

**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:**

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

**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?:**

Yes

**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 history has shown that Sky's negotiating stance is too protective of it's retail advantage.

**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? :**

Yes

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

Yes, or it fails immediately since Sky has shown a reluctance to offer products at a profitable level in favour of retaining their unique selling product in the retail chain.

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

Yes so as not to tip the balance the other way and continue to insentivise Sky to innovate and provide a class leading product.

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

Yes or this will become the USP where Sky will divert it's innovation.

**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 to encourage all stakeholders to remain competitive.

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

Yes in principal

**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?:**

Provided the market weight threshold is retained

**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?:**

Yes

**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?:**

Digital terrestrial is an entry level product for the majority of consumers and has the largest potential audience when analogue services are finally switched off. A ramped pricing option will allow consumers widest choice.

**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?:**

A small premium for HD services is currently justified due to limited bandwidth and the need to supply it alongside SD content. In the future with downscaling receivers and the take up of HD capable equipment this will become increasingly difficult to justify. So any premium should be viewed not in the same terms as the rest of the wholesale pricing structure and the expectation is that over time this should reduce in real terms.

**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 to ensure that the market does not become diluted.

**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, if anything it will reduce it.

**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?:**

The wording seems to address the above issues clearly.

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

Yes

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

Yes

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

The cost of Sky purchasing FAPL rights is a direct result of competition against its retailing/wholesaling competitors. If there is a Must supply position with retail minus pricing and the price is set by Ofcom then this competition will be lessened. Any pricing structure should be linked to the payments for FAPL or in the long term British football will lose out on funding at the expense of the wholesalers margins and be checked against a fixed cost plus ceiling for all retail outlets.

