



Guernsey Airtel Limited's (GAL) response to Guernsey Competition Regulatory Authority (GCRA) Case T1602G, Price control for wholesale on island leased lines consultation, published 14/1/22

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CONFIDENTIAL

Via email to Michael Byrne & Ian Hayes: michael.byrne@gcra.gg ian.hayes@gcra.gg & info@gcra.gg

For the reasons set out below in this response, GAL has significant concerns regarding GCRA's proposal for price control for wholesale on island leased lines.

GAL firmly believes that the GCRA's intended proposal as per T1602G for 'price control for wholesale on island leased lines' will only be a 'symbolic exercise' if GCRA fails to grasp the issues explained below to find proper and effective remedial measures aimed at enabling more competition and choice for consumers.

The following points need be factored in concomitance with the replies to specific questions later in the document:

1. The GCRA will appreciate that technology is evolving faster than ever as evident from the fact that 6G trials have commenced in labs when 5G hasn't even arrived in Guernsey yet, plus the lifecycle for technology is getting shorter. Therefore, for a challenger like GAL to continue to invest in costly newer technology, it's imperative for the GCRA to create a framework ensuring fairly priced non-discriminatory access to leased lines and fibre connectivity including dark fibre.
2. It's just GAL the only island-based company which has consistently lobbied for the 'price review of backhaul / wholesale on island leased lines' since 2016, and finally when it's happening 6 years later it appears that the GCRA is going to miss two great opportunities viz. a) to bring down the price of 'wholesale on island leased lines across all products' to the level of UK and, b) make a 'path breaking' decision to carve a product meant just for the telecom sector only, including Dark Fibre. Please note that the huge beneficiary of these two outcomes will be the consumers / residents of Guernsey and not GAL.
3. Further, as a provider of critical infrastructure, for last 2 years GAL is continuing to play a vital role during the Covid-19 pandemic in keeping people seamlessly connected to their friends and family, as well as enabling remote working/learning for our customers, leading to customer data consumption growing exponentially and peaking during the daytime. Hence, quality access to high-speed wireless internet data is now a necessity for all the customers, however, GAL considers that the GCRA's proposed assumptions and methodology will not achieve the intended objective i.e., for a challenger provider like GAL to make available the right product mix at a reasonable and a justified price to help with more competition and choice for consumers.
4. The GCRA has ignored how the extortionate cost of leased lines in Guernsey prohibits GAL from using leased lines as a preferred medium of transmission in Guernsey, thus pushing GAL to use 'Microwave products' for 70% of its transmission network which has limitations in term of speed and reliability leading to 'customer experience' issues often. This has been shared regularly via response to previous related



consultations since 2019, and also presented in two CICRA led 5G summits. It is unfair to force GAL to rely on Microwave for the majority of its sites.

5. GAL is disappointed to see GCRA's approach given that GCRA is very well aware that GAL was forced to withdraw marketing of its '4G Home Broadband' product and isn't able to deliver superior data customer experience to its customers due to predatory prohibitive pricing of backhaul / leased lines across all the available products! Why has the GCRA ignored a product catering for a specific price conscious market which was hugely successful with 10% of households in Guernsey after launch of 4G?
6. We strongly urge the GCRA to consider tailor-made leased line products exclusively for the telecom industry at the same price as the UK mainland where 5G is launched. These products should include a wide range of speeds from 100Mbps to 10Gbps (or more) without factoring in any location or exchange-based pricing in Guernsey. This will ensure a level platform which will be future proof, catering to the evolution of future technologies such as 5G and beyond.
7. We believe that benchmarking is the right approach, provided it is done with the jurisdiction that has 5G in place, e.g., the UK. We vehemently disagree with the proposed approach to compare with JT in Jersey when it's in the public domain that backhaul/leased line prices in Jersey are being reviewed by JCRA. We question the rationale behind GCRA's benchmark against a jurisdiction which is expected to reduce their pricing further. Also, when comparing with Jersey, GCRA has not considered other available Jersey based leased line suppliers whose prices are considerably lower than JT.
8. The GCRA mentioned in the BCMR (T1480GJ) that price increase for <1Gbps product on island is in the range of 160% to 373% as compared to that of UK but the GCRA is not addressing this price gap issue in this consultation (T1602G). Infact, <1Gbps products are not considered at all in this consultation. Also, as mentioned in our previous response to BCMR (T1480GJ), in <1Gbps product segment, more granularities should be offered in a step size of 100Mbps by the local suppliers. We hope that the GCRA understands that leased line bandwidths are chosen in proportion to data traffic requirements, therefore, we are baffled what is the basis for the GCRA to ignore <1Gbps products in this consultation.
9. The wholesale comparison made for <1Gbps (in figure 2) in the consultation paper (T1602G) is incorrect, misleading, and devoid of ground reality. Comparison made in this figure is of same exchange for Sure, but we are not having even a single leased line within the same exchange on the whole island and the price we are paying is double than that mentioned in the figure. For example, 100Mbps leased line from Sure costs us £1214 per month in comparison to £640 per month mentioned in the figure. Therefore, we firmly believe that in addition to VHB, <1Gbps products also need to be price controlled in Guernsey. The pricing should be the same pan-island and should not be differentiated based on location or exchange.
10. Last but not least, the GCRA should look at the holistic picture of connectivity for Guernsey as a whole. All the telcos have a pan island infrastructure with a shared resilience requirement in-between the two islands as per the CNI of Jersey and Guernsey respectively. The inter-island connectivity should be considered as local connectivity and not classified as an off-island connectivity. Therefore, inter-island connectivity prices need also be addressed at the same time.



Here are the further answers to the specific questions below in [blue](#).

Question 1: Do you agree with the GCRA's view that Guernsey VHB (1 Gbps and above) leased lines prices are excessive? The GCRA is especially keen to hear from business users of leased lines in Guernsey.

In addition to response made via bullet points 4, 6, 8 & 9, GAL firmly believes that Leased line prices are not only extortionately excessive for 1Gbps and above, but they are exorbitantly high for <1Gbps leased lines too!

The price comparison done only for '<1Gbps leased lines in same exchange area' doesn't make any sense when GAL has all the leased lines in 'different exchange' category in Guernsey which is nearly 2 times the price applicable in 'same exchange' category.

The GCRA has not considered the detailed information supplied by GAL about their leased lines in Guernsey and all the BCMR responses since 2019 prior to sharing their proposed direction as per T1602G.

Question 2: Do you agree that benchmarking Sure's wholesale VHB (1 Gbps and above) leased lines is an appropriate mechanism to remedy excessive prices? If not, what alternatives do you suggest?

In addition to response made via bullet points 6, 7 & 8, GAL believes that benchmarking is the right approach, provided it is done with the jurisdiction that has 5G in place, e.g, the UK. GAL wants to draw attention of the GCRA to price comparison made by the GCRA in BCMR (T1480GJ) between Sure and BT which is the only appropriate consideration for benchmarking.

We vehemently disagree with the proposed approach to compare with JT in Jersey when it's in the public domain that backhaul/leased line prices in Jersey are being reviewed by the JCRA, which will reduce the price. The GCRA did not consider other available Jersey based leased line suppliers whose prices are considerably lower than JT's, and these prices may go down further once the JCRA completes the review exercise.

Further, rapidly evolving technologies such as 5G and beyond including demand for ultra-low latency products and enhanced mobile broadband services will require fairly priced leased lines.

Given the requirement in the current ecosystem, where there is a considerable presence of leased line products of <1Gbps, the price review of these products cannot be ignored and should be a part of the consultation.

Question 3: Should a benchmarking approach be adopted for Sure's wholesale VHB (1 Gbps and above) leased lines, do you agree that it should apply by VHB speed category?

In addition to response made via bullet points 6, 7,8 & 9, please refer to our answer to question 2 in terms of our recommended approach to benchmarking. While we agree with the GCRA approach of speed-based grouping price control, there needs to be more granularity as per the current demand. We propose availability of products in increments of 500Mbps.

Question 4: Should a benchmarking approach be adopted for Sure's wholesale VHB (1 Gbps and above) leased lines, do you agree that it should be applied gradually?

In addition to response made via bullet points 6,7,8 & 9, please refer to our answer to question 2 in terms of our recommended approach to benchmarking.



In addition to response made via bullet points 2 & 5, leased line price review is long overdue, and therefore, price control with due consideration of our inputs, should be applied immediately. It is imperative for the protection of existing products i.e. 4G Home Broadband, and to address the congestion/customer experience challenges around the existing technologies.

Further, GCRA needs to introduce dark fibre products at UK price and set the price of existing leased lines across all products to UK level. This will help in successful rollout of 5G and beyond by avoiding cell site proliferation and environmental concerns.

Question 5: Should a benchmarking approach be adopted; do you agree that differential pricing for Sure's VHB (1 Gbps and above) wholesale leased line products should be eliminated?

In addition to response made via bullet point 6 and 9, GAL is one of the biggest consumers of Sure leased lines, yet not a single lease line service is on the same exchange. Therefore, we strongly agree and recommend that exchange based differential pricing should be eliminated and consider Guernsey as a single geography rather than dividing it basis the exchange. Same should be applied to <1Gbps leased lines too, as detailed in our answer to question 1.

Question 6: Do you agree that, should a benchmarking approach be adopted for Sure's wholesale VHB (1 Gbps and above) leased lines, its term should be aligned with the market review cycle? If not, what alternatives do you suggest?

As explained in bullet point 5 as to how GAL had to withdraw from selling 4G home broadband, consumer demand for high speed data services accelerating at an astronomical pace plus with the new technology cycle getting shorter, we strongly advocate that the market review cycle should be once a year.

Question 7: Do you agree that Sure's wholesale price list for all leased lines should be made public?

Yes, it should be made public. However, if a separate portfolio for telcos is being considered by the Authority, then that can remain private.

For the reasons and responses shared above, GAL considers that these inputs will assist the GCRA in addressing the current extortionate price of wholesale leased lines to enable a pro-competitive environment which will encourage GAL to re-introduce popular 4G home broadband products and continue to innovate the right product mix at competitive price which would benefit all consumers in Guernsey.

GAL expects a constructive response and engagement from the GCRA to the concerns raised in this letter.

Guernsey Airtel Limited
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