



Regulator Concludes ADSL Investigation

The Regulator today (21st November 2002) published notice of a Direction issued to Cable & Wireless Guernsey (“CW&G”) following the conclusion of an investigation into C&WG’s ADSL products, which were announced by the company on 17th September 2002.

“The outcome of this investigation is a set of practical and concrete actions that will help to add variety and choice to the broadband market in Guernsey,” said Regina Finn, Director General of Utility Regulation. “This will facilitate the development of competitive ISP services and give consumers in Guernsey the opportunity to benefit from alternative high speed Internet access offerings”.

A number of aspects of the ADSL products launched by C&WG in Guernsey in October were investigated by OUR to determine whether they were discriminatory, unfair or anti competitive. In some cases no licence breach was found. However, overall, the investigation concluded that there had been unfair discrimination and the Regulator has set out the actions that she believes will remedy this problem. C&WG has now been directed to carry out these actions and, combined with C&WG’s own proposals for the ADSL market, the Regulator believes together these will remedy the breach of licence and move the market for ISP broadband services forward in a positive way.

Notice of the Direction along with a summary of the investigation has been published on the OUR website.

Industry players and customers will now see a number of things happening over the coming months. First, the terms and conditions for the existing C&WG ADSL network products will be revised following consultation by C&WG with ISPs and other end users (e.g. customers).

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Early in 2003, a wholesale ADSL product will be launched for sale to ISPs, comprising an “ADSL self-install” service¹. Following the successful provision of the wholesale service, ISPs, including C&WG, will be able to introduce a self install retail ADSL product. In the meantime, OUR will continue to monitor C&WG’s internal compliance with the non discrimination requirements in its licence in relation to customer information and until the new wholesale product is launched, C&WG ISP customers will be able to switch ISPs with six weeks notice.

“I would like to thank all parties to the investigation for their constructive and helpful input and their timely responses to request for information”, said Regina Finn. “They have shown a commitment to solutions that benefit all players in the market and the co-operation has allowed us to come to firm conclusions in a very short period of time. Guernsey will benefit from this approach by telecoms providers in the market.”

The Regulator also initiated an investigation into the prices charged by C&WG for its ADSL network products after the prices were first announced in September 2002². On 15th October 2002, C&WG announced reductions in prices for its ADSL network products, which were welcomed³. In the light of those reductions, the Regulator has concluded that the prices to end users for ADSL connectivity are now more in line with charges elsewhere and the OUR will now will take these prices into account as part of its ongoing regulation of retail prices for telecommunications services in the Guernsey market.

“The reductions introduced by C&WG were welcomed by all parties in the market and I believe they put Guernsey in a far more favourable position with regard to broadband services”, said Regina Finn.

**ENDS/
21st November 2002**

For further information call the Office of Utility Regulation on 711120. Document OUR 02/40; “ADSL in Guernsey: Summary of Finding in investigation into Cable & Wireless Guernsey’s ADSL Product and Notice of Direction in accordance with Section 27 of the Telecommunications (Bailiwick of Guernsey) Law, 2001” is available from the OUR website at www.regutil.gg

¹ See Notes to Editors for more detail

²Regulator Welcomes Launch of Broadband services in the Bailiwick; **OUR Press release, 17/09/02**, and Document **OUR 02/34**

³Regulator Welcomes Fast Internet Price Reductions; **OUR Press release, 15/10/02**

Notes for Editors

ADSL

ADSL (Asynchronous Digital Subscriber Line) is one of a number of technologies capable of delivering “always-on” connectivity to the Internet at higher speeds than traditional analogue telephone networks. ADSL technology is applied to the existing analogue network to enable customers to continue use their telephone network to make normal voice calls, while at the same time creating an always-on circuit that connects the user to the Internet via a chosen ISP. The download speed of the connection is faster than the upload speed. This makes it particularly well suited for many residential or small business users who wish to access large amounts of information on the Internet (requiring higher download speeds) but only use the net to send small amounts of data, such as emails or regular sized files (uploading).

A detailed description of ADSL including a diagrammatic representation of the ADSL products launched by C&WG in October 2002 is provided in document OUR 02/34 which is available from the OUR website www.regutil.gg.

Scope of OUR investigation

For end users in Guernsey to use ADSL at present they must purchase two products:

- Installation of the ADSL equipment at the user’s home along with rental of the ADSL line on a monthly basis (from C&WG), and
- ISP services (from an ISP offering the service, currently C&WG or Guernsey.Net)

In addition, for ISPs to be able to provide the ISP service to users over the ADSL network, the ISP must purchase a connection to the ADSL network.

The OUR investigation addressed the ADSL network products announced by C&WG only. The investigation did not address the provision of the ISP service by C&WG or Guernsey.Net.

ADSL “Self Install” wholesale product

The ADSL self-install” wholesale product is one that C&WG will sell to competing ISPs (and its own downstream ISP). ISPs will be able to purchase the connection from the end user of ADSL (in their home or business), to the C&WG network. The ISP can then combine this with its own ISP service and sell the total service to the end customer. The ISP may also chose to offer to sell the end user the ADSL modem equipment and install the equipment as part of the overall package. Thus the end user only has to deal with one company – the ISP – for his or her entire ISP service.

ADSL “Self Install” retail product

An ADSL self-install” retail product is one where the end customer can purchase the connection to the C&WG ADSL network and separately purchase and install his or her own ADSL equipment (the ADSL modem or router).

Pricing Investigation

C&WG is required to publish and notify OUR of its prices for new services as described in the OUR press release of 17th September 2002⁴. C&WG is not required to obtain pre approval of the prices and OUR did not approve the prices published on 17/09/02. The price reductions announced on 15th October 2002 were introduced by the company and welcomed by the Regulator⁵.

⁴“GT’s Licence also obliges it to notify the OUR and all other interested parties of its new services and its proposed prices for these services. The OUR will now study GT’s proposed services and prices to ensure that these are transparent, non-discriminatory and cost oriented, covering all reasonable and relevant costs. Should the Director General, after consulting with GT and other relevant parties be satisfied that any published service or price is in breach of the Regulation of Utilities Law, Telecommunications Law or GT’s licence, she may require GT to bring the relevant services or prices into compliance with the law and requirements of GT’s licence.” **OUR Press release: 17/09/02**

⁵ “The Regulator today (15th October 2002) responded to announcements by C&W Guernsey of reductions in the prices for its Broadband services. “I welcome the company’s decision to significantly reduce rental and connection prices both to end users and to ISPs”, said Director General, Regina Finn.” **OUR Press Release: 15/10/02**