



Commission for  
**Communications Regulation**

# **Amendment to Bitstream Managed Backhaul and NGA Bitstream Plus usage charges**

**Information Notice**

**Reference:** ComReg 14/116

**Date:** 03/11/2014

## Update to Eircom Bitstream Service Price List

1. The Commission for Communications Regulation ('ComReg') notes Eircom Limited's ('Eircom') proposed amendment to its pricing structure for the wholesale Bitstream Managed Backhaul usage charge and the NGA Bitstream Plus usage charge.
2. Recent discussions between ComReg and operators indicate that the bandwidth requirements continue to increase rapidly for operators as consumers use broadband-based applications in an increasingly sophisticated manner. Operators have consequently experienced a significant step-change to the forecast year-on-year growth.
3. The proposed Eircom approach should provide operators with greater predictability regarding the charges they are likely to face as their average broadband usage level per customer evolves.
4. Further to the responses received to ComReg's Call for Input (ComReg Document 14/18<sup>1</sup>) and subsequent discussions, ComReg appointed TERA Consultants ('Tera') to provide a report to ComReg that would:
  - a. Demonstrate how network costs varied as throughput levels increased (including to what extent backhaul costs varied between Current Generation and Next Generation services); and
  - b. Outline a number of potential pricing methodologies that would allow network costs to be recovered using a number of alternative pricing structures.

A non-confidential version of Tera's report is included in Annex 1 to this Information Notice.

5. Based on the available information to date, ComReg considers that there is no reason to intervene in respect of the price amendments at this time.
6. Pursuant to ComReg Decision Document D06/11<sup>2</sup> and Eircom's transparency obligations, with respect to Bitstream Managed Backhaul, Eircom has published information relating to the proposed amendment two calendar months prior to implementing the proposed amendment. The date on which the proposed wholesale price change for Bitstream Managed Backhaul is due to come into effect will be on 1 January 2015.

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<sup>1</sup> ComReg Document No. D14/18 - Call for Input: Current and future projections on throughput.

<sup>2</sup> ComReg, "Market Review, Wholesale Broadband Access (Market 5)", ComReg D06/11, section 10.3 of the Decision Instrument contained in chapter 8 as amended by ComReg Decision D11/14.

7. Pursuant to ComReg Decision Document D03/13<sup>3</sup>, with respect to NGA Bitstream Plus, ComReg normally requires three calendar months between publication of information relating to an amendment that results in a price increase and its implementation. However, where appropriate, this requirement and related timelines can be deviated from at the discretion of ComReg.
8. ComReg has agreed to Eircom's request for a derogation from this pre-publication period in this instance from three to two months. ComReg notes that Eircom proposes that where operators experience a price increase on usage charges under the proposal compared to the extant NGA usage charge (i.e., €10 per Mbps) that it will offer rebates for usage in January, February and March 2015 to those operators. Consequently, operators should not experience an effective price increase in NGA Bitstream Plus and it is on this basis that the derogation is afforded.
9. Pursuant to the derogation provided for in ComReg Decision Document D03/13 and Eircom's transparency obligations, with respect to NGA Bitstream Plus, Eircom has published information relating to the proposed amendment two calendar months, prior to implementing the proposed amendment. The date on which the proposed wholesale price change for NGA Bitstream Plus is due to come into effect will be on 1 January 2015.

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<sup>3</sup> ComReg, "Next Generation Access ("NGA"): Remedies for Next Generation Access Markets" ComReg D03/13, section 9 and 11 of the Decision Instrument contained in Annex 2.