



Guernsey Airtel Limited’s (GAL) response to Guernsey Competition Regulatory Authority (GCRA) Case T1621G - BCMR - Proposed Decision for Wholesale On-Island Leased Line Pricing, published 31/03/2023.

GCRA’s proposed decision for ‘Wholesale On-Island Leased Line Pricing’ published 31/03/2023 will result in negligible benefit for GAL.

[Redacted]

Therefore, GAL requests GCRA to reconsider the reasons set out below in this response before the final BCMR decision is made. These points re-emphasise the challenges shared by GAL, and resolution of these problems will only help in addressing the ‘cost of doing business’ in Guernsey across the Bailiwick, and then only GAL could compete effectively.

- 1. GAL would request GCRA to explain why following challenges faced by GAL and suggestions are not factored in whilst making the BCMR decision as these trends were shared via response to T1480GJ in May 2022.
 - i. GAL’s network, despite being the challenger in local market, has the mobile data volume similar or close to Sure’s mobile network who has twice the market share of GAL, [Redacted] (Source is GCRA’s annual telecom stats reports)

<i>Telecom Statistics for Guernsey Data Volume (Million Gbytes)</i>		
Operator / Year	2020	2021
JT	1.01	1.11
Sure	2.5	3.53
Airtel (GAL)	2.4	2.75

[Redacted]

[Redacted]

[Redacted]



- v. GAL has consistently pointed out to GCRA regarding disproportionate charging of various bands in leased line, for example: proposed cost of 100Mbps (1/10th speed of 1Gbps) leased line is £7,462 i.e., 62% of 1Gbps leased line at £12,097.

GAL requests GCRA to further reduce the prices of leased lines, especially for '<=1Gbps' category by at least 45%. GCRA has ignored that the proposed cost of lease lines in Guernsey will prohibit GAL from migrating to leased lines as a preferred medium of transmission in Guernsey, [REDACTED]

While comparing current price of 'JT Jersey leased line' pricing with the proposed prices of Sure for <=1Gbps products, it is observed that proposed Sure leased line prices are still 20-35% higher as highlighted in table below, which must be addressed by GCRA in the final BCMR decision.

VHB (=1Gbps)			
Service	Sure- Proposed (2024)	JT - Jersey - Current	Difference : 2024 (Sure Gsy Vs JT Jsy)
1Gbps	12097	9367	29%
<1Gbps			
Service	Sure- Proposed (2024)	JT - Jersey - Current	Difference : 2024 (Sure Gsy Vs JT Jsy)
100Mbps	7462	6417	16%
500Mbps	9993	7538	33%
250Mbps	8727	6976	25%
750Mbps	11045	8452	31%

- 3. GAL requests GCRA not to increase the prices of leased lines in the subsequent years. GAL firmly believes that while considering key assumptions related to increase in inflation, wages, and its impact on the price increase of leased lines, it is far more important to consider the growth and economies of scale for Sure's leased line as explained below:
 - i. GAL believes that if Sure applies CVP (cost, volume, and profit) principle, then selling slightly larger volume at slightly lower price will generate equal or more profit resulting in a win-win situation for both suppliers and consumers.
 - ii. For example, currently an OLO is taking six leased lines at average price of £10,000 per leased line, supplier might be getting £1X as a profit, but if the same OLO takes 20 leased lines at a half price i.e., £5000 per leased line, supplier may get at least £2X as a profit considering no additional capital expenses will be incurred at supplier's end to invest into as leased line infrastructure is a one-time investment.



- iii. Request GCRA to consider and correlate examples explained above with BT's Openreach via links shared here. BT Openreach has gradually and continuously decreasing its prices ([Openreach 2022](#)) for leased lines in last 5 years and still generating more revenue for ethernet services in these 5 years ([Statista](#)).
 - iv. GCRA should also consider that Jersey's regulated leased line prices are much lower than GCRA's proposed pricing and no price increase is applicable in subsequent years.
4. GAL requests GCRA to clarify if the product categorisation based on different exchange areas is removed, as there is no product categorisation (except the 2Mbps category) based on different exchange areas in Table A in T1621G.
5. GAL requests GCRA to explain why the leased line connectivity between the different islands in Bailiwick like Sark, Alderney, Herm, and Guernsey is treated differently to the on-island connectivity. Since all of these Islands are all interlinked, dependent on one another, and governed under one telecom license, the connectivity among these four islands should be considered together while working on such important consultations regarding business connectivity. Therefore, GAL requests GCRA consider the following points to reduce the prices of the leased line connectivity for the islands of Alderney and Sark (*GAL highlighted this point earlier also during our response to T1480GJ*).
- i. GAL is disappointed with 3% reduction decided by GCRA for the current pricing of leased lines for Alderney and Sark. GAL requests GCRA to reduce the pricing by 65% at least and not 3%.
 - ii. GAL would like to draw GCRA's attention to the prohibitive price difference for small bandwidths such as 10/20 Mbps (*we've compared against the proposed price*):

Leased line	Product	Current Price (£)	Proposed (£) w.e.f. 2024	Gsy On-Island Price (£)	Jersey JT Price (£)	Difference vs Sure Gsy	Difference vs JT Jsy
Gsy - Alderney	20 Mbps	23232	22517	No Product	5693 (50mbps)	315% higher than Sure On-Island 10 Mbps	296% higher than JT's 50 Mbps!
Gsy - Sark	20 Mbps	23232	22517	No Product			
Gsy - Sark	10 Mbps	15900	15411	3711	2892		433% higher than JT 10Mbps

[Redacted text block]

[Redacted text block]

[Redacted text block]

[REDACTED]

[REDACTED]

6. GAL requests GCRA to clarify why current prohibitive price of ISP connectivity is not being reviewed under the current BCMR as GAL had requested this many times, and as latest as in May 2022 for the following reasons:
 - i. In comparison to other jurisdictions, the current prohibitive price of ISP connectivity is a barrier for GAL to manage its growing data traffic from mobile phone, 4G broadband, and now including copper / fibre broadband users.
 - ii. The ISP cost on Island is very high in range of 'GBP 75k to 100k+ per 1Gb' as compared to any other jurisdiction in the UK or Europe, for example: there any telco can source 1Gb ISP bandwidth for approximately GBP 20-25k per year.
7. GAL requests GCRA to clarify why the current prohibitive price of connectivity between Jersey and Guernsey is not being reviewed under the current BCMR as GAL had requested this many times including as latest as in May 2022. All the OLOs 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 should be reviewed.
8. GAL requests GCRA to clarify the frequency of BCMR timescales. GAL recommends setting review timescale to at least 2 years for the first two reviews to begin with, and thereafter set a 5-year timescale. Plus, GAL requested GCRA to look at UK example i.e., in UK, leased line prices were reviewed 5 times and reduced by 200% since 2013 i.e., 5 reviews in 9 years. Please refer to this link for more details: [\(Openreach 2022\)](#).

GCRA will understand and appreciate that for a challenger like GAL to be able to compete and provide basic services to its customers, GAL has no choice but to buy many support services (on-island connectivity and off-island connectivity) from its on-island competitors who own more telecom infrastructure.

Therefore, for the reasons and analysis shared above, GAL considers that these inputs will assist GCRA in improving the proposed 'T1621G BCMR decision' easing 'cost of doing business' and facilitating greater competition which in turn should deliver increased choice and lower end user prices, with related benefits for the wider Guernsey economy.

GAL is looking forward to a response from GCRA to each of the above points prior to the final BCMR decision at your earliest convenience.

Guernsey Airtel Limited
12 May 2023