

**Response to Consultation: Copper Retirement – Conditions under which copper regulation could be completely withdrawn in ultrafast exchanges.**

We are pleased to have this opportunity to respond to Ofcom’s consultation on the complete withdrawal of copper regulation in ultrafast exchanges as we believe it raises many questions for the average business.

While it is understood Ofcom is trying to create an environment for fibre investment, this consultation raises many concerns for the average business, businesses which would be generally be unaware of the need to change their services. In essence, this technology change is being driven by BT Group’s business strategy while the UK telecoms industry, and businesses reliant on telecommunications, are expected to keep up, regardless of the consequences.

To state the obvious, businesses are going through an extremely turbulent time which has no equivalent in our lifetime. As Ofcom will be aware, most sectors in the UK have been severely affected by COVID and many are fighting for survival. Given that, it is difficult to imagine why such businesses would want to invest time, effort, resource and cost into something which works well today. Finally, if that wasn’t enough, businesses need to consider Brexit and the end of the transition period will be a reality for most far sooner than Openreach’s infrastructure change.

General Understanding of Key Concepts

Before considering the wider detail of this consultation response, we would note the lack of clear definitions or intent in some areas that otherwise would assist the average stakeholder’s understanding.

**‘Available’:** The consultation does not provide a definition as to what ‘available’ means. We would expect this to mean being able to place an order as BAU with appropriate timescales and cost. We would not expect this to include premises passed where further civils or an engineering presence may be required, creating costs and delay. Without a formal definition, we cannot however make this assumption.

**‘Relevant Premises’:** The issue over ‘available’ is reinforced by the fact the consultation refers to ‘relevant premises’.

[REDACTED]

[REDACTED] ‘Relevant premises’ must be defined to allow certainty.

**‘SOGEA/FTTC’:** As a product, SOGEA/FTTC is a mix of fibre and copper. The consultation focuses on the withdrawal of copper and related regulation but is not specific on where SOGEA/FTTC would sit within this approach. Would the copper element of SOGEA/FTTC be subject to the removal of price caps?

The Underlying Technology

As a business with [REDACTED] sites across the UK that will require migration, it has not been possible to ascertain a near equivalent product to form the basis of a migration path. Despite working with Openreach, the “current versus new” service options represent significant impact to the business both from a resource and commercial model. Having reviewed the implications of [REDACTED] migrations, it is anticipated it will take four to five years to complete our migration. As a result, there is a significant business risk that any such migration cannot realistically be completed by the end of 2025 target date.

[REDACTED]

Today, the position is based on the options available or which will become available at a future date:

*Primary Option: Migrate to FTTP – seen as the “Long-term Solution”.*

*Where FTTP is not available: the Secondary Option: Migrate to SOGEA-FTTC – seen as “Stepping Stone Solution”.*

*Where SOGEA-FTTC is not available: Remain on existing Service – that may result in the SOTAP service.*

When reviewing planning options and factoring in ‘Stop Sell’ notices, the ability to plan and resource represents a significant impact to any business.

[REDACTED]

Even if we could start, the migration process, once started, is then expected to follow the Openreach notices around the country. It has to be said that being led by the Openreach notices reaching “75%” is not an efficient way for any business to plan a national project.

Even assuming this first step could be achieved, it is our understanding from this consultation that SOGEA with the copper element [REDACTED] could have the existing price controls removed, resulting in price increases after the three year notice period expires. This means that FTTC is effectively available with a built-in countdown to cost increase.

The scale and cost of migration, given the number of sites involved, does not allow moving to an interim solution and then reworking these sites once FTTP is available, simply to avoid the cost impact of the price cap withdrawal. Consequently, we have no alternative but to wait until FTTP is more universally available.

#### Availability of Appropriate Products

Decision making is more complicated than just the underlying technology. While there has been engagement with Openreach, it appears being able to ascertain the appropriate replacement product has become more difficult. Openreach has clearly taken the decision to pursue the 80/20 rule which in this case is the majority of residential premises where services will migrate to the simple product set currently available.

[REDACTED]

[REDACTED]

Ofcom is urged to consider applying considerably more clarity to this consultation to allow stakeholders and businesses to clearly understand, plan and execute if the 2025 migration is to be achieved without a considerable long tail of exceptions and delayed sites. As has been demonstrated,

[REDACTED]

it is clear our particular migration will be delayed until there is a more available and ubiquitous product set but at what cost?

It is our opinion that there are just too many variables and unknowns to allow us any kind of effective planning and too much weight is being given to Government and Openreach objectives (Openreach's **commercial** build programme); in short, there is no consideration being given to the actual practicalities of implementation and effects. Given the availability of the products today, the smooth and rapid transition (which Openreach is pushing for) will become a back-ended scramble.

### Three Stage Thresholds

It is understood from the consultation that Ofcom is proposing three notice periods before the price controls on copper products are removed.

If Ofcom is to endorse the 75% threshold as the first threshold, as currently being used by Openreach, we would encourage Ofcom to ensure any further thresholds are based on "100% minus exceptional circumstances" as the variations of premises which may not be reached with fibre will vary by exchange area and will not just be due to landlords of Multi Dwelling Units ("MDUs").

Currently, all the thinking treats every exchange the same and this cannot be the case. Many exchanges are in urban centres or primarily residential. No one disputes the fact that the bulk of the migration of residential customers, who will be able to download films and games faster, will be relatively straight forward. However, the variation in both demographic and services supplied by an exchange must be considered on a case by case basis. For example, some rural exchanges may have a particularly elderly or business demographic, and these cannot just be railroaded through because a number has been met.

### Independent Forensic Scrutiny

The consultation seems silent on the due diligence and rigour that Ofcom will apply in scrutinising the information submitted by Openreach.

Openreach is drip feeding information and, when information is available, it is not being communicated transparently. If Openreach really wants "*...to make the upgrade to FTTP a smooth process for residential, business and public sector customers, and to make the experience of the new platform a brilliant one.....*"<sup>3</sup> they must make all information easily available to CPs, SPs and stakeholders. Currently all significant information is only available on the Openreach portal but under restricted access. The general business population or stakeholders are only aware of information (exchange 'Stop Sell') when it is published via ISP Review.

Ofcom must not agree to a period of less than three years before price controls are removed as to do so would be further detrimental to businesses given the complexities of migration and costs involved which in some case may be duplicated given product availability (or lack of it).

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<sup>3</sup> Openreach September 2020 submission  
[https://www.ofcom.org.uk/data/assets/pdf\\_file/0024/204567/openreach.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0024/204567/openreach.pdf)

## Conclusion

In conclusion, it would appear that the UK is being asked to make substantial changes to their operating structures in a fundamentally flawed environment:

- replacement products either aren't fit for purpose or are not being openly communicated
- the detailed planning information needed (for example, the number ranges which will be impacted) is not made publicly available when 'Stop Sell' is announced.
  - exchange 'Stop Sell' information itself is only publicly available via ISP Review website
  - information businesses need to plan is only accessible through a restricted access on the Openreach portal.

In addition to the above, information from current trials is conspicuously absent:

- there is no publicly available criteria for the Salisbury trial
- there is no indication on where or when a report will be published
- there is no indication on how, when or where Openreach will publish their experiences to enable stakeholders to learn lessons or review with Openreach.

Until all validated options are available, why would any business attempt to progress planning and investment? As highlighted above, business focus is understandably on the impacts and day to day management of COVID and what Brexit will bring over coming months.

Attempting to plan a large-scale migration is nigh-on impossible with ever-changing variables with some still to be clarified and communicated; Ofcom must reduce the risk to businesses but this consultation raises more questions than answers and offers little information on which to begin to plan a multi-site migration project.

To aid Ofcom's understanding of our dilemma, given site specifics, we have attached in appendix three case studies.

## Annex A Pricing examples / case studies

### Case Study 1

#### **Considerations:**

- Replacement service availability at location
- Equipment [REDACTED] – is it fit for purpose? – FTTC/FTTP may require a different hardware capability
- Reconfiguration of equipment
- Could result in multiple migrations having to be incurred ADSL -> SOGEA -> FTTP

#### **Cost of Change Single Site**

Current Service	Replacement Service	NRC Change Incurred
WLR/ADSL2+	FTTP – 40/10 – If available	Yes
WLR/ADSL2+	SOGEA FTTC – 40/10 - If available	No
Hardware CPE	Replacement CPE	Yes
Project Delivery	Order Management Customer Co-ordination-Installation CPE Configuration/Shipping	Yes

#### **Access Service Only**

Current Service	Replacement Service	% increase to current cost MRC
WLR/ADSL2+	FTTP – 40/10	114%
WLR/ADSL2+	SOGEA-FTTC – 40/10	50%

#### **Conclusion**

One time and ongoing cost at 114% or 50% above current costs makes the replacement of service unviable to the provider and the providers customer.

### **Case Study 2 - Unattended Location – Example “Street furniture”**

Provision of a Broadband service supporting a single device with a low data usage profile.

Current Service WLR/ADSL2+ Service. Services are installed with the aid of Openreach Project Services under “Site Specific Risk Assessment and Method Statements (SSRAMS)”, based on placement and access requirements.

Data Rates based on location footprint, average service circa 12 Mbit/s downstream with 1 Mbit/s upstream.

Upgrade Path – FTTP Primary with SOGEA FTTC as the Secondary Option

#### **Considerations:**

- Replacement service availability at location
- Equipment [REDACTED] – is it fit for purpose? – FTTC/FTTP may require a different hardware capability
- Reconfiguration of equipment
- Would require Openreach Project Services to implement based on Engineer co-ordination and Risk Assessment.
- Could result in multiple migrations having to be incurred ADSL -> SOGEA -> FTTP

### Cost of Change Single Site

Current Service	Replacement Service	NRC Change Incurred
WLR/ADSL2+	FTTP – 40/10 – If available	Yes
WLR/ADSL2+	SOGEA FTTC – 40/10 – If available	No
Hardware CPE	Replacement CPE	Yes
Project Delivery	Order Management Customer Co-ordination-Installation CPE Configuration/Shipping OR Project Services/SSRAMS	Yes

### Access Service Only Monthly Recurring Charges

Current Service	Replacement Service	% increase to current cost MRC
WLR/ADSL2+	FTTP – 40/10	114% Increase
WLR/ADSL2+	SOGEA-FTTC – 40/10	50% Increase

### Conclusion

One time and ongoing cost at 114% or 50% above current costs makes the replacement of service unviable to the provider and the providers customer.

### Case Study 3 - Preferred Option

SOTAP or SOADSL service – zero impact with a life span of 5 Years

[REDACTED]

[REDACTED]

[REDACTED]