

**Organisation (if applicable):**

Scottish Water

**Additional comments:**

Scottish Water is a statutory corporation that provides water and sewerage services across Scotland. It is accountable to the public through the Scottish Government and is regulated by the Water Industry Commission for Scotland.

Scottish Water is also a member of the Telecommunications Association of the UK Water Industry (TAUWI) and will be providing input to the TAUWI response to the BCMR but welcomes the opportunity to respond to this Business Connectivity Market Review directly.

The availability of world class business connectivity is critically important to Scottish Water as the only supplier of water and sewerage services in Scotland, and we are broadly supportive of OFCOM's proposals where there are expectations from potential cost efficiencies.

In common with other UK Critical National Infrastructure (CNI) operators, Scottish Water is a user, albeit to a lesser extent, of VLB leased lines and limiting that use within the provision of communication networks allows us to have an effective and efficient means to centrally monitor and control our water and sewerage assets and infrastructures.

We understand that the intended proposed withdrawal process timetable is;

-OFCOM deregulation of VLB lease lines - March 2016

-BT end of sale of new or re-sited VLB leased Line products - Sept 2016

-Withdrawal of all BT VLB lease line products - March 2020

Key challenges which face our business arising from this BCMR are identifying the quoted modern alternatives and how best they fit the purpose of particular asset management processes within our infrastructures, in addition to minimising the Total Cost of Ownership to Scottish Water of migration programmes. We are pleased to note the voluntary commitment offered by BT to cap prices for retail VLB leased lines at 8% above RPI.

Scottish Water has a concern that the current roll-out of broadband communication services within Scotland is understandably driven by market forces other than those of the requirements of us and other CNI operators. What is contained in the BCMR and equally concerning is the intention of BT to withdraw from the wholesale VLB lease line services thus possibly preventing any significant investment in this market.

The provision of long-term, sustainable communication services to infrastructure assets that need monitored, located in usually remote rural areas to meet operational requirements, remains a constant challenge to Scottish Water and without sufficient local or national initiatives is likely to remain the status quo and continue to be so.

**Question 3.1: Do you know of other CNI operators that will be affected by the withdrawal of VLB services that we have not considered above? If so, please provide details of these CNI operators, and, if possible, please outline their awareness and preparedness for the withdrawal.:**

Through participation with TAUWI we are aware of the introduction of a class of associate membership to the Association which may include CNI operators not featured in this BCMR. We would advise discussion with TAUWI to confirm this.

**Question 3.2: Are there any other developments since the last BCMR or prospective developments that may be relevant to our review of this market? Please identify specific developments, explaining why they may be relevant.:**

Similarly to other regulated CNI operators Scottish Water is at the beginning of a new investment period (2015-2021) and is continuing to set out planned expenditure for this period. The withdrawal of BT VLB leased lines will be fully acknowledged as a business risk and migration to alternative technologies or services will be identified within the timescales now being proposed. While tactical migratory solutions form part of our strategic thinking and have awareness across Scottish Water, we consider that we are not yet well advanced in the planning stages and this planning will not be fully completed by the start of the next BMCR period in April 2016.

**Question 4.1: Are there industry associations among the CNI community that you consider we need to contact to increase awareness of the withdrawal of these services?:**

Please refer to our answer to question 3.1

**Question 4.2: Do you know of any other category of CNI operator that will be affected by the withdrawal, but that would not become aware of it through our programme of engagement? If so, please provide details of the category of CNI operator and your view on how best to raise awareness with them.:**

Please refer to our answer to question 3.1

**Question 5.1: Do you agree with our conclusion that the VLB TI retail market no longer satisfies the EC's three criteria test? If not, please explain your view.:**

Scottish Water broadly agrees with OFCOM's rationale in this case.

**Question 6.1: Do you know of any CNI operators that rely on retail VLB leased lines provided by KCOM? If so, please provide information about the CNI operator and contact information.:**

Please refer to our answer to question 3.1