



# Ofcom's consultation

## Promoting competition and investment in fibre networks

Measures to support Openreach's proposed trial in Salisbury – migrating  
customers to full fibre and withdrawing Copper services

## Vodafone response

September 2019

Non-confidential



# Overview

1. Vodafone is keen to see the benefits of fibre connectivity reach as many UK consumers as possible. It is clear the copper network is unable to keep pace with the growing consumer appetite for bandwidth and residential fibre deployment is now a priority.
2. There are sound reasons to conduct a scale trial of FTTH deployment, and test its co-ordination with copper switch off. Salisbury appears a sensible location for such a trial, with a population of around 45,000, it is large enough to provide a reasonable cross section of differing consumer service requirements, skills and need.
3. It is crucial that the trial provides an opportunity to test all possible customer transition journeys from the straightforward to the complex. While the majority of consumers are likely to be caught by a small number of straightforward product transition scenarios (for example copper based LLU/GEA to FTTH), it is likely that the more complex migration experiences could end up delaying the entire program unless they are also thoroughly tested.
4. We want the transition from copper to fibre to be a success. At a principled level, we appreciate the need to adjust regulation to accommodate a trial of this nature. This would permit BT to commence an early stop sell in order to test the transition from copper to fibre ahead of a more widespread national deployment of residential fibre, eventually followed by copper removal and exchange closure.
5. Before a trial can commence and regulation is modified to take account of the trial, a series of safeguards are needed to protect competition and the interests of consumers residing within the trial area. These safeguards should take the form of clear pre-conditions that must be met ahead of regulation being relaxed in the trial area. This approach ensures that the consumer interest is front and center of decision-making. In New Zealand, the National Regulatory Authority implemented a Copper Withdrawal Code preceding copper removal, ensuring the appropriate safeguards were in place for consumers and retail suppliers.
6. Ofcom must be mindful that consumers in Salisbury did not ask to participate in the trial. All consumers in the area will be impacted. While some may be excited at the prospect of early fibre adoption, others with more straightforward connectivity needs may not. Likewise, all communication providers with customers in Salisbury will have to take some form of action, even if they choose not to play an active part in the trial itself.
7. It is vital that consumers are offered as broad a range of retail choice as possible, with existing customers able, wherever possible, to transition with their existing supplier (if they so wish), or take advantage of a new provider (whilst taking due account of existing contractual terms). Consumers



should not be left out of pocket as a result of the trial, particularly if they are transitioning over on a like for like basis (with no speed uplift).

8. While it is perfectly acceptable to charge more if a consumer chooses to take advantage of the increased bandwidth that fibre connectivity offers, it would not be fair to charge more (or indeed levy re-connection costs) in circumstances where a copper emulation service is provisioned over fibre. Particularly in the circumstances of a forced migration activity. The ability of retail providers to do this will largely be dictated by the wholesale charges levied by Openreach.
9. Communication Providers are likely to face their own significant internal costs as they manage customers across to fibre based access. To inflict additional wholesale connection changes upon them as a result of a pending copper switch off would not be appropriate. Clarity around the cost of wholesale migration from copper to fibre is needed and all effort must be made to minimise that cost to Openreach's Wholesale customers. It is Openreach who are driving this program and it is Openreach who will reap the operational and capital savings from copper switch off. In these circumstances, it would be entirely appropriate for the cost of the FTTH connection to be borne by BT, with retail communication providers meeting their own internal costs (including handover backhaul, customer management and CPE).
10. Until such time as all special service users can transition to FTTH, then a copper fall back has to be available (or retained) to ensure continuity of supply for these users. In locations within the trial area where there are no special service users requiring copper, there may be scope to withdraw copper assets entirely. It is important to ensure that copper asset removal does not interfere with the new FTTH network. Copper and FTTH networks are essentially overlaid and there remains a risk that removing copper may cause inadvertent damage to FTTH assets. It is therefore important to develop and test copper removal techniques that have no impact on FTTH assets.
11. It is crucial that the people of Salisbury have their voices heard, with data collected on their own experience of the trial. This will ensure that both Openreach and retail providers can improve the transition experience for UK consumers.

## Setting Pre-Conditions for Success

12. We are keen to see the trial succeed, with positive benefits for consumers, retail communication providers and Openreach. Before regulation is formally relaxed to accommodate the trial, we believe Openreach should meet a series of pre-determined goals. Achieving these goals will help make the trial a success for all concerned, helping to spreading the learning benefits from the trial, while acting to safeguard consumers and retail competition within the trial area. We have set out a list of these preconditions below for more detailed consideration:



- a. **Preserving Retail Competition:** To preserve retail competition it is essential that as many retail providers have on-boarded the ability to sell services using Openreach's FTTH platform. This will ensure that consumers in Salisbury have access to a wide selection of retail providers, and they are able to transition from copper to fibre with their existing provider, if they so choose. We expect Ofcom to set a target of +90% of existing retail suppliers within the area to be able to offer Openreach FTTH ahead of regulation being relaxed. This may require Openreach to work to ensure more retail providers are equipped to sell FTTH in Salisbury ahead of the trial formally commencing.
- b. **Minimise Costs for End Users:** Transition costs should be minimised. Where a like for like (or copper emulation) product is provisioned over fibre then end users should not be left out of pocket. For this to happen, wholesale transition charges must be set to zero in these circumstances. To make the trial a success it will be crucial for retail providers to entice customers willingly on to FTTH, ahead of any forced migration. This helps to smooth out the flow of migrations to a more manageable, even pace. To achieve this it will be necessary to offer sensible upgrade choices that offer compelling value to consumers.
- c. **Commitment on End Customer Communication:** There should be a degree of collaboration around customer communications. With Retail communication providers serving the area having advanced visibility (and an opportunity to comment on) Openreach's end user communications within the trial area. In all circumstances, Openreach's direct communications with residential users should be retailer neutral.
- d. **Minimising Costs for Retail Communication Providers:** Retail Communication Providers selling products over Openreach FTTH access are likely to incur significant expense in provisioning their product offers and assisting their end customers in any transition to fibre (in some cases requiring new CPE). Upgrading exchange connectivity to support FTTH speeds is likely to be expensive. It would not be appropriate to elevate this cost burden by allowing Openreach to charge new connection fees where a fibre connection is installed (in those circumstances where copper will be eventually removed). Consumers at some point in the past have paid a connection fee for the network to reach their premises. FTTH is replacing that existing connection and that decision has been taken by Openreach, not the end user. This is therefore as much an exercise to ensure continuity of services, as well as a network upgrade.
- e. **Trial Plans published in Full at the outset:** A complete plan for the Salisbury network needs to be published, with details of when individual network deployment is expected to occur on a street by street basis, and the extent of any residual copper at the end of the project, should fibre coverage fail to reach 100%. This will enable retail communication providers to plan for what lies ahead and prepare for the various stages of the trial. Vodafone would expect Openreach to be able to provide reporting progress, indicating when key thresholds are met



– such as when 40%, 50% and 60% of premises in the exchange area are able to order FTTH. This will assist us in date planning as Openreach heads towards its 75% fibre ready threshold.

- f. **Spreading the learnings from the trial as widely as possible:** During and after the trial, clear mechanisms need to be in place to ensure all the learning outcomes from the trial are made available to as wide an audience as possible.
  - g. **Keeping the Trial Open to all:** Communication Providers will find themselves in various stages of readiness to participate in the trial. Some may be in a position to join from the outset as active participants, others may choose to stay out or join later. It is important that the joining window remains open for as long a period as possible, ensuring the trial is as inclusive as it can be. This will take account of CPs differing stages of trial readiness and is recognition of the fact that even if a CP chooses not play an active role, they are likely to be impacted in some way by the network changes in Salisbury. To this end, there should be no time limits for joining the trial, with joining CPs offered access to all trial material.
  - h. **BT Wholesale Supply / Third party supplier:** Where a retail communication provider currently use a BT's Wholesale or other third party solution, there should be an opportunity for that retail provider to replace this with a direct Openreach FTTH order should they wish. It should not automatically follow that BT Wholesale connectivity would transition to FTTH via BT Wholesale and CPs must have the opportunity to change their supply option to prevent future customer disruption.
13. We believe these pre-conditions are crucial to making the trial a success for Openreach, consumers and retail communication providers. These measures are designed to enhance competition, safeguard the consumer experience and ensure the learnings from the trial are distributed to achieve maximum future benefit ahead of national copper switch off. To relax regulation without these conditions being met risks undermining the goodwill of consumers and the industry in the journey towards fibre to the home.