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19 February 2008

Dear Kristina,

Draft Annual Plan 2008/9

I am pleased to set out below the comments of the Carphone Warehouse Group PLC on Ofcom's Draft Annual Plan 2008/9.

We support the separate comments by the UK Competitive Telecommunications Association. From Carphone Warehouse's perspective, we would like to add and expand on the following issues that we believe Ofcom needs to address in the coming financial year:

- BT Undertakings:** As an LLU MPF operator, it is becoming increasingly clear to us that the BT Undertakings are becoming outdated and are at risk of no longer providing an effective regulatory remedy. The Undertakings are in need of significant adjustment (rather than just monitoring) to ensure that they reflect changing commercial and technological market circumstances. For instance, we are keen that Ofcom moves forward with the debate around how BT's 21CN products should be consuming MPF to ensure a level playing field for competing NGNs.
- Openreach SLAs/SLGs:** We have welcomed the proposed changes to Openreach's SLAs/SLGs and it is now important that Ofcom sees through this important piece of work by carefully monitoring that Openreach implements the new requirements in an appropriate fashion and, importantly, that the new requirements have the desired impact on Openreach's performance and deliver consumer benefits.

3. **Openreach Product Development:** There is an ongoing need for Ofcom to require a more rapid and competent product development process within Openreach such that key products (e.g. a business grade LLU product) are launched by Openreach as soon as possible.
4. **Next Generation Access:** We believe that NGA rollout by BT will continue to need close regulatory scrutiny. Ofcom needs to address the key competition issues which are likely to arise and ensure that BT does not foreclose or stymie bottleneck access products. To this end Openreach should be required to develop a fit-for-purpose SLU product which can provide LLU operators with the opportunity of rolling out next generation access network as an alternative to or in competition with any rollout by Openreach.
5. **NGN Call Conveyance Pricing:**

We believe that Ofcom intends to kick off the network charge control review as well as the call termination market review in the course of next financial year. Given BT's plans to launch call conveyance on its 21C network, we believe there is an urgent need to address how call termination charges should be regulated in a NGN world. We believe that call termination on an NGN will be sufficiently different technically as well as commercially to warrant a different charging model in many respects. To avoid disputes and regulatory uncertainty, we would urge Ofcom to take an active approach through appropriate analysis and policy decisions in order to provide investment certainty to operators.

We look forward to working with Ofcom on the above issues in the course of next financial year.

Yours sincerely,

Rickard Granberg
Head of Telecoms Regulation