



Office of Utility Regulation

Media Release

Regulator initiates review of C&W Guernsey's Reference Offer

The Director General of Utility Regulation, Regina Finn, has today issued a consultation inviting views on the current Cable & Wireless Guernsey (“C&W”) Reference Offer for Interconnection & Access (the “RO”).

The Reference Offer is the document that sets out the basic terms and conditions on which telecoms licensees in Guernsey can use the existing Bailiwick-wide telecommunications network of C&W to provide telecoms services to end customers. The RO includes service levels, ordering and installation times and the charges that licensees must pay to C&W for the use of the network.

The Regulator said “The availability of interconnection and access services is crucial to the development of a competitive telecoms market in Guernsey. The current RO has been in the market for just over a year now and the OUR is asking how well it meets market needs, particularly in light of the experience of licensed operators.

The consultation document identifies a number of new initiatives that the Regulator believes may help speed the development of competition and invites respondents to comment on these, identifying their priorities in particular. “We in Guernsey have the advantage of being able to learn from the lessons of other markets that are already open to competition and to see what issues have been most crucial in encouraging and enabling competition elsewhere”, said Ms Finn. “This consultation paper is seeking views on the most suitable and highest priority issues for the Bailiwick given the size of the market and the experience of the operators. The paper asks questions on a range of things from the sharing of facilities to Wholesale Line

Rental as well as opening the debate on unbundling the local loop and number portability and we strongly encourage all operators to participate actively in this consultation”.

The OUR is also reviewing the current charges applied by C&W for interconnection and access services in the RO. Under C&W’s licence terms and conditions, the rates it charges for interconnection and access must be cost-oriented and transparent and the company has been asked to provide information to demonstrate that it is complying with this requirement. The charges currently in the market were set over a year ago as interim rates until that work is completed by C&W.

However, given the length of time that this is taking, the OUR has commenced an examination of the existing interim charges, including a review of how they compare to those applied in other markets. The OUR believes it is essential that the Guernsey telecoms market as a whole remains competitive and if there are changes needed to the interim rates to achieve this, the OUR can require those changes.

The consultation on the Reference Offer runs from 18th August until 26th September, 2003 and the OUR strongly encourages interested parties to take the time to participate fully and ensure that their views and their business priorities for the market are taken into account.

**ENDS/
18th August 2003**

The OUR Document “C&W Guernsey Reference Offer for Interconnection and Access – Consultation Document” is available on the OUR website (www.regutil.gg) (Document OUR 03/22).

The Reference Offer is published on the C&W Guernsey website at http://www.cw.com/guernsey/service_providers/reference_offer/

Notes for Editors

In common with telecommunications markets worldwide, Guernsey has a history of development of one single ubiquitous telecommunications network by a monopoly operator that was, until recently, owned by the government. With the opening up of the Guernsey telecommunications market to competition, the owner of that network (C&W) clearly has a distinct advantage over any other player. Experience shows that for competition to develop, that advantage must be balanced by allowing new entrants to access the network and services of the incumbent operator so that they can reach telecoms customers with their services.

New entrants purchase what is known as “interconnection and access services” from the owner of the incumbent network and use these to reach end customers. Interconnection and access remain crucial in all telecoms networks, long after the market has been opened up to competition, because of the cost and overhead of building entirely new parallel networks to end users is not always the most feasible and economic way of reaching those customers.

A Reference Offer sets out the incumbent operator’s terms and conditions on which it sells access and interconnection services to new entrants. Those new entrants pay for these services and the rate they are charged must, by law, be based on the true and efficient costs of running and providing the network. Individual operators can then choose the services and products they require to build their services and negotiate a specific agreement with C&W on those issues. New entrants may build some self-owned network or add other value added elements to the services they then provide to customers.

The existence of the RO gives new entrants and operators a starting point from which to negotiate. In a market where C&W is by far the strongest player, this is an essential tool for new players and experience demonstrates that competition will not develop effectively without a strongly regulated RO in place.