



22nd February 2012

Our ref GDP.26.3.8

Mr John Curran
Director General
Office of Utility Regulation
Suites B1 and B2 Hirzel Court
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Dear John

Representations re C&WG's IP Feed Product (CICRA 12/15)

I write to object to the proposal to grant C&WG an exemption from the need to give advance notice of changes to its IP Feed product pricing.

As we raised in our response to OUR 11/13 (changes to C&WG's licence conditions) we believe that substantial barriers to entry exist for new entrants to the Guernsey telecommunications market and that firm control must be maintained over C&WG, as the dominant operator, until such time as adequate competition is established. We also expressed concern that any weakening of C&WG's licence conditions would be premature ahead of the outcome of the pan-island consultation on wholesale access products which is examining the issue of cost and prices.

We were disappointed that the decision was taken to give C&WG the opportunity to request relaxation of its obligations re price change notifications and are unsurprised that C&WG has made a request of this nature so soon after the change to its licence conditions came into effect.

With regard to IP Feed products in particular. We take the view that these are a particularly important product for the development of the Bailiwick's economy. For business users today, access to the internet is of vital importance; undoubtedly of even greater importance than the use of private circuits for inter-office communications. There has never been any question that C&WG, as dominant provider, should not have to fully publish and give adequate notice of changes to its private circuit prices. Therefore we can see no reason why its IP Feed business should be any different.

Further, we note and call into question the method by which C&WG publishes its IP Feed prices. A search of the C&WG web site today failed to locate any technical specification or pricing information for these.



We disagree with the view that there is adequate actual and potential competition in the market. The acquisition of Newtel's Guernsey business by Jersey Telecom reduced the number of suppliers that can provide IP Feed type services, without reliance on C&WG wholesale access, to just two. Arguments that two operators represent sufficient competition in a small market were put forward at the time a third mobile licence was considered and such arguments were not upheld.

Given the situation whereby Jersey Telecom acts as a new entrant in Guernsey while C&W acts as a new entrant in Jersey, we do not see why reducing the obligation on C&WG would encourage innovation. The temptation for the two parties is just as likely to be to maintain high prices while they redistribute their customer bases across the whole of the Channel Islands.

Also, given the very substantial barriers to market entry created by the lack of access to submarine dark fibre, the majority of which is either owned or occupied by C&WG and Jersey Telecom, we do not agree with the argument that there is sufficient potential competition.

Further, we note that, when C&WG did publish IP Feed information, its largest on price list product was a 40Mbps service; yet Nx100Mbps services have been provided, especially to customers in its data centres. Such off price list and opaque arrangements must at least give the opportunity for abuse of position. In the mean time, we continue to see out of data centre IP Feed prices that are substantially higher than elsewhere; prices that we believe are suppressing demand and holding back the local economy.

We feel that if C&WG was required to publish prices for a full range of IP Feed products, there would be greater debate about the price of such services and more visibility of the true demand. Such visibility would encourage new entrants and innovation. In turn it would strengthen the ability of local businesses to operate in the digital world.

On this basis we oppose C&WG being granted exemption from giving advance notice of changes to its IP Feed product prices and encourage greater transparency of this aspect of its business.

Yours sincerely

Patrick Devine

Head of Telecommunications
LP Telecoms Limited