

## Your response

### Volume 1: Market review

#### Contemporary Interface (CI) Access

Question	Your response
<b>Question 4.1: Do you agree with our proposed approach to product market definition? Please provide evidence to support your views.</b>	Confidential? – N  SSE T agrees with the proposed approach to the product market definition and the selected conceptual framework.  We would like to note here that we expect future market definitions (within the next 2021 review) to include broadband

	<p>services, specifically FTTP Fibre to the Premises. With the Fibre First initiatives and acceleration of the Openreach FTTP (Fibre to the Premises) deployment; FTTP becomes a viable substitute to the 1G and sub 1G Ethernet services.</p> <p>A8.45 suggests FTTP speeds will fall short of 100Mbit/s but Openreach is already offering 500/165Mbps and 1000/220Mbps FTTP variants and as product is based on full fibre there are no limitations to the bandwidth offered once installed at customer site (assuming Openreach can address any network capacity limitations where applicable).</p> <p>A8.48 suggests FTTP roll out in residential areas only and limited availability but Openreach has announced Business Area specific programmes as part of the FTTP roll out now.</p> <p>We do agree that customer bandwidth requirements evolution will mean that existing Leased Line customers will see their bandwidth and network performance requirements grow; however, this does not exclude FTTP as a substitute product for the up to 1G Ethernet services.</p> <p>FTTP will increase in importance as the coverage grows, especially with SD WAN solutions where multiple access services can be easily bonded and bandwidth across many access solutions used as one. Asymmetric broadband is considered a backup to Ethernet now, but we see wireless or fixed wireless 5G based services as backup scenarios in future.</p> <p>As the purpose of the product market definition is to identify the competitive constraints on each of the CI Access services provided by BT over the Openreach network we feel that in the next BCMR review FTTP services do need to be considered. These may now have insignificant coverage and may be excluded based on the Fibre First Business case findings but as the coverage is growing rapidly it will have significant impact and will become a competitive constrain on the dedicated Leased Line market.</p>
<p><b>Question 4.2: Do you agree with our proposed CI Access product market definition? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>SSE T agrees with the proposed single-product market for the CI Access services taking into account the unrestricted access to Openreach ducts and poles addressed under PIMR.</p> <p>Please consider here our comments on the exclusion of the FTTP product as per question 4.1.</p> <p>Other comments on the charge controls, pricing or quality of service remedies are covered in relevant questions below.</p>

**Question 5.1: Do you agree with our proposed approach to geographic market analysis for CI Access? Please provide evidence to support your views.**

Confidential? – N

SSEET broadly agrees with the approach that Ofcom has taken to geographic market analysis for CI access services. Determining network reach using a buffer distance of 50m from an operators duct is a sensible approach, however it is not completely accurate as it is not always possible to break into a duct and connect directly into the fibre cable. Connection to an existing fibre cable would normally be done at a splice point which could be a few hundred metres away from the building location, despite the duct running outside the building. Given that the locations of all suppliers actual splice points aren't likely to be available to Ofcom to analyse the approach taken seems the most sensible. We also agree that it wouldn't be practical to determine SMP by postcode sectors due to the volume, and that aggregating sectors where competitive conditions are similar is a sensible approach.

**Question 5.2: Do you agree with our proposed definition of geographic markets for CI Access? Please provide evidence to support your views.**

Confidential? – N

SSEET would agree with Ofcom's findings that most of the UK has very limited coverage by networks other than BT. We would agree with the geographic markets that Ofcom have identified for CI Access services. Although we see Ethernet services offered by several different suppliers across the country (BT Only areas), they are using Openreach EAD circuits for the end, access connectivity to build their overall service.

We have recently engaged a number of suppliers for Ethernet and Fibre services to approx. 3,000 sites spread across England and the information that we've received broadly correlates with Ofcom's findings. Whilst a number of the responses were for dark fibre (DF) services rather than CI Access specifically, the availability of fibre is key to the delivery of CI Access services, albeit DF is generally sold on longer term contracts and so the propensity to dig is higher. What we also saw is that other suppliers, whilst having publicly stated plans to build out full fibre networks to a number of UK towns & cities, most of this network won't be in place before Ofcom's next full review of residential and business telecoms markets and physical infrastructure in 2021.

**Question 6.1: Do you agree with our proposed approach to SMP assessment for CI Access in the UK excluding the Hull Area? Please provide evidence to support your views.**

Confidential? – N

SSEET agrees with Ofcom’s approach to SMP assessment of CI Access services in the UK.

We would agree that Openreach’s market share is strong evidence of their dominant position outside of CLA.

SSEET agrees that service shares of 2017 connections are a reasonable measure, but also considers it important that upgrades have been included in the assessment.

We also believe it’s important when looking at customer migrations to consider who the underlying provider of the CI Access service is. Often customers will migrate to alternative Ethernet service providers but the underlying CI Access provider will remain the same due to lack of alternative suppliers.

**Question 6.2: Do you agree with our proposed SMP findings for CI Access in each of the geographic markets defined? Please provide evidence to support your views.**

Confidential? – N

SSEET would agree with the proposed SMP findings for CI Access in each of the geographic markets defined.

We consider it appropriate to conclude that BT has SMP in BT Only and BT+1 geographic markets due to the high market share, over 60%, that BT still has in these areas.

We would also agree that BT has SMP in the Metro areas, whilst we are able to identify other suppliers of CI Access services in these Metro areas, their coverage is not ubiquitous in these areas and we don’t feel that it’s at a sufficient level of penetration to offer real competition to BT.

It is generally not economic for an alternative provider to build a network to service one customer site for CI Access services whereas Openreach’s ubiquitous network means the physical infrastructure required to service that customers site is largely already in place meaning most of the cost to serve is already sunk.

## CI Inter-exchange connectivity

**Question 7.1: Do you agree with our assessment of inter-exchange connectivity? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with Ofcom's assessment of inter-exchange connectivity.

We would agree that BT has SMP in both BT Only, and BT+1 exchanges. In an exchange where there is only one other operator present, whilst they have connectivity into that exchange, they are unlikely to have connectivity into all of the other exchanges that may be required to connect to which means they only offer a limited alternative to BT. Multiple operators are required to offer a full alternative to BT.

We believe it is important that Ofcom has considered both direct and non-direct connections into BT exchanges. If Ofcom had primarily used data on the ownership of External Cablelink services taken from Openreach then this would have given an unrealistic view of the number of suppliers able to serve an exchange.

We found from our own experience of building our existing Edge network that in most exchanges there are few suppliers available other than BT.

**Question 7.2: Do you agree with the proposed market definition? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with the proposed single-product market for the CI Inter-exchange services.

Other comments on the impact of the single-product market definition and geographic market definition on the charge controls, pricing or quality of service remedies, are covered in relevant questions below.

<p><b>Question 7.3: Do you consider that our list of BT exchanges for de-regulation is correct? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>SSE T does not have a presence in all of the exchanges that Ofcom proposes to de-regulate so is unable to comment on them all from experience but agrees with Ofcom’s methodology for establishing which exchanges BT does not have SMP in.</p> <p>We are currently in the process of building out a number of exchanges as part of our Edge network expansion, of which circa 150 are exchanges that Ofcom have proposed not to regulate and SSE T has been able to find alternative suppliers for the inter-exchange connectivity.</p>
<p><b>Question 7.4: Do you agree with our list of Principal Core Operators (PCOs)? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>From our own recent exchange expansion program, SSE T would agree that CenturyLink, CityFibre, Colt, Virgin Media and Zayo are Principal Core Operators and are providing inter-exchange connectivity services.</p>

### Traditional interface (TI) services

<p><b>Question 8.1: Do you agree with our proposal not to regulate the low bandwidth TI services market on the basis that it no longer fulfils the three-criteria test set out in the European Commission Recommendation? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>No comment</p>
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### Hull Area

<p><b>Question 9.1: Do you agree with our proposal to deregulate the retail market for CI services at all bandwidths in the Hull Area? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>No comment</p>
<p><b>Question 9.2: Do you agree with our analysis and proposed findings in relation to the wholesale market for CI Access services at all bandwidths in the Hull Area? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>No comment</p>

**Question 9.3: Do you agree with our proposal to deregulate wholesale TI services at all bandwidths in the Hull Area? Please provide evidence to support your views.**

Confidential? – N

No comment

## **Approach to remedies**

**Question 10.1: Do you agree with our proposed approach to remedies? Please provide reasons and evidence in support of your views.**

Confidential? – N

SSE T agrees with the approach to remedies promoting competition, removing regulation where not needed and protecting consumers

## General remedies

**Question 11.1: Do you agree with the general remedies that we propose? Please provide reasons and evidence in support of your views.**

Confidential? – N

SSE T agrees with the general remedies proposed but we are concerned with the way notification periods are implemented.

Section 11.91 States that

**Table 11.1: Summary of amendments to the Special Offer**

Amendment	Amendment concerns	Notification period
If Openreach wants to extend a Special Offer at the current SO price or lower price and current T&Cs	Prices and T&Cs	Next working day
If Openreach wants to extend a Special Offer on current T&Cs at a price above the initial Special Offer price but below the standard price	Prices	28 days

If Openreach wants to extend a Special Offer at the current SO price or lower price and current T&Cs (Prices and T&Cs) they can do this next working day. This could be considered to be anti-competitive and could stop other operators competing with Openreach in Competitive bid scenarios. This should be amended to 28 days.

In addition, 11.89 states:

*“We propose to reimpose the obligation on BT to notify changes to its charges, terms and conditions. We propose that the following notification periods should continue to apply:*

- *28 days’ notice for prices, terms and conditions relating to new service introductions;*
- *28 days’ notice for price reductions and associated conditions (for example, conditions applied to special offers); and*
- *90 days’ notice for all other changes to prices terms and conditions.”*

SSE T requests that Openreach be obligated to not use new Special Offers for competitive, time sensitive bid submissions during the 28 Day period



## Specific dark fibre remedy for inter-exchange connectivity

**Question 12.1: Do you agree with the aims and effect of our proposed dark fibre remedy? Please provide evidence to support your views.**

Confidential? – N

SSE T does agree with the aims and effect of Ofcom's proposed dark fibre remedy.

We agree with the benefits to telecoms providers, these being:

- *users would be able to choose their own electronic equipment, enabling them to deliver services that better suit their needs and the needs of their customers;*
- *users would be able to make efficient decisions on bandwidth upgrades based on the underlying costs of upgrades;*
- *users would be able to eliminate inefficient active equipment duplication resulting in lower costs to telecoms providers; and*
- *users would potentially be able to deliver improvements more quickly than they can currently.*

SSE T already installs its own equipment in our exchange sites. This equipment is designed to work with a direct dark fibre connection but in these exchanges where there is no alternative to BT for inter-exchange connections we currently have no option but to use Openreach provided services such as EAD & OSA Filter Connect. This limits us to the interfaces, equipment capabilities etc of Openreach's chosen subset of their vendor electronic equipment provider.

Each active circuit adds an unnecessary space and power requirement, both of which can be limited in exchanges and adds further cost to a telecoms provider.

<p><b>Question 12.2: Do you agree with our proposed scope of the remedy? Please provide evidence to support your views. Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>SSE T notes Ofcom’s proposed scope and agrees with it in the main however we believe that the dark fibre remedy should be applied to all exchanges where BT has SMP for inter-exchange connectivity as per Ofcom’s proposal in section 7, i.e. both BT Only and BT+1 exchanges, and not just BT Only exchanges.</p> <p>It is also not clear if Ofcom are proposing a distance limitation on the dark fibre remedy.</p> <p>Sections 12.100 – 12.103 reference the previous 2016 BCMR &amp; 2017 consultation and refer to a dark fibre product having the same technical and commercial aspects of EAD. Table 12.3 also says that dark fibre product should be comparable to the fibre elements of the corresponding active wholesale products (i.e. EAD100). That would infer that the dark fibre product will be limited to 45km as per the EAD product. However, 12.104 has a footnote, (349) that states ‘Given the remedy is no longer restricted to lower bandwidths, we do not propose any distance limits because this safeguard built into previous dark fibre access designs is not applicable’.</p>
<p><b>Question 12.3: What scope do you expect to have for cost savings as a result of the proposed dark fibre remedy? How large do you expect any cost savings to be? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>No comment</p>
<p><b>Question 12.4: How many orders for dark fibre would you envisage placing during the two-year review period? Please provide evidence to support your views.</b></p>	<p>Confidential? – N</p> <p>No Comment</p>

**Question 12.5: Do you agree with our proposed timeline for dark fibre implementation? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with Ofcom's proposed timeline for dark fibre implementation. Along with the rest of industry we would favour a short implementation period and agree that there should not be a need for a longer period of input to the RO. This proposal is very similar to the original remedy in the 2016 BCMR, without the usage restrictions proposed in 2017 and as such we believe that BT should have minimal additional activity required prior to launch.

In addition, as this is effectively an 'own use' product for telecoms providers, all of whom are likely to be experienced in the use of dark fibre within their own networks, BT's previous response to the 2017 Dark Fibre consultation that Ofcom incorrectly assumes providers are ready to sell dark fibre-based products and that the proposed timelines did not allow for a testing window between Openreach and industry, is no longer relevant.

## Specific remedies for active products

**Question 13.1: Do you agree with the specific network access remedies that we propose for CI services at all bandwidths in the business connectivity markets? Please provide evidence to support your views.**

Confidential? – N

SSE T broadly agrees with the remedies requiring BT to provide network access for all bandwidths; 1G and below for Ethernet circuits and 1G and above below for Ethernet and WDM circuits.

## Specific remedies for interconnection and accommodation

**Question 14.1: Do you agree with the specific remedies for interconnection and accommodation that we propose? Please provide evidence to support your views.**

Confidential? – N

### Interconnection

SSE T agrees with Ofcom's proposal to require BT to provide interconnection services in the relevant wholesale markets and to apply price controls to those services.

### Accommodation

SSE T agrees with Ofcom's proposal to require BT to provide accommodation services to apply price controls to those services. However, we believe that in the case of accommodation that these proposals should not be limited to markets in the same way as connectivity.

We would suggest BT should be subject to an obligation to allocate accommodation space and power on the basis of EOI and to impose price controls for accommodation services including Cablelink for all exchanges (excluding Hull area). We also consider, given the importance of accommodation, that for all markets it is essential that space and power continue to be allocated on a first come first served (FCFS) basis.

Competition in the connectivity market doesn't apply to exchange accommodation, availability of alternative network providers doesn't remove the requirement for accommodation in an exchange, it just gives access to competitive alternatives for access and backhaul.

External Cablelink is only required when using another operators network into an exchange so this should definitely have price control across all markets.

## Quality of services (QoS) remedies

**Question 15.1: Do you agree with our proposals regarding the application of QoS standards, KPIs, SLAs and SLGs over the period of this review? Please provide evidence to support your views.**

Confidential? – N

SEE ET agrees with the proposals.

## Remedies in the Hull Area

**Question 16.1: Do you agree with the remedies in the Hull Area that we propose? Please provide evidence to support your views.**

Confidential? – N

No comment

## Volume 2: Leased line charges control

### Objectives and approach in setting the leased lines charge controls

**Question 2.1: Do you agree with the proposed form of charge controls? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with the charge control which cap the current prices in real term or normal terms. This would allow for pricing stability in the market and promote longer term contracts.

### Charge control design

**Question 3.1: Do you agree with each of our proposals in relation to the design of charge controls for active services at 1 Gbit/s and below? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with the design of charge controls based on maintaining current pricing for connection, rental and Main Link and capping the price increase at CPI-CPI.

**Question 3.2: Do you agree with each of our proposals in relation to the design of charge controls for active VHB services? Please provide evidence to support your views.**

Confidential? – N

SSE T agrees with the design of charge controls based on maintaining current pricing for connection, rental and Main Link and capping the price increase at CPI-CPI.

**Question 3.3: Do you agree with each of our proposals in relation to the design of charge controls for accommodation services, Excess Construction Charges and Time Related Charges? Please provide evidence to support your views.**

Confidential? – N

No Comment

## Inter-exchange dark fibre charge control

**Question 4.1: Do you agree with our proposals in relation to the design of a charge control for inter-exchange dark fibre? Please provide evidence to support your views.**

Confidential? – N

SSE T is concerned with a fibre pair pricing when compared to single fibre, e.g. 2 x single fibre. This approach is not consistent with the cost incremental which does not double. The costs we have seen in market can be as low as 15p per meter for a fibre pair – which would mean that BT will remain uncompetitive.

We are also interested to understand how the price is affected for longer term commitments, DFA or Fibre currently attracts a much longer term i.e. 10-15 years

## Implementation, compliance and legal tests

**Question 5.1: Do you agree with each of our proposals in relation to the implementation of charge controls? Please provide evidence to support your views.**

Confidential? – N

No comment