

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Next Generation Networks

To (Ofcom contact): Justin Moore

Name of respondent: Nancy Saunders

Representing (self or organisation/s): Kingston Communications (Hull) Plc

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

Nothing	<input type="checkbox"/>	Name/address/contact details/job title	<input type="checkbox"/>
Whole response	<input type="checkbox"/>	Organisation	<input type="checkbox"/>
Part of the response	<input checked="" type="checkbox"/>	If there is no separate annex, which parts?	

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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

Signed (if hard copy)

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14th November 2004

Your Ref:
Our Ref: NJS/Sub/NVS

Dear Justin,

Next Generation Networks

Kingston Communications (Hull) Plc (Kingston) welcomes the opportunity to respond to the consultation regarding Next Generation Networks. Kingston plans regarding the roll out of our own NGN are relatively advanced; therefore the timing of this consultation is most propitious.

Kingston supports the submission made by UKCTA in the main, however there are areas where we have a somewhat different view, this response therefore focuses on those particular areas.

Executive Summary

There are five main points that Kingston seeks to bring to your attention:

1. Dark Fibre – Kingston is concerned that Ofcom's approach of investigating services rather than the underlying infrastructure has led to a skewed perceptive of the competitiveness of infrastructure competition.
2. Constraints on LLU – Kingston believes that the UKCTA proposal of creating equivalence by forcing BT retail to use the same upstream inputs as LLU operators is fundamentally flawed. Kingston believes that the correct approach is to allow LLUOs the same opportunities as BT retail.
3. BT's activities regarding their Consult 21 project. Kingston is concerned that BT's lack of engagement with industry so far will allow BT to leverage their current advantages into the new environment.
4. NICC – Kingston believes that Ofcom should actively support the work of the NICC in regard to the creation and publication of the required interface standards for NGN.
5. NGN economic issues – Kingston is concerned that the economic debate surrounding moving to an interconnect world using new technology is not yet taking place and that this has the potential to hinder plans for NGN roll out.

We have taken each of these issues in turn and explored each concern in some detail below.

Dark Fibre

Kingston has a genuine concern that Ofcom has underestimated the amount of competition that already exists in the middle and last mile access markets.

Ofcom has previously attempted to analyse the competitive state of the services and connections to customer sites, however Kingston believes that this has not been entirely effective as to an extent it is possible that Ofcom has undertaken the analysis from the wrong perspective. What is needed is an understanding of the extent of competitiveness within the access infrastructure market, rather than on specific services. Kingston suggests that Ofcom undertakes a study whereby all relevant ECNPs with significant infrastructure (such as Kingston, NTL, Telewest, Thus, Colt, C&W, YourComms etc) are asked to provide access network data from their GIS systems covering their middle and last mile infrastructure deployment. This data should then be compared to that of BT to ascertain geographically speaking, where there are enduring economic infrastructure bottlenecks.

Once this has been established Ofcom would be able withdraw regulation from where there is demonstrable access competition, proven by the existence of significant competitive infrastructure, and focus on the areas where competition has yet to be established.

Constraints on LLU

For historic reasons, LLU Co-location facilities have been contractually restricted to the function of direct access to the copper access network served by the MDF located within the same building, supported by a specific range of back-haul services.

This effectively constrains the ability of ECNPs to achieve economies of scale and scope through aggregation of services on combined platforms that could be situated in the co-location and hence removes the opportunity for efficient service management that BT itself has. Kingston urges Ofcom to consider how to enable the management of co-location space effectively, in a way that would open its use for different services (both regulated and unregulated).

Please see Annex A, sent in strictest confidence, for further information relating to this issue

BT's activities regarding their Consult 21 project

Kingston is concerned that BT's continuing lack of engagement with industry with its plans for the deployment of its NGN. Kingston has made every effort to get actively involved in the consult 21 project, with Huw Saunders co-chairing the main steering group, and Nancy Saunders co-chairing the OSS working group. However it appears to us that these positions of co-chairs are only there to give the impression of an industry partnership working group, as at this time there is no evidence that BT intend to take any heed of suggestions from the co-chairs or other industry participants.

NICC

Kingston has become increasingly concerned that Ofcom wants to distance itself from the work of the NICC. The NICC was first formed to deal with issues such as are now required from the forthcoming move to NGN technology. Although the regulatory framework has changed since the



Kingston Communications (HULL) PLC

NICC was first set-up, the underlying requirement for a group such as the NICC has never been more necessary.

Ofcom seems to believe that it has been “managing” the NICC since Ofcom took over from Oftel last year, however that is clearly not the case. Ofcom has provided secretariat support for the NICC board, allowed the publication of agreed standards on its website with the implied liability responsibilities that this provides, and played host for the NICC board meetings once a quarter. Industry has played an equal part by supplying chairs, participants and acting as hosts for the NICC sub-groups responsible for the negotiation and drafting of all the standards. If there is one criticism that Kingston has of the industry participation of the NICC, it is that it is the more established amongst the industry that fields most of the participants.

We welcome Ofcom’s recent move to re-engage industry in supporting NICC and its activities and encourage Ofcom to actively persuade newer industry members to join in with the ongoing work of the NICC.

NGN economic issues

The majority of the current debate has up until now, quite rightly been focussed on the technology of NGN. However Kingston is concerned that the economics of using this new technology is in danger of being overlooked. As was mentioned at the very start of this submission, Kingston’s own plans for NGN deployment are quite well advanced. However, before final decisions can be taken, it is essential that information regarding the costs associated with different interconnect scenarios are known. It has yet to be established if the current charging mechanisms – such as pence per minute tariffing will be continued, or if they are to be replaced by a “pay-for-packet” or other such bandwidth usage tariff system. Furthermore, if, as we are led to believe distance will no longer play such a major part in ascertaining charges, what will be the main element of the future charging systems? It is imperative that this debate is scheduled immediately in order for ECNPs not to be disadvantaged by having to delay their NGN plans.

Should you have any questions relating to this submission or require any further information on any of the above, please do not hesitate to contact me.

Nancy Saunders
Regulatory and Interconnect Manager