



JT's Non-Confidential Response to  
GCRA Proposed Decision –  
Wholesale Broadband Access Pricing  
(T1652G)

11th July 2023

## 1. Introduction and Response

1.1 JT (Guernsey) Limited (“JT”) welcomes the opportunity to respond the Proposed decision on Wholesale Broadband Access Pricing (the “**Consultation**”). This is a non-confidential response and can be published in full.

## 2. JT Comments

2.1 JT supports the approach taken by the GCRA to set the price control for wholesale broadband access pricing to align with the cost of provision which will benefit Guernsey citizens.

2.2 As mentioned in the consultation, the States of Guernsey 2021 policy letter, “Delivering Next Generation Digitation Infrastructure” sets out a number of factors under the heading “Ensuring competition – the role of the GCRA”. Ensuring wholesale broadband pricing is similar to those available in similar sized jurisdictions and ensuring Guernsey remains competitive, is vital to ensure Guernsey citizens benefit from high quality broadband services at prices that align with other benchmarked jurisdictions.

2.3 Significant Market Power (SMP)

2.3.1 JT agrees with the GCRA that there have not been significant changes in the broadband market that would lead it to carry out a broadband market assessment at this time. Since the 2019 SMP finding, the States of Guernsey (SoG) held a tender process with Sure being awarded the contract to provide an island wide FTTP wholesale broadband network. The FTTP broadband network roll out has been funded in part by the SoG, up to £12.5 million, and the programme is due to run to the end of 2027.

2.3.2 As stated in the Consultation, JT has made significant investments in its Guernsey fibre network, focused on connecting government buildings and enterprises. While JT has installed 1Gb fibre broadband to a small number of businesses and consumers in focused areas, it does not plan to extend its fibre broadband network further and will be utilising the wholesale broadband service provided by Sure to service its customers in Guernsey.

2.4 Ensuring Fair Prices

2.4.1 In section 4 of the Consultation, the GCRA discuss the various approaches that could be taken to set regulated cost-orientated prices. In the conclusion, the GCRA propose using

DCF modelling forecasts, based on Sure's actual demand and cost data, as the most appropriate approach. This approach has been proposed due to the fact that Sure's FTTP network is currently in the process of being built. JT agrees that this approach is the most appropriate.

- 2.4.2 At section 6.6 of the consultation the proposed price cap is estimated at £22.62 per month in 2024 for the average monthly broadband subscription payment, increasing to £26.48 per month in 2028. We assume that the average price is based on the combination of wholesale line rental (WLR) plus wholesale broadband (WBB), as is the case in Jersey. In Jersey the port charge is currently £26.95 (reducing to £24.51 in 2026<sup>1</sup>) and is broken down into WLR at £11.10 and WBB at £15.85. If the Guernsey wholesale cost modelling has not been done on the basis of the two products utilising the FTTH, the proposed pricing would not align with benchmarking in similar jurisdictions (namely, Jersey being the closest island neighbour). We would welcome confirmation that the price control proposed is for both WBB and WLR. If this is not the case, we would like to understand the reasons why.
- 2.4.3 Without access to the information that Frontier has used to assess the 11% reduction highlighted in the Consultation we have been unable to understand the impact on pricing. We would welcome further discussion on the model and how the average price has been calculated for the price control period.
- 2.4.4 We have concerns that the more price sensitive customers could end up paying more than necessary with the method of assessing the average price cap. However, from the information provided in the Consultation we have not been able to carry out an assessment of the entry level price point. We would welcome more information on this aspect.
- 2.4.5 At section 4, the Consultation provides benchmarked data for Guernsey against other countries. From looking at the underlying data in [cable.co.uk](https://cable.co.uk)<sup>2</sup>, it would appear that the comparison has been made against retail pricing but we are unsure if the comparison is based on landline plus broadband or broadband on its own.
- 2.4.6 At 6.5 it suggests that the compliance checking process could be similar to the current

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<sup>1</sup> [t-011-wholesale-broadband-access-services-price-review-final-notice.pdf \(jcra.je\)](https://www.jcra.je/t-011-wholesale-broadband-access-services-price-review-final-notice.pdf)

<sup>2</sup> [Worldwide Broadband Price Research 2023 | Cable.co.uk](https://www.cable.co.uk/worldwide-broadband-price-research-2023)

process for monitoring Sure's adherence to its retail minus control on leased lines. We have not had visibility of the process that is run by Sure to ensure that it complies with its current leased line price control. We note, however, that the new price control proposed for leased lines is not based on a weighted average price but is set per product on a pricing curve and, therefore, we would welcome more transparency on the process the GCRA proposes to run to ensure compliance against the wholesale broadband price control.