

20 March 2014

Steve Best
BT Wholesale
Faraday Building
1 Knightrider Street
London
EC4V 5BT

David Clarkson
Competition Policy Director

Dear Steve

Pricing: WBA services

Thank you for your letter, dated 19 March 2014, where you set out the approach that BT is intending to take on the pricing of IPstream in the period between 1 April 2014 (when the current WBA charge control expires) and 1 July 2014 (when the new WBA charge control is expected to take effect).

Your approach aims to ensure that BT Wholesale and its customers will be in the same position as if the control had started on 1 April 2014 rather than 1 July 2014. To achieve this, you propose to leave prices unchanged between 1 April and the 30 June 2014 and then to set prices on 1 July 2014 for IPstream such that the weighted average price for these services over the Financial Year 2014/15 will be the same as if the Charge Control had become effective on 1 April 2014. This means that the cost to your customers over this period is the same as it would have been had the new charge control taken effect on 1 April 2014.

Given it has been your practice to introduce new charges for IPstream on the 1 July 2014 and that you will be making price changes to ensure compliance with the new Charge Control we will amend the draft legal conditions for the WBA market so as to allow you to make price changes on 1 July 2014 without the need to notify the market 28 days prior to the price change.

We understand that you intend to inform your customers of this approach. We are grateful for the effort that BT is making to provide certainty to its customers and the wider industry during the period where no charge control is in place.

Yours sincerely



David Clarkson