



Clear Mobitel (Jersey) Limited
Clear Mobitel (Guernsey) Limited

Call for Information - Wholesale Broadband Portfolio
- 50 and 100Mbps

March 2019

Introduction

The fixed broadband wholesale market in Jersey has traditionally been regulated at the Retail Minus level with effectively a “White Label” version of the incumbents’ own product range. The level of discount and the methodology of determining an appropriate price has been consulted on previously¹ but to date no changes to the original wholesale pricing methodology has been implemented or proposed by CICRA.

The current wholesale product range and the available wholesale rates make it difficult for new entrants to effectively compete with the incumbent except in the area of price differentiation. The alternatives used elsewhere are Local Loop Unbundling and Cost Plus pricing have been considered but the resulting economic analysis indicates a disproportionate cost for incumbents in small jurisdictions.

Since the initial introduction of broadband services the market has changed both in technology and consumer demand and requirements. While Wholesale Line Rental has introduced an element of competition into the fixed line market, there has been little impact on the broadband element. This is because many users no longer see the benefit of a fixed line telephone and would prefer to have the reduced cost of a broadband only service and rely on mobile for voice telephony.

Response to Consultation

Question 1: Does the respondent agree that the States of Jersey Policy is clear in its statement requiring “that wholesale access seekers get access to wholesale products, which allow access seekers to compete based on differentiated retail services”? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority’s considerations and next steps.

As noted above the current arrangement only allows for price differentiation. This surely is not the intention of the States policy which indicates its desire for “differentiated retail services”. This would seem to embrace a wider definition of alternative methods of differentiating products such as being able to tailor services to, for example, prioritize different types of traffic. However, in the context of this call for information it is clear the Sure is

¹ T1222GJ - Consultation - Broadband price control review
T878J - Consultation - CICRA Considers Wholesale Broadband Charges in Jersey

requesting a modification of the current retail-minus product in order to compete only on price.

Question 2: Does the respondent agree that JT should be required to reinstate the 100Mbps wholesale broadband service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

JT has invested heavily in its Fibre to the Home (FTTH) network and as a result has sought to deliver the highest speeds to the consumer. While this is laudable it has come with an increase of both the wholesale and retail price of its broadband products.

There are consumers which do not have a need for such high speeds, for example those that use broadband mostly as a communications medium. For such consumers the higher speed now implemented universally by JT has no benefit, indeed they may still be using legacy routers that are unable to deliver the higher speed of the uplink.

Therefore Clear Mobitel can see the financial benefit to consumers that the reintroduction of the lower speed options could bring and thus supports this proposal.

Question 3: Does the respondent agree that JT should be required to introduce a 50Mbps wholesale broadband service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

JT's initial FTTH service was a 50Mb/s download offer. Technically there is no difficulty in throttling speed on a contended broadband service, therefore there is no reason why JT could not reintroduce this version if there is sufficient demand from wholesale clients.

Question 4: Does the respondent consider that, if JT includes (a) the 100Mbps and (b) the 50Mbps in its wholesale broadband product portfolio, this would meet the respondent's requirements for wholesale products in order to effectively compete in the market with differentiated retail services? If the respondent has alternative views or evidence the respondent is asked to explain those and

provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

Market differentiation by price is the only effective competition in a retail-minus white label market. CMJ would agree that this would initially enable consumers more choice and could be implemented earlier than a bitstream service. Early introduction would enable more consumer choice without the inevitable delays that will be associated with the development of bitstream.

Question 5: Does the respondent agree with The Authority's conclusion that the potential introduction of (a) a 100Mbps and (b) a 50Mbps service does not require any product development and impacts only on systems? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

As noted above this would merely be a reintroduction of earlier products for which the parameters are well understood.

Question 6: Does the respondent consider that if a decision were made by the Authority to direct JT Wholesale to introduce (a) the 100Mbps and (b) the 50 Mbps wholesale broadband services, this should be undertaken within 3 months of the completion of the Authority's statutory process on this matter? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

Again, as noted above the reintroduction of previously defined wholesale products should pose no difficulties for JT.

Question 7: Does the respondent agree that the potential 50Mbps wholesale broadband service should be priced at £16.23 per month? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

The proposed price point would seem to be reasonable for such a product.

Question 8: Does the respondent agree that the potential 100Mbps wholesale broadband service should be priced at £17.84 per month? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

The proposed price point would seem to be reasonable for such a product.

Question 9: Does the respondent agree that it is appropriate that the potential wholesale prices included in this Call for Information should remain fixed for a period of three years? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

While it is for CICRA to determine its policies with regard to its responsibilities to ensure a level playing field, CMJ would prefer to see price stability in the wholesale market.

Question 10: Does the respondent agree that JT Wholesale should enter into a consultation process to remove the 50, 100 and 250Mbps service only following the successful introduction of a Bitstream service? If the respondent has alternative views or evidence the respondent is asked to explain those and provide all of its analysis and assessment relating to this matter to inform the Authority's considerations and next steps.

If a fully developed portfolio of cost-oriented Bitstream products is made available on reasonable terms, then CMJ would agree that it would be appropriate for JT to engage with other operators to discuss the retirement of legacy retail-minus products.

For the avoidance of doubt, this document may be published in its entirety.

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