



NON-CONFIDENTIAL VERSION

Elizabeth Greenberg,
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Competition Group
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London SE1 9HA

24th November 2011

Dear Liz,

Re: Geographic Telephone Numbers – Safeguarding the future of geographic telephone numbers – Ofcom statement and further consultation dated 7th September 2011 (the “Consultation”).

Apologies for the delay in Sky's response to the Consultation – our views on the questions and issues raised in the Consultation are as below:

In our response to the November 2010 consultation document we stated that we considered that the introduction of charging for numbers is not currently justifiable and that this should be a 'last resort' option for Ofcom. We still hold this opinion and note that a number of respondents also shared this view:

Sky's view is that there are administrative changes that should be considered and adopted first which may negate the need for charging for number allocation. For example, we believe that if Ofcom is able to accept the return of numbers in blocks of 100 then

this would mean that more unused numbers could be returned by CPs thereby extending the availability of numbers to requesting CPs (allocated in blocks of 100, if needed). We note that Ofcom has stated that it intends to strengthen the administrative process and we await the further consultation.

Noting our objections to charging, but given that Ofcom is still minded to proceed with the pilot, we consider that it is important that the scheme be proportionate and the regulatory burden be minimised. Accordingly, we do not consider it appropriate to extend the charging pilot beyond those areas identified at being at most risk of number exhaustion and therefore the scheme should be limited to the 8 areas identified by Ofcom as most at risk. Sky would then expect Ofcom to publish the results of the pilot and consult on any further extension of the charging regime.

Ofcom raises a number of direct questions in the consultation document, our responses are as below:

Question 1: Do you agree with our proposal to allocate up to 10,000 numbers in blocks of 100 numbers (i.e. 100 x 100-number blocks) in the following 11 five-digit area codes?

Sky would prefer to restrict the number of areas to less than the 11 proposed by Ofcom. There are 2 areas in the above list that are not due to run out of numbers until 2016 – 2018 (Raughton Head and Sedbergh) and 1 area (Wigton) is not due to run out of numbers until 2019 – 2021. Sky therefore suggests that the revised number allocation proposal should be progressed in the remaining 8 areas (which are all due to run out of numbers before 2016). We would also like Ofcom to state how they would assess whether this specific trial was a success (i.e. what does “good” look like?)

Question 2 (for CPs): Would it be feasible for your network to handle up to 10,000 numbers allocated in blocks of 100 numbers in the 11 five-digit area codes listed in Question 1?

As Sky runs a Next Generation Network we believe that it is feasible for our network to handle numbers allocated in blocks of 100 (in addition to the standard blocks of 1000 numbers). As mentioned above, we also think a pertinent question is whether Ofcom could handle numbers being returned to them in blocks of 100.

Question 3 (for CPs): What are your predicted costs and timescale requirements for implementing the necessary changes in your network switches to support routing to blocks of 100 numbers in the 11 five-digit area codes listed in Question 1?

We do not expect to incur significant costs in relation to our network switches – although we are not currently able to confirm the associated costs (or timescales) associated with this development.

Question 4: Do you agree that the pilot for geographic number charges should be introduced six months after the date the final statement is published? If not, please state your preferred implementation period and reasons.

If Ofcom decides to continue with the proposed implementation of charging for number allocation, Sky agrees that it is reasonable to set an implementation date for the pilot scheme of 6 months following the publication of the final statement (we assume that Sky's Number Management system can be re-configured within this timescale).

Question 5: Do you agree that we should introduce charges in a pilot scheme initially? If not, please state your preferred approach and reasons.

As stated previously, Sky does not consider that a charging scheme for number allocation is the right solution to the threat of number exhaustion. However, if Ofcom is minded to proceed with charging for number allocation, it makes sense to introduce this on a "pilot basis" initially. As per the response to the first question, we would like Ofcom to be specific about the trial criteria and how it will assess whether the trial has been a success (or otherwise).

Question 6: Do you agree that the revised pilot scheme should capture around 30 area codes with the fewest number blocks remaining available to allocate? If not, please state your preferred threshold and reasons.

As stated above, we consider that the pilot scheme should be limited to the areas most at risk (i.e. the 8 identified areas). If Ofcom considers that it is necessary to increase the sample size, it is not clear why Ofcom believes that ideal number of areas to be proposed in the charging trial is 30 (why is it not 20 or 15, for example?). Again, we are keen for Ofcom to set out the objective criteria by which they will evaluate whether the charging trial is deemed a success or not (before the trial actually starts).

Question 7 (for CPs): Are you able to provide an estimate of the administrative costs of implementing number charging? Which aspects generate the most significant administrative costs for CPs?

We believe the administrative and potential system costs of tracking and billing for ported numbers is likely to outweigh the benefit of any re-charge, even considering all phases of 'at risk' areas. The main administrative cost in recovering number allocation charges would be the amendment of our commercial porting agreements.

Question 8: Which option for dealing with number charges for ported and WLR numbers do you prefer? Please set out reasons for your preference.

Sky's preference is for Option 1 as we consider that this is the simplest option to implement across industry for all CPs (specifically across porting agreements). We believe that Option 2 may give large range-holders the opportunity to realise unearned income and may remove the incentive for efficiency of number allocation within the areas where charging is in place. It is also not clear whether the ability to recover number allocation charges might require an amendment to GC18 and we would request some clarification on this point. For example, would the number allocation charge be included in the types of charges that may be recovered under GC18.1 or 18.5.

Question 9: Do you have any comments on Ofcom's intended billing assumptions for the proposed pilot charging scheme for geographic numbers? (i.e. that Ofcom will bill CPs annually; CPs will be billed in arrears; and charges will accrue for each number block in chargeable area codes on a daily basis)

Sky agrees that billing on an annual basis is preferable to monthly billing (in order to reduce associated administration costs). We also agree that billing in arrears is favourable to billing in advance and have no issues with the principle of number allocation charges accruing on a daily basis.

Question 10: Do you have any views on the appropriate Charging Year and billing cycle for the pilot charging scheme for geographic numbers?

Sky notes that our financial year runs to the end of June – therefore the busiest time for our finance teams are slightly later in the year

than many other organisations. As the Charging Year / Billing Cycle will be the same across all CPs, it will be hard to identify a date that is "best fit" for all CPs. We believe that the ideal start for the Charging Year would be Jan 1st.

Yours sincerely

Ben Shaw

Head of Industry Engagement

BSkyB