

## Your response

Question	Your response
<b>Question 3.1: Do you agree with our approach to assessing the BT Commitment and proposals for pricing WLA services in Geographic Area 3?</b>	<p>Confidential? –N</p> <p>We are concerned that the proposed approach to assessing the BT Commitment and the pricing of WLA services in Geographic Area 3 run counter to Ofcom’s stated objects, and those of DCMS, namely to encourage investment in new fibre networks throughout the UK where this is feasible, to encourage competition and the healthy growth of SMEs in this market space.</p> <p>We fear that the implications of the proposed regulations for pricing are likely to impact on our ability to attract investment in order to build network infrastructure.</p> <p>Area 3 is defined as where Openreach is likely to face no material infrastructure competition. A glance at the map would seem to suggest that the very viable existing competition from Altnets has simply been accidentally ignored or perhaps even deliberately disregarded. Indeed, Altnets, with their detailed local knowledge and presence are far better placed than BT to offer 100% local coverage specifically in Area 3. Obviously, they cannot do this individually on a national scale. That is not the point. Collectively they can achieve a great deal.</p> <p>Ofcom would seem to be very far off the mark in terms of their criteria for assessing Areas 2 and 3 and the method they have employed for determining boundaries, ignoring as they do the now very strong presence of Altnets, both with regard to FWA and full fibre deployment.</p> <p>Ofcom’s proposals will not ensure ubiquitous investment by BT in Area 3. They will, however, prove a sufficiently powerful dis-incentive to investors in Altnets in Area 3. The consequence of this will be that there will be a reduction in overall investment in Area 3, which is largely rural. This inevitable outcome is the reverse of the stated aims of the proposals.</p> <p>Clearly, this approach does not conform with the outside-in strategies advocated by all,</p>

	<p>including DCMS and the Scottish, Welsh and Northern Irish Governments, not to mention simple common sense. Furthermore, it falls far short of providing proper support to targets set for ubiquitous full fibre networks.</p> <p>Ofcom are entirely wrong in their assumption that Altnets are unable to contribute to the objective of ubiquitous coverage. Indeed, without Altnets, this simply will not happen. BT, for example, do not have the experience of providing superfast services to premises on the precarious fringes of viable broadband, the largely rural and remote premises that comprise most of Area 3. In fact, their record in this space is not good and their reputation on the peripheries of their viable services, especially in the rural context is poor, as, anecdotally, are their customer services. This is precisely the space that the majority of Altnets occupy and already service very effectively and, for the most part, entirely reliably and with a high customer service reputation. Altnets are now a considerable force in the communications market place. Most are on a growth trajectory and are attracting solid investment from industry savvy people.</p> <p>The point must be strongly made that Ofcom's proposals, as they stand, pose a threat to alternative investment, other than in BT Openreach. They go a long way to potentially bolster BT Openreach's superior market power, something that Ofcom has highlighted as undesirable in the past, and, in consequence, they pose an existential threat to the very existence of Altnets.</p> <p>The question of wholesale access to Altnet networks and the possibility of lack of local competition if the Altnet is the only provider is a red herring. There is nothing to stop BT Openreach from competing on a level playing field with Altnets. If Altnets are the first there with full fibre and BT Openreach choose not to follow suit, that is their commercial decision. That is competition as it should be.</p>
<p><b>Question 4.1: Do you agree with our proposals for basket design and implementation of a forecast-RAB?</b></p>	<p>Confidential? – N</p> <p>We do not agree. Ofcom's forecast RAB model is anti-competitive. It allows BT Openreach to use its superior market power and presence to</p>

	<p>spread costs across its entire asset base, including higher priced products that are not regulated and can therefore be adjusted upwards to offset costs. It sets lower than reasonable costs for Altnets that are well able and more than willing to deploy new full fibre and 40/10Mbps FWA networks but will be prevented from finding the required investment based on the prospect of less than viable revenues.</p>
<p><b>Question 5.1: Do you agree with our proposals for reporting requirements?</b></p>	<p>Confidential? – N We have no comment on this point.</p>