

I wish to make only a couple of basic points and then refer you to the programme outlined in the 2012 report for the FTTH Council:

- The UK has now fallen well behind even struggling countries like Spain and Portugal in the deployment of FTTH. This is a national embarrassment and threatens our economy as well as costing the consumer more.
- Numerous studies have shown 20%-30% savings from FTTH compared to copper. Sometimes >70%. BT's refusal to invest in copper keeps the regulatory cost base high and supports its absolute margins at the expense of the customer. Ofcom should apply the logic of MEA and realistic capital and operating costs for fibre. **THIS IS KEY - FIBRE IS CHEAPER THAN COPPER AND CONSUMERS AND THE UK ECONOMY DESERVE LONG TERM COMPETITIVE EFFICIENT PRICES.**
- The price setting process means that customers pay for timely renewal of the entire network including the local loop. BT diverts this cashflow to other purposes damaging the interests of the consumer and the national overall.
- The design and mechanism for USO funding should be modernised dropping voice and focussing on "ultrafast" broadband. What is "strategic" about fixed line voice that few people still really use?
- A duopoly is not competition. CATV needs to be brought in to paying its share towards fair mechanisms for funding rural areas and the fibre switchover.
- Structural separation would go along way to changing BT's misuse of captive regulated revenues but better would be to pursue a policy modelled on New Zealand which has most element rights (except tying DSL prices to benchmarks instead of actual local costs).

There is a complete albeit high level policy framework for stimulating migration to a more capable and lower cost FTTH infra in the attached public report. I commend it to your team.

Sincerely,

Stefan Stanislawski