

Annex 1: OfTel publications 2001

January

Final determination on costs and charges for permanent carrier pre-selection
 Proposal by the Director General to revoke the Satellite Uplinking Order
 Draft determination that BT has interface control
 Draft determinations relating to competition in international markets
 Review of whether CWC has market influence on international routes (consultation)
 Mobile network operators call success rate survey
 International benchmarking of DSL and cable modem services (research)
 SMEs and the Internet (research)
 Carrier pre-selection consumer guide

February

LLU: the terms of the ANF agreement (statement and determination)
 Statement and direction on the 'bow wave process'
 Determination relating to a dispute between BT and Worldcom concerning the provision of FRIACO
 Review of the price control on calls to mobiles (consultation)
 Effective competition review: mobile (consultation)
 OfTel's use of public consultation (consultation)
 Proposals to revise the UK's National Numbering Conventions (consultation)
 Proposals for network charge and retail price controls from 2001 (consultation)
 OfTel research into consumers' use of public payphones
 The telephone bill of a 'typical' residential customer (research)
 A price index for mobile telephony (research)

March

OfTel's work programme 2001-02 (statement)
 Guidelines on the availability of co-location facilities and the use of space at MDF sites
 Direction requiring BT to enter into negotiations to provide PPCs
 Developing a Telecommunications Ombudsman (consultation)
 Guidelines on making a formal complaint to OfTel
 Consultation on a determination of a dispute between BT and a number of operators regarding a proposal to charge for NTS Links from 1 January 2001
 Revocation of the Call Minder Order
 Direction requiring BT to enter into negotiations regarding xDSL interconnection
 Determination that BT has Interface Control
 Draft determination that Vodafone and BTCellnet have Market Influence
 Access codes: options for the future (consultation)

April

Open access: delivering effective competition in communications markets
 OfTel's consumer guides
 Review of the Telephone Equipment Direction (statement)
 Statement of OfTel's intention to determine that CWC has Market Influence
 Revocation of the Satellite Uplinking Order (statement)
 Determinations that Vodafone and BTCellnet have Market Influence
 Determination of a dispute between BT and CWC regarding NTS charges

May

OfTel's draft Equality Scheme submission to the Equality Commission for Northern Ireland (consultation)
 Proposed determination to specify certain CPS charges
 Investigation into BT's Surf Together and Talk and Surf Together packages
 Determination that CWC has Market Influence
 Consultation on proposed modifications to Crown Castle UK's transmission licence
 Proposed modifications to the licences of BT Cellnet and Vodafone (notice)
 3C mobile infrastructure sharing in the UK (note for information)
 Statement on BT's 100% ownership of BTCellnet
 Restoring trust in personal numbering (consultation)

June

Consultation on BT's charges for site clearance as part of LLU
 Guidelines on the availability of co-location facilities and the use of space at MDF sites
 LLU: pricing for shared access (consultation)
 LLU: provision of co-location in the form of co-mingling (consultation)
 Use of Automatic Calling Equipment review (consultation)
 Statement on Calls and Access quality of service standards
 A review of the Telephone Equipment Direction (statement)
 BT's regulatory obligations to provide advance notification of price changes and to maintain a published price list (consultation)
 Funds for liabilities (consultation)
 Revisions to the Number Portability Functional Specification (consultation)
 Determination of a dispute between BT and a number of operators regarding a proposal to charge for NTS links from 1 January 2001
 International benchmarking of dial-up Internet access, mobile and fixed services

July

The benefits of self- and co-regulation to consumers and industry (statement)
 LLU: BT's non-participation in the bow wave process (statement)
 Implementation of a Telecommunications Ombudsman Scheme (statement)
 Effective competition review of dial-up Internet access (consultation)
 Guidance as to how the Director General will consider whether BT has acted reasonably in the provision of FRIACO
 Regulation of premium rate services: licence modification (statement)
 Fixed number portability compliance statement
 Draft guidelines on market analysis and SMP
 Competition in the provision of fixed telephony services (consultation)
 Draft determination: proposed fixed portability costs and charges
 Use of multiple SIM cards by consumers in Italy, Finland & Portugal (research)

August

OfTel's use of public consultation (statement)
 LLU: service level commitments and compensation (consultation)
 Universal Service Obligation (statement)
 Draft determinations: text relay service
 Effective competition review of Internet connectivity (consultation)

Consultation on proposed modifications to BT's licence regarding charge controls for ST FRIACO
 Consultation on a new licence condition addressing harmful interference caused by telecommunications systems
 Draft direction resolving a dispute over BT's April 2000 Review Supplemental Agreement
 Orange/BT Interconnection disputes: freephone origination and mobile number portability (draft directions)
 Competition in international calling (research)

September

Digital television: consumers' use and perceptions (research)
 Notice of proposed determination to specify the surcharges for provision of carrier pre-selection facilities by BT
 Communicating with customers who are disabled (guidelines)
 Notice relating to provision of ST FRIACO
 Effective competition review: mobile (statement)
 Review of the charge control on calls to mobiles (statement)
 The profitability and efficiency of the UK mobile network operators (research)
 Orange/BT Interconnection disputes: freephone origination and mobile number portability (direction)
 Access codes for directory enquiry services (statement)
 Effective competition review of number translation services (consultation)
 OfTel's response to the review of radio spectrum management (statement)
 Direction of a dispute between BT and Telewest regarding Telewest's operator specific NTS charges
 Determination relating to BT's proposal to increase NTS discounts

October

LLU: final charges for shared access (statement)
 Direction on BT's charges for site clearance as part of LLU
 Statement and draft direction on BT's charges for co-location (statement)
 LLU: provision of co-location in the form of co-mingling (statement and direction)
 LLU: access to BT's exchanges for third parties (statement and draft direction)
 The pricing of conditional access services and related issues (consultation)
 Draft determination on costs and charges for provision by BT of permanent CPS for Featurenet, Featureline and Embark customers
 Consumer complaints made to OfTel (statement)
 The revised Standard for Telecommunications Metering Systems and Billing Systems (OTR 003: 2001) (consultation)
 Direction of an interconnection dispute between BT and Kingston
 Proposed revocation of the Caller Display Order
 Restoring trust in personal numbering (statement)
 Draft determination: controlled premium rate services
 Draft determination: proposed fixed portability costs and charges
 Draft direction of BT'S retail uplift charge for calls to operators' number translation services
 Direction of a dispute between BT and other operators regarding BT's Review Supplemental Agreement

November

LLU: service level commitments and compensation (statement and direction)

Determination on costs and charges for provision by BT of permanent CPS for FeatureNet, FeatureLine and Embark customers (determination)
 Public payphones (consultation)
 A guide to regulatory authorities and agencies for operators and service providers
 Requesting the Director General to resolve an interconnection dispute: guidance for the telecommunications industry
 Revocation of the Caller Display Order
 Draft consent of the intention to grant to Kingston consents under conditions 54.5 and 58.1 of its licence
 Draft direction of a dispute between COLT and BT concerning charges calculated in accordance with the EBC matrix
 Advice from OfTel on using a mobile abroad
 The third issue of the Numbering Conventions and the first issue of the Numbering Code
 Competition in international markets (consultation)
 Draft direction of a dispute over BT's proposal to charge for NTS call origination using INCA and CLI
 The importance of brands in the telecoms market (research)
 Mobile network operators call success rate survey
 International benchmarking study of mobile services (research)

December

Draft OfTel management plan 2002-03 (consultation)
 LLU: backhaul services (consultation)
 LLU: access to BT's exchanges by third parties (statement and direction)
 Consultation on draft direction to resolve a dispute between BT, Energis and Thus concerning xDSL interconnection at the ATM switch
 Consultation on a draft direction to resolve a dispute with regards to the provision of partial private circuits
 OfTel's regulatory strategy for broadband (statement)
 Draft determination of surcharges for the provision by BT of CPS facilities
 Carrier pre-selection consumer guide
 Consultation on proposed inclusion of directory enquiries within the CPS 'all calls' option
 Giving consumers confidence in price comparisons of telecommunications services (consultation)
 Consumer complaints made to OfTel
 Guidelines on the essential requirements for network security and integrity
 Guidelines on the operation of the Network Charge Controls from October 2001
 Direction on a dispute between COLT and BT concerning charges calculated in accordance with the EBC matrix
 Notices of determinations to remove the determinations that Vodafone and BT Cellnet have Market Influence
 The OfTel formula returns (statement)
 Allocating access codes for directory enquiry services (consultation)
 Direction of a dispute over BT's proposal to charge for NTS call origination using INCA and CLI
 Guidelines on the operation of the network charge controls from October 2001
 International benchmarking study of Internet access – dial-up and broadband (research)

Please note: the titles of some documents have been abbreviated. All documents are available on OfTel's website at www.oftel.gov.uk. The Director made no Orders under section 16 of the Act during the year.

Annex 2: Oftel strategy principles

All objectives	Principles
All objectives	<ol style="list-style-type: none"> 1. Regulate only where it is likely to bring benefit to consumers. Keep regulation to the minimum necessary to obtain appropriate outcomes.
Effective competition – benefiting consumers	<ol style="list-style-type: none"> 2. Where competition is increasing but not yet effective, promotion of competition is acceptable so long as: <ul style="list-style-type: none"> • competition is sustainable without regulation in the longer term; and • it does not create disincentives for new entrants or incumbents to invest in infrastructure or to innovate in the provision of new services. <p>Regulation to promote competition/protect consumers should become progressively 'lighter touch' as the market gets near to effective competition.</p> 3. Cease to promote competition when there is effective competition. Assessment of effective competition to be based on standard competition analysis that takes account of benefits obtained by consumers.
Well informed consumers	<ol style="list-style-type: none"> 4. Encourage greater awareness on the part of consumers so they are able to make competition effective and to rely less on regulation. Rely on standard consumer legislation wherever this is sufficient. 5. Encourage industry to meet the needs of consumers rather than to rely on regulation.
Adequately protected consumers	<ol style="list-style-type: none"> 6. Where competition cannot provide agreed services to all at affordable prices, regulate to ensure there is such provision in a way that minimises distorting effects. Geographically averaged prices should be used only for supply of basic service to ensure network access by all. 7. Control of prices should be limited to those areas where competition is ineffective now and in prospect (four years +). 8. Where competition is not in prospect or the market, of itself, will not meet consumer needs, regulate to replicate efficient outcomes subject to not undermining incentives to innovate. Ensure resources are managed efficiently but seek market solutions wherever feasible. 9. Encourage industry, wherever feasible, to regulate itself in those areas where a common approach is necessary to meet consumer needs ie either to provide service or for the development of competition. Any Oftel role to be a fallback one.
Prevention of anti-competitive practice	<ol style="list-style-type: none"> 10. Rely on competition legislation to control anti-competitive behaviour wherever possible. Licence conditions may be used to promote competition where competition legislation is inappropriate or where there is an abuse of market power short of dominance. Where licence conditions are used, be explicit, why and for what purpose.

The above principles were applicable for 2001. As part of Oftel's consultation on its management plan for 2002-03, a series of updates to the principles to improve their applicability were identified. An updated set of principles were published as part of the 2002-03 management plan statement.

Annex 3: Summary of Oftel regulatory decisions

April 2001 – March 2002 (excluding cases)

Removal of regulation

Mobile market – lifted requirement on Vodafone and Cellnet to supply airtime to independent service providers

BT licence conditions – revoked caller display order and relaxed period of notification for price changes

Automatic calling equipment – removed the requirement for consent to be provided in writing

International markets – lifted controls on 20 routes where competition is now established

Decision not to add further regulation

Cable – no requirement on cable companies to provide open access to their networks

USO – no increase in USO baseline/current basis of USO extended

Self-/co-statement – no requirement for set up of formal umbrella body of stakeholders to manage self-/co-regulatory initiatives

Self-regulation

Telecoms Ombudsman – industry developing funded scheme (with Oftel support of process)

Quality of service – indicators published six monthly by industry funded third party

Price comparisons – phonebills website updated

TelecomsAdvice website – website upgraded to better meet small business needs

Porting arrangements for mobile phones – new system introduced

Co-regulation

Stakeholder consultation – widened range of consultation techniques

SIM locking and number portability research – test of telecoms companies' compliance with licence condition

Call success rates – test of mobile networks

Spectrum trading – responded to Cave review supporting widespread spectrum trading

Consumer leaflets and guide to CPS published by Oftel

Billing and metering – set criteria for assessment of overall accuracy of the systems

Guidelines to help operators meet licence conditions regarding information for disabled consumers

Formal regulation

Broadband – set strategy for delivering a competitive broadband market and indicators for access

Leased lines – required BT to offer specified wholesale products

LLU – renewed wholesale price setting and took measures to enable competitors to get adequate access to BT's exchanges

Unmetered Internet access – set charges, payment terms and capacity arrangements for competitors to purchase capacity from BT

Directory enquiries – introduced new access codes to enable other operators to provide DQ services

Retail price control fixed link – extended price control for one year (to July 2002)

Price of calls to mobile – rolled over wholesale price controls on call termination and terms of reference to the Competition Commission

Premium rate services – extended those services subject to controls, recognised the ICSTIS Code of Practice, and banned revenue sharing on 070 numbers

Network charge controls – updated guidelines on the structure and operation of controls

Annex 4: Expenditure and performance on major projects and programmes in 2001-02

Major projects and programmes, which were each estimated to cost more than £250,000 in 2001-02 are as follows:

Management plan reference 2001-02	Project/programme title	Estimated cost within cost bands 2001-02
A1 A7 C3 E3 E6	Competition in mobile markets Numbering programme Price of calls to mobiles New EU framework Strategy implementation	£250,000 – £500,000
A4 & A8 B4 C9	Access to broadband services over the local loop/Internet and e-commerce Research into consumer views Advisory Committees on Telecommunications	£500,000 – £750,000
C6	Consumer representations	£750,000 – £1,000,000
D3	Compliance casework	£1,000,000 – £1,500,000

Notes:

1. Cost estimates are based on average staff pay and consultancy costs plus a pro rata allocation for non-pay costs. Departmental overheads are not included.
2. No single consultancy contract was estimated to cost more than £250,000.

Project and programme performance

A1. Competition in mobile markets

The effective competition review statement for the mobile market was published in September 2001 meeting the Management plan target. Statutory consultation on the proposed removal of the determination of Market Influence in the licences of BT Cellnet and Vodafone began in December 2001 and was completed in April 2002. This should have an impact on the retail market for mobile telephony by enabling different types of wholesale arrangements between operators and third party service providers.

A7. Numbering programme

Two projects were completed during the year – a new issue of the Numbering

Conventions, and Restoring trust in personal numbering. Both projects were completed on time. New regulations for both projects only came into force on 1 March 2002 so the impact cannot be assessed at this stage.

C3. Price of calls to mobiles

The project met the Management plan target by issuing a statement setting out proposals in Q2. OfTel proposed the modification of four mobile operators' licences in order to bring down mobile termination charges and consequently to protect consumers from excessive cost of calling a mobile phone. The mobile operators rejected OfTel's proposals so they could not be implemented. The issue has been referred to the Competition Commission and if it supports OfTel's

proposals, the likely impact is a saving of approximately £800 million over four years for consumers.

E3. New EU framework

The introduction of this new framework represents a major overhaul of European telecommunications regulation. During 2001, OfTel's International Section worked closely with the UK Government consulting interested parties in the UK and developing policy proposals on the draft legislation. OfTel and the DTI held regular meetings with the industry and consumer representatives and maintained a constructive dialogue with all parties in the development of the UK's position on the draft legislative proposals. In line with OfTel's current strategy, the long-term aim of the new Directives is to minimise

detailed sectoral regulation and to place increased emphasis on competition law. Under the new Directives, the current telecommunications licensing regime will be replaced by a refined set of Conditions of Entitlement, dominant operators will be subject to specific regulation triggered by market reviews, and National Regulatory Authorities (NRAs) throughout Europe will work towards the harmonised and proportionate application of the new Directives reflecting circumstances in individual countries.

E6. Strategy implementation

This project, which puts together and publishes OfTel's annual management plan, is intended to focus OfTel's activities in relation to implementing its strategy and, via OfTel's Service Delivery Agreement (SDA), benchmarking and the monitoring log, to help assess outcomes. The consultation document for the 2002-03 Management plan was published in December 2001 and the resulting statement in April 2002.

Benchmarking studies were published on different market segments throughout 2001. In June (PSTN, mobile and Internet access), November (mobile) and December 2001 (dial-up and broadband). A monitoring log of outputs of regulatory actions was also published in December 2001. SDAs are published in the chapter *OfTel's approach to its work in 2001*.

A4 and A8. Access to broadband services over the local loop/Internet and e-commerce

The statement on OfTel's effective competition review of dial-up Internet access was delayed until Q4. The consultation document was deferred to Q2 for OfTel to consider a Competition Act case on proposed BT Internet access services. The statement was issued to plan after the consultation period. The statement proposed no new regulation in dial-up Internet access, but some improvements to consumer information. OfTel continued to monitor developments in Internet access to contribute to the Government's e-commerce and Internet/broadband strategies.

Consumer representations

	Percentage met target, Q2 –Q4, 2001
Phone calls closed within one working day	99 per cent
e-mails closed within two working days	76 per cent
Written correspondence closed within four working days	82 per cent
Written correspondence passed to telecoms company for action – within two working days	100 per cent
Publication of complaint data and a customer satisfaction survey were both completed within targets.	

B4. Research into consumer views

The purpose of this project is to provide evidence on consumer and business behaviour to assist OfTel in policy and other decision making, monitoring the impact of policies and other decisions, and other OfTel work (eg consumer information) where appropriate. Quarterly surveys are conducted throughout the year, supplemented by ad hoc research as required – all of which was delivered to pre-agreed timescales.

C9. Advisory Committees on Telecommunications

The role of the committees is to advise the Director General on any matters covered by his functions. Formal reports made by each committee to the Director General are published in the chapter *Advisory groups and committees*.

C6. Consumer representation

The Director General has a statutory duty to consider complaints and enquiries made to him about telecommunications services. This public service is provided by OfTel's Consumer Representation Section (CRS). In 2001, 98,500 new cases were recorded; this is based on initial contact and does not take account of follow-up calls and letters. 164,000 telephone calls were handled (details of complaints can be found in the chapter *Working for consumers*). At the beginning of Q2, revised targets were set to monitor performance.

Publication of complaint data and a customer satisfaction survey were both completed within targets.

D3. Compliance casework

Compliance casework performance continued to improve in 2001-02. For the first time, all three key SDA targets were met: 100 per cent of preliminary investigations were completed within the six week target period, 81 per cent of full investigations were completed within six months, and the remainder within 12 months (targets are 80 per cent in six months – raised from 75 per cent in 2000, and 100 per cent in 12 months). These results were achieved despite a substantial increase in the complexity of many of the cases handled (several involved detailed examination of issues such as service level agreements for new wholesale products, and the relation of costs to prices). The number of cases where formal enforcement action – interconnection dispute directions, formal decisions under the Competition Act, etc. – was taken also increased substantially. There were, for example, over 20 such decisions made concerning cases in the broadband sector alone – more than twice the aggregate total for compliance cases of all types in 2000-01. In addition, guidance for the industry on how to make a complaint or request the resolution of an interconnection dispute was published, and various aspects of compliance case handling procedures were reviewed, leading to changes aimed at improving casework quality and responsiveness. Further work of this kind was in hand at the end of 2001.

Annex 5: Financial accounts and expenditure plans

Expenditure plans

The Government's Expenditure Plans for OfTel for 2002-04 are set out in the core tables below together with outturn information from 1998-99 onwards. Financial information is presented on an accruals basis as was first announced in the 1995 White Paper, *Better Accounting for Taxpayer's Money* (Cm 2929). The aim of the tables is to provide a detailed analysis of departmental expenditure plans in resource terms, showing resource consumption and capital investment, and expenditure in Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). Tables are included showing administration costs and staff numbers.

Resource accounts 2000-01

OfTel's Resource Accounts for 2000-01 was published on 12 December 2001 (The Stationery Office, HC 416, ISBN 0-10-291329-3).

The following table provides details of the separation of costs by expenditure category in 2000-01 between policy and support activities.

Summary of Resources 2000-01 £'000	Regulatory Policy Directorate	Compliance Directorate	Director General's Office & Business Support	Total
Administration Costs (ACs)				
Pay	3,420	2,690	1,561	7,671
Consultancy	1,009	257	159	1,425
Rent (Ludgate Hill/Shoe Lane)			1,232	1,232
Training	34	59	197	290
Recruitment			196	196
Press/Publicity			200	200
Other ACs	197	148	1,125	1,470
Total ACs	4,660	3,154	4,670	12,484
Programme				
Twining with Poland	84			84
Advisory Committees on Telecommunications (ACTs)		205		205
Litigation	44			44
Total Programme	128	205	0	333
Notional costs (eg depreciation)				
	0	0	848	848
Total Resource costs	4,788	3,359	5,518	13,665
Capital				
Furniture/Office equipment			122	122
IS/IT			446	446
Total Capital	0	0	568	568

Audit

OfTel's Resource Accounts are audited by the National Audit Office and the opinion of the Comptroller and Auditor General for the year ended 31 March 2001 is included in the published accounts. The Internal Audit Directorate of the Department of Trade and Industry provides OfTel with an internal audit service.

Public spending – Office of Telecommunications

	1998-99 Outturn	1999-00 Outturn	2000-01 Outturn	2001-02 Estimated Outturn	2002-03 Plans	£'000 2003-04 Plans
Consumption of resources:						
Regulation of the telecommunications industry to ensure the best possible deal for telecommunications customers in terms of quality, choice and value for money	-3,144	442	1,226	1,350	1,610	1,610
Total OfTel Resource Budget	-3,144	442	1,226	1,350	1,610	1,610
<i>of which:</i>						
OfTel departmental expenditure limit (DEL)	-3,439	-248	466	720	636	636
Non-cash items in AME	295	690	760	630	974	974
<i>of which:</i>						
Depreciation	252	554	581	503	821	821
Cost of capital charges	38	113	154	100	126	126
Changes in provisions and other charges	5	23	25	27	27	27
Capital spending:						
Regulation of the telecommunications industry to ensure the best possible deal for telecommunications customers in terms of quality, choice and value for money	766	1,929	568	1,005	804	804
Total OfTel Capital Budget	766	1,929	568	1,005	804	804
<i>of which:</i>						
OfTel departmental expenditure limit (DEL)	766	1,929	568	1,005	804	804
Total public spending on OfTel	-2,630	1,817	1,213	1,852	1,593	1,593

(1) Total public spending calculated as the total of the resource budget plus the capital budget, less depreciation.

(2) Most non-cash items AME will move into DEL when DEL is measured on a full RAB basis, after the 2002 Spending Review.

(3) A full breakdown of budgets into their DEL and AME and non-voted components is contained in the Supplementary Budgetary Information publication which accompanies the Main Estimates.

Administration costs – Office of Telecommunications

	1998-99	1999-00	2000-01	2001-02	2002-03	£'000 2003-04
	Outturn	Outturn	Estimated Outturn	Outturn	Plans	Plans
Gross administration costs						
Paybill	6,097	6,783	7,671	9,334		
Other	4,425	5,882	5,654	7,245		
Total gross administration costs	10,522	12,665	13,325	16,579	18,989	18,989
Related administration cost receipts	-11,557	-12,063	-12,418	-16,550	-17,979	-17,979
Total net administration costs	-1,034	719	913	29	1,010	1,010
<i>of which:</i>						
Departmental expenditure limit (DEL)	-1,329	29	153	-601	36	36
Non-cash AME	295	690	760	630	974	974
Total net administration costs by activity						
Regulation of the telecommunications industry to ensure the best possible deal for telecommunications customers in terms of quality, choice and value for money	-1,034	719	913	29	1,010	1,010
Total net administration costs	-1,034	719	913	29	1,010	1,010
Controls and limits						
Administration costs limits for gross controlled areas:						
Of tel	10,227	11,975	12,565	15,949	18,015	

Staff numbers – Office of Telecommunications

	Staff-years								
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
	Actual	Actual	Actual	Actual	Actual	Estimated Outturn	Plans	Plans	Plans
Civil Service									
full time equivalents	160	155	166	165	195	206	220	239	239
Overtime	0	0	0	0	0	0	1	1	0
Casuals	1	6	10	16	0	3	0	0	0
Total	161	161	176	181	195	209	221	240	239

Annex 6: Price control 2001-02

BT's prices during the price control year 2001-02

BT is required to reduce its main prices by £60.9 million (m) in the price control year ending 31 July 2002. This takes account of £3.0m carried over from 2000-01. The total reduction in BT's controlled prices between August 2001 and April 2002 amounted to £63.1m. As this is the last year of the current price control period, there is no provision for carry over (please see Of tel's annual report 2000 for BT's prices during the price control year 2000-01).

In October 2001, BT introduced a new offer, BT Weekend Chataway. On selected weekends, residential consumers are charged a maximum 20p price for all local and national geographic calls. Normal tariffs apply until the maximum price of 20p is reached. This contributes approximately £4.52m towards meeting the price control requirements. Other changes to the inland call rates, namely the removal of the Christmas and New Year offer, are also included in this figure.

A reduction in connection charges also occurred in October 2001. Single line connection fell from £84.25 to £63.83 (excl VAT). The cost of connecting multiple lines also decreased. Consumers connecting between two and five lines at the same time benefited from a price reduction from £79 to £60, and those connecting more than five lines saw a reduction from £69 to £52. This was worth £7.2m towards the requirements.

BT's next major changes were in November 2001. Most important was the increase to the residential inclusive call allowance. This increased from £4.60 per quarter to £5.49. It contributed £49.6m towards meeting the basket requirements for 2001-02.

At the same time, BT differentiated between rental charges for consumers paying by monthly payment schemes/direct debit and those paying by other means. Consumers paying by direct debit/monthly payment schemes saw their rental fee fall by £1.26, but consumers paying by other means saw their bill increase by £1.29. BT also changed the option fee for the reference tariff, Option 15, in November. Consumers paying by direct debit/monthly payment saw the option fee of this package increase from £2.72 to £3.98, but it remained constant for all other consumers.

The Light User Scheme (LUS) also changed in November. As BT is obliged to ensure that consumers in the bottom 21 per cent of all consumers by usage are better on this scheme than on the standard one, it was necessary to alter it to take into account changes to the inclusive call allowance and rental fees. The LUS rebate was increased from 1.04 to 1.078p for every 1p that a consumer is under the threshold. At the same time, the threshold increased from £15.46 to £15.95. For a consumer making no calls, their rental fell from £11.50 to £9.61. These changes contributed £1.74m towards meeting the requirements.

Changes were also made to international tariffs in November 2001. A new charging band was created to cover calls to certain countries, for example Cambodia.

Private circuit prices

From July 2001, the number of private circuit baskets subject to price control was reduced to one, inland analogue, which is constrained to increase by no more than RPI+1.35 per cent for 2000-01, and RPI+1.93 per cent for 2001-02. This basket will continue until at least July 2005.

Digital circuits were taken out of the previous inland digital basket. The individual circuit subcaps of RPI+2 and RPI+1 on analogue and digital circuits (respectively) were also removed. There is no longer an international private circuit basket, however, individual international circuits are constrained by a safeguard cap of RPI.

In the 2001-02 price control year, prices of inland analogue private circuits were increased on average by 1.92 per cent – consistent with the increase in RPI. On average, rentals increased by 1.99 per cent and connections by 0.75 per cent.

Annex 7: Licences register – licences issued in 2001

Public Telecommunications Operators

January

Global Metro Networks UK Limited
LambdaNet Communications (UK) Limited (formerly
Firstmark Carrier Services (UK) Limited)
Nextlink UK Limited
The Vitesse Project Limited

March

Broadnet UK Ltd

April

Energis Local Access Limited

June

360 Networks UK Limited

July

Sprintlink UK Limited
SSE Telecommunications Limited

August

Alpha Telecom Communications Limited
Eigernet Limited

September

LETel Limited
Midlands Electricity Plc

December

France Telecom Network Services

Public Telecommunications Operators without Code Powers

February

Williams Communications UK Ltd

June

Universal Access UK Limited
Verizon Global Solutions UK Limited

December

Telekom Malaysia

Mobile Public Telecommunications Operators

March

BT 3G Ltd
Orange 3G Ltd

Non-Public Telecommunications Operators

January

Internet Central Ltd
The Vitesse Project Limited

November

Airwave mmO2 Limited

Class Licence

April

Class licence to run branch systems to provide
telecommunication services
Class licence for the running of self provided
telecommunication systems

August

Class licence for conditional access services

International Simple Voice Resale

January

Creative Internet Ltd
European Digital Communications plc
European Telecommunications & Technology Ltd
First European Telecom Ltd
Global Easy Connected Ltd

Global World Telecom Ltd
ICM Global Net SA
Interconnect Solutions Ltd
Oxbridge Recruitment Consultants Ltd
Popcorn Communications Ltd
Transglobal Europe Ltd
Vigo Telecom

February

America Exclusive Inc
Consort UK Ltd
Network Telecom (Europe) Ltd
Networks Direct plc
Sky Alliance Technology (UK) Ltd
Verizon Global Solutions UK Ltd
Xisos Telecommunications

March

City Reach Ltd
Clear2Talk Ltd
Intra Global Communications Ltd
Ionisphere UK Ltd
Nexon Telecommunications LLC
Npower Communications Ltd
Redband.Net Ltd
Red Miracle Ltd
Volcalis Telecom Dienste GmbH
Willaf Ltd

April

Apple Telecom Europe Ltd
Charterhouse Voice and Data plc
Emphatech Ltd
Global Carrier Services Ltd
Greek Telecom UK Ltd
LTT UK Ltd
Numbercentral Ltd
OneBill Telecom Ltd
Potelco UK Ltd
R.E. Marketing Services Ltd
Spiider Networks Ltd
Tiger 3G Ltd
Voicetec Systems Ltd

May

Electronic Transaction Corporation (UK) Limited
(formerly Global Internet Billing (UK) Ltd)
E-Net Telecommunications Ltd
Global Link Telecommunications Ltd
GTC (UK) Ltd
Iceland Telecom Ltd
INSA Trading Ltd
System Q Ltd
Talkback UK Ltd
Telecom Plus plc
United Networks Ltd

June

Connect Telecom UK Ltd
Deltathree Inc
Hello Tel Ltd

July

Africa.Com Ltd
Capsillon UK Ltd
Fastnet Internet Company Ltd
For U Ltd
Gara Technologies Ltd

August

@Telco SA
3t Telecom Ltd

Alpinegold Ltd
Callserve Communications Ltd
Enron Broadband Services UK Ltd
GDXC Inc
Intouch Communications Services Ltd
Pen (UK) Ltd
Qualitel Communications Ltd
SAC Telecom Ltd
Seven Telecom Ltd

September

Albion Telecommunications plc (previously
Communications 2000 Group plc)
C2 Internet Ltd
Centrica Telecommunications Ltd
Comsat International UK Ltd
Crosstel Ltd
Dominic Valder Communications Ltd
Econophone Ltd
Silvernet Trading Ltd
Telecard International Ltd
TRA UK Ltd

October

Advance Telecommunication Network Ltd
Anglo Communication Consultancy Ltd
C2C Ltd
Global Network Systems Ltd
Global Quest Communications UK
Maple Communications Ltd
Micro Efficiency Ltd
TeleNova Communications Corporation
TelXL Ltd

November

3U Telecom AG
Advantel Ltd
Affinity Wireless Limited (formerly Advanced Telecom Plc)
Context Connect Incorporated
Cyport Telecom Ltd
Global Corridor Limited
Homelink Communications Ltd
Infonet UK Ltd
Magrathea Telecommunications Ltd
Skycom Ltd
Stainless Steel International Engineering Ltd
Telepay Ltd

December

London Electricity Group Plc
London Electricity Plc

Satellite

January

Invsat Ltd

May

New Skies Networks (UK) Ltd

September

Astrium Ltd

November

Hughes Network Systems Ltd

Particular Person

May

Railtrack Plc

August

NATS en Route Limited (NERL)