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Our Reference:  
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Dear Serafino

### **Business Connectivity Market Review (BCMR): Call for Inputs**

SSE welcomes Ofcom's call for inputs at the outset of the above market review. SSE has a number of interests in the communications markets but our main interest in this market review is as a large energy company with regulated infrastructure assets in electricity distribution and transmission. As such, we provide critical national infrastructure in the form of electricity networks that serve some 3 million premises in Great Britain. In this capacity, we are a customer of BT's retail low bandwidth traditional interface leased lines, which are used for protection of the electricity networks and which fall into the scope of the BCMR.

You may recall that SSE, as well as other energy companies and representative bodies, provided input to the last BCMR about concerns that the above "legacy" circuits might be withdrawn by BT. The last BCMR addressed this issue with a mixture of regulatory remedies imposed on and voluntary undertakings from BT, following the finding that BT had significant market power (SMP) in this retail market. We welcome the fact that Ofcom has very recently announced the renewal of some elements of these voluntary undertakings to safeguard the availability of certain types of these circuits until December 2013, thus covering the period while the current BCMR takes place.

The concerns about ongoing economic availability of these BT circuits remain, in our view, against a background that alternative solutions could take a number of years to develop. We are therefore responding to the call for inputs for this BCMR by flagging our concerns once again about the continued availability of these low bandwidth retail circuits for the period covered by the next BCMR and beyond.

Of the specific questions in the call for inputs, questions 12 and 20 seem most relevant to our concerns and they are reproduced below, along with our specific comments in response to them.

*Question 12: In the last BCMR, we found that BT had SMP in the market for analogue and low bandwidth digital retail leased lines and imposed SMP obligations on BT as a result. The remedies were designed to ensure the continued availability of these legacy products at reasonable prices as well as to provide transparency and regulatory certainty to BT's competitors in this market. Do you have a view as to how these remedies have*



*worked? Do you consider that we should continue to impose regulatory obligations on BT in this market if we were to find SMP or we should rely on wholesale remedies alone? Please explain your answer.*

**For the reasons discussed above, we consider that Ofcom should continue to impose regulatory obligations on BT in this market if it were to find SMP (which we expect that it will). We continue to expect that retail remedies would be appropriate given the apparent lack of competition in that retail market.**

*Question 20: Do you have any comments about arrangements for withdrawing regulations as TI services reach the end of their lives?*

**There is understandable and increasing emphasis recently from Government on the resilience of communications networks, given their increasing importance in the everyday lives of UK citizens. The energy industry too, has for some time had its own dialogue and interaction with Government and regulators to ensure the robustness and resilience of this form of critical national infrastructure. It therefore seems appropriate for regulators as well as Government to consider how communications networks support energy networks in the best overall interests of UK citizens and businesses.**

**In the particular context of the BCMR, if it is known that the energy industry uses particular types of communications circuit that may at some point be withdrawn, then we believe it would be in the best interests of UK citizens for an eventual 'withdrawal from service event' to be signalled well in advance such that an orderly transition to alternative arrangements can be made by users of those circuits. In our view, therefore, regulatory oversight and obligations would continue to be necessary if plans are made to withdraw such circuits and should not be withdrawn prior to the accomplishment of a smooth transition to alternative arrangements for users of the circuits.**

I hope that these comments are helpful as Ofcom works through the current BCMR process and would be happy to discuss them if you have any queries.

Yours sincerely

Aileen Boyd  
Regulation Manager