

7th September 2020

Competition Group
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA.

By email only: wftmr@ofcom.org.uk

Dear Sir/Madam

Re: Pricing wholesale local access services in Geographic Area 3 with a BT Commitment to deploy a fibre network.

As part of its utility group of companies, BUUK has been providing gigabit ready full fibre broadband connections to the new build housing sector since 2008. We operate a wholesale business, Open Fibre Networks (Wholesale) Limited, offering wholesale services to Communication Providers across the UK.

In this letter BUUK sets out its response to Ofcom's supplementary consultation to the wholesale fixed telecoms market review, focusing on Pricing wholesale local access services in Geographic Area 3 with a BT Commitment to deploy a fibre network.

We support Ofcom's rationale for adopting a forecast RAB approach in Areas 3 by indexing copper-based services of bandwidths up to 40/10 and recognise this approach to be relatively simple and transparent to implement when compared with other price control options. We agree that a forecast RAB approach should be backed-up by a commitment to deploy a fibre network and successful implementation will be reliant on the appropriate controls being in place to establish clear outcomes of the RAB, mainly:

- Monitoring and reporting of progress.
- Understanding costs and revenue to ensure effective assessment of fibre deployment commitments.
- Accountability for build out commitments.

We have seen RAB based controls successfully implemented in other sectors such as Gas, Electric and Water, so there is no reason to believe, that if implemented with clear outputs and price controls, this would not work for large scale fibre deployment. As established in the consultation document, the RAB based controls put in place would need to be reflective of the telecoms market conditions.

We recognise that Openreach reach are incentivised to increase the use of fibre to reduce the requirement to operate both a legacy (copper) and fibre network, acting as a firm incentive to promote the transition to fibre services as opposed to implementing a strategy that could increase the use of copper. This incentive could, however, have unintended consequences of stifling the development of effective competing networks. We are therefore also supportive of Ofcom's proposal to ensure that 3rd party providers are not disadvantaged by Openreach's wholesale pricing of copper or fibre services, an example of this being the restriction of geographical price reductions in Area 3 by prohibiting geographical discounts on FTTP rental charges.

We would be happy to provide any further clarification to our responses if that would be helpful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Hutton', with a long horizontal flourish extending to the right.

Keith Hutton
Regulation Director