RESPONSE FOR WFTMR ON PRICING WHOLESALE SERVICES
IN GEOGRAPHIC AREA 3 WITH BT COMMITMENT

Introduction

Paragraphs 2.3, 2.4 and 2.5

For Geographic Area 2 Ofcom considers the Area to have potential for rival fibre networks. Regulatory support for investment in competing networks through price continuity.

In Geographic Area 3 Ofcom's objectives were to promote competition through access to Openreach's wholesale services while also supporting BT development in fibre networks.

The Demise of the 'Office' and the success of 'Home Working'

There is growing evidence that 'Home Working' is to become the 'NORM' in the future as the UK recovers from Covid-19 pandemic. (Refer to 'The Guardian' on 14/8/20 - "The age of the office is over. Britain's towns are its future")

The above will shift the office workers FROM the city centres to the city suburbs and surrounding towns.
Hence, Geographic Area 2 and 3 will need major reassessment in investment support compared to the current Ofcom proposals for WFTMR.

I CONSIDER THE EXISTING PROPOSALS ARE NO LONGER FIT FOR PURPOSE FOR WFTMR 2021 – 2026.

Paragraph 2.13 – BT Commitment in Geographic Area 3.

I would NOT consider a 3.2 Million premises to be a major commitment by BT.

How many Area 3's are there in the UK?

How many exchanges are included in Area 3 in Scotland?

Without knowing these basic parameters, one cannot realistically provide ones agreement.

I would consider BT / Openreach has sufficient incentive to provide improved commitment, given the ongoing increasing costs to maintain copper networks. Plus the high maintenance costs of the digital PSTN switches.

Paragraph 3.27 – Modelling Approach.
It is interesting to note that some providers have ambitions to build in Area 3's.
I would agree that a consistent pricing approach in Area 2 and 3 would be supportive of network investment.

Paragraph 3.60 – Promoting sustainable competition.
I would agree with the statement - "is supportive of rival investment to the extent that it emerges".

The above would indicate the 'Door is NOT closed' for investment in Geographic Area 3's.

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Recent announcements in Scotland that will have a major impact on Geographic Areas 2 and 3 are:-
5 August 2020 – Virgin Media becoming the largest ISP in the UK offering Gigabit services and on 7 August 2020 – CityFibre completed its network in Stirling to be the first city to have Gigabit services. CityFibre also indicated that it had completed its contract with Vodafone in the Stirling network.
Others are:- Ongoing City Deals with CityFibre and their contract with Vodafone. Secondly, Commsworld's expansion of their network and thirdly contract with Scottish and Southern Telecoms Enterprises for a network infrastructure around Inverness.

Virgin Media has a presence in 120 exchange areas in Scotland, most of these will be in Geographic Areas 2 and 3.

Many BT exchanges in Scotland do not have '21 Century network' enabled, only those exchanges that had Local Loop Unbundled (LLU) implemented in the early 2000's.

Hence, further proof of the URGENT need to revise completely Ofcom's proposals for Geographic Areas 2 and 3.

Submitted by GDA.