Increasing the supply of Reseller Identification Codes (RIDs)

A statement on ensuring there are sufficient RID administrative codes

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About this document

This statement concerns a type of code known as a Reseller Identification Code (RIDs) that is allocated by Ofcom to communications providers (CPs) for administrative purposes.

In October 2014 we published a consultation on our proposals to change the format of RIDs to accommodate expected increases in demand. In this statement, we set out our analysis of stakeholder responses to our consultation. We conclude that there is insufficient evidence that demand is likely to exceed availability of RIDs under their current format. On this basis, we decide to maintain the current RID format, as a three character alphabetic code.

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Section 1

Summary

1.1   In October 2014 we published a consultation setting out our proposals to change the format of Reseller Identification Codes (RIDs).[1] This is a type of code that Ofcom allocates to communications providers (CPs) for administrative purposes. We recognised there was potential for an increase in demand for these codes and proposed a change in their format to increase the supply of codes available.

1.2   Under the current format of RIDs, as a three character alphabetic code, 15,625 codes are available to be issued to CPs. However, due to changes to the switching process, we thought that the demand for RIDs might have risked exceeding the number available in its current format.

1.3   RIDs are currently used in the Notification of Transfer (NoT) switching process, which is used for switches between fixed line and fixed voice services made over the Openreach network. In 2013 we set out our decision to harmonise the switching process for fixed voice and broadband services to the NoT process by 20 June 2015.[2] This meant that broadband only CPs would need to use the NoT process, and hence require a new RID.

1.4   To bring about this harmonisation, we are working with industry, through the Switching Process Implementation Group (SPIG), to implement the changes required to the switching process. In the context of this work, we are also encouraging CPs, particularly retail CPs entering into contractual agreements with end-users for the provision of communications services, to use a unique RID. As many retail CPs previously used the RID of their wholesale provider to place orders, we thought this might drive a greater demand for RIDs. There had been some suggestions at SPIG that the overall demand for RIDs may exceed 20,000.

1.5   In the October 2014 consultation we asked stakeholders for their estimates of the likely demand for RIDs. We also set out three options for the format of RIDs to ensure there would be sufficient codes to meet the potential demand.

1.6   We received four responses to the consultation, none of which provided any evidence to support the claim that more than 20,000 RIDs would be required. In light of these responses, we think it is unlikely that the demand for RIDs by the industry as a whole will exceed 15,600 in the foreseeable future. We therefore conclude the number of RIDs available in their current format should be sufficient to meet likely demand, and we do not intend to change the format of the code at this time.

1.7   We will continue to monitor the availability of RIDs and intend to review this via the new bi-annual RID Review Industry Forums. If at any point in future, if we think RID capacity is likely to be exhausted in the next 18 months[3] we will consider consulting on changing the format of RIDs at that time.

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[1] http://stakeholders.ofcom.org.uk/consultations/increasing-supply-rids/
[2] http://stakeholders.ofcom.org.uk/binaries/consultations/consumer-switching-review/statement/statement.pdf
[3] Consultation responses suggested that most CPs would need to make very few changes to introduce numerals into RIDs, however BT noted that they would need at least 12 months to carry out the system changes.

Section 2

Introduction and Background

Background to the consultation

2.1   Ofcom is responsible for the administration of the UK's telephone numbers. We do this as a part of our regulation of the communications sector under the framework established by the Communications Act 2003 ('the Act').

2.2   Ofcom has a general duty under sections 63(1)(a) and (b) of the Act to secure, in carrying out its numbering functions, that best use is made of the numbers and to encourage efficiency and innovation for that purpose. Sections 3(1)(a) and (b) of the Act set out the principal duty of Ofcom to further the interests of citizens in relation to communications matters; and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

2.3   We are required by section 56 of the Act to publish a National Telephone Numbering Plan ('the Numbering Plan'), setting out the telephone numbers available for allocation and any restrictions on how they may be adopted or used. We make the latest version of the Numbering Plan available on our website.[4]

2.4   Administrative codes used to identify CPs are classed as telephone numbers under section 56 of the Act. These administrative codes include RIDs, which are used to identify CPs and are used as a part of the Gaining Provider Led Notification of Transfer (GPL NoT) switching process.

2.5   RIDs are currently defined as a three character alphabetic code ranging from AAB to ZZZ. This provides for 15,625 useable combinations, of which 3,264 codes had been allocated as of 15 October 2014. However, due to changes to the switching process we expected the demand for RIDs to increase, with the potential to exceed current supply. We considered that we might need to modify the format of the code so that more RIDs are available. Any change to the format of RIDs would require a modification to the Numbering Plan to bring it into effect. Therefore we published a consultation in October 2014 setting out our proposals.[5]

October 2014 consultation on modifications to the format of RIDs

2.6   In the consultation we explained that the GPL NoT switching process is currently used for the migration of fixed voice and fixed line services (Wholesale Line Rental (WLR) and Metallic Path Facility (MPF)) on the Openreach network. However, as a result of Ofcom's decision to harmonise the switching process for fixed voice and broadband services on the Openreach network, we expected the demand for RIDs to increase. This is because broadband providers do not currently use the NoT process and therefore will need to apply for a RID in order to use the harmonised NoT process.

2.7   We also explained that as a result of clarifications made during our switching implementation programme, we expect an increase in the demand for RIDs from retail CPs who already use the NoT process. As a part of our work to implement the harmonisation of the switching process we are encouraging CPs, specifically retailers

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[4] http://stakeholders.ofcom.org.uk/telecoms/numbering/
[5] http://stakeholders.ofcom.org.uk/consultations/increasing-supply-rids/

who enter into a contractual agreement with an end user for the provision of communications services, to use a unique RID. Some of these CPs currently use a RID provided by their wholesale provider and so do not currently have their own RID.

2.8   We explained that it was particularly difficult to estimate the number of companies who will need a RID, as the vast majority of retail CPs that will need one are either small retailers of communications services or are broadband only CPs. However, we noted that in discussion with stakeholders at the Switching Process Implementation Group (SPIG) meetings, there had been some suggestions that the demand for RIDs could be as high as 20,000.

2.9   We identified three options for the format of RIDs:

- Option 1: Do nothing. If we see that the demand for RIDs is unlikely to exceed 15,600, we will retain the current format of RIDs, on the basis that there is little evidence of risk that the RID capacity under the current format would be insufficient.

- Option 2: Extend RIDs to three character alphanumeric format (i.e. using both alphabetic characters and numbers), to increase the number of RIDs available to approximately 40,000.

- Option 3: Extend RIDs to a four character alpha-only code, increasing the number of RIDs to almost 400,000.

2.10   We explained that our preferred option was Option 2 as:

- The changes to the switching process mean that it is difficult to predict future demand for RIDs and there was a risk that we may run out of available RIDs if we selected Option 1; and

- Following discussion at SPIG, we understood that it would be easier for CPs to retain RIDs in a three character format rather than move to a four character format. Since we expect option 2 will provide sufficient RIDs to meet future demand, we ruled out option 3.

Section 3

Responses to the Consultation

Introduction

3.1   We received four responses to the October 2014 consultation. These responses were submitted by BT, Gamma, Talk Talk and SSE. Their responses are available on our website.[6]

3.2   In this section we summarise the responses to our consultation questions on

- The demand for RIDs;

- The proposal to change the format of RIDs; and

- Views on other administrative uses for the proposed RID format.

We assess the responses and provide our updated assessment following the responses.

Consultation responses

Demand for RIDs

Stakeholder responses

3.3   In the October 2014 consultation we asked stakeholders to provide estimates of the number of RIDs required by their downstream CPs and by the industry in total by the switching harmonisation date of 20 June 2015.

3.4   BT and Talk Talk provided estimates for their direct downstream CP customers. BT noted that they currently supply approximately [✂] CPs that may require one or more RIDs. However they were unable to say how many of these require a new RID. Talk Talk estimated that 150 RIDs will be required for their direct downstream CP customers, but this figure included inactive accounts.

3.5   None of the respondents were able to provide an estimate of the demand for RIDs by the industry as a whole. However, Gamma noted that they would be surprised if the demand for RIDs would increase to the point where the number available under the current three character alphabetic format would become the limiting factor.

Our assessment

3.6   Responses from stakeholders provided no evidence that the demand for RIDs is likely to exceed 15,600. The estimates we received from two wholesale providers about likely demand by their direct wholesale customers were relatively low. Although these estimates do not include CPs further down the supply chain, we think they are indicative of how future demand is likely to develop as they concerned customers of two of the larger wholesale providers. On this basis, we believe it is unlikely that the demand for RIDs by the industry as a whole will exceed 15,600 by the switching

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[6] http://stakeholders.ofcom.org.uk/consultations/increasing-supply-rids/?showResponses=true

harmonisation date. Therefore, we have not seen any evidence to support the claim that there may be 20,000 retail CPs who will require RIDs.

Proposal to change the format of RIDs

<u>Stakeholder responses</u>

3.7   There was a strong preference from respondents for Option 1 (do nothing). Option 2 (extending RIDs to three character alphanumeric format) was the preferred option if a change was necessary to future proof the supply of RIDs.

3.8   In setting out its preference for Option 1, BT suggested that Ofcom could take steps to increase the availability of RIDs while maintaining the same format. They suggested that Ofcom could recycle RIDs which are no longer required or encourage CPs to assess the use of RIDs by sales channels or brands which are no longer active and proactively return RIDs that are no longer required to Ofcom.

3.9   Some respondents gave reasons why it may be prudent to expand the number of RIDs available in order to future proof their supply. SSE thought that making this change now would avoid having to introduce the change more quickly were the demand for RIDs suddenly to increase in the future. Talk Talk thought that more RIDs might be required if other services are brought within the scope of the harmonised switching process in future phases of Ofcom's work on consumer switching.

3.10   None of the respondents were able to provide detailed estimates of the cost of changing the format of RIDs. Talk Talk and SSE both suggested that the costs would be very low. Meanwhile, BT noted that they would need at least 12 months' notice to carry out the system changes and testing to implement Option 2. BT also explained that a change to the format of RIDs would have a wider impact than just CPs who use the GPL NoT process, as the codes were originally introduced to identify CPs using wholesale call and Carrier Pre-Selection (CPS) products. There would be an additional cost to change the systems supporting these services.

<u>Our assessment</u>

3.11   At present, we have a stock of 11,710 unallocated RIDs, consisting of 10,930 unused codes and 780 codes returned to Ofcom. Given the number of available RIDs and the lack of evidence showing a likely significant increase in demand beyond current capacity, we intend to retain the current format for these codes (i.e. Option 1).

3.12   We already have a process to reclaim RIDs which are no longer required. RIDs returned to Ofcom are noted as Protected and set aside. We will continue to issue unused RIDs in alphabetical order, but if these run out we can make the Protected codes available for allocation. We encourage CPs to return any allocated RIDs to Ofcom that are no longer required and we will continue to reclaim unused codes as and when we can.

3.13   We also note that it has been suggested that there should be regular RID Review Industry Forums (to meet once or twice a year) following the implementation of the harmonised switching process. This would provide a regular point to review the allocation and demand for RIDs. If we find that likely demand risks exceeding RID capacity within 18 months (i.e. the time horizon over which BT suggests it needs to implement such changes and a further 6 months for the consultation period), we will consider consulting on a change to the format of RIDs at that time.

Other administrative purposes for the proposed RID format

<u>Stakeholder responses</u>

3.14   In the consultation we asked if there were other administrative purposes for the proposed alphanumeric format of the RID. Respondents did not identify any alternative uses for a three character alphanumeric code.

Other comments

3.15   Respondents made a number of comments which were outside the scope of this consultation. These are summarised below.

<u>Requirement for a unique RID</u>

3.16   Gamma noted that the requirements set out in the General Conditions of Entitlement do not mandate that CPs with the contract with an end user submit a RID, but only that Ofcom can track the CP placing the order. They suggested that the identity of the CP could be found without the need for a unique RID via the operator whose RID was submitted with the order. They also raised concerns that the revised requirement for CPs to use a unique RID could enable a wholesaler access to information about the identity of a retail CP's supply chains through the identifier.

<u>Clarification on the definition of RID</u>

3.17   SSE proposed that the Numbering Plan should be amended to clarify the definition of the RID and to refer to a 'retail' CP. The Numbering Plan definition currently refers to a reseller of BT's wholesale services and a retail CP using resale services. SSE suggested that a new code structure should be introduced for wholesale CPs, although it was not aware of any need to identify wholesalers in the current processes that use RIDs.

<u>Governance model</u>

3.18   SSE proposed that a market body should be introduced to manage the governance of the harmonised switching process, including RIDs. They suggested that body should have a share of the responsibility to ensure that RIDs are only used by those who have been issued the code and that end retailers can be identified unambiguously.

Our assessment

<u>Requirement for a unique RID</u>

3.19   General Condition 22.3 stipulates that CPs must refrain from mis-selling practices, including slamming, when selling or marketing communications services. In order to comply with their obligations, wholesale providers or aggregators placing orders on a customer's behalf would need to have the necessary systems and processes in place, to ensure that suitable information is available to identify the customer concerned where there are allegations of slamming or mis-selling. Such information would also support Ofcom's enforcement activities in relation to General Condition 22.3, or other General Conditions as applicable.

3.20   We consider that the best way to achieve that accurate information about the CP that has placed a transfer order is available, is by encouraging CPs with a contractual

relationship with end users to use a unique RID. However, we remain mindful of the complexities of requiring every individual retail CP to use a unique RID: for example, this might be impractical for smaller suppliers who serve only a very small number of end users. We would therefore consider within this context any other steps taken by wholesalers and aggregators to ensure consumers are able to easily identify the name of the CP that has placed a transfer order. We note that, in any case, use of RID information obtained during a switch is governed by the General Conditions of Entitlement, including General Condition 1.2.

<u>Clarification on the definition of RID</u>

3.21   We note SSE's comment on the definition of RIDs in the Numbering Plan for future work.

<u>Governance model</u>

3.22   We also note SSE's suggestion for a market body to govern the switching process. However, this is outside the scope of our consultation. We are currently considering consumer switching as a separate strand of work.[7]

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[7] See our document *Consumer switching Next steps and call for inputs* July 2014, at: http://stakeholders.ofcom.org.uk/binaries/consultations/consumer-switching-cfi/summary/Consumer_switching_cfi.pdf

Section 4

Ofcom's decision

4.1 We have reviewed the four responses received to this consultation. The responses do not advance arguments or provide evidence to suggest that the number of RIDs required by industry risks exceeding 15,600 in the foreseeable future. Industry estimates provided prior to the consultation of a possible demand for 20,000 RIDs appear, in the light of responses, to have been an overestimation. Therefore we have decided, in light of our duties under the Act, to retain the current three character alphabetic format for RID codes.

4.2 To mitigate the risk of exhausting code capacity, we will continue to ensure that RIDs are allocated and used efficiently. We continue to encourage CPs to keep their details up-to-date and to return any codes which are no longer required. These codes can then be re-issued to another CP if required.

4.3 We also intend to review the allocation and demand for RIDs regularly at the RID Review Industry Forums. If we at any point in time we forecast that demand for RIDs may exceed availability within 18 months we will consider consulting on changing the format of RIDs at that time.

Annex 1

List of consultation respondents

A1.1   Ofcom received four responses to the October 2014 consultation. The following responses are available at:

http://stakeholders.ofcom.org.uk/consultations/increasing-supply-rids/?showResponses=true

- BT

- Gamma

- SSE

- Talk Talk