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Gigaclear response to Ofcom's consultation concerning compensating providers delivering universal services

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Thank you for the opportunity to comment on Ofcom's proposals concerning funding regulations under section 71 of the Communications Act 2003. Our comments below specifically address questions 2 and 5.

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[✂], our interest in the development of the Universal Service Obligation (USO) has focused on trying to mitigate the risk of the USO operating to fund connectivity that will quickly become redundant as bandwidth demands rise and legacy copper infrastructure is retired. We also want to ensure that any USP claim of unfair net cost burden is transparent and meaningfully contestable, in order to ensure that claims to any industry fund are based on the USP utilising the most efficient means of delivering the required service and not giving undue preference to its own network infrastructure.

In regards to the first point; in our August 2018 USO consultation submission, we offered examples of where [✂] in order to evidence that there are eligible properties where connecting to alternative network infrastructure (as opposed to the USP's own network/s) would be the most cost effective solution to delivering a USO compliant broadband connection. We then asked that Ofcom oblige USPs to consider utilising alternative networks in such scenarios.

In response, Ofcom acknowledged that utilising alternative networks may be the most cost-effective means of a USP serving a request for connection under the USO. However, Ofcom highlighted that the costs to the USP of 'onboarding' to other networks would have to be factored into any cost of a USP utilising an alternative network to serve such a request for connection.

We then ask that this scenario be considered as part of Ofcom's assessment of any USP's claim of unfair net cost burden. As alternative network FTTP rollout continues at pace, USPs are likely to be in a position of having multiple network options when serving a request for connection under the USO. In this scenario, such onboarding costs may already be absorbed. How USPs pursue the most efficient solution where multiple network solutions are available is then likely to be an increasingly relevant question, particularly as the USO service quality threshold increases over time.

Whilst we are fully aware that the legislative function of the USO is to provide a 'safety net' minimum standard and not to support the widespread expansion of gigabit capable full fibre connectivity, full fibre networks should still play a critical role in delivering the USO, particularly in geography where USO eligible premises are within close proximity of pre-existing full fibre infrastructure. We believe it to be in the best interests of UK plc to see a USO that can support delivering full fibre connectivity where such a solution is an efficient means of providing the required service parameters.

On the second point; we welcome Ofcom's proposed commitment to consult prior to any determination on a net cost of compliance for a USP. This will be critical in ensuring that a USP does not give undue preference to its own network/s should it be in the position where multiple networks are available to it in order to serve a request for connection under the USO.

We look forward to continuing to work with Ofcom, BDUK and our wider industry as we prepare for the launch of the USO later this year. A collaborative approach will be key to ensuring that the USO operates efficiently alongside ongoing BDUK state aid contracts.

Please do contact me directly should you have any questions regarding this submission.

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