

Title:

Dr

Forename:

David

Surname:

Lewis

Representing:

Organisation

Organisation (if applicable):

Rutland Telecom

Email:

What do you want Ofcom to keep confidential?:

Keep nothing confidential

If you want part of your response kept confidential, which parts?:

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

You may publish my response on receipt

Comments:

We are a NGN LLU operator specialising in the provision of fast broadband to rural areas - initially the UK's smallest county Rutland. We support the idea of making Sky content available on a wholesale basis via Next Generation Broadband. Being able to offer this additional content

will help small companies like Rutland Telecom offer a triple play package. We see a further benefit in that sky dishes would not be required in conservation areas.

Question 1: Do you agree with Oxera's approach to the valuation of Sky's intangible asset base? :

Question 2: Do you agree with Oxera's approach to assessing Sky's profitability?:

Question 3: Do you agree with our assessment of Sky's weighted average cost of capital? :

Question 4: Do you agree with the conclusions we draw about Sky's aggregate profitability? :

Question 5: Do you agree with the conclusions we draw about Sky's profitability at a disaggregated level? :

Question 6: Do you agree with our characterisation of the relationship between high wholesale prices and retail pricing? :

Question 7: Do you agree with our view that it would not be more appropriate to proceed in relation to some or all of the matters in question under CA98?:

Question 8: Do you agree that a wholesale must-offer is in principle the best way of answering our concerns around restricted distribution of Core Premium channels? :

Yes

Question 9: Do you agree with our proposal not to apply a remedy to wholesalers without market power?:

Question 10: Do you agree with our proposal not to extend a remedy to retailers on Sky's own platforms? :

Yes

Question 11: Is it necessary for us to set the prices of a wholesale must-offer? :

Yes - regulated like LLU

Question 12: Do you agree with our overall price-setting approach of using retail-minus, with a cost-plus cross-check?:

Question 13: Do you agree with our proposal to include HD and primary interactive sports content in a remedy?:

Yes - this is essential.

Question 14: Do you agree with our views as the concerns relating to commercial premises? :

Yes

Question 15: Do you agree in principle that our retail-minus calculation should start from Sky's retail prices and deduct the retail costs of an efficient entrant?:

Yes

Question 16: Do you agree with our proposal to set simple linear prices per subscriber, allowing flexibility for other pricing structures?:

Yes

Question 17: Do you agree with our proposal for wholesale prices to evolve over time according to a 'ratchet' approach and how should these prices track retail prices over time?:

Yes - regulated wholesale prices similar to those imposed on Openreach in LLU. Some flexibility required, use RPI as a guide but possibility to change based on other factors

Question 18: Do you agree with the principle that the same price for a 'factory gate' product should apply to all retailers regardless of their scale and choice of distribution technology?:

Yes - there should be no discounts for bigger players. Conversely, perhaps Ofcom should consider incentives for delivering content in rural areas. We have invested disproportionately in NGN a rural area (in that it costs more to unbundle rural exchanges due to backhaul costs) - we got no concessions via the Undertakings. In some ways we would expect Ofcom to consider lowering wholesale prices for delivering in content like HD in rural areas and conservation areas or to listed buildings. This would encourage companies like us to deliver NGN because it would be easier to get potential NGN customers to sign up in advance if we could offer triple play.

Question 19: Do you agree with our approach for deriving starting retail prices given the complexity of retail bundling?:

Yes

Question 20: Do you agree with our calculation methodology to deduct retailing costs ? in particular the use of a discounted cashflow analysis, deduction of incremental and pro-rated fixed and common costs, and the use of Sky's costs as an efficient retailer?:

Question 21: Do you agree with our proposal to focus on deriving prices for a ?large? entrant scale retailer using DTT transmission and what are your views on our range of prices?:

Question 22: Do you agree with our approach to deriving a wholesale price for HD services and what are your views on the resulting range of prices?:

Question 23: Do you agree with our proposals for non-price terms ? in particular on Minimum Qualifying Retailer, Minimum Security Requirements and a Reference offer?:

Question 24: Do you agree that a wholesale must-offer remedy is unlikely to contribute significantly to the administrative costs currently incurred by Sky?:

Yes - offset by wider availability of their content

Question 25: Do you consider that our impact assessment above supports our view that it would be appropriate to impose a wholesale must-offer obligation in the form proposed in order to ensure fair and effective competition?:

Yes

Question 26: Do you have any comments on the draft wording of this condition, in light of the positions we have set out in the previous two sections?:

Question 27: Do you agree with our proposed approach to addressing concerns about the restricted exploitation of SVoD movies rights? :

Question 28: Do you agree with our proposed way forward on FAPL?:

Question 29: In particular, what remedies do you believe we should consider on FAPL, if any?: