OFFICE OF COMMUNICATIONS

MEMO

To:	BT: Alan Lazarus Fibre Options: Mark Trojacek First Mile Networks: John Francis Nolan GTC: Mike Harding, Adriaan Van Jaarsveldt Home Builders Federation: Dave Mitchell IFNL: Andrew Robinson KCOM: Brian Gilbert Land Securities: Andy Freeman, Richard Cadman Peel: Stuart Thorley Quintain Estates: James Saunders SEEDA representing RDAs: David Cooper Titanic Docks: Stewart Jones
From:	Chinyelu Onwurah
Date:	7 August 2008
Ref / Subject:	**Ofcom New Build Roundtable**

Agenda

- Introduction – Stuart McIntosh
- Next Generation New Build Consultation – Chinyelu Onwurah
- Industry perspectives
    - IFNL
    - First Mile Networks
    - Quintain
    - BT
- Discussion
- Conclusion & next steps – Stuart McIntosh

Key points

The Roundtable opened with Stuart McIntosh, the Chair, facilitating introductions and setting the context for, and the objectives of, the session. Next, Chinyelu Onwurah gave an overview of the April consultation document, stakeholder responses and Ofcom's emerging policy positions. The slides for these sections are attached. There then followed a lively discussion between all parties including presentations from IFNL, BT, Quintain and First Mile Networks. Points made tended to focus on a small number of key issues:

Standardisation of wholesale access

- The Home Builders Federation commented that they were accustomed to standards being a part of regulation – builders differentiate their product by improving on regulated standards.

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- Ofcom emphasised that it does not believe it is appropriate for Ofcom to set technical standards in this case, but look to do all it can to facilitate standardisation
- All present supported standardisation and Ofcom's role in it, however there were also concerns raised around the length of time it will take to develop standards, and that fibre is being deployed in some cases before standards are established
- There was also discussion about the requirement for a B2B provisioning and service assurance interface that could be utilised by CPs when connecting to a fibre network. All infrastructure providers should use a common design of interface to allow CPs to connect to all, however small with the minimum of effort.

Access to the emergency services in the event of power failure

- A number of different concerns about battery backup were highlighted:
- Land Securities warned that consumers should not be given the impression that they will always have lifeline services – doing so does not take into account that there can be circumstances where the battery may fail. Customers need to be educated about this issue
- Land Securities also highlighted that battery back up is a massive cost and technical issue
- GTC suggested that the battery needs to be charged and the most vulnerable consumers may not be able to pay for the energy required to do this
- IFNL believed CPE will evolve and the current size and costs of battery back up will come down
- IFNL also suggested that challenges would emerge if consumers were given a choice about opting in or out of battery battery backup when moving into the premises. If the first owner opts out of a battery, the next owner would also be without it, and a retrofit may be required.
- Both IFNL and Titanic Quarters are offering battery backup in their first deployments.
- It was generally agreed that the requirement could be comparison with fire alarms – consumers needed to learn how to replace them for themselves.

CP/SP involvement

- All infrastructure providers present are having significant problems attracting CPs to their networks. So far Openreach in Ebbsfleet has BT Retail as service provider and IFNL expect three CPs on their network as of next week, but not the big players.
- Attracting CPs was considered to be an issue of volume
- IFNL and Quintain are considering a central point of interconnect to their networks to help with the issue of volume
- IFNL suggested that for big CPs the interface with the network matters – they do not want to have to treat fibre different from copper and want to use the same customer service staff
- Quintain noted that it was very difficult to get the attention of large CPs/SPs if you only have 500 to 1000 homes, but noted that there was interest from providers in what is going on
- Peel said they were facing exactly the same challenges

- FMN said it was essential to get CPs and SPs around a table to go through the issues of service provision and the opportunity new build represents
- There was clear consensus that those present were committed to open access on equitable terms
- FMN proposed an independent, University-run testbed for CPs and SPs to test interconnection including services and management.
- There was general agreement that parallel discussion with CPs/SPs were necessary and Ofcom could potentially help to facilitate.

Universal Service Obligation

- There was general recognition that commercial access is needed for providers with USO obligations to be able to fulfil them over the networks of alternative providers
- BT pointed out that the USO obliges it to deliver service over new build and that it is therefore in a unique position. BT emphasised that it wishes to work with other infrastructure providers to deliver service, on fair and reasonable terms

Consumer education

- There was consensus that consumer education before and during new build service delivery was essential
- The message should be positive, but consumers needed to understand both the benefits and challenges that the move to next generation access represented
- Expectation and up-front awareness is key

Sizing the New Build Market.

- HBF said that before the credit crunch new builds were around 165k per year, with a Government target of 240k per year from 2016 onwards.
- Since the credit crunch current new build has reduced significantly but given that the Government target has remained consistent, this is likely to mean much higher build rates when the industry recovers.
- Land Securities emphasised that much new build was in-fill: 50% in developments of less than 100 homes. All of this continued to be copper rather than fibre.
- There were calls for practical measures to help extend fibre new build to infill.
- Quintain emphasised they were looking at different technology mixes to deliver services in new build, and piloting different solutions.

Conclusions

1. We need to make clear in the statement and industry needs to make clear to customers that battery backup is something different from line power, and the customer experience will be different. Who/how this should happen remains to be determined. There is concern over battery backup costs, but also the likelihood that costs will fall.

2. All industry providers have strong commitment to standards, open access and equitable terms

3. All infrastructure providers are facing real challenges in achieving CP/SP involvement - can Ofcom help to kickstart this?

4. Consumer information and education is required – potential role for Ofcom to provide guidance and monitor implementation
5. USO delivery in new build would be helped by a commitment from BT to take a wholesale standardised access product and from infrastructure providers to offer such a product
6. New build fibre relationship with in-fill needs to be explored

Actions

1. The notes to be published on Ofcom website under NGA
2. Ofcom to organise a CP/SP roundtable focusing on New Build. This will take place after the publication of the New Build statement.
3. Ofcom to prepare some principles for Standardised Wholesale Access for New Build to be agreed by infrastructure providers prior to CP/SP roundtable
4. Consumer education: Housing developers to share their key marketing messages and Ofcom to provide guidance and monitor implementation.