

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Valuing Copper Access

To (Ofcom contact): Graeme Hodgson

Name of respondent: Rob McDonald

Representing (self or organisation/s): Scottish and Southern Energy plc, SSE Telecommunications Ltd, Neos Networks Ltd, SSE Energy Supply Ltd

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing	Yes	Name/address/contact details/job title	No
Whole response	No	Organisation	No
Part of the response	No	If there is no separate annex, which parts?	

Note that Ofcom may still refer to the contents of responses in general terms, without disclosing specific information that is confidential. Ofcom also reserves its powers to disclose any information it receives where this is required to carry out its functions. Ofcom will exercise due regard to the confidentiality of information supplied.

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response. It can be published in full on Ofcom's website, unless otherwise specified on this cover sheet, and I authorise Ofcom to make use of the information in this response to meet its legal requirements. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name Rob McDonald

Signed (if hard copy)

Graeme Hodgson
Competition and Markets
Floor 4, Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA

Head Office
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Our Reference:
Your Reference:

Telephone: 01738 456400
Facsimile: 01738 456415
Email:

Date: 11 February 2005

Dear Graeme

Valuing Copper Access

We welcome the opportunity to provide comments on Ofcom's initial consultation on the above subject.

Three companies in the SSE Group have a direct interest in the telecoms market: SSE Telecommunications (SSET) and Neos Networks Ltd (Neos) own and operate communications infrastructure, while SSE Energy Supply Ltd (SSEESL) provides a telephony service through a Carrier Pre-Selection (CPS) arrangement. SSET and Neos provide capacity and other communications services to other network operators and to business customers.

We have only a couple of specific comments on the issues raised in the consultation and these are noted below. As a general observation, our view is that over the coming years, the roll-out of fibre into the access network is inevitable and could overtake the dominant position of copper assets in the foreseeable future. We therefore suggest that this background is taken into account in the current review so that potential volatility in the path of charges for products using the access network is minimised.

In relation questions 14 to 17 on the cost of shared duct assets, we do not believe that it is appropriate in principle to use bandwidth as a basis for attribution between core and access assets, as it relies on the economic value of assets rather than their physical take-up of the shared duct asset. Instead we favour a simple approach, one that has the merit of stability over time and preferably one that does not introduce significant disturbance to existing prices. For these reasons, we tend to agree with Ofcom that the equi-proportional mark-up approach to cost allocation would be appropriate.

For questions 17 onwards, which relate to the implementation of a change in valuation of the copper access network, we believe that the most appropriate approach is difficult to determine in the absence of any firm information on the quantum of the

change and its consequent potential effect on charges. However, we are firmly of the view that volatility in charges should be avoided, particularly where those charges represent input costs to BT's competitors in providing retail services.

I hope these comments are helpful.

Yours sincerely

Rob McDonald
Director of Regulation