

# **BT Response to Ofcom Review of mobile donor conveyance charges**

**6 December 2013**

BT notes that Ofcom considers it appropriate to use the same cost standard as was used in 2007, and the same model updated with the latest version of Ofcom's mobile call termination model. BT also notes that Ofcom recently commenced a separate policy project which has broader scope than this review, and will consider how General Condition 18 should be applied in setting porting charges and that depending on the outcome of that policy project it may be necessary for Ofcom to revisit the conclusions it reaches in this review. BT is generally supportive of this approach as an alternative means of resolving the disputes brought by H3G against each of EE and Telefonica about the level of DCC charged between them. Our comments on this consultation are without prejudice to any comments we subsequently make in relation to the separate policy project.

**Question 1: Do you agree that it would be appropriate for Ofcom to set a maximum DCC across the mobile industry on a forward-looking basis? If not, please explain why you disagree.**

We agree that for the purpose of resolving the disputes brought by H3G against each of EE and Telefonica about the level of DCC charged between them, it is appropriate for Ofcom to set a maximum DCC across the industry on a forward looking basis.

**Question 2: Do you agree with our analysis of the appropriate cost standard and modelling approach? If not, please explain why you disagree.**

We agree that it is not appropriate to carry out an assessment of the relevant cost standard to use in setting CCCs within this review. Therefore we agree that Ofcom should use the same LRIC+ cost standard as was used in 2007, and the same model updated with the latest version of Ofcom's mobile call termination model. To depart from this would constitute a change in policy regarding how cost-based DCCs are derived, and any changes should be considered as part of the separate policy project that is including, in the context of a wider assessment of all the factors which form the basis for setting porting charges, who should bear those costs.

**Question 3: Do you agree with our analysis of the relevant types of cost to take into account? If not, please explain why you disagree.**

We do not have any comments to provide in response to Question 3.

**Question 4: Do you agree with our analysis of the appropriate level of donor conveyance costs (in particular the assumption about MSC processor load)? If not, please explain why you disagree.**

We do not have any comments to provide in response to Question 4.

**Question 5: Do you agree with our analysis of an efficient cost level? If not, please explain why you disagree.**

We do not have any comments to provide in response to Question 5.

**Question 6: Do you agree with our view that a DCC should not be charged on on-net originated traffic? Are there material obstacles to levying DCCs on only off-net originated calls to ported numbers? If so, what are those obstacles and what would be necessary (including the scale of likely costs) in overcoming them?**

We agree that a DCC should not be charged on on-net originated traffic. This is consistent with current policy for DCCs and with the corresponding APCC in the fixed world. There may be some obstacles to this and in particular some billing systems may not be designed to differentiate between calls to exported numbers which originate on-net and those which originate off-net, and the system development to allow such a distinction on a call by call basis could involve significant costs.

An alternative billing solution would be for operators to raise the charge on all exported calls, adjusted on the basis of a weighted average to take account of the proportion of on-net calls to ported numbers. This could be based on a retrospective analysis of incoming call records against numbers which export to establish the proportion of outgoing exported calls which originated off net. However, this would again be likely to require some systems development as has been the case in the fixed world, which is unlikely to cost in the case of smaller operators.

**Question 7: If an adjustment were to be made to the DCC to account for the fact that it is charged in practice on on-net originated traffic, do you agree with our proposed value for the adjustment factor of 70%? If not, please explain why you disagree.**

In view of our answer to question 6, we agree that if an adjustment were to be made to the DCC for the fact it is charged in practice on on-net originated traffic, Ofcom should set a value for the adjustment. We do not have the data available to comment on Ofcom's proposed value for the adjustment factor of 70%.

**Question 8: Do you agree with the period over which we are proposing to set a DCC? If not, please explain why you disagree.**

We agree that setting the DCC for 2013/14 and the following 2 years is a sufficient time period to allow for certainty. We also recognise that the outcome of the separate policy project on how General Condition 18 should be applied in setting porting charges may require the conclusions of this review to be revisited.

**Question 9: Do you have any comments on the wording of the proposed direction in Annex 5 or our view that it satisfies the legal tests set out above?**

We do not have any comments to provide in response to Question 9.