Ofcom,
Riverside House
2A Southwark Bridge Road
London SE1 9HA

Our Reference:

Your Reference:

Date: 10 December 14

Dear Liz

KCOM Consumer switching consultation

SSE welcomes the opportunity to respond to the consultation. We support Ofcom's proposal to extend harmonised GPL switching arrangements to a range of other network situations so that, as far as possible, customers are provided with the same front-end process to initiate a switch of service between one supplier and another – whatever their precise requirement, geographic location or underlying technologies used to provide the current and destination services. Consideration of switching on the KCOM copper network is the first additional network that Ofcom is considering in depth, following its detailed work on switching on the Openreach copper network.

SSE has long supported the move to GPL switching processes throughout the retail communications markets and so supports the proposal for a single GPL switching process for retail communications services provided over KCOM's access network. As a relatively small retail communications provider (CP) providing fixed line telephony and broadband to domestic consumers on the Openreach access network, it has not been commercially feasible for us to develop additional wholesale interfaces to KCOM to resell these services in KCOM's area. We suspect this is true for many other retail-only CPs as the consultation document notes that the CPs operating on KCOM's network resell "predominantly to business customers" (paragraph 3.4).

Thus, an important element in the design of amendments to wholesale switching arrangements in KCOM's area is the development of 'standard' interfaces. If interfaces look the same to retailers as the Openreach interfaces, then many retailers will be able to compete in this area to the benefit of consumers and businesses in the KCOM area; if the interfaces continue to be different, there will be less competition. Standardisation could be accomplished by the KCOM interfaces harmonising with those used by Openreach but this has the ongoing disadvantage that amendments made by Openreach would have to be copied (or re-harmonised) into KCOM's systems in order to keep the interfaces in-step and

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1

'standard'. In logical terms, however, there is a more efficient solution to this, as discussed below.

SSE has put forward to Ofcom on many occasions and in many consultation responses its view that retail switching arrangements in the communications market should be coordinated for the benefit of customers and competition. We most recently set this out in our response to the July 2014 call for inputs on consumer switching, where we emphasised the need for a logical data model for the market, defined switching processes and a governance structure to maintain and change-control those processes. It is SSE's view that with such arrangements in place, the market would naturally evolve towards efficient wholesale switching interfaces that address the standardisation issue noted above.

While there are likely to be a range of different ways of implementing the appropriate degree of standardisation and coordination for retail telecoms switching, SSE believes that one key factor in the mix would be interfaces that operate <u>independently</u> of the specific access network to which the end user is connected. This would allow access networks, on the one hand, to provide interfaces to a conceptual 'central system' while retailers and wholesalers, on the other hand, also develop a standard way to interface with the rest of the market, unaffected by the take-on of other access networks.

In appendix 2 to this letter, schematic illustrations of switching interfaces as a new access network joins the main retail market are provided. These demonstrate the logical complexity of doing so within the current framework compared with using a more coordinated approach. We have used the example of 'hub and spoke' architecture to illustrate the latter and note that this is just one possible approach.

SSE believes that a standardised approach to switching interfaces would have the following advantages:

- Greater simplicity for a new access network (such as KCOM) harmonising with the 'standard' wholesale switching systems in the form that these have been developed;

- One standard wholesale interface for retail switching available to all retail CPs, regardless of size;

- Extension of the switching system to new access networks could occur without coordinated development work being needed by any parties except the joining access network and the entity coordinating the harmonised switching process;

- Greater efficiency in switching processes as more networks come within scope of the harmonised arrangements;

- Encouragement for investment in fibre networks, as the owners of these would be able to build one interface in order to be able to offer connecting customers access to the services offered by all retail CPs who use the harmonised wholesale switching arrangements.

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2

We would therefore urge Ofcom to give consideration to the standardisation of wholesale switching interfaces and the efficient, scalable implementation of this in the context of market coordination and governance, as it deliberates on the next steps for switching processes on KCOM's copper access network.

The rest of this response is set out as follows:

- Appendix 1 contains our response to the specific consultation questions; and
- Appendix 2 sets out schematic illustrations of switching interfaces as discussed above.

I hope these comments are helpful and we would certainly be happy to discuss them further with Ofcom.

Yours sincerely

Aileen Boyd
Regulation Manager

Response to Consultation Questions

Q1. Do you agree (i) that the problems we identified as arising in relation to switches on the Openreach network exist, or might be expected to exist in the future, in relation to existing switching processes on the KCOM network, and (ii) that consumers and businesses would benefit from a single process for switching voice and broadband services between providers using KCOM's copper network? If not, please explain why, where possible providing evidence to support your view.

(i) SSE considers that, in principle, the same issues that Ofcom discovered in relation to switching on the Openreach copper network are likely to exist on the KCOM copper network.

(ii) We agree that consumers and businesses on KCOM's network would benefit from a single harmonised process for switching and that the greatest benefit would accrue to these customers if the wholesale switching interfaces were standardised with what is currently used for the Openreach copper network as discussed in the covering letter.

Q2. Do you agree with our view that consumers are likely to find switching provider over the KCOM copper network cheaper and easier under a GPL process than under an LPL process? If not, please explain why, where possible providing evidence to support your view.

Yes.

Q3. Do you agree with our assessment and our proposal to amend the GCs to require CPs to record and store customer consent to switch in order to address the problem of slamming? If not, please explain why, where possible providing evidence to support your view.

We see no reason why the requirements around GPL switching, such as consent recording, should be different on the KCOM network compared to the Openreach network.

Q4. Do you agree with our assessment of the requirement for better information on the implications of switching? If not, please explain why, where possible providing evidence to support your view.

We see no reason why the requirements around GPL switching, such as providing information on the implications of switching, should be different on the KCOM network compared to the Openreach network.

Q5. Do you agree with our assessment of the requirements for exact line match and for end-user notification, in order to address the issue of ETs under the WLT process? If not, please explain why, where possible providing evidence to support your view.

Whilst in principle, we support requirements around GPL switching being the same on the KCOM network compared to the Openreach network, we note that Ofcom refers to the fact that KCOM has a single database of 'lines and addresses' for their area. A single database for an access network area can be managed to eliminate the possibility of retailer confusion over lines to be switched and may merit less regulatory intervention on 'exact match' requirements. In fact, SSE believes that

switching systems can only be operated with appropriate oversight and monitoring where there is a single authoritative view of the whole estate of switchable service points. We do, however, support the requirement for notification to the end-user target of a house move on the KCOM network, as is already required for the Openreach network, as this forms a sensible backstop precaution against inadvertent erroneous transfers due to house moves.

Q6. Do you agree with our assessment of the requirement to minimise loss of service through the use of simultaneous transfer functionality where available? If not, please explain why, where possible providing evidence to support your view.
We see no reason why the requirements around GPL switching, such as use of simultaneous transfer functionality where available, should be different on the KCOM network compared to the Openreach network.

Q7: Do you agree with the estimated implementation timescales of GPL NoT+ we have outlined? If not, please explain why, where possible providing evidence to support your view.
We cannot comment on whether 9 months is an appropriate implementation period for either KCOM or the CPs that currently form its base of wholesale customers reselling retail products to relevant end-users in KCOM's area.

Q8: Are there any other issues that need to be taken into consideration? If so, please explain what these are, providing evidence in support where possible.
SSE considers that standardisation of wholesale switching interfaces is an important consideration as Ofcom extends its strategic work on switching to access networks beyond the Openreach copper network. This point and a vision for the efficient evolution of switching arrangements are discussed in our covering letter and illustrated in Appendix 2.

Schematic illustration of wholesale switching interfaces

Current Situation
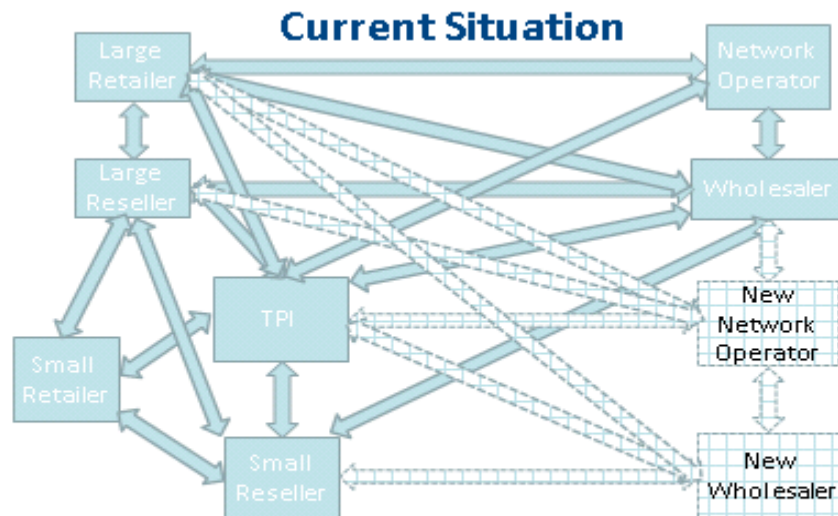
If a new participant joins, they will have to learn a different language to speak to each other participant and all existing participants who wish to trade with them have to learn the language of the new participant, increasing cost of entry to the new participant and entailing significant cost to existing participants

Hub and Spoke
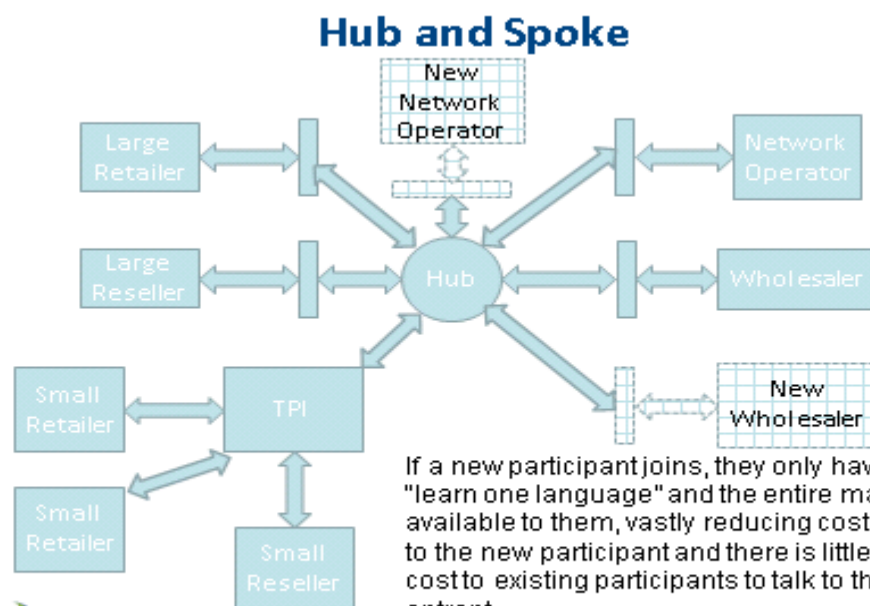
If a new participant joins, they only have to "learn one language" and the entire market is available to them, vastly reducing cost of entry to the new participant and there is little or no cost to existing participants to talk to the new entrant.

There is a one-off cost to existing participants to learn the new language.