



Justin Moore
Competition and Markets
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Dear Justin

Next Generation Networks – Future arrangements for access and interconnection

O2 (UK) Ltd (“O2 UK”) welcomes the opportunity to respond to Ofcom’s Consultation document on Next Generation Networks¹. You will see that we do not offer responses to the questions posed in the consultation. Instead, we set out our interest and concerns.

O2 UK’s interest in the consultation

O2 UK has two main interests in this consultation:

1. interconnection; and
2. wholesale Radio Base Station backhaul

Interconnection

O2 believes that the case has yet to be made for voice over IP in the access layer in systems that are capacity constrained, such as GSM. Whether voice over IP replaces the present circuit switched system depends very much on the mix of services that customers use. Accordingly, and in response to your question 33, we believe that voice interconnect services should continue to be charged on a pence per minute basis, at least where there is a dedicated circuit, which is likely to be the case for mobile for the foreseeable future. O2 believes that, in respect of data, the method of charging should be left to the market.

¹ Published 25 November 2004



Radio Base Station backhaul

Although not mentioned explicitly in the consultation document, BT's 21CN programme is likely to have an impact on the provision by BT of wholesale Radio Base Station backhaul. As Ofcom will appreciate, the provision of this service is a regulatory obligation on BT.

We understand that it is possible that the transition by BT to 21CN could have an adverse affect on RBS backhaul by, for example, introducing time delays in transmission. Whether it would in practice depends on the way in which RBS backhaul is to be provided using 21CN. Clearly, O2 UK is concerned that BT's transition to 21CN must not jeopardise the quality of the wholesale RBS backhaul service. Service levels should be no worse than the proposed wholesale service, based on BT's current network, or any relevant retail service.

Reconstituted NICC

Given the above, O2 UK agrees with Ofcom that it would be appropriate for a reconstituted Network Interoperability Consultative Committee (NICC) to address technical issues raised by 21CN. In view of O2 UK's interest in the matter, we should like to reserve the opportunity to be represented in any such NICC. We look forward to Ofcom's proposals for the NICC.

Consultation process

We were disappointed that Ofcom chose a shorter period for consultation on this matter. The justification provided for a shorter than normal period of consultation, that it was appropriate because the objective was to identify issues rather than to determine solutions, does not seem persuasive to us. Indeed, Ofcom has sought answers to no less than seventy two questions in the consultation – surely nothing less than a standard ten week consultation would have been appropriate.

I hope you find these comments useful.

Yours sincerely

Lawrence Wardle