



Office of Utility Regulation

**Guernsey Telecoms
Reference Offer for Interconnection
and Access**

Invitation to Comment

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Office of Utility Regulation
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1. Introduction

In today's technology intensive world, telecommunications services and networks form an increasingly large part of the infrastructure of our lives. As technologies develop and converge, more and more of the day-to-day activities that we take for granted are telecommunications based, from automatic garage doors to the traditional telephone in the home, from the telemetry on digital television to the now common e-mail services of ISPs.

The States of Guernsey has initiated a major overhaul of the telecommunications legal and regulatory framework in Guernsey to keep pace with these developments and position Guernsey to take advantage of existing and new technologies and services. As part of that framework the Office of Utility Regulation ("OUR") has published details of the timeframe for opening up the telecoms market to competition and has licensed Guernsey Telecoms (GT) to provide both fixed and mobile services.

One of GT's legal obligations under the Telecoms Law is to produce a Reference Offer (RO). The RO sets out GT's stall of interconnection services it will be required to make available to new entrants and the charges for those services. Individual operators can then choose the elements they require to build their services and negotiate a specific agreement with GT on those issues. The existence of the RO will give new entrants and operators a starting point from which to negotiate. In a market where GT will for a considerable period of time be the strongest player, this is an essential tool for new players.

GT has been working over the past several months to develop a draft RO and it has now submitted this document to the Director General. The Director General, as part of her examination of the offer, is interested in the views of the wider market on the document. This document is an invitation to interested parties to comment on the details of the RO.

2. Background

The Director General of Utility Regulation ("the Director General") is developing the regulatory regime for the telecommunications market in the Bailiwick in preparation for a fully liberalised telecommunications sector in accordance with;

- Legislation approved by the States in September 2001¹;
- States Directions to the Director General in relation to universal service and the extent of competition in the telecommunications sector²; and
- States Direction on the identity of the first licensee to receive a licence with a Universal Service Obligation ("USO") in the telecommunications sector.³

¹ The Regulation (Bailiwick of Guernsey) Law, 2001 (Billet d'Etat No. 1, 2001), and the Telecommunications (Bailiwick of Guernsey) Law, (Billet d'Etat No. VI, 2001).

² Billet d'Etat No VI, 2001

Together, the legislation and States Directions provide for the manner in which telecommunications market in Guernsey is to be opened up to competition. The Director General has already set out her position with regard to the dates for the introduction of competition to the telecoms market. These are;

- Service based competition from 1st July 2002;
- Network based competition from 1st December 2002; and
- Mobile Competition from 1st April 2003.

A key element of any regulatory framework is the interconnection regime that will apply.

3. Legislative Background

Section 10 of the Telecoms Law sets out the Director General's powers with regard to interconnection and describes the requirements that the Director General may impose with regard to interconnection on any licensee whom she determines has a dominant position in a relevant market. The Director General has already determined, as set out in OUR Document 01/14⁴, that Guernsey Telecoms has a dominant position in the fixed network and services telecommunications market and in the mobile network and services market.

The requirements that the Director General may apply to GT include the following;

- (a) A requirement to make its procedures for the provision of interconnection and access publicly available on a non-discriminatory basis in a manner that is to the reasonable satisfaction of the Director General;
- (b) A requirement to offer a standard interconnection and access agreement (referred to as the "Reference Offer") which is available under non-discriminatory terms, conditions and charges, and on a non-discriminatory basis, no less favourable than that offered to -
 - (i) any of the GT's own services; or
 - (ii) any associated company of GT's or services of such a company;
- (c) A requirement to provide interconnection or access on terms, conditions and charges that are transparent and cost-oriented having regard to the need to promote efficiency and sustainable competition and maximise consumer benefits;

³ The Billet for the States of Deliberation meeting in September included a policy letter from the Board of Industry with recommendations on this issue.

⁴ Decisions under the Telecommunications (Bailiwick of Guernsey) Law, 2001; Decision Notice and Report on the Consultation

- (d) A requirement to provide interconnection or access at any technically feasible point in its telecommunications network; and
- (e) A requirement to provide interconnection or access in a manner that is sufficiently unbundled so that the person requesting interconnection or access does not pay for telecommunications network components or telecommunications services that he does not require.

In addition, the Telecoms Law makes provision for the Director General to direct changes to the standard interconnection and access offering and to require GT to justify its costs or charges for the provision of interconnection services.

As stated earlier, interconnection will form a key requirement of new entrants to this market. The Director General is anxious to ensure that an interconnection offering is available at the earliest possible date, and sufficiently far in advance of the introduction of competition to enable new entrants plan their entry into the market in manner that makes best commercial sense to them. The Director General is also mindful of the fact that the physical aspects of interconnection are complex and wishes to ensure that sufficient time is available before 1st July to enable this issue to be addressed between GT and Other Licensed Operators (OLOs).

GT has been working on developing the interconnection regime over the past number of months and has now submitted a draft RO for approval to the Director General. At the request of the Director General, GT has published the draft RO submitted to the Director General on its website. The RO and supporting documentation may be found at (www.guernseytelecoms/...com).

The Director General is launching this invitation to comment with a view to obtaining the views of interested and affected parties on the contents of the RO.

This document does not constitute legal, technical or commercial advice; the Director General is not bound by this document and may amend it from time to time. This document is without prejudice to the legal position or the rights and duties of the Director General to regulate the market generally.

4. Structure of the Paper

This paper is structured as follows:

- Section 5 details the consultation procedure and timetable;
- Section 6 outlines the key features of the RO and highlights the areas upon which the Director General would particularly welcome the views of interested parties.
- Section 7 sets out the next stages in this process and related matters.

5. Consultation Procedure and Timetable

The consultation period will run from Tuesday 11th December to Friday 18th January, 2002. Written comments should be submitted before 5.00pm on 18th January, 2002 to:

Office of Utility Regulation,
Suite B1 & B2,
Hirzel Court,
St. Peter Port,
Guernsey GY1 2NH.

Email: info@regutil.gg

All comments should be clearly marked “Comments on Guernsey Telecoms Reference Offer for Interconnection and Access”.

In line with the policy set out in Document OUR 01/01 – “Regulation in Guernsey; the OUR Approach and Consultation Procedures”, the Director General intends to make responses to the consultation available for inspection. Any material that is confidential should be put in a separate Annex and clearly marked so that it can be kept confidential.

The Director General regrets that she is not in a position to respond individually to the responses to this consultation, but she proposes to issue a response to the consultation in February 2002.

6. Reference Offer – Key Features

GT has published on its website the draft RO for interconnection and access that it has submitted to the Director General. The draft RO is comprised of the following documents;

- RO Legal Framework;
- Service Descriptions;
- Operations & Maintenance (O&M) Manual;
- Technical Manual;
- Parameter Schedule;
- Service Schedule;
- Tariff Schedule; and
- Definitions.

The Director General is interested to hear what specific comments interested parties have on these documents.

6.1. Areas of Special Interest

While the Director General would welcome comments on any aspect of the interconnection regime, and in particular the RO documentation referred to above, there are a number of areas that she believes warrants special mention due to their specific importance in ensuring the success of the development of the market. These are;

(a) Legal Framework

The Director General is anxious to ensure that the legal basis for interconnection balances the rights and entitlements of both parties, and reflects accurately the regulatory obligations of GT as set out in Section 10 of the Telecoms Law. She would welcome detailed comments and suggestions which may assist further in achieving this aim.

(b) Service Descriptions

The Services Description document outlines the range and nature of the interconnection service GT is proposing to make available in the RO. It details the offerings being proposed by GT for the actual physical linking of networks between GT and OLOs and the range of services to be offered over such an interconnect. The Director General would welcome comments on the range of services available and what additional services, if any, respondents believe should be offered. Further, she would welcome views on the options for interconnection being offered by GT and what, if any, alternatives respondents believe they may require.

(c) O&M Manual and Technical Plan

The Director General considers these two documents to be intrinsically linked. The O&M Manual sets out the processes and procedures to be followed for forecasting, ordering and provisioning interconnect circuits. The Technical Plan details the technical characteristics of the GT network. The actual processes and procedures for ordering and dimensioning interconnection circuits has the potential to be an area where there is much confusion, resulting in delays in the delivery and activation of interconnection circuits. A greater level of clarity and understanding by the different parties on these matters will greatly reduce or remove such difficulties. The Director General would therefore welcome any comments that interested parties may have on both these documents.

(d) Parameter & Service Schedule

Both documents deal with GT's response times on the various aspects associated with the provision of the interconnection service – from set-up times for the establishment of an interconnect link, to fault response times. The Director General believes these to be key areas of importance. GT has included a set of response times which it has noted is due to be improved before the formal launch of interconnection services. However, in advance of considering GT's proposed improved response times, the Director General would welcome comments on what interested parties would consider reasonable and appropriate

response times for the services listed. In any event, the Director General believes that GT should provide response times that are at least equal to the response times it provides to its own downstream arms.

(e) Tariff Schedule

Of critical importance in the planning of an entry strategy to the telecoms market in the Bailiwick for any OLO will be the charges applicable for interconnection. GT is, under the Telecoms Law, required to provide interconnection or access on terms, conditions and charges that are, inter alia, transparent and cost-oriented.

The Director General, with the assistance of Logica Consulting, has undertaken a study of GT's cost accounting systems and has communicated her requirements in this regard to GT to enable it to make changes to its systems to meet the regulatory requirements of this Office. Following from that, a timetable for the presentation of interconnection tariffs will be set with reference to the discussions on cost accounting work and will be communicated to the market in due course. However it is the Director General's intention that interconnection rates will be expected to be in the market in advance of market entry dates.

7. Conclusion

In conclusion, respondents are requested to comment on the draft GT Reference Offer, outlining in detail the areas where amendments are considered necessary and the nature of such amendments. The Director General proposes to publish her report on the further development of the RO in February, 2002 and if applicable direct GT to make such changes as she considers necessary, in light of market demands. Separately, the Director General intends to publish information concerning the development of interconnection charges with a view to having such information available to the market at the earliest possible date.

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