

POSTAL SERVICES ACT 2000

Sections 11 and 13

Licence granted to Royal Mail Group plc

Schedule 2 Part 8 Condition 21

Direction in relation to Automated Standard Tariff Large Letters Service

Whereas:

- (1) Royal Mail Group plc (“Royal Mail”) is the holder of a licence (“the Licence”) granted on 23 March 2001 by the Postal Services Commission (“Postcomm”) under section 11 of the Postal Services Act 2000 (“the Act”);
- (2) The Licence was amended on 1 April 2003, 2 November 2005 and 25 May 2006;
- (3) Condition 21 in Part 8 of Schedule 2 to the Licence (“Condition 21”) contains a list, in paragraph 38, of the postal services provided by Royal Mail which are subject to controls in relation to the prices that may be charged for them;
- (4) Paragraph 38 in Condition 21 also provides that the services which are subject to price controls (the “Controlled Services”) include services which are substantially similar to the services listed in that paragraph and that any question as to whether or not a service is substantially similar to a service so listed shall be determined by such direction as may be issued by Postcomm;
- (5) On 31 October 2006 Royal Mail submitted an application for a direction by Postcomm as to whether or not a service then described as “Standard Tariff Machineable Large Letters”, and now known as “Automated Standard Tariff Large Letters” (“the ASTLL service”), is

substantially similar to a Controlled Service listed in paragraph 38 of Condition 21;

- (6) A description of the ASTLL service is set out in Royal Mail's 31 October 2006 application which is available on Postcomm's web site;
- (7) On 15 December 2006 Royal Mail notified Postcomm of its intention to launch the ASTLL service from 2 April 2007;
- (8) Postcomm has considered the arguments put forward by Royal Mail to the effect that the ASTLL service is not substantially similar to any Controlled Service and in doing so has had regard to its duties under the Act, to the underlying reasons for including services within the price control in Condition 21 and to the evidence provided by Royal Mail as to the nature of the ASTLL service;
- (9) Postcomm noted in particular that the ASTLL service is intended to convey sub-sets of the letters which, depending on a user's choices as to first or second class delivery standards and as to whether to pay by meter, or in the same manner as for PPI services, would otherwise be conveyed by one of those services, and is intended to convey those letters in very much the same manner as if those services were used.

Now, therefore, pursuant to and for the purposes of paragraph 38 in Condition 21 in Part 8 of Schedule 2 to the Licence, Postcomm by this direction hereby determines as follows.

1. This Direction shall be interpreted in the same manner as the Licence.
2. Dependent on user choices as to delivery standard and method of payment, services provides by Royal Mail as ASTLL services are substantially similar to the Controlled Services shown in the following table –

ASTLL choice	Similar Controlled Service	
First Class Metered	2	First Class Metered
Second Class Metered	4	Second Class Metered
First Class PPI	12	First Class Postage Paid Impression (PPI)
Second Class PPI	13	Second Class Postage Paid Impression (PPI)

The seal of Postcomm hereunto
affixed is authenticated by –

Authorised for that purpose by
Postcomm

Date: 12 February 2007