



**Connexin's views on the OFCOM consultation for the Hull Area Wholesale Fixed Telecoms Markets.**

**NON CONFIDENTIAL VERSION**

1<sup>st</sup> Novemeber 2020





Speed	KCOM ECAS			Openreach EAD			Difference
	Installation	Annual Rental	TCO	Installation	Annual Rental	TCO	
<b>10Mbps</b>	£1,700.00	£3,213.00	£4,913.00	£1,848.00	£1,698.00	£3,546.00	27.82%
<b>100Mbps</b>	£1,700.00	£3,213.00	£4,913.00	£1,848.00	£1,698.00	£3,546.00	27.82%
<b>1Gbps</b>	£1,700.00	£3,444.00	£5,144.00	£1,848.00	£1,944.00	£3,792.00	26.28%
<b>10Gbps</b>	£6,000.00	£6,510.00	£12,510.00	£5,463.00	£4,980.00	£10,443.00	16.52%

In the WBA market KCOMs wholesale offering is only marginally cheaper than its own direct retail offerings. A cumbersome set of provisioning and service management processes together with a lack of business automation results in a significant cost overhead that erodes most of the retail minus discount and makes it impossible for a competing communication provider to scale.

In the WLA market we agree with the recognition in volume 3 section 2.109 and 2.110 of the review that the prohibitive cost of accommodation services prevent ISPs from unbundling KCOM exchanges. We would like to specifically highlight that the substantive non-refundable survey cost (£9,981.58)<sup>3</sup> for an exchange followed by an unknown uncapped cost to enable the exchange has prevented Connexin from unbundling an exchange. We would also compare KCOM's Accommodation Services product to Openreach's Access Locate product and highlight that Openreach do not charge for any Survey costs in the event of a lack of space within their exchanges.

We recognise and welcome Ofcom's proposed remedy in volume 3 section 2.119 of the review however we would point out that KCOM already provides the option to interconnect with its network for access to WLA products using its WFLA<sup>4</sup> and BSIL<sup>5</sup> products. A comparison of interconnects pricing for a 10G interconnect between CityFibre and KCOM is shown below.

KCOM WFLA & BSIL			CityFibre ENNI Extension Link			Difference
Installation	Annual Rental	TCO	Installation	Annual Rental	TCO	
<b>£16,500.00</b>	£277,510.00	£294,010.00	£2,000.00	£3,000.00	£5,000.00	98.30%

In Connexin's view the current interconnection offer would be unsustainable for many ISPs and significant work would need to be done to provide a commercial offer that would be viable enough for ISPs to make use of KCOMs WFLA product and wholesale services.

<sup>3</sup> <https://www.kcom.com/media/1452/p13-s30-accommodation-service.pdf>

<sup>4</sup> <https://www.kcom.com/regulatory/kcom-wholesale/broadband/wholesale-fibreline-access-wfl/>

<sup>5</sup> <https://www.kcom.com/regulatory/kcom-wholesale/broadband/bsil/>





This has put the people of the Hull area at an unfair disadvantage as compared to the rest of the UK and as a result they have suffered from the high pricing and poor service offerings of a monopoly.

Whilst we welcome the remedies proposed by Ofcom, we believe the remedies do not go far enough and should be expanded to require KCOM to productise access to its passive infrastructure.

Ofcom's current proposals will, in our view, further secure the monopolised market currently dominated and fully exploited by KCOM. We understand that in performing its duties Ofcom are committed to ensuring that customers can benefit from a broad range of services to further the interest of consumers by promoting competition and by encouraging investment and innovation. We would therefore request that OFCOM regulate access to KCOM's infrastructure (in a timely and cost viable way) as it does in the rest of the UK to enable a fairer market in Hull.

