



Internet Telephony Services Providers' Association

ITSPA Response to Ofcom Physical Infrastructure Market Review

About ITSPA

The Internet Telephony Services Providers' Association ("ITSPA") represents over 100 UK businesses involved with the supply of next generation communication services over data networks to industry and residential customers within the UK. Our traditional core members are VoIP providers. ITSPA pays close attention to both market and regulatory framework developments on a worldwide basis in order to ensure that the UK internet telephony industry is as competitive as it can be within both national and international markets.

Please note that certain aspects of the ITSPA response may not necessarily be supported by all ITSPA members. Individual members may respond separately to this consultation where a position differs. However, the ITSPA Council is confident that this response reflects the views of the overwhelming majority of ITSPA members.

A full list of ITSPA members can be found at <http://www.itspa.org.uk/>.

Response

ITSPA welcomes the opportunity to respond to Ofcom's consultation on the Physical Infrastructure Market Review. As a general principle, members of ITSPA welcome Ofcom's efforts to improve broadband speeds and to increase the level of competition within the UK's telecoms infrastructure. However, there are several points that ITSPA would like to make.

Access on the terms set out in the proposals to BT's duct and pole infrastructure undoubtedly reduces the cost of network deployment materially. However, the consequence is that it would disincentivise new infrastructure build – the time and cost of building relative to consuming existing duct may not always be a rational decision. This would mean that there would be a regulator endorsed self-fulfilling prophecy of an infrastructure (and ancillary services) monopoly. We would suggest that not enough analysis or debate on this point has been performed and we encourage Ofcom to look into this further.

A further point ITSPA would like to highlight is the potential for game-playing. This issue cuts both ways, with there being an incentive for operators to consume PIA on key, congested, routes purely for the purpose of blocking the competition. Equally, there is an incentive on BT's downstream divisions to do the same, thus having the consequence of favouring its active products. BT, as a historically unwilling landlord, is also free, on prima facie read of the SMP conditions, to impose disincentives to consume PIA such as disproportionate bonds or guarantees for use of sub-duct.

If you have any questions regarding our response or would like any further information, please contact the ITSPA Secretariat on team@itspa.org.uk or 020 3397 3312