

Graeme Marett
Telecommunications Case Officer
Jersey Competition Regulatory Authority
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St Helier
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9 October 2009

Re: Comments on JCRA Consultation Document 2009-T2

Dear Mr Marett

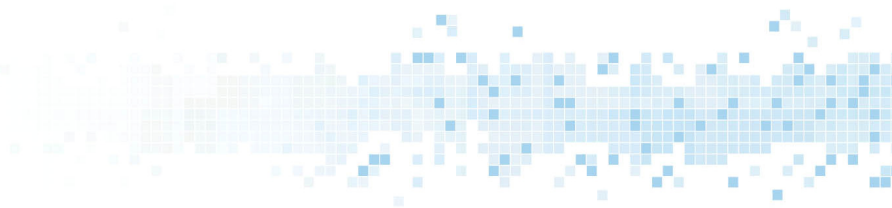
Thank you for the invitation to comment on the Draft Regulaid report dated 17 August 2009 to the Jersey Competition Regulatory Authority.

Foreshore offers a limited range of services within the telecommunications industry in Jersey and as such many of the above report's recommendations are not relevant to our business and therefore it would not be appropriate for us to comment.

We have assumed that one of the purposes of the consultation process is to help the JCRA to prioritise the Regulaid recommendations. Based on this assumption there are five of the recommendations that we feel would merit further investigation by the JCRA. They are (using the numbering from the report's executive summary):

- 4.4 - Possible cross-subsidisation of JT's data hosting business
- 5.14 – JT to provide wholesale IP bandwidth
- 5.22 – Price cap on JT's wholesale on-island leased lines
- 5.23 – JT to provide 25% discount to OLOs for off-island leased lines
- 6.5 – Class 1, 2 or 3 licensed operators should be eligible for wholesale prices

Regarding point 4.4, the JCRA has previously requested information from us in relation to rack and power pricing (JCRA letter ref: C041/06 – 22nd December 2006) for the provision of disaster recovery and colocation services. At that time we believed that rack and power prices in Jersey were lower than their equivalents in the UK and Guernsey. We are not surprised to see that the Regulaid report suggests that JT's colocation business makes a significant loss. Colocation businesses can be subject to cyclical profitability depending what proportion of built-out infrastructure is being utilised. In the UK most mature datacentre businesses (10 years old or more) have been profitable for some years now. We would be interested to know whether JT's data centre business has ever been profitable.



Regarding the four other points above, we feel that the principle of wholesale and retail separation to create transparent, non-discriminatory arrangements for services is very important to encourage competition.

In particular regard to IP bandwidth, purchasing this on a retail basis from a supplier (JT) who is also a competitor places an unfair burden of cost on the other operator.

We appreciate the opportunity to have been involved in this consultation process and look forward to providing more detailed information to the JCRA if and where necessary in the future.

Yours sincerely

Christopher Evans
Managing Director

