

Representing:

Self

What do you want Ofcom to keep confidential?:

Keep name 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:

My response is based on the experience of trying to replicate TV services previously received from Sky, from my new provider Virgin Media. It highlights the reduction in service quality and increase in cost directly attributable to Sky's wholesale pricing and lack of high definition (HD) wholesale availability. I am not in a position to answer all questions, which are left blank.

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? :

Yes

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?:

Yes

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

Undecided

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

Yes, based on the past experience of Sky setting wholesale pricing with significantly higher inbuilt margin.

Alternatively, a need for Sky Subscriber Services to purchase its content via Sky Wholesale in the same manner as BT's need to procure circuits from Openreach.

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

Yes

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

Yes, absolutely. This is the crux of my response. Sky holds all the aces with regard to HD content. There is no realistic alternative supplier and Sky uses this position of dominance to set artificially high pricing and / or compulsory (and unwanted) channel pricing to increase the spend of customers wanting only a small subset of their content.

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

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

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

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

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?:

Yes, price range of £4 - 6.39 is reasonable assuming this is per subscriber per month as stated, not per HD channel per subscriber per month.

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?:

Yes

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

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?: