

Steve Perry
4th Floor
Ofcom
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

12 May 2014

Dear Steve,

Porting charges under General Condition 18 – EE non-confidential comments

This letter provides EE Limited's (EE's) comments on Ofcom's consultation proposals titled "Porting charges under General Condition 18".

EE has previously responded to the substantive policy issues raised in this consultation in our detailed response of 14 January 2014 to Ofcom's related consultation proposals for setting mobile industry-wide donor conveyance charges (DCCs) for the period from 2013/14 to 2015/16.

EE does not repeat these arguments in full again, but provides a high level summary of our long standing views on the key issues herein.

Before turning to EE's high level summary, EE notes that it remains concerned that the novel approach of undertaking separate consultation processes for (i) issuing a Direction under paragraph 18.5(a)(ii) of General Condition 18 for determining the forward looking DCC rate and (ii) shortly thereafter issuing forward looking guidance on the charging policy for calls to ported mobile numbers has the very real risk of undermining regulatory certainty given the direct overlap between the relevant issues.

EE therefore reserves its position in relation to the interaction between any future guidance issued as part of this consultation process and the Direction on the DCC issued by Ofcom earlier in the year. In addition, EE urges Ofcom to make it absolutely clear that any guidance issued under this consultation will be effective on a forward looking basis only (ie effective from no earlier than the date of any published final guidance).

In terms of the substance of Ofcom's proposed policy approach to setting mobile porting charges, EE:

- considers that the recipient network operator (RNO) should pay 100% of donor conveyance charge cost. EE has always argued that the donor



1 Trident Place
Hatfield Business Park
Hatfield
Hertfordshire
AL10 9BW

t: +44 1707 315000

ee.co.uk

Registered in England and Wales
as Everything Everywhere Limited

Registered office:
Everything Everywhere Limited
Hatfield Business Park
Hatfield, Hertfordshire
AL10 9BW
Company number: 02382161

network (DNO) should not bear any of the cost of donor call conveyance given that this network's current customers neither cause the cost to be incurred nor benefit from the conveyance of calls between the originating network operator (ONO) and the RNO. As the DCCs are set by reference to Ofcom's model of a hypothetical efficient mobile operator, cost minimisation is not relevant. This approach is also most likely to promote and avoid distortion of competition in the mobile market.

- Considers that DCC costs must be measured using LRIC+. Cost oriented donor call conveyance costs must be measured as total service LRIC plus a mark-up for common costs. LRIC+ will better promote efficient recovery of overall costs than alternative pricing approaches such as pure LRIC.
- Believes that Ofcom must set DCCs to include a mark-up for administration costs
- Considers it imperative to ensure compliance with the EU Universal Service Directive (USD) that the DCC is set so as to enable DNO's to recover their efficiently incurred HLR look-up costs of providing number portability (ie that DNOs should be able to recover the efficient costs of Signalling Routing Function (SRF) related to ported traffic);
- Considers that DNOs should be able to recover the transmission costs that donor networks necessarily incur in conveying the call to recipient networks (even under the direct interconnection scenario);
- Considers that DNOs should be able to recover efficient MSC processor costs; and
- Considers that for the purposes of the present review, DNOs should be allowed to continue to recover 100% of the DCC from all on-net and off-net originated traffic.

Finally, EE notes that many countries have implemented direct routing in relation to ported mobile numbers. A forward looking policy review in the UK should therefore give consideration to whether porting charges could be eliminated altogether with industry wide reform to implement direct routing in the future.

Please do not hesitate to contact me if you wish to discuss any aspect of this response.



1 Trident Place
Hatfield Business Park
Hatfield
Hertfordshire
AL10 9BW

t: +44 1707 315000

ee.co.uk

Registered in England and Wales
as Everything Everywhere Limited

Registered office:
Everything Everywhere Limited
Hatfield Business Park
Hatfield, Hertfordshire
AL10 9BW
Company number: 02382161

Yours Sincerely,



Chris Bowley
Regulatory Economist

mobile 07931 652974

e-mail chris.bowley@ee.co.uk

cc Inge Hansen, Head of Economic Regulation and Spectrum
Kim Hilton-Cowie, Head of Regulatory and Competition Law



1 Trident Place
Hatfield Business Park
Hatfield
Hertfordshire
AL10 9BW

t: +44 1707 315000

ee.co.uk

Registered in England and Wales
as Everything Everywhere Limited

Registered office:
Everything Everywhere Limited
Hatfield Business Park
Hatfield, Hertfordshire
AL10 9BW
Company number: 02382161