

19 February 2009

Markham Sivak
Competition Policy Manager
Ofcom
Riverside House
2A Southwark Bridge Road
London
SE1 9HA

Dear Mr Sivak,

A New Pricing Framework for Openreach - Developing new charge controls for wholesale line rental, unbundled local loops and related services

I am writing with regard to the consultation on a new pricing framework for Openreach. While the consultation raises many detailed points, the CBI's comments focus on the key principles of certainty for business, speed of decision making, and the need to offer appropriate incentives to enable investment in telecoms infrastructure.

Certainty - In reaching a settlement on the new pricing framework for Openreach, Ofcom must ensure that it provides maximum certainty and clarity for the benefit of both Openreach and the operators using its infrastructure. It is crucial that all concerned can budget for expected costs and revenues well in advance. Ofcom should consult with industry to ascertain whether the determination of prices for only 1 and 2 years provides the necessary certainty.

Speed of decision making – Decisions on a new pricing framework must be made as early as possible in order to give maximum certainty to both Openreach and those using its networks to enable necessary decisions on investment to be made.

Enabling investment – It is not for the CBI to recommend an appropriate price for Openreach to charge those accessing its infrastructure - this is a matter that needs to be determined following detailed consultation with affected companies. However, the UK's telecommunications infrastructure will become an increasingly important enabler of our economy in the future. As a matter of principle, the framework for setting prices must provide the right incentives, degree of certainty and economic returns to enable these investment decisions to take place.

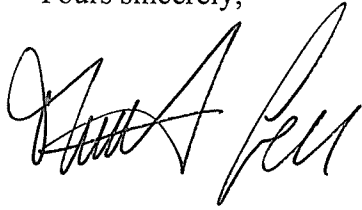
Whilst these principles are applicable to Openreach, they should also apply to competitors and new entrants in the telecoms market more broadly, regardless of technology.



In particular, the proposal for a universal service commitment for broadband coverage of 2Mbs in the UK is likely to require a range of technologies including a combination of fixed line, mobile and satellite technology.

I hope that you will take these comments into consideration as part of your review.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Fell', written in a cursive style.

Matthew Fell
Director, Company Affairs