

competition, would be prohibited by the proposed condition to maintain effective competition.

Condition 17A - Differential Charging. This condition was inserted to give BT greater flexibility to reduce call tariffs to fully allocated costs. Special rules on discounting are now no longer appropriate.

Condition 22 - Prohibition of preferential treatment. This condition requires BT's systems business not to give preferential treatment to any apparatus supply business which it may have.

Condition 25 - Charges for the maintenance of certain exchange lines. This requires BT to publish charges for the maintenance of certain exchange lines and justify any charge differential by quality of service.

Condition 35 - Prohibition of linked sales. The condition prohibits linked sales other than in certain limited circumstances.

Condition 36 - Prohibition of non-statutory testing arrangements. This condition prohibits certain exclusivity arrangements in the purchase of BT telecommunications apparatus.

Condition 40 - Prohibition of non-statutory testing arrangements. This condition prevents BT from imposing tests on apparatus to be connected to its network, over and above those required for apparatus approval under the provisions of the Act.

Condition 42 - Limitations on integrated wiring situated on Served Premises. This condition prevents BT from installing its wiring in such a way to prevent work on other systems installed on the premises.

Condition 44 - Limitations on certain maintenance arrangements. This condition covers the publication of charges, terms and conditions for maintenance services which the customer can obtain only from BT.

Part II: Control of BT's Prices

Control of General Prices (Condition 24A)

The proposed modification would restrict the scope of the price control on BT to prices for residential customers only. Prices for services to business customers would no longer be suited to price control. Furthermore, the calling profiles used to weight price reductions in each individual service, or "Revenue weights", would relate only to revenues from that service earned from customers whose bills are equal to or less than the highest bill in the eighth decile of all residential customers when ranked on the basis of the amount billed by BT to residential customers for price controlled services. A price change in a service used heavily by the first eight deciles of BT's residential customers would thus go further to meeting its price control obligations than one used only sparingly by such customers.

The modification would protect low volume business users by requiring BT to offer a package to business customers which is at least as favourable (for equivalent usage) as one in which the line rental is capped at RPI +0% and is set initially at £35 (as increased by RPI during the period before 1st August 1997) and call charges are the same as those offered under the residential customer reference tariff. This particular modification may not be necessary if BT is able to provide satisfactory public assurances to OFTEL as to the protection it will offer to its small business customers.

If BT fails to meet its price control obligations in the any price control year (including the final price control year), it would be required to make such changes to its controlled prices in that, or the following, year as may be reasonably required to satisfy the Director that the matter had been remedied.

Control of Private Circuit Prices (Condition 24B)

The proposed modification would divide private circuits into four distinct groups for price control purposes. Analogue private circuits and digital private circuits of a capacity of 64 kbit/s or less would be priced into separate baskets and each made subject to an RPI + 0% price cap. Digital circuits with a capacity of over 64 kbit/s would be removed completely from price control. In the case of international private circuits, BT would be obliged to ensure that no price for an individual route increases by more than RPI.

Treatment of Packages (Condition 24C)

BT is currently required to forego a minimum amount of revenue each year by offering discounts to its customers, whether business or residential. The proposed modification would reduce this minimum, but require that it be met only through discounts to residential customers. The level of these discounts, when expressed as a percentage of undiscounted revenues, would have to be greater than or equivalent to the value of discounts offered to BT's residential customers for the year ended 31st July 1996 (known as the "Score"), and expressed as a similar percentage. If the discounts offered in the final year of the price control period do not match or better the Score, BT would have to reduce its undiscounted prices in that year to compensate.

Part III: Service Provider

Paragraph 1(yA) in Part 1 of Schedule 1, the definition of 'Relevant Service' would be deleted and replaced with a definition which covered all services provided by means of the Licensee's Applicable Systems (as defined in Annex A of the BT licence) other than Network Services.

Sub-paragraph 15.3 to 15.9 inclusive of Condition 15 would be deleted.

The term 'Network Service' would be defined in Condition 18.3 of the BT licence, so as to give effect to the considerations set out in paragraphs 22 to 24 above, including a provision under which the Director and BT would agree, following consultation with Interested Parties (a term defined Condition 16B, 10 of the BT licence), that a service should be provided by BT as a Network Service. Sub-paragraph (d) of the definition of 'Systems Business' would be deleted and replaced with a reference to the provision of Network Services, preserving the saving with respect to the generality of sub-paragraph (a) of that definition.

A provision would be inserted after Condition 1.3 obliging BT to maintain a list of services agreed to be provided as a Network Service, a copy of which would be provided to the Director 14 days after agreement has been reached. The list would also be published by BT in accordance with its existing obligations under Condition 16.3.

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CONTROL OF POLLUTION ACT 1974, SECTION 36(1)(a)

NOTICE OF APPLICATION FOR CONSENT IN PURSUANCE OF SECTION 34

NOTICE is hereby given, in accordance with Section 36(1)(a) of the Control of Pollution Act 1974, that the following application for Consent to Discharge has been received by the Scottish Environment Protection Agency.

RP2/2B/96/023 Tobson Fish Farms, 6 Maaruig, Isle of Harris, to discharge trade effluent from the production of up to 50 tonnes per annum of Atlantic Salmon at Tob Valasay, Loch Roag, Isle of Lewis at National Grid Reference NB 144 78.

RP2/2B/96/024 Tobson Fish Farms, 6 Maaruig, Isle of Harris, to discharge trade effluent from the production of up to 1,600 tonnes per annum of Atlantic Salmon at Kyles Valasay, Loch Rog, Isle of Lewis at National Grid Reference NB 145 359.

RP2/2B/96/025 Tobson Fish Farms, 6 Maaruig, Isle of Harris, to discharge trade effluent from the production of up to 1,600 tonnes per annum of Atlantic Salmon at Port Mor, Keava, Loch Roag, Isle of Lewis at National Grid Reference NB 192 343.