



**JT's response to CICRA's Review of Price Control**

**for wholesale-on island Leased Lines**

**Jersey and Guernsey**

**16<sup>th</sup> April 2015**

## **1. Introduction**

1. This response is provided by JT (Jersey) Limited and JT (Guernsey) Limited referred to jointly as JT. JT welcomes the opportunity to provide its views on consultation.

## **2. Response to Jersey and Guernsey consultation questions**

**Q1. Do you agree with the JCRA's/GCRA's proposed to implement a retail minus price control, strengthened by supporting remedies? If not, what alternatives do you suggest?**

JT agree with the proposal to implement a retail minus price control and are happy with the thorough analysis carried out by the JCRA's/GCRA's consultants.

**Q2. Do you agree that the control should be set ex ante? If not, why not?**

Yes.

**Q3. Do you agree that the control should apply to all wholesale on-island leased lines? If not what alternatives do you suggest?**

Yes.

**Q4. Do you agree that the control should apply to each wholesale on-island leased line? If not what alternatives do you suggest?**

JT agree that the control should apply to each wholesale on-island leased line. JT are not in favour of a portfolio approach as, although it provides more flexibility on pricing, the management of pricing and the demonstration of compliance of the control becomes more complex for the incumbent operator.

**Q5. Do you agree that every retail on-island leased line product offered by Sure and JT must have a wholesale equivalent? If not, what alternatives do you suggest?**

Yes.

**Q6. Should all retail price discounts and temporary promotions be mirrored in the wholesale level pricing? If not, what alternatives do you suggest ?**

No. JT agree with the JCRA and GCRA's view that retail discounts and promotions should not have to be made available at the wholesale level.

**Q7. Do you agree that the control should be set as a fixed percentage? If not, why not ?**

JT agree that the control should be set at a fixed percentage of the retail price. A fixed percentage makes it easier for the incumbent operator to manage and to ensure compliance against the control.

**Q8. Do you agree that retail minus 20% is an appropriate margin? If not, what alternatives do you suggest?**

JT agree that retail minus 20% is an appropriate margin.

**Q9. Do you agree that it is not appropriate to use the price control mechanism to address differential pricing? If not, why not?**

JT agree that it is not appropriate to use the price control mechanism to address differential pricing.

**Q10. Do you agree that the term of the price control should be aligned with the market review cycle? If not, what alternatives do you suggest?**

Yes.

**Q11. Do you agree with the JCRA's/GCRA's proposed use of supporting remedies? If not, why not?**

Cost Accounting/accounting separation – JCRA/GCRA are consulting separately on the separated accounting regime in the Channel Islands and any proposed changes to the regime that relate to leased line reporting should be included in that consultation process. JT will participate fully in that process and will comment on any proposed changes to the separated accounts at that time.

Transparency – while JT understand the reasoning behind the transparency obligation and the suggestion for reporting we are concerned on the frequency suggested for reporting and believe that quarterly reporting will be over burdensome. We would suggest that 6 monthly reporting would be more appropriate, this is especially the case as the movement in leased lines is fairly static with little change in numbers in a six month period.