

Wholesale Leased Lines: Review of Price Controls

Comment by Teletech Solutions in response to the Channel Islands Competition and Regulatory Authorities' initial notice of proposed directions to JT (Jersey) Limited

7th August 2012

1 INTRODUCTION

Teletech Solutions welcomes the opportunity given by the Channel Islands Competition and Regulatory Authority (CICRA) to comment on the initial notice of proposed direction to JT (Jersey) Limited on the review of price controls for wholesale leased lines.

This document contains the response of independent telecom consultancy Teletech Solutions (Teletech) to the CICRA document published on 26th July 2012.

2 SUMMARY

Teletech welcomes the proposal to set the price for JT's wholesale leased line products at retail price minus 20 percent. It is a long overdue measure that should serve to increase competitive positioning in the local leased line market, and therefore lower prices for customers. In making the change, however, the CICRA should take measures to ensure customers locked into long term contracts can benefit and that a robust migration process is in place.

3 DETAILED RESPONSE

1. Leased lines, and derivate point-to-point and point-to-multipoint products, have traditionally been an expensive but necessary service for many island businesses. To its credit, JT has progressively reduced the cost of leased lines, in particular those used for off-island connections, an area in which competitors have been able to directly operate in recent years. On-island connections, however, remain stubbornly expensive products for many customers, with few if any competitive alternatives and a wholesale pricing regime that facilitates the control of on-Island pricing, and, to an extent therefore, off-island pricing. It further directly limits competitive attempts to innovate telecom products and services.

Teletech therefore welcomes and supports proposals to review wholesale pricing and set at retail minus 20 percent.

2. In introducing this change, the CICRA should be aware that many customers will be unable to take advantage of new competitive pricing because they are locked into long term contracts with JT, chosen in order to achieve a discount on the high price.

Teletech therefore urges the CICRA to consider additional measures to permit customers to exit agreements entered into from at least 1st April 2012, the proposed pricing backdate, or earlier if it facilitates choice.

3. Experience from the local broadband market shows that the process of migrating business customers from one operator to another is not necessarily straightforward, and requires coordination between both operators and the customer.

Teletech therefore expects the CICRA to ensure that a customer-focused migration process is in place when the new pricing rules come into place.

4 CONCLUSION

As stated, Teletech welcomes the CICRA's proposals. They should be considered an interim measure only, however, pending the implementation of a cost plus pricing structure for Channel Islands' leased line products.