



2nd December 2016

JT's Response to Bitstream Access - Consultation on Licence Modification

JT welcomes the opportunity to respond to CICRA's consultation on a proposed licence modification to JT's licence in Jersey.

JT responded to CICRA's consultation on wholesale fixed line access services and we expressed our surprise and disappointment that CICRA had focused its consultation on Jersey only, given Jersey operators operate in Guernsey and vice versa. We continue to disagree with a Jersey centric approach for changes to operators' licences. The proposed licence condition is not specific to Bitstream Access but is a generic licence condition to ensure that the incumbent operator negotiates with OLOs requesting new network access products. If CICRA decide to solely focus on putting in place licence conditions that enable fixed access competition in Jersey and not Guernsey we believe they will be moving away from their strategic aim of Pan Channel Island regulation.

We understand from Sure's response¹ to the previous consultation on wholesale fixed line access services, that they believe that Bitstream Access should not be considered for the Guernsey market and therefore should not be included in their licence. It is our understanding that this view is based on their experience of WLR in Guernsey. We would like to make specific comment on this. The take up of WLR services in Guernsey was slow and didn't commence in earnest until the beginning of 2016 due to a number of factors. Primarily because JT took a decision to de-scope Guernsey landline services from its WLR project to enable it to meet the 1st June 2015 commitment to provide WLR in Jersey. The large waiting list of orders that Sure had gathered in the run up to the launch of WLR in Jersey made JT prioritise an automated porting solution to enable it to provide WLR services within the SLAs agreed. If the leadtimes were longer JT would have focused on the Guernsey market and the WLR orders would have been much greater. Additionally, at this current time the market dynamics are quite different in Jersey and Guernsey. JT's fibre broadband migration and JT's charging model for broadband usage is causing disruption in the Jersey market which makes Sure's broadband offering very attractive to heavy users who want a fixed price for their usage. These factors have directly attributed to Sure gaining new broadband and landline customers and we see the broadband service being the driving factor in consumers changing service provider as landline usage continues to decline at a rapid rate.

We do not agree that CICRA should only support commercial negotiations between parties by way of the proposed licence condition in Jersey but that commercial negotiations should be supported on a Pan CI basis as was previously agreed. JT would welcome the opportunity to start discussions on new access products with Sure for use in both the Guernsey and Jersey market. Whilst we appreciate that Sure Guernsey has a different broadband network

¹ <http://www.cicra.gg/files/161006%20Sure%20Response.pdf>

strategy than JT in Jersey, we remain strongly of the view that market entrants in the Guernsey market should have the same opportunities to request new products to be considered as in the Jersey market. Additionally, any new market entrants are likely to consider the Channel Islands market as a whole and will expect to be able to negotiate for services to be available in both the Jersey and Guernsey market.

As previously stated and observed by CICRA, the two islands have significant geographic and economic similarities and inter-dependencies with the same incumbent operators operating in both islands. Additionally the small size of the Channel Islands means that there are significant economies of scale in the design and implementation of new products (e.g., the same teams of people will work on the commercial and contractual negotiations, technical product design, pricing, billing etc).

The Bitstream product discussed in the consultation and CICRA's previous consultation does not clearly specify the product that CICRA envisages or the specific product that Sure may be interested in. Sure's response² makes reference to the fact that it is not exactly sure what product CICRA is specifying and has made its own assumptions on the product being proposed. It is clear that discussion needs to take place between the parties to scope out what Bitstream product is required and its features.

JT welcomes discussion on a broadband / Bitstream product roadmap for Jersey but would also like to engage with Sure on their roadmap for products in Guernsey. While the relationships and discussions between the parties are going well at present a licence condition as detailed in Annex B remains appropriate for the JT and Sure licences. JT support the generic licence condition put forward by CICRA but only if it is implemented in both Jersey and Guernsey at the same time.

² http://www.cicra.gg/_files/161006%20Sure%20Response.pdf