

Truespeed

The basic issue, which we have already submitted on Truespeed's behalf, is that whilst we might agree (given transparency on the methodology) that there may be areas that could only economically support one fibre infrastructure provider, we don't see why that should be assumed to be Openreach, given PIA which should "level the playing field" between Openreach and other operators using the same infrastructure. We understand in particular that Ofcom is moving PIA nearer to some form of "equivalence" if stopping short of complete "equivalence of inputs".

As has been said by others, what Ofcom appears to label as Area 3 has been a fruitful area for altnets to invest, such as Truespeed in the Mendips, and, say, Jurassic in the west of England.

The evidence from ECCs is that BT Openreach, for whatever reason, is not efficient.

I can give you one example where Openreach's quote for fibre up a long drive at an airfield was £10,000 whereas a first quote revealed the same work for under £5,000 from an independent contractor.

You should also be aware that communities like B4RN are constructing fibre routes at £5 per metre - materially lower than BT Openreach.

So, if Ofcom (as it should) accepts that actually there should be no discrimination between BTO and other operators in Area 3 where Ofcom has determined there is only economic justification for one fibre supplier, the next question is incentivisation.

If Ofcom sees incentivisation as important in Area 3 to meet its broader objectives, then it should not apply this only to BTO. To do so would breach various of the non-discrimination obligations, now reflected in the EECC and historically through the Comms Act 2003 and Framework Directive. (See for example EECC Art 3 4 d and last paragraph - non-discrimination appears 68 times in the Directive)

It is not within Ofcom's control to enhance an altnet return on capital directly, as it can with BTO under the various price control umbrellas.

However, it can do this by reducing input costs.

We therefore suggest that in Area 3 an altnet is not charged at all for PIA usage, for a period of say, 10 years. In addition, all rural areas have fibre fed local exchanges. So, in line with its proposed remedy, Ofcom should require this fibre to be made available for no recurring costs, but just the recovery of say, installation charges.

This would still leave the thorny issue of business rates which we still hope Ofcom will continue to apply pressure to resolve.

On the backhaul issue, by way of illustration, the settlement of Bunessan on the south west of the Isle of Mull consists of approximately 400 premises, but the backhaul is some 47 km. If there was little effective cost of backhaul, the settlement itself becomes contestable.

By comparison on distances, most small settlements in the south of England need 20 - 30 km of connectivity to get to a served urban area. (for example, South Molton to Barnstable 18km)