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Dear Justin

Next Generation Networks: Further Consultation

A brief response from the Broadband Stakeholder Group to the above consultation is attached. As you will see, this focuses primarily on the future role of a multi-lateral industry group, referred to as 'NGNCo'.

I trust that the slight delay in submission of this response will be acceptable and I would offer the BSG's support in developing your thinking around the structure and scope of such a group.

Yours sincerely

Malcolm Taylor
Chairman, BSG Regulatory Affairs Group

Response to Next Generation Networks: Further Consultation

Introduction

The BSG has acted as a key advisory group on promoting the roll out and take up of broadband services since 2001 and its membership has increasingly become representative of the complete broadband value chain, such that it now covers network and service providers, equipment suppliers, members of the content industry, central Government departments, local government, regional development agencies, consumer representatives, trade unions and trade associations.

Throughout this period, a key theme of the BSG has been that there needs to be an improvement in the investment climate for new infrastructure, such that the UK's communications networks continue to meet consumer demands for next generation services. Fundamentally, this requires a regulatory environment where the significant levels of investment risk involved in the provision of next generation networks will be rewarded with appropriate financial return over an extended period; i.e. the regulatory environment should offer as much certainty as possible.

Hence, the BSG welcomes Ofcom's recognition of the need for an improved investment climate and it acknowledges the work streams that Ofcom has underway to address this point.

The BSG would continue to urge Ofcom to develop its '*clear policy framework*' for the regulation of NGNs in the context of the complete, end to end value chain. In this respect, the BSG recognises that, in this consultation, Ofcom has concentrated on core NGNs, with a bias towards network, as opposed to service, issues. However, the BSG understands that Ofcom plans to consult on the interrelated issue of next generation access shortly and also to address service issues in a further consultation.

Specific comments

Various BSG members will have responded individually to the full set of questions posed in the consultation document. The BSG does not propose, therefore, to answer individual questions and it would not be appropriate for it to do so.

It has, however, agreed that it should comment on Ofcom's proposal for the establishment of a multi-lateral industry group (referred to as 'NGNCo'). As indicated above, the BSG believes that Ofcom's '*clear policy framework*' should ensure that innovation and new network investment will occur ahead of, rather than lag behind, the demand curve for next generation (converged) services – which will result from a combination of consumer demand, advances in the capabilities in consumer equipment and content development. This will, inevitably, lead to moves away from historic business models and to different market structures and consumer protection requirements.

To allow the market to operate as effectively as possible, the BSG agrees that it would be inappropriate for Ofcom "*to become involved in increasingly detailed management*

of the move to NGNs” and Ofcom should, perhaps, use the proposed multi-lateral industry group to address a wider range of issues than those proposed in this consultation document.

In summary, the BSG supports the establishment of such a group but it believes that Ofcom’s view of its role might be too narrow; i.e. it should probably do more than *“take ownership of the transition from existing to NGN networks, including operational planning and oversight, end user communication, and development of new models for interconnection”*. Perhaps it should act as a vehicle for bringing next generation content and service providers together with network operators to ensure, for example, that future interoperability/interconnection issues are identified from these different perspectives? Furthermore, key requirements of the consumer and consumer equipment parts of the value chain need to be factored in.

If Ofcom sees value in an industry group with wider scope, the BSG would be willing to work with Ofcom to review its scope and structure. In any event, the industry should not expect Ofcom to define its scope and structure in isolation.

Otherwise, the BSG supports Ofcom’s proposals for an expanded role for NICC within the NGN technology standards and protocols area and for an ongoing role for Consult21, although some BSG members have suggested that its membership should be reviewed and be more than just BT and its existing wholesale customers.

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