

Notification under Section 107(6) of the Communications Act 2003

Proposal to give a direction applying the Electronic Communications Code to Telewest Communications Group Limited.

1. The Office of Communications ("Ofcom") propose to give a direction under section 106(3) of the Communications Act 2003 ("the Act") applying the electronic communications code ("the Code") to Telewest Communications Group Limited (registered company number 02514287).
2. The draft Direction and accompanying explanatory statement setting out Ofcom's reasons for the proposal are available on Ofcom's website. Hard copies of the draft Direction and the explanatory statement will be made available on request. For hard copies, please contact Alex Bevan on 020 7783 4283 or by sending an email to Alex.Bevan@Ofcom.org.uk.
3. Representations on the proposal may be made to: Alex Bevan, Ofcom, Riverside House, 2a Southwark Bridge Road, London SE1 9HA by not later than 5pm on **27 March 2007**.
4. All confidential information should be clearly marked as such and separated out into a confidential annex. All representations received will be published, unless it is clearly marked that the response is confidential, and made available in Ofcom's Knowledge Centre. Please contact Jan Kacperek (jan.kacperek@ofcom.org.uk) for further information with respect to public inspection or, for responses to the draft Direction, visit Ofcom's website (www.ofcom.org.uk).
5. In this Notification, unless the contrary intention appears, words and phrases shall have the same meaning as in the Act.

**Neil Buckley
Competition Policy Director**

A person authorised by Ofcom under paragraph 18 of the Schedule to the Office of Communications Act 2002

22 February 2007

**[Draft] Direction under Section 106(3) of the Communications Act 2003
applying the electronic communications code in the case of Telewest
Communications Group Limited**

[A Notification of this proposal was published on 22 February 2007]

Whereas:

- A. On 20 December 2006, Telewest Communications Group Limited ("TCGL") (registered company number 02514287) made an application for the electronic communications code ("the Code") for the purposes of the provision of an electronic communications network in the United Kingdom in accordance with section 107(1) of the Communications Act 2003 ("the Act") and the notification published by the Director General of Telecommunications under section 107(2) of the Act on 10 October 2003 setting out the requirements with respect to the content of an application for the electronic communications code and the manner in which such an application should be made;
- B. On 22 February 2007 Ofcom published a notification of their proposal to give a direction applying the Code to TCGL in accordance with section 107 of the Act;
- C. Ofcom have considered every representation made to them about the proposed Direction;
- D. For the reasons set out in the explanatory statement accompanying this Direction, Ofcom are satisfied that they have acted in accordance with their relevant duties set out in sections 3, 4 and 107(4) of the Act

NOW, therefore, pursuant to section 106(3) of the Act, Ofcom make the following Direction-

1. The electronic communications code shall apply to TCGL for the purposes of the provision by TCGL of an electronic communications network to have effect in the United Kingdom.

Definitions and Interpretation

2. In this direction, except in so far as the context otherwise requires, words and phrases shall have the same meaning as in the Act, headings and titles shall be disregarded and expressions cognate with those referred to in this Direction shall be construed accordingly.

5. The Interpretation Act 1978 shall apply as if this Direction were an Act of Parliament.

6. This Direction shall take effect on the day it is published.

**Neil Buckley
Competition Policy Director**

**A person authorised by Ofcom under paragraph 18 of the Schedule to
the Office of Communications Act 2002**

[Date]

Explanatory Statement

1.1 On 20 December 2007, Telewest Communications Group Limited (“TCGL”) applied to Ofcom for a direction applying the electronic communications code (the “Code”). This application was made in accordance with section 107(1) of the Communications Act 2003 (the “Act”) and meets the requirements for any such application for a Direction applying the Code, and the manner in which such an application has to be made, as set out in the Notification published by the Director General of Telecommunications on 10 October 2003 under section 107(2) of the Act.

1.2 In considering TCGL’s application, Ofcom has acted in accordance with its relevant duties set out in sections 3 and 4 of the Act. In particular, Ofcom has considered its duty in section 3(1)(b) “to further the interests of consumers in relevant markets, where appropriate by promoting competition” and the first Community requirement set out in section 4(3)(a) to promote competition “in relation to the provision of electronic communications networks and services”.

1.3 On 3 March 2006, the businesses previously owned by ntl and Telewest (“the previous companies”) merged to form the new company, which on 8 February 2007 changed its name to Virgin Media (any references to the Virgin Media Group hereafter are references to the new company), a subsidiary of which is TCGL. TCGL will run the consolidated UK-wide fibre backbone network of the Virgin Media Group.

1.4 In this case, amongst other things, TCGL’s network will be used to support a range of services to customers and Ofcom considers that the merged network will further consumers’ interests and promote competition in the provision of electronic communications network and services.

1.3 TCGL’s network will support, amongst other things, the provision of a range of telephony, broadband, data and television services by companies in the Virgin Media Group to both residential and business customers. The network will provide further benefits in that the enlarged network will facilitate the interconnectivity of the previous companies separate networks and franchise areas and will therefore enable the provision of services more widely. TCGL’s network also interconnects with other national and international telecommunications operators many of which are provided with core fibre and transmission services by companies in the Virgin Media Group. Any further development or maintenance of the network is likely to involve works on or under public highways therefore a lack of code powers would affect the ability to continue to provide uninterrupted services to the consumers.

1.4 Ofcom has considered the application with regard to its duties set out in section 107(4) of the Act. Its views on the matters set out therein in relation to the application are set out below.

The benefit to the public of the electronic communications network by reference to which the Code is to be applied to the applicant

1.5 As explained in paragraph 1.3, companies in the Virgin Media Group provide a range of telephony, broadband, data and television services to residential, business and wholesale customer groups. The Virgin Media Group has over 5 million residential customers and several thousand business customers dependant on the services provided over TCGL’s network. TCGL already has an extensive optical fibre network covering the UK providing a fibre backbone thousands of kilometres long

interconnecting all of the Virgin Media Group's franchise areas. The network also provides services to other national and international telecommunications operators who use the network to support the UK sections of their own European backbones carrying voice and IP traffic between UK, Europe and the USA. Code powers are essential to developing and maintaining the network to allow the continuation of uninterrupted services to end users in the event of equipment failure through the installation of temporary replacement equipment and other systems at short notice.

1.6 For these reasons, Ofcom believes that TCGL needs to be able to maintain the network as appropriate to ensure continuity of service.

The practicability of the provision of the network without the Code

1.7 TCGL's network relies upon a large number of property arrangements put in place over a number of years and generally on the understanding that the previous companies benefited from powers provided by the Code. Also, TCGL will run the Virgin Media Group's backbone network and, as such, will replace ntl National Networks Limited ("NNNL") who previously provided services to ntl. NNNL had powers under the Code. TCGL considers that it would be impractical for it to maintain and develop the network without code powers.

1.8 As explained in paragraph 1.5, TCGL provides a number of services to a large number of consumers. A lack of code powers therefore would have a substantial impact of TCGL's ability to continue to provide uninterrupted network services to these consumers.

1.9 Any further development or extension of the network would be likely to involve works on or under public land, including roads, which would be subject to the delays which are inherent in adopting the full planning process. Such delays are an impediment not currently faced by the majority of TCGL's competitors, who have been granted code powers in respect of equivalent infrastructure.

The need to encourage the sharing of the use of electronic communications apparatus

1.10 In its application TCGL stated that although it does not offer wholesale sharing of its ducts, it does offer duct swapping arrangements and promotes competitive access to the capacity already available across the network.

1.11 In addition, as stated in paragraph 1.5, the network is also used to provide services to other telecommunications operators to support their own UK sections of their European backbones carrying voice and IP traffic between UK, Europe and the USA.

Whether the Applicant will be able to meet liabilities as a consequence of:

(i) the application of the Code; and

(ii) any conduct in relation to the application of the Code

1.12 The previous companies already have funds for liabilities in place covering the

network assets of TCGL. The Virgin Media Group considers that these existing securities should continue to be adequate to cover TCGL's backbone network.

1.13 TCGL proposes to put in place a similar third party performance guarantee to replace the current security held by NNNL when it expires or will consolidate it into the existing TCGL guarantee.

1.14 In its application TCGL states that over many years of developing and rolling out network infrastructure the Virgin Media Group has established a proven track record of compliance with the code and other regulatory obligations in the communications markets in which they operate.

1.15 For these reasons Ofcom is satisfied that such funds are available and will be renewed when required.

How to respond

1.16 Ofcom invites written views and comments on the issues raised in this document, to be made by 5pm on **27 March 2007**.

1.17 Ofcom prefers to receive responses as e-mail attachments, in Microsoft Word format, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 2), among other things to indicate whether or not there are confidentiality issues. The cover sheet can be downloaded from the 'Consultations' section of our website.

1.18 Please can you send your response to Alex.Bevan@Ofcom.org.uk.

1.19 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.

Alex Bevan
Competition Group
4th Floor
Ofcom
Riverside House
2A Southwark Bridge Road
London SE1 9HA
Tel: 020 7783 4283
Fax: 020 7783 4109

Confidentiality

1.20 Ofcom thinks it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt (when respondents confirm on their response cover sheet that this is acceptable).

1.21 All comments will be treated as non-confidential unless respondents specify that part or all of the response is confidential and should not be disclosed. Please place any confidential parts of a response in a separate annex, so that non-confidential parts may be published along with the respondent's identity.

1.22 Ofcom reserves its power to disclose certain confidential information where this is necessary to fulfil its functions, although in practice it would do so only in limited circumstances.

1.23 Please also note that copyright and all other intellectual property in responses will be assumed to be assigned to Ofcom unless specifically retained.

Next steps

1.24 Subject to respondents' views, Ofcom proposes to grant the Code powers to Telewest Communications Group Limited and would intend to do so shortly after the closure of the consultation period.

Ofcom's consultation processes

1.25 Ofcom is keen to make responding to consultations easy, and has published some consultation principles (see Annex 1) which it seeks to follow, including on the length of consultations.

1.26 This consultation is shorter than Ofcom's standard 10 week period because it is important that Code operators should be able to utilise these powers where appropriate as early as possible. (For guidance on valid reasons see Ofcom's published consultation guidelines available at http://www.ofcom.org.uk/consult/consult_method/consult_guide.pdf)

1.27 If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at Consult@Ofcom.org.uk. We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, whose views are less likely to be obtained in a formal consultation.

1.28 If you would like to discuss these issues or Ofcom's consultation processes more generally, you can alternatively contact Vicki Nash who is Ofcom's consultation champion:

Vicki Nash
Ofcom (Scotland)
Sutherland House
149 St. Vincent Street
Glasgow G2 5NW
Tel: 0141 229 7401
Fax: 0141 229 7433
Email: Vicki.Nash@Ofcom.org.uk

Annex 1

Ofcom's consultation principles

Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

1 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

During the consultation

2 We will be clear about who we are consulting, why, on what questions and for how long.

3 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened version for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

4 We will normally allow ten weeks for responses to consultations on issues of general interest.

5 There will be a person within Ofcom who will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. This individual (who we call the consultation champion) will also be the main person to contact with views on the way we run our consultations.

6 If we are not able to follow one of these principles, we will explain why. This may be because a particular issue is urgent. If we need to reduce the amount of time we have set aside for a consultation, we will let those concerned know beforehand that this is a 'red flag consultation' which needs their urgent attention.

After the consultation

7 We will look at each response carefully and with an open mind. We will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

Annex 2

Consultation response cover sheet

2.1 In the interests of transparency, we will publish all consultation responses in full on our website, www.ofcom.org.uk, unless a respondent specifies that all or part of their response is confidential. We will also refer to the contents of a response when explaining our decision, unless we are asked not to.

2.2 We have produced a cover sheet for responses (see below) and would be very grateful if you could send one with your response. This will speed up our processing of responses, and help to maintain confidentiality by allowing you to state very clearly what you don't want to be published. We will keep your completed cover sheets confidential.

2.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to confirm on the response cover sheet that Ofcom can publish their responses upon receipt.

2.4 We strongly prefer to receive responses in the form of a Microsoft Word attachment to an email. Our website therefore includes an electronic copy of this cover sheet, which you can download from the 'Consultations' section of our website.

2.5 Please put any confidential parts of your response in a separate annex to your response, so that they are clearly identified. This can include information such as your personal background and experience. If you want your name, contact details, or job title to remain confidential, please provide them in your cover sheet only so that we don't have to edit your response.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Draft direction to grant ECC powers to TCGL

To (Ofcom contact): Alex Bevan

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

What do you want Ofcom to keep confidential?

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

If you want part of your response, your name or your organisation to be confidential, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response. It can be published in full on Ofcom's website, unless otherwise specified on this cover sheet, and all intellectual property rights in the response vest with Ofcom. If I have sent my response by email, Ofcom can disregard any standard email text about not disclosing email contents and attachments.

Ofcom can publish my response: on receipt once the consultation ends

Name	Signed (if hard copy)
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