

CONSULTATION RESPONSE



Ofcom consultation

25 June 2008

Next Generation New Build – Promoting higher speed Broadband in New Build Housing Developments

The HBF welcomes the opportunity to respond to this Consultation and would applaud the one industry regulator that is actually seeking to drive competition and the use of technology forward.

We support the objectives of this consultation and see the introduction of competition in this area as an opportunity to give other network providers the chance to challenge British Telecom's (BT) monopoly. As with all issues of competition, the main concerns will be cost and being able to compete on a level playing field. We have reservations about whether the monopoly held by BT under its present business separation will in fact provide value in next generation accesses (NGA). This is because in the past HBF's relationship with BT facilitated an arrangement where developers would install the ducting and joint boxes for BT to cable and connect when a resident occupied their property. For many years this arrangement was cost effective for all concerned, as BT would obtain the benefit of a new customer without incurring costs in relation to their Universal Service Obligation (USO) while the developer would be recompensed for providing an asset.

Unfortunately in recent years with the separation of the BT businesses, and the infrastructure provider of their organisation BT Openreach, there has been a decline in contributions under this agreement. BT is charging increasing fees for services provided **for** developers while insisting that the services that they provide **to** developers should cost less. In these circumstances our industry would welcome the introduction of a more robust set of criteria which promotes competition. As the main trade federation for the house building industry we need to work more closely with Ofcom to enable consumers to benefit from the communication technology of the future.

One aspect of the detail we find interesting is that Ofcom is of the opinion that the cost of fibre will be comparable with copper in the future if a greater use of NGA were employed. We would agree that the mechanics of network infrastructure could be achieved by the use of

multiple duct access, an issue which we tried to raise with BT Openreach to promote competition on new build for copper networks but they refused to discuss it.

As far as a detailed response is concerned HBF lacks the technical expertise to comment on finer points. However we wanted to address the principles and we felt it was important to set out in the preamble issues that we have in dealing with BT. Our involvement with other areas of competition in the utility sector has convinced us that competition will only succeed if driven by the regulator.

Question 1a – What can Ofcom do to encourage timely standards development for new build NGA wholesale access products and interfaces?

It would be advantageous to set a timetable for this and more importantly engage both the house building and telecommunications industries to develop standards.

Question 1b – Which industry body is best placed to undertake the standardisation of these products and interfaces?

It will predominantly have to be directed and managed by Ofcom with contributions from the industries concerned so that key organisations participate in producing these standards. We would not want to see BT set the agenda.

Question 1c – What action should Ofcom take if these standards fail to materialise?

This was succinctly set out in 1.13 in this consultation. The important aspect is a defined timetable for outputs from a Steering Group. Ofcom would thus be in a position to gauge progress.

Question 2 – Do you agree with Ofcom’s approach to promoting competition and consumer choice in new build fibre access deployments?

The HBF sees competition as the only way to obtain value and customer focus in the utility sector.

Question 3a – Do you believe that the existing obligations must be met by replicating the existing copper products, or that an alternative approach could be satisfactory? What are the implications of replicating existing products on fibre?

We feel unqualified to provide an answer on the technical detail contained in this question.



Question 3b – Do you agree that SMP holders rolling out fibre do not need to roll out a copper network in parallel solely to meet their LLU obligation?

Again, we would not want to comment.

Question 3c – Do you agree with Ofcom’s approach in relation to WBA and new build areas?

Yes, this seems appropriate...

Question 3d – Do you believe that the WLR obligation must be met by replicating the existing copper product, or that an alternative approach based on an ALA type product would be satisfactory?

Although we do not fully understand this question we would propose that the most cost effective and practical options are taken forward in this area.

Question 3e – Do you believe that the CPS obligation must be met by replicating the existing copper product or that an alternative approach based on an ALA type product would be satisfactory?

Answer as Question 3d.

Question 3f – Do you believe that the IA obligation must be met by replicating the existing copper product or that an alternative approach based on an ALA type product would be satisfactory?

Cost is an important factor in the provision of or access to the network. Our experiences to date with BT Openreach is that as an organisation they are reluctant to look at the wider picture of the benefit given to them of new customers from new build as they view it as a small part of the overall BT business. It would seem advantageous to, where possible, replicate an equitable arrangement as set out in the Universal Service Obligation of allocated cost per plot or connection subsidy.

Question 3g – Do you agree with our proposal to interpret GC 3.1(c) as being met through the provision and use of a battery backup facility to maintain uninterrupted access to emergency services in new build developments?

Yes, this seems appropriate.

Question 4 – Do you think access to the duct network, including non telecoms duct, is a potentially feasible means of promoting competition in new build? If so what types of commercial and operational models could successfully support such access arrangements in the UK?

The principle of sharing ducting we see as a viable option subject to the legal rights of “use” being accepted by all parties.

In relation to the use of non telecom ducts, this may be restrictive on new build because of practical difficulties in achieving this (for instance in reaching the part of the building where a connection is to be made). The consultation refers to the use of sewers as a means of access to the network and again, while this is theoretically an option, we could envisage problems, not least in terms of possible conflict of maintenance. A dedicated telecommunications system which replicates the current one would be preferable.

Conclusion

HBF is always pleased to be involved in consultations on change and would be happy to work with Ofcom to facilitate the evolution of NGA on new build.

D F Mitchell

