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Claims that Australian broadband powerline regulations breach WTO treaties

An American smart grid specialist that names Google and Goldman Sachs as investors has alleged that Australia is breaching its World Trade Organisation commitments by adopting an obscure technical regulation that will effectively ban the use of broadband over power lines in Australia.

Maryland-based smart grid and powerline specialist Current Group has told the peak Office of the US Trade Representative that the adoption by Australia and Europe of technical regulations developed by the International Special Committee on Radio Interference amount to a trade barrier against powerline broadband. The regulations drastically cut the allowable emissions by communications devices using power mains by 700 -fold on previous norms, according to Current. "These RF emissions limits are so low that, in order to comply with them, the corresponding operating power levels for BPL/PLC devices will need to be well below that which is required to produce a commercially viable signal," Current alleges in a submission to the USTR.

Current further claims that because powerline broadband technology is the only communications technology that operates through power mains, the technical limits adopted by Australia and Europe are "are designed to prohibit only BPL/PLC products from being used in competition with established telecommunications media." Current says that while equipment can still be certified under the older more lenient emissions standard, the new regulations will apply from October next year.

NO JUSTIFICATION? The firm's submission further charges that the International Special Committee on Radio Interference and the European Committee for Electrotechnical Standardisation regulations—which have been apparently adopted by the Australian Communications and Media Authority—never "provided any discussion or analysis as to why they were so dramatically reducing the BPL/PLC emissions limits or as to what the expected impact such limits would have on BPL/PLC technology. These issues were even ignored when objections were formally raised as to why the change had been made to the "mains" port RF emissions limits." Current says no technical justification or reason has subsequently been made to justify the drastically reduced RF limits mandated by the standard and even alleges it may have stemmed from a mis-reading of a flow chart!

Australian adoption of the emissions limits violates the World Trade Organisation's General Agreement on Trade in Services and the Free Trade Agreement between the US and Australia, according to Current.

"Australia effectively excludes BPL/PLC technology from the Australian market to the benefit of existing telecommunications and smart grid technologies and therefore has failed to satisfy its commitments under the Australia FTA," says Current Group's Jay L. Birnbaum.

Current is asking the US Trade Representative to take action in its annual Section 1377 Review of international compliance with international telecom trade agreements—a process which has previously seen Australia criticised for practices seen as favouring Telstra over access seekers.

With the Australian government actively seeking to build its own majority-owned FTTH network—partly with smart grid applications in mind– allegations that it has effectively outlawed a competing technology via an obscure technical regulation could prove embarrassing.

Current Group claims a number of smart grid installations and trials in locations such as Colorado, Texas and Europe. Investors include Liberty Associated Partners, EnerTech Capital, Google and Goldman Sachs & Co—the last of which has been retained by the Australian NBN as a financial adviser. Current's website says it has company representation in Australia without providing details.

Grahame Lynch

Analysts see fixed line defence in Telstra price cuts

Analysts have described wireless broadband price drops from Telstra as a defensive strategy in part to protect its fixed line revenues. Telstra unveiled the new prices for its Next G wireless broadband service with numerous bundling options – offering discounts for users who sign up for wireless connections while still keeping fixed line phones and fixed line broadband connections.

Many Australians use wireless broadband as an addition to their home broadband service, allowing them the convenience of being connected to both the home and office while out and about or when travelling," said acting Telstra consumer director Glenice Maclellan, announcing the price drops. "It is also a popular choice for those living in areas with Next G coverage who may not have access to ADSL or cable broadband."

The changes double Telstra's entry level wireless broadband quota to 400MB for $A29.95 per month, with a 1GB plan for $39.95, 3GB for $49.95, 6GB for $79.95 and 10GB for $119.95. Each plan is discounted by $10 per month when bundled with a 24 month home phone plan, and discounted by $20 per month when bundled with a home phone and one other Telstra plan (such as Foxtel, post-paid mobile or an ADSL/cable broadband connection) for 24 months.

CommsDay understands that Telstra's business wireless broadband prices are likely to be dropped next week.

ANALYST REACTION: Ovum telecoms analyst Nathan Burley told CommsDay said that while Telstra had secured a "substantial" part of the market when wireless broadband was first offered, the company was under increasing pressure from Optus and VHA. "Over time as competitors have really caught up... we've seen a move [away from predominantly business users] to more consumer subscribers. These users are more price sensitive."

Burley said Telstra's focus on bundling discounts was being done to stymie fixed-to-mobile substitution. "Mobile broadband is becoming an increasing threat to low-end fixed broadband subscribers... offering bundled solutions would work to guard against that."

Telsyte analyst Warren Chaisatien said all operators would be faced with dropping prices and growing usage in the coming year. "As prices continue to come down, mobile data traffic continues to grow exponentially. That is posing a very profound challenge to carriers across the board... this will become even more obvious this year."

Luke Coleman

Optus downplays new IPO reports

Optus has sought to distance itself from fresh reports indicating that parent company SingTel may sell off a stake of its Australian subsidiary. Following a bout of rumours late last year that an Optus IPO was likely to occur in 2010, the Wall Street Journal has reported that SingTel plans to float around 25% of Optus as early as the first half of this year.

The report quoted sources as saying that an IPO for 25% of Optus could raise around A$4b for SingTel. The report also said that there was "no firm timing" for the IPO, but that 1H 2010 was in the realm of possibility. Another source was reported as saying that the cash raised from the IPO would likely be used for acquisitions and expansion outside of Australia and Singapore. Previous reports have speculated that SingTel could use the funds to enter Vietnam, China or Africa.

But the company is revealing nothing of its plans, with an Optus spokesperson stating "we do not comment on rumour or speculation."

After the initial reports of an IPO last October, Optus CEO Paul O'Sullivan described an IPO as a "side issue" on ABC's Inside Business, adding that SingTel had "made no decision to do an IPO of the Australian business."

Luke Coleman

AUSTRALIA

ACMA finds telcos stepping up performance

A new report from the Australian Telecommunications and Media Authority reveals that leading Australian telcos have been steadily lifting their game on network reliability, priority assistance, and the customer service guarantee.

The ACMA's 'Telecommunications Performance Bulletin' for the 2008-9 fiscal year, compiled from data reported to the regulator by Telstra, Optus and AAPT, shows the three telcos delivering general improvements across the period – albeit still falling short of the ACMA's benchmarks in some cases.

Though not currently enshrined in regulation, the benchmarks are based on recommendations by the 2002 Regional Telecoms Inquiry and other research, as well as informal arrangements between carriers and the federal government.

On the CSG front, Optus and AAPT passed the benchmark for both in-place and new service connections, meeting the required timeframes in over 90% of cases. Telstra cleared the bar for in-place connections