



15th December 2006

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**CONDITION 7 NOTIFICATION:
Launch of Automated Standard Tariff Large Letter product**

Dear Derek,

Further to Royal Mail's application for a direction from Postcomm (Oct 2006) and in accordance with Condition 7 of the Royal Mail's licence I am writing to formally notify you, that on 2nd April 2007, Royal Mail will be launching a new service called Automated Standard Tariff Large Letter (previously known as Machineable Flats).

A copy of this letter has been sent to Postwatch and will be published on Royal Mail's website within four working days.

This product has been developed to meet customer demands to increase cost savings from their mailing activity. This product fits with Royal Mail's strategy to invest in automation and pass back the consequent benefits to customers where items are machineable and fit the specifications outlined below.

Product Features

The product features have been previously outlined fully in the application for direction to determine whether this new product is substantially similar to an existing price controlled service. They are summarised below.

- 1st and 2nd class service for Large Letters that meet the machineable specification,
- Lower prices than standard tariff,
- Payment via PPI or meter,
- Free Business Collection for customers spending more than £15k per year,
- Undeliverable items with a full postal return address will be returned free of charge,
- Q of S target consistent with STL (PPI 1st & 2nd)

Access

- Minimum volume of 250 items per site/per day,
- Items must meet design guidelines and fall within the following parameters:
 - Weight 50¹-750g
 - Length 229mm – 324mm
 - Width 162mm – 229 mm
 - Depth 1mm – 10mm
 - Paper envelopes only
- Items must be presented faced in labelled trays, segregated by class
- A minimum of 95% of items must be fully and accurately addressed and postcoded.
- Electronic ordering only (paper posting cheques are not allowed)
- 24 hours notice required

Pricing

Pricing will be applied according to the Rate Card for Automated Standard Tariff Large Letter.

Weight	1 st Class (per item price)	2 nd Class (per item price)
50 – 100g	41p	33p
101 – 250g	61p	50p
251 – 500g	85p	70p
501 – 750g	122p	102p

Compensation

Compensation for delay, loss and damage will be included in the relevant postal schemes:

- PPI Customers – Bulk compensation scheme

¹ 50g weight required to enable machineability.

- o Meter Customers - Retail compensation scheme

Full details of this product, including Terms and Conditions will be posted on Royal Mail's website by 31st January 2007.

Yours sincerely,

A handwritten signature in black ink, reading "M Waples". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mark Waples
Regulation & Commercial Policy Manager