

JT's response to JCRA's  
Wholesale Broadband Price Control  
Non-statutory Draft Decision  
(T-138)

2 April 2026

Non-Confidential Version

## 1. Introduction

JT (Jersey) Limited (“JT”) welcomes the opportunity to respond to the Draft Decision on Broadband Price Controls T-138 (“the Draft Decision”) and would like to thank the JCRA for the thorough and transparent engagement process undertaken through its development. JT supports the JCRA’s review ensuring that future pricing reflects the efficient costs of service provision and agree that a cost-based approach remains essential to ensuring that regulated prices are fair, transparent, and aligned with the long-term interests of consumers, while also providing the certainty required to make sustained investment in critical infrastructure.

JT firmly believes that the price control regime must allow for the recovery of efficiently incurred costs, including an appropriate return on capital, in order to support continued investment in a high quality, secure, and futureproof broadband network. JT were encouraged to see that the Draft Decision has taken account of the future investment necessary to replace key elements of the broadband infrastructure, as well as investment requirements for Telecoms Security and acknowledges the shortfall created by deviating from actual RPI in the previous model. However, JT would like to draw the JCRA’s attention to a number of points as detailed in this response.

This is a non-confidential response.

## 2. Executive Summary

**2.1.** It is important to set this response in the context of JT’s current financial position, which results from the pricing set under the 2021 Model. As the JCRA recognises in the Draft Decision, actual inflation during the 2021 price control period of 6.5% per annum was significantly higher than the 2.5% per annum forecast used to calculate prices set throughout the charge control period.<sup>1</sup> Had JT been able to increase prices in line with actual inflation, prices would have been [redacted].

**2.2.** Secondly, the 2021 Model was based on cost information that excluded significant network operating and asset costs. This has become apparent with the detailed cost data JT now produces, resulting from the production of detailed Regulatory Financial Reports (RFR)<sup>2</sup>. The first RFR was produced for 2023 and this demonstrates that returns on the capital employed (ROCE) for the combined wholesale voice access and wholesale broadband access services at 4.3% (2024) and

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<sup>1</sup> Frontier report, Paragraph 60

<sup>2</sup> [regulatory-financial-reporting-final-notice.pdf](#)

5.82% (2023) fall below the weighted average cost of capital of 8.7%. JT is disappointed that the model accompanying the Draft Decision does not use all the cost information from the RFR.

- 2.3.** JT has identified a number of areas which it would like to bring to the JCRA's attention. This relates to Network Operating Costs, Asset Lives, Efficiency Assumptions and RPI as explained in more detail below.

### **3. 2021 Price Control Model**

- 3.1.** The 2021 price control has resulted in JT under recovering its costs due to:-

3.1.1. Actual inflation, at 6.5% per annum, was higher than the 2.5% embedded in the regulated prices set.<sup>3</sup> If JT had been permitted to increase its prices in line with actual inflation, they would have been approximately 18% higher than current levels<sup>4</sup>; and

3.1.2. The 2021 cost model used to set cost, for a number of reasons, excluded significant network operating and asset costs. Had these costs been properly reflected in the model, the regulated prices would have been higher. This issue of full and accurate cost data was recognised by Frontier and the JCRA in its wholesale broadband access review<sup>5</sup> and resulted in the development of the RFR<sup>6</sup>.

- 3.2.** Taken together, these two factors account for the substantial gap between JT's current regulated revenues and the true cost of providing wholesale broadband services. The Draft Decision relies on the 2021 cost data, with an inflationary increase included to establish costs for the duration of the 2026 price control period. This does not accurately show the true cost base of JT and causes under recovery in the 2026 model.

### **4. 2026 Cost Model**

- 4.1.** JT has carefully reviewed the JCRA's 2026 cost modelling and has identified a number of areas where the approach adopted will not allow JT to fully recovery its costs. This response is focused on the four key areas are of particular concern: (1) Network operation costs; (2) asset lives; (3) efficiency assumptions; and (4) the inflation rate to be used for the next 5-year period.

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<sup>3</sup> Frontier report, Paragraph 60

<sup>4</sup> Difference between 6.5% and 2.5% compounded over four years.

<sup>5</sup> [t-011-wholesale-broadband-access-services-price-review-final-decision.pdf](#) – paragraph 5.27

<sup>6</sup> [regulatory-financial-reporting-final-notice.pdf](#)

## 4.2. Network operating costs

4.2.1. Frontier does not use the data from JT's RFR for network operations operating cost assumptions. Instead, it takes JT's 2020 total network operations costs, applies the 2024 allocation rate, and adds an inflation uplift of 29%. The justification is that JT has not provided "*sufficient justification for above-inflation cost increases*" since 2020 which JT does not agree with.<sup>7</sup> JT has provided detailed cost data to support the 2026 cost model and its RFR has been scrutinised by Frontier and the JCRA.

4.2.2. The decision to adjust Network Operation costs has a direct impact of [ ✂ redacted ] in 2026 on the starting cost base used within the 2026 Price Control Model. Using the actual JT Network Operations costs would result in the price per subscriber increasing to [ ✂ redacted ], as demonstrated below.

[ ✂ redacted ]

4.2.3. JT challenges Frontier's approach for a number of reasons:-

4.2.3.1. 2020 was an exceptional year due to the COVID-19 pandemic, and a time when network maintenance and operational activities were significantly reduced due to the disruption. Using pandemic-era costs as a baseline for a price control running from 2026 to 2031 fails to reflect the normal operational requirements of maintaining a fibre-to-the-premises (FTTP) network.

4.2.3.2. Frontier's calculation of total opex costs in 2020 of [ ✂ redacted ] is incorrect (it appears as if not all network cost centres are included in the analysis). JT has performed a full mapping exercise of 2020 costs in their financial systems and concludes that the correct comparable cost was [ ✂ redacted ].

4.2.3.3. The adjustment presumes that any cost increase above RPI inflation is unjustified. JT's RFR is reviewed by Frontier and approved by the JCRA annually. The costs reflect JT's actual, audited expenditure.

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<sup>7</sup>Frontier Report, para 95. The adjustment takes JT's total network operations costs from 2020, allocates these to wholesale broadband and voice services using the 2024 allocation rate, and applies an RPI inflation uplift of 29% from 2020 to 2024.

4.2.3.4. Network operations costs may increase faster than general RPI for reasons unrelated to inefficiency. Input costs specific to telecoms network maintenance (e.g. skilled labour, specialist equipment, contractor rates) may inflate faster than the general consumer price basket. Jersey's Index of Average Earnings grew at a compound average rate of 6.2% from 2021 to 2025, and energy costs grew at 9.1% per annum.<sup>8</sup> Applying a simple RPI cap ignores sector-specific input cost pressures.<sup>9</sup>

4.2.3.5. JT has experienced an increase in network operations costs of [redacted] in 2025, due to significant increases in supplier support and maintenance fees, due to investments in new [redacted] assets as well as increases in the costs of regulatory compliance.

### 4.3. Asset Lives

4.3.1. Frontier has applied asset life assumptions to calculate asset annuity costs based on a number of different sources. These include previous cost models for JT, UK and international benchmarks and asset lives "implied by depreciation rates in JT's Regulatory Financial Reporting submissions" (calculated by dividing the gross book value of the asset category by the annual depreciation charge)<sup>10</sup>. In many cases, Frontier's asset life assumptions are materially longer than those implied by the asset values and depreciation costs used in the RFR. The most material differences are shown in Table 1 below.

[redacted]

*Table 1: Frontier's Asset Life Assumptions*

4.3.2. The change in asset lives as proposed by the JCRA reduces capital costs by [redacted] as shown below.

[redacted]

4.3.3. The asset lives underpinning the RFR are derived from JT's fixed asset register, which records the assigned useful life of each individual asset and calculates the resulting

<sup>9</sup>Frontier Report, para 41. Cost increases above RPI are only accepted where they reflect new activities, quality improvements, or input price inflation exceeding general RPI.

<sup>10</sup> Frontier Report, Table 10, page 37

depreciation charge. These are aggregated through the general ledger and flow directly into the preparation of the RFR. Crucially, these are the same asset lives used to prepare JT's statutory annual accounts and so have been approved by the JT board of directors and subjected to scrutiny by the external auditors as part of the statutory audit process.

4.3.4. It is a widely accepted regulatory cost practice principle to use asset lives assumed by the company in regulatory costing, unless there is clear evidence that they are inappropriate (or not available). As explained below, a number of Frontier's proposed asset life assumptions depart from JT's accounting records without adequate justification and differ from the asset lives adopted by Frontier in the 2020 model.

#### 4.3.5. Buildings

4.3.5.1. Frontier's approach to applying a single asset life to the reporting categories in the regulatory statements fails to recognise that some of the categories, aggregate a range of different assets with very different lives. The 'Buildings' category is not simply the cost of the freehold property, rather it includes internal structures, furniture, air conditioning fixtures and fittings and so on. The individual asset lives for assets in this category range from [ ~~£~~ redacted ] (with an average asset life for the class of 28 years (weighting assets by GBV).

4.3.5.2. Frontier should replace their asset life assumption with a weighted average asset life based on the life of the individual assets within each category or model the categories separately.

#### 4.3.6. OLT Equipment

4.3.6.1. Frontier assume an asset life of 15 years for OLT equipment, stating that this was inferred from JT's RFR and reflects Ofcom's TAR FTTH Cost model.<sup>11</sup> In the previous model, Frontier assumed an asset life of 7 years, but have not provided any justification for a 15-year asset life (more than doubling the estimated life).

4.3.6.2. The implied asset life in JT's RFR for its OLT assets in Jersey is 8 years (based on GBV). Ofcom's FTTH model assumes an asset life of 10 years for BT's FTTP OLT equipment, as shown below.

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<sup>11</sup> Frontier Report, Table 10, page 37

Component	Asset Life
EXCH_FTTT_OLT_Chassis	10
EXCH_FTTT_OLT_SBCard	10
EXCH_FTTT_OLT_NBCard	10

Table 2: Ofcom's FTTP OLT Asset Life Assumption<sup>12</sup>

4.3.6.3. It is clear from both JT's own estimate and Ofcom's assumption, that an 8-year asset life is more appropriate than Frontier's 15-year assumption for FTTP OLT equipment.

#### 4.3.7. Network Site Infrastructure

4.3.7.1. Frontier assumes an asset life of 15 years for Network Site Infrastructure, stating that this was "Consistent with 2021 price control, informed by JT historical assumptions"<sup>13</sup>. The Network Site Infrastructure asset category includes power equipment and associated costs, with asset lives between [ &#x2716; redacted ]. The weighted average asset life for these categories in the RFR for all Jersey assets is [ &#x2716; redacted ] if mobile network sites are excluded.

4.3.7.2. In the absence of any detailed analysis of the individual assets within this category, or any evidence-based justification for departing from JT's own asset life assumptions, JT considers that the JCRA should direct Frontier to adopt the weighted average asset life derived from JT's fixed asset register, which underpins both its statutory accounts and its RFR.

#### 4.3.8. Customer Premises Equipment

4.3.8.1. Frontier assume an asset life of 40 years for Customer Premises Equipment on the basis that it is "aligned with asset lifetime of other legacy assets such as ducts and buildings".<sup>14</sup> However, the majority of assets in this category are routers with an

<sup>12</sup> Ofcom Cost recovery module spreadsheet, Ofcom Cost recovery module spreadsheet, Input\_Network worksheet, lines 772-774. Ofcom did assume a 15-year life for BT's legacy FTTC OLT assets (Ofcom Cost forecast model spreadsheet, AssetLives worksheet, line 62, component: Legacy FTTC – OLT) but this is clearly not the relevant benchmark for JT's FTTH OLT equipment.

<sup>13</sup> Frontier Report, Table 10, page 37

<sup>14</sup> Frontier Report, Table 10, page 37

asset life of 5 years (the weighted average asset life for all assets in this category is [redacted]).

#### 4.3.9. IT Equipment

4.3.9.1. Frontier assume an asset life of 7 years for IT equipment and explain that this is “Inferred from JT’s Regulatory Financial Reporting”.<sup>15</sup> The average asset life of JT’s Jersey IT assets is [redacted] (GBV divided by depreciation, weighted by gross book value). JT’s average life for IT assets reflects a range of asset lives for different types of assets are set out in Table 3 below.

[redacted]

*Table 3: JT’s IT Asset Lives*

#### 4.4. Efficiency assumptions

4.4.1. Frontier has applied a 3% efficiency factor to all opex costs on the basis that this was the assumption used by Ofcom in its 2025 TAR Consultation.<sup>16</sup> However, Ofcom’s 3% assumption was only applied to a small number of cost categories as follows:

- *“an efficiency factor of 1.5% for capex cost elements such as fibre, duct, passive components and civils*
- *3% for opex cost elements such as SLG, system and processing costs*
- *for opex cost elements modelled as a percentage of GRC, we have not applied an efficiency factor but note that the change to the assumed opex cost trend results in these costs reducing by 1% per annum”<sup>17</sup>*

4.4.2. If an Ofcom-sourced efficiency assumption is to be used, it should be based on Ofcom’s fibre cost model, applying these disaggregated efficiency factors, or a weighted average. In the 2021 wholesale broadband access price review final decision<sup>18</sup> the JCRA accepted

<sup>15</sup> Frontier Report, Table 10, page 37

<sup>16</sup> Frontier Report para 106, which refers to paragraph A15.54 of Ofcom’s consultation document (Ofcom Telecoms Access Review Consultation, Annex 1-22)

<sup>17</sup> Ofcom Telecoms Access Review Consultation, Annex 1-22, 20 March 2025, Paragraph A15.54

<sup>18</sup> [t-011-wholesale-broadband-access-services-price-review-final-decision.pdf](#) – paragraphs 5.52 – 5.56

that the efficiencies in the Ofcom model were based on Openreach's legacy copper network and that efficiencies on a new FTTP network will be lower.

#### 4.5. Inflation

4.5.1. The JCRA indicated that its preference is to set price caps in nominal terms (i.e. including an assumed inflation rate). The JCRA noted that it used this approach in the 2021 Price Control and that *this "enabled the JCRA to determine a clear and fixed pricing profile for the duration of the price control period"*.

4.5.2. As stated above, the 2021 Price control model approach was problematic as it forecasted inflation at 2.5%, however actual inflation was significantly higher at 6.5% per annum. Telecoms is a capital-intensive business and requires multi-year investment in assets with long lifecycles. If inflation assumptions prove wrong, the price control, as experienced between 2021 and 2026 underfunds the operator.

4.5.3. JT considers that price caps should be calculated in real terms within the price control, with prices subsequently adjusted annually in line with RPI to reflect actual inflation over the charge control period. This will:

- a. ensure investment values are indexed in line with real economic conditions;
- b. protect against erosion of returns through unexpected inflation increases; this is especially the case in the current uncertain geo-political climate; and
- c. preserve regulatory consistency with the principle of allowing recovery of efficiently incurred costs.

#### 4.6. Other Comments on the 2026 Model

##### 4.6.1. General Management Costs

4.6.1.1. In regulatory costing, general overheads are typically allocated using an allocation base which includes some measure of operating costs and some measure of assets employed, reflecting the objective of spreading the overhead costs in a reasonable way across all activities and services of the business.

4.6.1.2. In JT's RFR, it used a cost allocation base of opex + capex to allocate general management costs. Frontier has modified this approach to (a) include Cost of Sales

in the opex measure and (b) change the capex element of the driver base from capex to ROC plus Depreciation.

4.6.1.3. The change in the capital element of the attribution base is a sensible one which avoids the problem of significant changes in the allocation base resulting from lumpiness of investment programmes (and is in line with Ofcom’s approach for BT).

4.6.1.4. However, the inclusion of cost of sales in the opex cost base is problematic and likely to lead to an unfair allocation because it brings into the allocation base interconnection costs which are very significant but do not themselves consume corporate resources in proportion to their monetary value.

4.6.1.5. Ofcom recognised this issue in its decision to exclude interconnection payments<sup>19</sup> from the opex cost base used to allocate overheads:

*“We do not consider that the size of POLOs is proportionate to the activities involved in passing these receipts through and we therefore agree with BT that non-pay costs should exclude POLOs.”<sup>20</sup>*

4.6.1.6. In assessing the proportionality of BT’s POLO costs compared to other activities, Ofcom noted that:

*“BT separately accounts for POLOs and in 2013/14 POLOs made by BT amounted to £2.5bn, close to half of BT’s non-pay costs or 15-20% of its total operating cost base”<sup>21</sup>*

4.6.1.7. JT’s interconnection costs totalled [ ✂ redacted ] in FY 2024 accounting for [ ✂ redacted ] of total operating costs, i.e. a materially higher proportion than BT’s. Applying the same proportionality reasoning that led Ofcom to exclude interconnection payments from BT’s overhead allocation base, it is clear that the

<sup>19</sup> BT/Ofcom refer to interconnection payments as POLO’s (Payments to Other Licensed Operators) which include the costs paid in relation to (a) Calls originating on BT’s network but terminating on another network and (b) Wholesale voice transit, where calls originate on another network, pass through BT’s network, and terminate on another network (Ofcom, Review of BT’s cost attribution methodologies Second consultation 13 November 2015, Paragraph 4.86

<sup>20</sup>Ofcom, Review of BT’s cost attribution methodologies Second consultation 13 November 2015 Paragraph 4.88.

<sup>21</sup> Ofcom, Review of BT’s cost attribution methodologies Second consultation 13 November 2015 Paragraph 4.86.

inclusion of interconnection costs in JT's overhead allocation base is inappropriate and should be corrected.

4.6.1.8. In addition, JT proposes that the regulatory cost model for FY 2024 be updated to exclude interconnect costs [§< redacted ] from the overhead allocation base and that Frontier's 2026 price control model is updated with the resulting allocation.

#### 4.6.2. Cost Averaging

4.6.2.1. Frontier has calculated costs for the first year of the price control based on the average of 2023 and 2024 on the basis it "smooths out any 'lumpiness'" but fails to demonstrate that there is any lumpiness that needs smoothing – it simply has the effect of reducing the level of costs recovered. Regulatory best practice is to use the most recent cost data available (unless there is clear evidence to support an adjustment).<sup>22</sup>

#### 4.6.3. Asset annuity calculations

4.6.3.1. Frontier's cost model calculates annual capital charges for JT's "legacy" assets using a RAB-type annuity formula:

$$\begin{aligned}
 & \textit{Annual charge} \\
 & = \textit{Annual depreciation} \\
 & + \textit{Capital charge} \\
 & - \textit{Holding gain/loss adjustment} \\
 & = \left( \frac{\textit{GBV}}{\textit{Asset lifetime}} \right) + (\textit{NBV} \times \textit{WACC}) \\
 & - (\textit{NBV} \times \textit{Future price trend})
 \end{aligned}$$

*Source: Frontier Report*

4.6.3.2. The formula has three components: straight-line depreciation based on Gross Book Value (GBV); a return on Net Book Value (NBV) at JT's WACC; and a deduction for "holding gains" representing the expected future appreciation or depreciation in the asset's value.

4.6.3.3. The GBV and NBV used in this formula are taken from JT's RFR on a historical cost accounting (HCA) basis. They reflect JT's original acquisition cost, not the current replacement cost of the assets. However, the holding gain or loss deduction in the third term of the formula is a current cost accounting (CCA) concept. In a CCA

<sup>22</sup> Frontier Report para 104.

framework, assets are first revalued to replacement cost, increasing (or decreasing) the depreciation and return on capital. The holding gain or loss is then deducted to prevent the resulting annual charge from overstating the economic cost. The holding gain or loss adjustment only produces economically meaningful results when applied to a re-valued asset base. Over time the additional depreciation charges resulting from increased asset values are exactly offset by the holding gains.

4.6.3.4. By applying the holding gain deduction to an HCA base that has not been re-valued, results in Frontier's model capturing the element of CCA that reduces the annual capital charge without capturing the element that increases it. The result is a systematic understatement of the annual charge for any legacy asset whose replacement cost has risen above its original acquisition cost.

4.6.3.5. Frontier's approach is inconsistent with the standard regulatory treatment of capital costs in telecoms. Ofcom requires BT to prepare its Regulatory Financial Statements on a CCA basis, revaluing assets to current cost each year and reflecting both supplementary depreciation and holding gains in the income statement. When Ofcom departed from full CCA for BT's pre-1997 copper access assets, it moved in the opposite direction: establishing a Regulatory Asset Value (RAV) at HCA and indexing it forward by RPI, to prevent over-recovery from a retrospective switch to CCA. The Frontier approach creates the mirror-image problem — under-recovery from applying a CCA adjustment without the corresponding revaluation.

4.6.3.6. There are a number of ways to correct the annuity calculation:

- a. The preferred approach would be to revalue legacy asset GBV and NBV to the current replacement cost (or an indexed approximation thereof) before applying the RAB-type annualization, so that the depreciation, return on capital, and holding gain are all calculated on a consistent CCA basis.
- b. If full CCA revaluation is considered disproportionate, a pragmatic alternative would be to index historical GBV and NBV forward from the date of acquisition by an appropriate inflation measure (such as Jersey RPI or a construction cost index) to the 2024 base year, consistent with the RAV approach adopted by Ofcom for BT's copper access assets.

- c. Alternatively, if the JCRA wishes to retain HCA values, the holding gain or loss deduction should be removed from the formula entirely, and the annual charge calculated as depreciation plus return on NBV without any CCA overlay. This would be internally consistent, though it would not reflect the economic cost of using the assets.

4.6.3.7. The WACC is stated as 8.74%<sup>23</sup> in the JCRA Draft Decision and 8.65%<sup>24</sup> in the Frontier document. JT assumes that the JCRA propose to apply the WACC at 8.74% as per the Draft Decision.

#### 4.6.4. Model omissions

4.6.4.1. There are two minor omissions which Frontier should adjust in the model:-

- a. Frontier's calculation of TSR Investment depreciation costs seems to have a minor error. The total depreciation charge for 2026 and 2027 investments over their useful life is less than the asset cost in the relevant years.<sup>25</sup>
- b. As agreed with JCRA, depreciation on Right of Use assets is included in the RFR under buildings depreciation and should be modelled separately from capital costs. The relevant value in 2024 is [ ✂ redacted ].

<sup>23</sup> [Microsoft Word - 2026-02-25 - T-138 - Wholesale broadband price control - Draft Decision \(PUBLISHED\) 4136-4941-6294 v.1.docx](#) – Table 4 Page 18

<sup>24</sup> [2026-02-25-t-138-frontier-report-price-control-for-wholesale-broadband-services-in-jersey-redacted.pdf](#) – Table 21 page 55

<sup>25</sup> JCRA Price Control Model Consultation version, Worksheet 'CAPEX forecast', lines 26-27.

#### 4.6.5. Starting Charge Adjustment and Glide path

4.6.5.1. We have prepared the below table to summarise the impacts on the starting control price taking account of the two main items discussed in section 4 above (1) using the JT 2024 RFR network operating costs and (2) amending the asset lives to align with JT's RFR.

[ ✂ redacted ]

4.6.5.2. The JCRA has asked for stakeholder views on the most appropriate glidepath to apply to wholesale broadband prices to realign prices with costs. The JCRA has stated that its preferred approach is to make a starting charge adjustment of 6% (compared with 13.2% required to bring prices in line with cost in the first year of the prices control). The JCRA comments that its approach minimises impact on the retail market.

4.6.5.3. JT's preference is to bring prices in line with costs as soon as possible and would therefore support scenarios 1 or 2. This approach supports JT's investment in the replacement of key broadband network equipment which will commence at the beginning of the new price control period.

4.6.5.4. JT provides a range of retail broadband and landline services starting from £42.69<sup>26</sup> with the majority of customers subscribing to the mid-priced product of £58.32. To provide certainty to customers, JT has been setting annual fixed price increases. As such JT's retail broadband and landline offerings will increase in price as per the published increases and will not be impacted by the starting charge set by the JCRA. There is sufficient margin between the wholesale and retail product pricing in scenarios 1 and 2.

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<sup>26</sup> Bundle of landline, broadband and mobile on 24 month contract including fixed price increase effective from 28 March 2026.

## 5. JT's response to the Consultation Questions

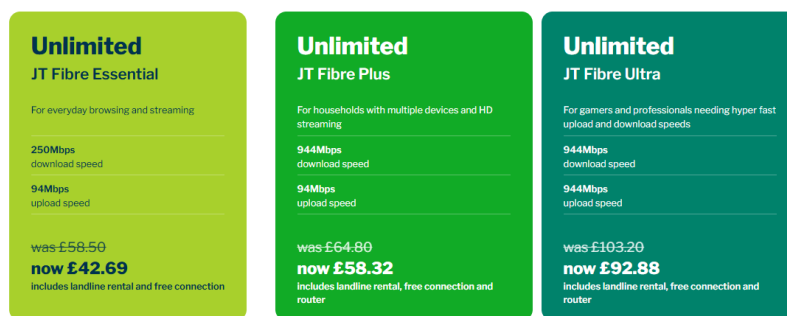
### 5.1. Question 1: Do you agree with the methodology used to develop the price control proposals? If you do not agree, please provide your analysis and assessment.

JT's does not agree completely with the methodology used to develop the price control and has detailed where it disagrees and the reasons for this together with our analysis. This is provided in sections 3 and 4 of this response.

### 5.2. Question 2: What are your views on the proposed pricing profiles? What impact do you consider these will have on the retail market, and do you have a preference between a starting charge adjustment and a glidepath adjustment? Please provide your analysis and assessment.

JT's preference is to bring prices in line with costs as soon as possible and would therefore support scenarios 1 or 2. This approach supports JT's investment in the replacement of key broadband network equipment which will commence at the beginning of the new price control period.

JT provides a range of retail broadband and landline services starting from £42.69 if taken in a bundle with mobile. JT has been setting fixed price annual increases<sup>27</sup> since 2025, to provide customers with certainty on pricing throughout the life of their contract, instead of linking price changes to RPI. As such JT's retail broadband and landline offerings will increase in price as per the published increases and will not be impacted by the starting charge set by the JCRA.



Source<sup>28</sup>:- JT Retail broadband and landline bundle plans and prices – March 2026

<sup>27</sup> [Price Changes - JT Global](#)

<sup>28</sup> [Plan selector - Step1 Bundle \(v2\) - JT Global](#)

**5.3. Question 3: Do you agree that the JCRA should continue to determine maximum allowable prices for each year of the price control (using forecast RPI to establish a nominal price profile)? If not, what alternative approach would you prefer? Please provide your analysis and assessment.**

The JCRA indicated that its preference is to set price caps in nominal terms (i.e. including an assumed inflation rate). This approach was used in the 2021 Price Control and *“enabled the JCRA to determine a clear and fixed pricing profile for the duration of the price control period”*.

As stated earlier in this response, the 2021 Price control model approach was problematic as it forecasted inflation at 2.5%, however actual inflation was significantly higher at 6.5% per annum. Telecoms is a capital-intensive business and requires multi-year investment in assets with long lifecycles. If inflation assumptions prove wrong, the price control, as experienced between 2021 and 2026 underfunds the operator.

JT considers that regulated prices should be set in real terms with annual RPI adjustments for actual inflation during the 2026 charge control period. This will:

- i. ensure investment values are indexed in line with real economic conditions;
- ii. protect against erosion of returns through unexpected inflation increases; this is especially the case in the current uncertain geo-political climate; and
- iii. preserve regulatory consistency with the principle of allowing recovery of efficiently incurred costs.

In the current unstable economic climate, setting prices in nominal terms risks wholesale pricing that does not provide sufficient returns for JT to invest. Setting RPI with actual inflation is necessary to ensure that JT can afford the investments it needs to make in replacing end of life broadband equipment and ensuring compliance with Telecoms Security requirements. This is necessary to ensure continuation of the service quality and performance that Jersey citizens rely on from Jersey’s broadband infrastructure.

**5.4. Question 4: What are your views on the introduction of a broadband line only product and the proposed timing of its introduction? How can the JCRA best support this?**

As previously stated, providing a broadband line only product would require a new service identifier. JT's existing systems are configured to use the WLR telephone number as the wholesale broadband service identifier. JT's provisioning systems are coded with business logic and business process automation to validate that an associated WLR service is present when provisioning or assuring WBB. Some of this business logic and business process automation would require JT to make extensive configuration or coding changes to our platforms including engaging 3<sup>rd</sup> party support.

Local fixed line usage has been declining for many years. This trend is aligned with the UK, with Ofcom citing a 23.5% year-on-year drop in call volumes to 2025<sup>29</sup> and OMDIA predicting 'that revenue from fixed voice services is expected to drop 50% from 2020 to 2028, with ARPU declining more than 40% for the same period'<sup>30</sup>. Fixed voice usage has declined largely in favour of mobile, OTT voice/video, social media or alternative messaging platforms driven predominantly by changing consumer habits.<sup>31</sup>

This is supported by a recent Ofcom public statement "*70% of households who bought broadband and a landline together didn't make a single outgoing call last year.*"<sup>32</sup> Ofcom's review of standalone landline services highlights that consumers increasingly avoid traditional voice services, with landline-only households representing a narrowing and ageing demographic. This shows that most households no longer view voice as a required component of their connectivity, further pointing toward broadband-only demand growth. This statistic is borne out in JT's own data which shows a similar decline with 68% of all landlines not making any calls in February 2026, compared to 65% in August 2025<sup>33</sup> and 85% of wholesale landlines making no calls in February 2026.

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<sup>29</sup> [Q1 2025 Telecommunications Market Data Update](#)

<sup>30</sup> [Omdia Future of Telcos Report Highlights.pdf](#)

<sup>31</sup> [Declining Calls and Changing Behaviour: A qualitative research study](#)

<sup>32</sup> [\(22\) Post | LinkedIn](#)

<sup>33</sup> 61% in August 2024 and 56% in August 2023.

JT assumes that it would still provide a standalone WLR service (including the 01534 number) which could be taken with or without a wholesale broadband service therefore providing a voice service to consumers who continue to want to use a landline to make and receive calls.

JT's original FTTP deployment began fifteen years ago and was completed in 2018. Many of the active components are now approaching end-of-support and JT is required to invest in upgrading this equipment. Therefore, JT propose to develop a broadband only product aligned to its network refresh timeline, otherwise investment in legacy platforms would be inefficient.

**5.5. Question 5: Do you agree with the JCRA's proposed approach to other policy matters (other charges and approach to deferral)? If you do not agree, please provide your analysis and assessment.**

JT supports the JCRA's approach to other charges.

JT doesn't agree with the JCRA's approach to deferral, to hold prices at the current levels for an interim period until the new price control comes in. Requiring JT to hold prices for a further period exacerbates JT's under recovery. JT encourages the JCRA to keep to the timetable set to ensure that the price control can be implemented in the published timeline. If the timetable is extended, JT propose that it should be allowed to increase its charges by at least the prevailing RPI to ensure that its return on investment doesn't further decline. Once the new price control is in place, the wholesale charges should change to the levels set within the 2026 price control.