

## Your response

Question	Your response
<p><b>Question 2.1: Do you agree with our overall approach to regulation in potentially competitive areas?</b></p>	<p>Confidential? – N</p> <p>I do not agree with the approach. I am concerned Openreach will receive enhanced revenue because regulated prices will be set to leave margin for 3<sup>rd</sup> parties (assumed to be less efficient than Openreach) to invest. With this extra revenue Openreach will be able to deploy more network and increase their dominance.</p> <p>Despite multiple operators being present in competitive areas Openreach still has the greatest number of locations (footway boxes) and is thus almost always the network provider offering the closest and hence cheapest solution to reach a new customer. This proposal will, I think, enhance Openreach’s capability in the competitive areas.</p>
<p><b>Question 2.2: What is your view of our access and charge control proposals for wholesale local access services in potentially competitive areas?</b></p>	<p>Confidential? – N</p> <p>Proposing regulated prices will be set to leave margin for 3<sup>rd</sup> parties will deliver to Openreach enhanced revenue because they are larger and should be more efficient. I believe, with this extra revenue Openreach will be able to deploy more network and increase their dominance.</p>
<p><b>Question 2.3: What is your view of our access and charge control proposals for leased line services in potentially competitive areas?</b></p>	<p>Confidential? – N</p> <p>If the Duct and Pole Access (DPA) conditions still require the user to recover cable they have installed. Then the DPA users are at a commercial disadvantage to Openreach. They will need to retain money to cover the recovery risk whereas this does not apply to Openreach.</p>
<p><b>Question 3.1: Do you agree with our overall proposed approach to regulation in non-competitive areas?</b></p>	<p>Confidential? – N</p> <p>I am not clear as to whether the higher costs of deploying fibre in non-competitive areas is proposed to be funded from increased regulated legacy service charges in those areas, or from regulated legacy services in potentially</p>

	<p>competitive and non-competitive areas. If it is funded just from legacy services in the non-competitive areas there seems to be a risk of much higher service charges. I would prefer Openreach be regulated to use their enhanced profits in the potentially competitive areas to subsidise fibre roll-out in the non-competitive areas.</p> <p>I did not see the DPA mentioned in the remedy section. I think it should be included.</p>
<p><b>Question 3.2: Do you agree that a RAB charge control framework is appropriate for non-competitive areas? If not, please explain why you think an alternative is more appropriate.</b></p>	<p>Confidential? – N</p> <p>The approach outlined seems complex, prone to gaming, expensive to monitor, difficult to check effectiveness of and involves Ofcom becoming involved in the detailed running of Openreach.</p> <p>Does Ofcom have the resources and skills to engage in this level of control?</p> <p>The proposal is to assess Openreach’s plans for fibre investment in non-competitive areas, then set appropriate terms for cost recovery. But Openreach’s plans will depend on the terms of cost recovery. I think this will lead to delay, effectively allowing Openreach to slow investment in areas where there is no competition.</p> <p>One possible alternative might be to take the enhanced revenue from regulated services and offer it to other operators to subsidise fibre roll-out. My understanding of RAB is very limited, but it seems to guarantee a rate of return to investors allowing them to secure loans at risk levels similar to government borrowing.</p> <p>Other operators can propose a business case for fibre deployment in non-competitive areas, based on being given the same incentive as Openreach (the enhanced revenue). If their business plan costs less than Openreach they get a guaranteed monopoly on fibre infrastructure in that area. All other operators will be banned from building fibre network until the loan term matures. Openreach will be obliged to use the fibre network as it is deployed based on the same conditions they would accept for their own</p>

	<p>build. If Openreach propose a business plan with lower costs they are allowed to build the network.</p> <p>The above effectively removes from Ofcom the detailed requirement to monitor Openreach and provides an independent market driven measure of roll-out costs.</p>
<p><b>Question 3.3: Do you have any comments on the design of a RAB charge control for non-competitive areas?</b></p>	<p>Confidential? – N</p> <p>RAB seems a sensible approach. However the RAB charge control design choices, for non-competitive areas, look complex. Making them open to gaming, expensive to monitor and difficult to determine whether they are working.</p>
<p><b>Question 3.4: Do you agree with our proposal to introduce dark fibre in non-competitive areas?</b></p>	<p>Confidential? – N</p> <p>Yes</p>
<p><b>Question 4.1: Do you agree with our proposed overall approach to QoS?</b></p>	<p>Confidential? – N</p> <p>Yes</p>
<p><b>Question 5.1: Do you agree with our overall approach to transitioning regulation as BT deploys its new fibre network?</b></p>	<p>Confidential? – N</p> <p>Yes</p>
<p><b>Question 5.2: Do you agree with our proposal not to require BT to offer new forms of wholesale access to its copper network?</b></p>	<p>Confidential? – N</p> <p>Yes</p>