

Protecting access to emergency organisations when there is a power cut at customers' premises

Office of Communications (Ofcom)

RPC rating: validated

Description of measure

The Regulator explains that guidance has been provided to relevant Communications Providers (CPs) as to whom they should target the provision of battery backup or other protection facilities to allow consumers to contact the emergency services in the event of a power cut to the home. While traditional phone lines continue to work during a power cut, as power is provided by the equipment in the local exchange, the introduction of optical fibre technology and the migration of conventional telephony to voice over broadband services has led to the need for local mains power to run the necessary broadband equipment.

While Ofcom's previous stance had been for all consumers to be provided for by the CPs, the proposal covers new guidance that recommends only providing battery backup or other protection facilities to vulnerable consumers. The measure therefore reduces the numbers of households that need protection facilities, providing a benefit to CPs of no longer having to provide for all.

Impacts of proposal

The measure affects all 200 plus fixed line communications providers offering voice (telephone) services. The guidance, implemented in October 2018, means that businesses would now have to provide battery backups to considerably fewer households than prior to the guidance being issued. In terms of the number of households the new guidance affects, the regulator assumes the following:

- Costs for Battery Backup units are assumed as a cost to the CP of around £10 per unit;
- Ofcom's Communications Market Review in 2017 indicated that 4% of premises didn't have a mobile phone and therefore dependent on the landline. An assumption is then made that over the next 7 years the number of those reliant solely on their landline will decrease further from the current 4%. However, due to other factors (such as having priority fault repair because they are dependent on their fixed telephone) Ofcom have conservatively

assumed the number of premises that may require protection facilities would be between 5%-8%.

- Ofcom's most recent Connected Nations Update estimates a total premises base of 29.5 million properties.
- From this Ofcom estimates that around 5% of premises have full fibre lines with an associated voice service that already have battery backup, while a further 10% of premises may not require protection, for example as they are business premises, thereby lowering the total number of properties to nearer 25.1m.

Ofcom therefore estimates that between 1.3m to 2.0m properties (5% to 8% of 25.1m) may require, or be classified as requiring, battery backup or other protection facilities. This leads to a total cost to CPs of between £13m to £20m (undiscounted) to provide battery backup over the 7-year timeframe. When compared to the cost of previously protection of £96m (undiscounted), Ofcom estimates a benefit to businesses ranging between £76m and £83m over the 7-year period.

Quality of submission

Ofcom provides a clear breakdown of the estimated impacts to business, supported by extensive consultation with industry on the issue of protection facilities of vulnerable consumers. Ofcom have been able to clarify on a number of points, including the engagement with business over several years, to provide assurance to the RPC that its assumptions and estimates are sufficiently robust. The RPC also sought clarification on transition costs, in particular costs identifying vulnerable customers. Ofcom have provided clarification which explains that they believe costs to be low due to future roll outs and the scheme not requiring providers to change their approach. As well as these points of clarification, Ofcom have also clarified the uses of 7 years and 5 years, the policy has a life of 5 years, whereas the BIT score was calculated over 5 years. The RPC welcomes the additional clarification and suggests that the IA would have benefited from the inclusion of this narrative to strengthen Ofcom's estimates of costs.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£9.9 million
Business net present value	£46.2 million

Overall net present value	£46.2 million
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RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANDCB – RPC validated	–£9.9 million
Business Impact Target (BIT) Score	–£49.5 million