



BT's response to Ofcom's consultation on the request from BT to extend an exemption from the Undertakings under the Enterprise Act 2002 for 20CN DSLAMs

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BT welcomes comments on the content of this document.

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This document is BT's response to Ofcom's consultation of 14 September 2011 on the Undertakings exemption for 20CN DSLAMs.

We welcome Ofcom's proposal to accept our request to make permanent the current exemption which is due to expire at the end of 2011. The exemption enables BT Wholesale to extend the capacity of certain DSLAMs installed in existing line suites by using non-Equivalence of Input (EOI) internal tie cables directly connected to the Main Distribution Frame.

The exemption allows BT Wholesale to continue to use non-EOI processes and products in support of 20CN DSLAMs installed before June 2007. Demand for 20CN services will diminish where 21CN MSANs are deployed, so that the need to expand DSLAMs is reduced. However in those exchanges where 21CN is not deployed, 20CN DSLAMs may need to be expanded to support continued customer and/or traffic growth.

Whilst we are committed to the principle of EOI, moving from the current non-EOI processes to a wholly EOI compliant arrangement would cause both CPs and end users potential disruption. Therefore we believe that for these specific cases it is desirable to allow the exemption to be made permanent.

Not allowing the exemption to be extended would require us to use approaches that would benefit neither end users nor CPs, but would instead increase the costs of BT's wholesale broadband products and could use valuable exchange space that is needed for other purposes.

Our 21CN broadband product Wholesale Broadband Connect (WBC) continues to be made more widely available, and as incremental demand for 20CN broadband products levels off, we anticipate needing to use the exemption only infrequently over the next few years. We have announced that we intend to extend the availability of WBC to around 89% of the UK population by spring 2013, and we will deploy WBC using EOI inputs from Openreach at each exchange. We will progressively withdraw the 20CN broadband products, IPStream and DataStream, in exchanges where WBC is available.

By March 2014 the 20CN broadband products that are provided using the DSLAMs subject to this exemption will only be available in the remaining exchanges, covering 11% of the UK population. These exchanges are likely to be all in Market 1, where CPs supply retail level broadband to their end user customers using BT Wholesale's broadband products, rather than Unbundled Local Loop (LLU).

Question 1: Do you agree with our proposal to make the existing time limited exemption permanent and with our reasons for proposing to do so? If you do not, please explain why and provide any supporting evidence.

Yes, we agree with the proposal to make the exemption permanent because:

- It is sensible to avoid unnecessary costs that would give no substantive benefit to CPs or end users;
- The number of new customers whose new 20CN broadband services will benefit from the exemption is likely to be very small; and
- The exemption will not have an adverse impact on competition or customer choice because it will apply predominantly in Market 1 exchanges.

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