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Dear Jill

## **The UK Communications Infrastructure Report**

As you may know, SSE is primarily an energy company but it also has interests in the communications market both as an operator and, more recently, as a supplier of retail communications products, based on the available wholesale products.

SSE welcomed the provision in the Digital Economy Act which requires Ofcom to prepare reports on communications infrastructure and particularly the fact that two reports are required: one on “networks” matters and one on “services” matters, as laid out separately in section 134B of the Act. In the energy markets, the distinction between “networks” and “services” and the regulation appropriate to each is well-established via separate licence frameworks. We believe that a similar distinction is helpful in considering the development of the communications markets. It is the provision of services that individual customers value without any particular knowledge of the characteristics of the infrastructure that delivers them. Other aspects of communications policy may be more focussed on the development, maintenance and resilience of the network infrastructures used to provide the various services valued by end customers.

We therefore welcome Ofcom’s consultation paper on its approach to the preparation of the first reports. Our response to the individual consultation questions is attached as an appendix and the main theme of this response is highlighted below.

### The need for a report on networks and a report on services

We support many aspects of Ofcom’s proposed approach to its new reporting duty: the proposed focus on the larger companies in each relevant market; the maximum use of information already collected or known to Ofcom through its other work; and seeking to keep the burden of any further information requirements on industry to a minimum. Our main concern is that Ofcom appears to be envisaging a single report, whereas the Act sets out the requirement for two, as discussed above.



The distinction between the services available to end-customers and the networks that support them is, in our view, an important one for policy making, which we understand the new reports are chiefly aimed at informing. Policy issues around services could include universal service considerations; the choice of service available to customers in different geographic areas; and the ease with which customers can switch services – the subject of a recent Ofcom consultation. For networks, policy issues could include the roll-out of new technologies; measures to maintain resilience; and the extent of provision of wholesale access. We therefore believe the focus of the two reports and the matters that Ofcom might include in each would be different and, even if provided in one document, we strongly believe that two different reports should be prepared. We would also welcome greater clarity on how Ofcom would select which network providers and which service providers would be covered in the reports.

I hope these comments are helpful and would be happy to discuss them.

Yours sincerely

Aileen Boyd  
Regulation Manager.

## Consultation Questions

### Overall Approach

*Question 1. Have we got the scope right? Is the set of networks, services and operators we propose to report on appropriate and is our approach to data gathering and analysis correct?*

**We agree with the principle of applying a threshold to determine which companies should be included in the reports and that the required reports will be clearer and more valuable if only the most widely used public networks are covered for the networks report and only the largest providers of the most commonly used services are covered in the services report. We would welcome more clarity on how Ofcom has selected the companies proposed to be included in each category. We also agree with the exclusion of private networks and the bespoke services provided over these, largely to business customers.**

**It also appears appropriate for Ofcom to accept that data readily available from companies will not necessarily be comparable and for it to focus on time-series data, working with industry to improve comparability of reported data over time. We would expect Ofcom, under the principle of proportionality, to ask for as little additional data as possible from companies – particularly for a first report, where feedback from government may indicate areas where further, or indeed less, information is required.**

*Question 2. Do you agree with our approach to classifying different types of networks and services? Are there better ways to define them?*

**We have no particular comment on the classification of networks.**

**We agree that the services to be included should include fixed voice; mobile voice; television broadcast; radio broadcast and some measure of basic business data connectivity. We believe care should be taken in describing “broadband” as a service since several types of service can currently be taken over a “broad bandwidth” capacity connection: for example, email; internet browsing; TV or film viewing etc. Several services have developed more specifically on mobile connections such as texting and a range of other “applications”. We would therefore suggest headings of “fixed line data services” and “mobile data services” for these types of services, which could be broken down, if required, in analysis or commentary in the services report.**

*Question 3. Do you agree with our proposal to prioritise 2G mobile coverage and broadband speeds for the first report?*

**These seem to be topical issues with current policy interest.**

*Question 4. Do you agree with our proposed reference date for the report as a date in June 2011 and are we allowing enough time for the provision of data?*

**No comment.**

*Question 5. How can we improve the comparability of data between different operators?*

**No comment.**

### Use of Electromagnetic Spectrum

*Question 6. Do you agree with our approach for reporting on the use of electromagnetic spectrum?*

Yes – we agree that it does not appear necessary to ask industry for any further data beyond what Ofcom already holds.

### Coverage

*Question 7. Do you agree with our approach to measuring coverage?*

**We believe the question of “coverage” is different for networks and services, whereas Ofcom’s proposals appear to blur the distinction. We agree that, for a network, some geographic measure is appropriate – such as postcode data on premises passed by the network, even if it is not actually used by all those premises – assuming this can readily be provided by the networks. However, for services, the providers can probably only give some indication of the geographic spread of their customers. For established services such as fixed voice, it may be appropriate for Ofcom to make the assumption, as proposed, that this service is available wherever there is a fixed network. In this case, Ofcom would need no additional information from the included service providers.**

Looking to the future, as data services develop, it may be that a particular type of service develops which is only available in certain areas or on certain types of network. In that case, the relevant question for included service providers would be where and/or on which network(s) they are currently providing the service. The data proposed to be gathered for “fixed data” services in Table 5 includes postcode level data on “premises passed split by network technology”, which appears to be a more networks-related question.

**We believe Ofcom should carefully distinguish coverage matters for networks and services – dealing with them in different reports, as discussed in our covering letter. The appropriate data-gathering to inform the report on “services” coverage should not, for example, require different information from a vertically integrated company which also provides networks, compared to a company which has no network and uses wholesale products to provide its services.**

*Question 8. How do you think we should establish an appropriate level of granularity and the right technical assumptions to make the data useful?*

**For the initial report, this is likely to be best established in conjunction with the network companies and the services companies providing the data. Broad-brush, high level illustrative maps are likely to be useful for established networks and services coverage whereas, for new services of interest – and subject to commercial confidentiality – smaller-scale geographic information is likely to be more appropriate.**

### Infrastructure Sharing

*Question 9. Do you agree our proposed approach will enable us to report adequately on arrangements for infrastructure sharing? Are there reasons why network operators would be unable to provide us with the data we have proposed to collect?*

**No comment.**

### Wholesale Network Access

*Question 10. Do you agree our proposed approach will enable us to report adequately on the provision of wholesale network access? Are there reasons why network operators would be unable to provide us with the data we have proposed to collect?*

**We believe this is a key area in the networks report, given the Government’s interest in achieving best possible use of infrastructure to support the roll-out of**

services based on “broad bandwidth” communications capacity and, as Ofcom notes, for assessing the levels of competition.

We agree that Ofcom may have to ask for further information from the included network providers about aspects of the wholesale services they provide. It may also be the case, for this particular question, that those parties unbundling BT’s local loops and establishing their own networks in order to provide competing retail services (LLU operators), should be asked about wholesale services in order to form a more complete picture of the availability of wholesale network access in the UK.

### **Capacity**

*Question 11. How do you currently measure the capacity of the network?*

**No comment.**

*Question 12. Do you agree that we should define specific metrics for different types of networks?*

**No comment.**

### **Availability**

*Question 13. Do you agree with the proposed approach of gathering specific reports of outages above a certain threshold, and how do you think such thresholds should be set?*

**We are aware that the availability of underlying network(s) is only one element in the supply chain for the communications services that a customer uses. Some services could use a variety of other elements in a chain, as illustrated in Ofcom’s recent discussion document on “net neutrality”. Even long-established voice telephony services use switching and technology components to deliver the end service. As discussed in other parts of this response, therefore, we believe that Ofcom should report separately on the availability of networks and services.**

**For networks, the approach of combining a summary of major outages with a consolidated view of minor outages seems a sensible one. A similar approach is taken in energy markets where lower voltage distribution networks report on total “customer minutes lost / customer” and “customer interruptions / 100 customers” on an aggregated basis while high voltage transmission networks report, amongst other things, on “incidents” affecting availability of the network. We have no particular views on where the thresholds should be set for communications markets.**

**For services, it may be useful to separate out the further availability issues that might affect end customer perception of the availability of the service beyond those covered by the reporting of network availability. How best to present this would depend on the extent to which other elements of the service can influence end-customer availability of the service and the subject does appear to have some overlap with the debate on traffic management and net neutrality mentioned above. If comparative statistics are to be provided in the report, consideration should be given to what factors affecting availability a service provider can control compared with those that are “bought in” on a wholesale basis from other communications providers (CPs). For example, an LLU operator will depend on the availability of the BT access lines he rents, his own equipment in the exchange and possibly some networks provided by other CPs whereas a provider using purely wholesale**

services has no direct influence on the technical availability of the product he supplies.

*Question 14. For smaller outages, which statistical data do you think it is valuable to gather?*

**We have no particular comments on this – we expect it might evolve over time.**

*Question 15. Is a three-month reporting period sufficient to assess availability performance?*

**This might depend on whether there is any significant weather-related component to customer interruptions. For the first report, a three month period or less would appear appropriate to establish a baseline for future reporting and provide a basis for the Government to provide feedback on the format proposed.**

### **Resilience**

*Question 16. Do you agree with our approach to reporting resilience and emergency planning and the list of data we would ideally collect from CPs?*

**As in the discussion above on availability and the theme of the rest of this response, we believe that the resilience of networks is a different matter from the resilience of services and that they should be reported separately. Particular services may have additional components affecting resilience beyond that of the underlying networks.**

**We recognise the links between this aspect of the required reporting and the intentions of the new European Framework Directive that is discussed in the consultation. This suggests that Ofcom could reasonably start with a small set of information requirements for the current report, given that these are very likely to be subsumed by the development of analogous requirements for the Framework Directive on a rather longer timescale. Similarly, where network and service providers are covered by existing arrangements to monitor and safeguard resilience – such as the Electronic Communications Resilience and Response Group – it would appear appropriate to draw on the work of that group as far as possible. We also agree that the sections of the reports dealing with resilience issues should be capable of easy redaction for reasons of commercial confidentiality and national security.**

**We have no particular comments on the proposed list of data to be collected from network and from service providers, although we expect that the lists would be slightly different and are best finalised in discussion with the network operators and service providers within the scope of reporting. For the first report, it may be pragmatic to consider just one major service type such as voice services, while the debate on EU Framework implementation develops a consensus on what is appropriate for reporting on the resilience of other types of data services.**

*Question 17. Do you already provide information to other organisations and government agencies around resilience issues? If so, what are they?*

**No comment.**

*Question 18. Do you agree that there are additional networks and services which are of sufficient importance to include in the report? If so, what are they?*

**We believe Ofcom should seek guidance form Government on this matter.**

### **International Comparisons**

*Question 19. Are there other sources of international data which we should consider? Are we focusing on the right networks and metrics? In particular, have we got the right metric for commenting on next-generation access deployments?*

**We support Ofcom in proposing to use publicly available information for this heading and again consider that the international comparisons should be made separately for networks and services. We note that one of Ofcom's proposed references – its International Communications Market Report – is described as already focussing on service rather than infrastructure matters. It may be that little further work needs to be done by Ofcom on the services side with the focus being on the networks side in order to complete that report.**