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Office of Utility Regulation,
Suites B1 and B2,
Hirzel Court,
St Peter Port,
Guernsey,
GY1 2NH.

28th April 2014

Jersey Competition Regulatory Authority,
2nd Floor,
Salisbury House,
Union Street,
St Helier,
Jersey,
JE2 3RF.

For the attention of Mr Michael Byrne

Dear Michael,

"Pan Channel Island Consultation - Wholesale Line Rental"
Guernsey Airtel Limited (GAL) & Jersey Airtel Limited (JAL) Response

With reference to your letter CICRA 14/12 dated 24 March 2014, we are pleased to respond with our comments.

Q1 CICRA seeks respondent's views on level of interest that it currently assigns to WLR. Respondents should state whether they see WLR as a necessary product, a somewhat necessary product, no strong opinion, a somewhat unnecessary product or an unnecessary product. Respondents should provide supporting information to justify their choice of level of interest. If a respondent's response differs from its previous response then the respondent is requested to provide a rationale to support the change?

JAL/GAL response – We believe that WLR with ISDN2e and ISDN30e, can provide opportunity for JAL/GAL to provide these services using incumbent's networks. We would recommend that WLR is priced at Cost-Based rather than retail minus to provide opportunity to CPs to develop and offer competing product. We would like to keep its priority to 2 (Somewhat Necessary Product).

Reason being, JT ISDN 30 is priced at £ 307 per month at retail and a similar product created using whole products will cost £ 447 per month on 12 month contract (Private Circuit – 2Mbps@ £3092 per annum and £2275 as setup cost) and using OLOs switching network. This leads to no option for OLOs to provide a competing

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product. Similarly ISDN 2e service offered at £73 per month by JT cannot be replicated and provided by other OLOs due to high input costs of private circuits to create this product.

On the other hand, JT retail line is offered at £12.75 per month and JAL/GAL offers the similar fixed line service on wireless infrastructure at £4.99 per month as it does not require any incumbent infrastructure.

This shows that there is lack of suitable pricing at wholesale level to provide opportunity to use incumbent's infrastructure to create competitive products.

Despite high level of maturity of Telecom Market the prices for wholesale products are at significantly higher levels to allow any innovative products by other CPs.

Q2 Respondents are asked to set out in as much detail as possible what they consider is the appropriate definition of the WLR product they propose.

This definition should include the respondent's requirement for 1) PSTN single line WLR, 2) PSTN multiple line WLR, 3) WLR on ISDN lines as well as the availability of a calls service.

If a respondent's response differs from its previous response then the respondent is asked to provide a rationale to support the change.

JAL/GAL response – We are happy with the product descriptions as detailed in the consultation document.

JAL/GAL prefers WLR on ISDN (ISDN 2 and ISDN 30) with calls services. This will enable us to provide cost-effective and high quality ISDN services to business customers.

Q3 CICRA requests respondents to indicate the principles that should inform both the extent of technical and operational details the regulator should prescribe in WLR access product definition, as well as those aspects it should leave to negotiations between operators and incumbents.

JAL/GAL response – We agree with CICRA view that Technical and Operational matters to provide WLR product should be left between the incumbent and OLOs.

Q4 CICRA requests respondents to indicate their views on the approach taken by CICRA in the assessment of WLR as set out in its 2013 decision. If they consider that a revised cost benefit analysis should be carried out respondents are asked to identify the main elements of such a high level analysis that they regard as appropriate.

Where possible respondents should identify and provide evidence/rationale for any significant changes to the high level cost benefit analysis as set out in the 2013 decision?

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JAL/GAL response – We believe the approach taken by CICRA in the assessment of WLR as set out in its 2013 decision is still valid.

Q5 CICRA requests respondents to indicate whether a regulatory impact assessment is needed to support the regulatory decision and to provide evidence / a rationale to support their review?

JAL/GAL response – No, CICRA does not need to carry out any regulatory impact assessment.

Q6 CICRA wishes to understand the timescale that is reasonable for introducing WLR sought by respondents. The incumbents in particular are requested to set out work processes they consider comprise the process of introducing WLR ?

JAL/GAL response – JAL/GAL believes that introduction of WLR should be expedited and all efforts should be made to launch this service in 6-8 month period.

Q7 CICRA wishes to understand what evidence incumbents draw upon to inform their views on the extent and nature of demand in this area. Evidence from incumbents from consultation or discussion with retail operators in particular is therefore sought. Where incumbents have chosen to respond to such demand they are asked to set out their process and timescale for delivery to meet that demand?

JAL/GAL response – Not Applicable

Q8 CICRA seeks views on the pricing principles that should inform the setting of a WLR access price and the above approach proposed?

JAL/GAL response – Regarding pricing principles, JAL/GAL has two views. One, we would like to see the same price across both islands for individual Wholesale Access Products. We believe that a successful WLR implementation strategy will depend on mature fixed infrastructure and lowest of cost should be picked up as reference for price determination. This will also provide stimulus to operator with higher cost to bring in cost efficiency.

Two, we would like to see WLR introduced at Cost Plus basis. This will provide enough margins to OLOs to introduce new services and drive down the prices to stimulate competition in the fixed telephony market.

Lastly, we also suggest that Regulator needs to bring in more transparency in financial accounts for incumbents so that cost allocation on different services can be analysed effectively and prices at wholesale level can be derived to lower levels.

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We trust our response and comments meet with your approval and look forward to working with you in future.

Please do not hesitate to contact the undersigned should you have any further questions in this respect.

Yours sincerely

A handwritten signature in black ink, appearing to read "L. Moyses".

Ms. Lisa Moyses
Head-Roaming, Legal & Regulatory Affairs