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SSE response to Ofcom's proposed Annual Plan 2016/17

SSE welcomes the opportunity to provide comments on Ofcom's proposed annual Plan for 2016/17.

Consumer switching

We welcome Ofcom's continuing work on consumer switching, building on the 'Gaining Provider Led' harmonised process that has been mandated for the BT Openreach and KCOM copper networks. We hope to see Ofcom roll out the principles of this to other types of fixed and mobile communication service and underlying technology platform in a converging retail communications market.

In order for consumer switching processes to be properly coordinated 'behind the scenes' for the benefit and protection of consumer interests, we believe that the industry processes supporting switching activity should be documented, governed and change-controlled in a similar manner to the switching processes for other 'essential services' that consumers rely upon in their daily lives – such as energy. This type of industry governance does not spontaneously emerge between disparate market participants competing with each other at various levels of the supply chain; it takes regulatory and perhaps government action to put in place market bodies with defined objectives and requirements on membership for relevant organisations. We urge Ofcom to look to the examples of such switching governance arrangements that have been put in place (for energy), or are being designed (in the case of the non household water market in England) to achieve comprehensive participation from all relevant companies in the associated mass retail markets and to consider how similarly effective arrangements could be developed for the electronic communications retail markets.

There are a range of different ways in which the basic communications services of telephony and broadband can be provided using different technologies and access networks. Switching governance arrangements would specify the complete set of 'back office' processes that different market participants need to follow in order to ensure a smooth switch of services for the consumer. They would also allow for managed development of the processes to accommodate industry change in a controlled manner, which is particularly important in a fast moving technological area such as electronic communications.

Managed development of retail processes in an inclusive and transparent manner could also assist Ofcom in contemplating other sorts of change in the industry. For example, the consultation document refers at paragraph 2.11 to the prospect of public switched telephone networks being switched off. Such an upheaval needs coordinated action throughout the wholesale supply chains to cover all the many retailers serving individual consumers. Ofcom notes that this would need to be 'carefully managed' and we expect that pre-existing comprehensive industry governance arrangements could play a large part in that management exercise. More routine industry activities might also benefit from an enhanced ability, by means of the formal governance arrangements, for the industry to act in a collective manner; examples being numbering, number porting and the potential procurement of services needed by the market as a whole.

Review of General Conditions

SSE also welcomes Ofcom's comment at paragraph 3.25 of the consultation that it intends to review the General Conditions of Entitlement (GCs), with a view to some deletions and modifications of content. Our suggestion for this review is that Ofcom consider the difference in the focus of regulation between what network infrastructure Communications Providers (CPs) should be required to do and what obligations are appropriate for retail CPs. For example, the quality of service considerations that are discussed in the early part of section 2 of the consultation are more appropriately focussed in many cases on network CPs than on retailers.

If it is decided, say, that certain information on quality of supply matters should be provided to consumers then logically, the underlying obligation to produce the relevant information should apply to network CPs, along with an obligation to pass this down their wholesale supply chain towards the retail CPs. The retail CPs would have the obligation to actually provide the information to their customers but this would be supported by the corresponding obligation on upstream CPs to provide the relevant information to them. We believe it would be useful if the GCs affecting consumer interaction were developed to clarify obligations on CPs at different parts of the supply chain to consumers in this way. This would not adversely affect vertically integrated CPs who could read more than one 'role' for themselves in the GC but would assist retail-only CPs by clarifying complementary obligations for upstream CPs. This approach has already been used in an earlier version of GC22 on Broadband Migrations, when requirements for 'Broadband Network CPs' as well as for other types of CPs were set out.

Finally, linking in with our comments above on consumer switching, our experience of industry governance arrangements elsewhere suggests that the detail of these will depend on clarifying the role of different types of industry participant in the governed switching processes. Clarification in this area, as governance for switching is developed, could assist in framing associated GC obligations for specific types of CP in switching-related and in other consumer-facing GCs.

Yours sincerely

Aileen Boyd
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