from Retail Services, which are provided by licensed Operators and Service Providers to business and residential retail customers. The Pricing Principles do not apply to Retail Services at all, and retail customers (that is, customers who are not licensed Telecommunications Operators) may not demand to receive the service or the regulated prices, if any, in the *Determinations*.

The scheme of the *National ICT Act* is to enable NICTA to regulate markets for Declared Wholesale Services in order to facilitate more competitive behaviour at the retail market level. Retail customers receive the benefits of improved service and lower prices as a result of improved and more effective competition that is facilitated by *Wholesale Service Regulation*. The benefits are achieved indirectly, rather than directly from *Regulation*.

PURPOSE

The purpose of this media release is to explain to all interested Stakeholders the current situation and status of the Pricing Principles Determination for the Declared Service, and to describe the current status of the review that has been undertaken by NICTA. Additionally, this media release seeks to inform all interested parties of the Review of Service-Specific Pricing Principles for International Submarine Cable Transmission Capacity Services.

REVIEW

DataCo has requested a review of the regulated rates set out in the Specific-Pricing Principles for the International Submarine Cable Declared Service. The request was based on the availability of better cost and service demand information, including more reliable forecasts, than was available during 2019 when the initial assessment was undertaken. NICTA agreed to that request and has now undertaken the first stage of its review.

In addition to the availability of more recent and better information on costs, NICTA now has access to improved information on demand for Capacity Services provided by the Submarine and Domestic Optic Fibre Cable Systems. Since the Coral Sea Cable System commenced service in February 2020 all Submarine Cable Systems are being operated, in effect, as a single international network providing back-up and diversity for each other to provide a more robust service to wholesale customers.

NICTA has now completed the first stage of its review and has prepared draft proposals for amendment of the current *Determination* in the following key ways:-

- adoption of a uniform averaged price for the International Capacity Services of all four cable systems in the *Determination*, rather than a separate price for each, as is currently the case;
- adoption of a maximum average price for the standard unit of capacity (that is, per Mbps per month) rather than for a maximum price, as is currently the case;
- include maximum average prices for 2020 and indicative maximum average prices for each of the next three (3) years; and
- nominate a date of effect for the changes.

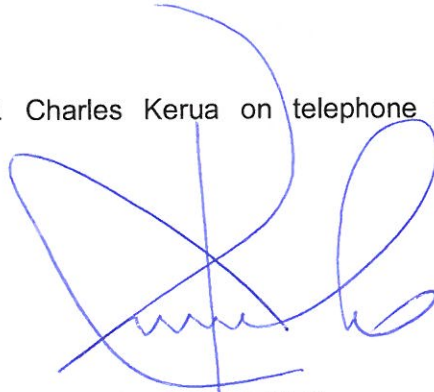
In addition, it is proposed that DataCo be required to submit for approval a Reference Interconnect Offer (RIO) setting out the terms and conditions, including prices, that it is offering in relation to the regulated Wholesale Services and to other offerings that incorporate those services as essential elements, such RIO being consistent with the amended determination.

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Section 135(4) requires that, before amending any Service-Specific Pricing Principles in relation to a Declared Service, NICTA will publish a draft of the relevant amended *Determination* and provide the public with at least four (4) weeks to make submissions to NICTA, which NICTA will then consider before finalization of the amended *Determination*. NICTA has prepared a Discussion Paper and a Draft amended *Determination* which it will publish on its website (www.nicta.gov.pg) on Friday 24 July, 2020. The deadline for Submissions is close of business on Monday 24 August, 2020.

Contact

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