

Marina Gibbs
Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

4 April 2016

Dear Marina,

Leased Lines Charge Control

As requested by Ofcom, I am writing about the pricing arrangements that will apply once the current Leased Lines Charge Control (LLCC) finishes on 31 March 2016. I understand that the final Business Connectivity Market Review (BCMR) Statement is unlikely to be published before late April, with the next control commencing on 1 May 2016 at the earliest.

In order to provide continuity and remove uncertainty for our customers, Openreach will commit not to increase prices covered by the Ethernet charge control between 1 April and 30 June 2016 or the start of the next control, whichever is soonest.

Our working assumption is that the control will be one month late and will commence on 1 May 2016. To ensure Openreach and its customers will be in the same position as if the control had started on 1 April 2016 we commit to set prices governed by the Ethernet charge control during Financial Year 2016/17 so that the time-weighted average price during 2016/17 would be the same as if the LLCC had become effective on 1 April 2016 (taking account of both the Starting Charge Adjustment and the CPI-X control).

I understand that you are keen for the first price change of the new LLCC to occur without undue delay as this will achieve a greater level of price stability whilst ensuring customers have the benefit of any reduced prices in the new LLCC as soon as possible. To achieve this we will need to act quickly to implement the new prices and the provisions contained in paragraphs 9.30 to 9.34 of section 9 of the Draft Statement (Volume II) are essential to allow this to happen.

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Alan Lazarus
Director of Regulatory Affairs
Openreach

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If it appears likely that the conclusion of the review will stretch beyond 1 July we will reconsider these interim pricing arrangements and will make further announcements in good time.

Finally, in the event that there is a material change between the draft notice and the final Statement, or if the final Statement is withdrawn, suspended or amended, BT reserves the right to withdraw any voluntary commitments it has made without advance notice and without incurring any liability.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Lazarus', written in a cursive style.

Alan Lazarus
Director of Regulatory Affairs
Openreach