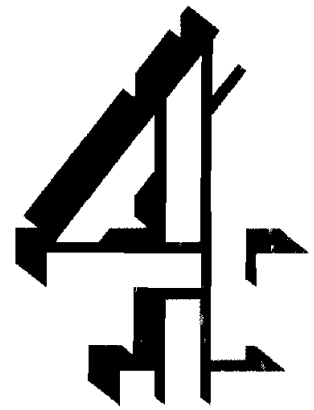


Channel 4  
124 Horseferry Road  
London  
SW1P 2TX

Telephone: 020 7396 4444  
Textphone: 020 7396 8691  
channel4.com

Susan Naisbitt  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London  
SE1 9HA



7 May 2010

Dear Susan Naisbitt

**Consultation on Proposals for the Setting of Regulatory Fees for Video on Demand Services for the Period up to 31 March 2011**

Channel 4 welcomes the opportunity to respond to the consultation on proposals for the setting of regulatory fees for video on-demand services for the period up to 31 March 2011.

For some years Channel 4 has been developing a range of on-demand services, both through our own on-demand service 4oD, available at channel4.com, and in partnership with a range of third party on-demand providers/platforms, including Virgin Media, BT, Talk Talk, YouTube and SeeSaw.

4oD enables consumers to access a comprehensive catch-up on-demand service, making available the majority of Channel 4 programmes from across our digital channel portfolio, typically for 30 days after original linear transmission. In almost all cases the on-demand programmes are identical to those originally shown in linear TV form. The 4oD service also offers access to Channel 4 archive.

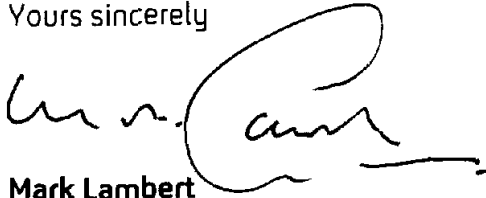
Channel 4 acknowledges the detailed approach of the consultation and the annexed documentation and would make the following broad comments in response:

Approach to 2010–2011 fees for video on-demand services

Channel 4 supports Ofcom's and ATVOD's preferred option, Option C (a flat rate model), as the appropriate approach for the 2010–2011 Fees for on-demand services as stated in Section 4.37 of the consultation. Channel 4 considers this option to be the most appropriate approach on the grounds of certainty and practicality, recognising the difficulties of starting from scratch for a newly regulated sector. Channel 4 notes and agrees with the disadvantages of the alternative options set out in the consultation, which reflect the complexity of the different delivery and business models of the on-demand services provided to the public. Those difficulties might be compounded. For example, under the AVMS Regulations a single service, for the purposes of editorial responsibility, may be provided by other third party platforms and thereby present very real problems for approaches to fees based on revenue, profit or audience.

Channel 4 notes that the consultation stresses in Section 1.3 that it only deals with the 2010-2011 fees and does not deal with what would be an appropriate amount and structure of regulatory fees beyond 31 March 2011. Channel 4 looks forward to working with ATVOD over the coming year to adopt the appropriate approach to fees in the future and potentially including for instance a variable element reflecting the differing size and business models of the on-demand services available in this country and the extent of the regulation that those services require.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Lambert', written over a large, stylized circular flourish.

**Mark Lambert**  
**Senior Lawyer**