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13 May 2005

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Sent via e-mail to: graeme.hodgson@ofcom.org.uk

Dear Graeme,

Valuing copper access – part 2

Centrica welcomes the opportunity to comment on Ofcom's consultation in respect of 'Valuing copper access Part 2 - Proposals' and is happy for this non-confidential response to be published by Ofcom.

Centrica fully supports the response submitted by the United Kingdom Competitive Telecommunications Association (UKCTA), however, we would like to emphasise particular aspects of that response.

Centrica is in favour of Ofcom's intention to disallow any uncrystallised gains flowing from Oftel's previous decision to move from HCA to CCA. However, we are disappointed that Ofcom does not currently intend to disallow the crystallised gains nor does Ofcom intend to quantify these gains. This course of action would result in BT having received unearned, hence, unwarranted windfalls. If the level of crystallised gains has been material, Ofcom's currently proposed course of action would not be in the best interests of citizen-customers.

Centrica believes that the changes to the copper valuation methodology should be implemented as soon as possible, including the final flow through to the various charges. However, there remain a number of ongoing issues with respect to the proposed methodology that it has not been possible to resolve in the time frames of the existing review. Those remaining issues, as identified by UKCTA, should be resolved as part of a further review. Such further review should commence within twelve to eighteen months of the conclusion of this review rather than Ofcom's proposed timescales of a further review in some four years time.

Yours sincerely

Tahir Majid
Regulatory Issues Manager, Strategy

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