

## Your response

Question	Your response
<b>Question 2.1: Do you agree with our overall approach to regulation in potentially competitive areas?</b>	<p>Apart from one area of concern, I was very encouraged with the approach to regulation in controlled areas. To me there is a clear and positive shift towards them being pro-investment. I agree with Ofcom's goal to encourage and enable significant, long-term investment in full-fibre broadband, which will benefit the customers and the country as a whole, whilst at the same time allowing companies who build these networks to make a fair return. It is my view that prices for broadband are already at a very low level arguably too low and this is what is hindering investment. I therefore believe that going forward the consumer will be better served by increasing the availability of the faster and more reliable speeds that fibre to the home brings, rather than focus on reducing prices.</p> <ul style="list-style-type: none"><li>• I believe the proposals give more regulatory certainty, with an effective 10 year first review period (vs 3 before), which is much more aligned to the very long term nature of fibre investment which will probably last for 50+years. This regulatory certainty should encourage more investment.</li><li>• I agree with the fact that access prices should be higher for Fibre and also that these should increase not decrease over time. I believe this is fairer for all players who want to build out fibre infrastructure, making more room to make a fair return and not disadvantaging smaller scale players. So again I believe this will encourage investment.</li><li>• I believe it is right that copper switch over should be supported, as</li></ul>

	<p>otherwise there would be a huge disincentive for the incumbent, Openreach to invest in fibre as would end up with dual network running costs. So again supporting copper switchover should increase investment from Openreach.</p> <ul style="list-style-type: none"> <li>• The area I strongly disagree about though is prohibition of geographic discounts on fibre broadband. Which I believe will reduce Fibre investment especially in the more rural areas within the competitive area. For more detail on why I believe this please see my answer to question 2.2)</li> </ul>
<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>In general I am supportive of the proposals on access charge with one exception. In general I believe they are pro-investment and will support investment in fibre to the home by Openreach and its competitors. At the same time there is protection for retail based competition and the consumer.</p> <ul style="list-style-type: none"> <li>• I strongly agree that copper FTTC higher bandwidths and fibre broadband should not be charge controlled. This gives Openreach the ability (but by no means the certainty) of making a fair return and therefore opens up the case for investment in fibre. I therefore believe this will encourage FTTH investment or at least not hinder it.</li> <li>• The area I strongly disagree about though is prohibition of geographic discounts on fibre broadband. Which I believe will reduce Fibre investment especially in the more rural areas within the competitive area. The scale of investment needed to roll out fibre to the home dwarfs anything since the original rollout of the copper networks 50 to 100 years ago and the original cable network rollouts. More rural areas will be significantly more expensive to rollout fibre to the home to than densely populated areas and if companies are unable to differentially price geographically, this will hinder</li> </ul>

investment in all but the most densely populated areas. For example if Openreach rolled out everywhere in the competitive area, they would effectively have to have an average cost based access price everywhere. This would make Openreach uncompetitive in the cheaper more densely populated areas where competition could cherry pick and undercut the Openreach "average cost" based access price. Similarly retail competition relying on access to Openreach's network would similarly be uncompetitive. But then the competition would also have no incentive to roll out in the more expensive rural areas where Openreach's average cost based access would be artificially low and uneconomic for the competition to match. I therefore believe that the likely, but perhaps unintended consequences, of a prohibition of geographic discounts on fibre, will be that this actually disincentivises investment by both Openreach and the competitors as no one will want to rollout into the more expensive areas as increases their average cost and makes them less competitive in the denser areas. From an investor's perspective in BT this would significantly increase the risk of fibre investment for Openreach and seriously bring into question whether any return is achievable at all. Shareholders would then likely pressure management to pare back or even cancel their rollout ambitions completely.

- I am in strong agreement that having a predictable charge control on MPF and GEA 40/10 for a longer period is pro-investment for all parties
- I am in strong agreement that these charge controls should increase with inflation going forward. This increases the opportunity for more players to make a fair return going forward. It also helps reduce the risk that lower

	<p>and lower prices for 40/10 products reduces the price customers willing to pay for Fibre and hence the ability of fibre investors to make any return on their investment.</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>	<ul style="list-style-type: none"> <li>• I believe having consistent regulatory treatment of leased lines and wholesale local access makes sense and helps simplify the regulatory framework.</li> <li>• I believe that inflation adjusted upward pricing adds welcome certainty for further investment by all parties</li> <li>• I absolutely agree there should be No access to dark fibre</li> <li>• I agree that Ducts and Poles access should give more than sufficient opportunity for competitors to Openreach to invest and removes the further need for lease line cuts.</li> </ul>
<p><b>Question 3.1: Do you agree with our overall proposed approach to regulation in non-competitive areas?</b></p>	<p>There are many areas of the proposals here that are very innovative and whilst I feel there are still areas that need ironing out, the basic concept of introducing a RAB charge control framework I think is a clever idea and in principle may succeed in getting BT to invest in areas where it otherwise never would have, due to not being able to get any return. I raise some points below on areas of concern or need of clarification but there is one area I strongly disagree with and that is dark fibre access, which I fundamentally disagree with. I see no reason why it should be allowed and if it is mandated I think it is very anti-investment for both BT and competitors.</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>Yes I do agree that a RAB based charge is appropriate for non-competitive areas. By its very definition non-competitive areas are likely to be significantly higher cost to roll out FTTH to. Openreach would likely believe it would be</p>

	<p>unable to recover a big enough premium over copper access under the framework for competitive areas, to earn a positive return. This would mean it would be very likely BT would not invest in fibre in non competitive areas.</p>
<b>Question 3.3: Do you have any comments on the design of a RAB charge control for non-competitive areas?</b>	<ul style="list-style-type: none"><li>• In theory some sort of RAB approach definitely makes sense and I think will encourage fibre investment by Openreach.</li><li>• It feels sensible to recover the costs of rolling out fibre to copper based services as well. In this way fibre takeup is not slowed by a too high a premium for the fibre product vs copper based products as both will rise more proportionally.</li><li>• The way in which prices are recovered on copper products will need to be thought about carefully. Customers in the first areas to be rolled out to will become pretty dissatisfied if they keep getting price rises as rollout expands to new areas. It will also become obvious that they are “subsidising” the cost for others to get FTTH.</li><li>• Perhaps a smoothing technique could be designed so that more customers contribute from the start, to avoid more regular stepups for some, perhaps linked to an escrow account with drawdowns linked to rollout targets.</li><li>• One thing that was not clear was at what stage copper switch off would kick in. It would probably be beneficial for all that Openreach would be allowed to switch copper off at the earliest opportunity rather than waiting for a certain penetration of takeup.</li><li>• Also I would propose that unless Openreach can achieve the same “fair return” in a RAB based world as it is allowed in the competitive area, it will naturally want to allocate its capital to the competitive area to get a better</li></ul>

**Question 3.4: Do you agree with our proposal to introduce dark fibre in non-competitive areas?**

return. This may mean that rollout in non competitive area is much slower.

I strongly disagree with dark fibre access. If it is mandated I think it is very anti-investment for both BT and competitors. It dramatically increases future regulatory uncertainty as I believe steps over the line on what is "fair game" to be regulated.

- Fibre is an investment made by BT post monopoly status so why should competitors get access to this on a cost basis. Yes openreach should provide lease line access on the same terms for everyone and access to poles and ducts but not access to dark fibre.
- If they get access to dark fibre, there is a risk that competitors just cherry pick or even arbitrage BT's network in the non competitive areas, getting access to prime locations and completely undermining an investment made into large non competitive rural areas made in good faith. This will be a big disincentive for BT to invest in non competitive areas in the future if they believe others will get access to this investment at cost in the future, with out any risk.
- I believe access to dark fibre would set a worrying precedent and would be very anti investment in fibre for both Openreach and its competitors. If dark fibre is offered in non competitive areas, competitors have no incentive to make their own invest in fibre as a competitor to BT. Also it increases competitors risks of investing in competitive areas as they may fear that at some stage in the future BT is forced to offer dark fibre in the future and completely undermine their own investment.
- I believe for investors and the industry if they see dark fibre being regulated they will have increased concerns that at some stage FTTH will be regulated at cost in the future too. This would

	<p>increase the risk of FTTH investment and correspondingly increase the level of “fair return” they would require. This would either mean lower levels of FTTH rollout and or higher prices for consumers.</p>
<p><b>Question 4.1: Do you agree with our proposed overall approach to QoS?</b></p>	<p>Yes agree with overall proposed approach,</p> <ul style="list-style-type: none"> <li>• Qos at Openreach seems to have improved significantly and actually to everyone’s benefit.</li> <li>• Given there is broad stakeholder satisfaction with current levels there seems no need to increase levels further just for the sake of it</li> <li>• I agree that as we shift to fibre qos naturally improves further as is a more reliable product.</li> <li>• Much better for Openreach to spend time and resources rolling out fibre for future QOS benefits rather than spending time and wasted money on a legacy asset as long as service levels remain at current satisfactory levels.</li> </ul>
<p><b>Question 5.1: Do you agree with our overall approach to transitioning regulation as BT deploys its new fibre network?</b></p>	<ul style="list-style-type: none"> <li>• Yes seems sensible to switch focus of regulation from copper to fibre on an exchange by exchange basis in line with Openreach’s planned deployment of fibre, which is on an exchange by exchange basis</li> <li>• I believe it is right that copper switch over should be supported, as otherwise there would be a huge disincentive for Openreach to invest in fibre, as it would end up with dual network running costs. So again supporting copper switchover should increase investment from Openreach</li> <li>• A 2 year period seems reasonable as an overlap period where dual regulation is applied and then copper regulation removed. At this point it will enable Openreach to accelerate switchover to an equivalent fibre based product.</li> </ul>

	<ul style="list-style-type: none"><li>• I would question whether in practical terms 100% coverage is realistic as a trigger point to start the clock, maybe this could be reduced whilst still being fair to competitors and customers, eg would Openreach need to pass all customers know to be on cable? To start the clock.</li><li>• I believe recognising that having services on a fibre network are superior to those offered on a copper network and therefore a moderately higher charge for the 40/10 on fibre vs on copper, is both reasonable and pro-investment.</li></ul>
<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>	<ul style="list-style-type: none"><li>• Yes your proposals here seem very pragmatic</li></ul>