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ComReg consults on a retail price cap as a remedy on fixed narrowband access markets

The Commission for Communications Regulation has today invited views from the public and industry on possible scenarios for applying a retail price cap to fixed narrowband access markets, if deemed necessary.

This Consultation follows Consultation 06/39 “Market Analysis – Retail Narrowband Access Markets” issued on 17 August which provisionally assessed the level of competition in fixed narrowband access markets and found *eircom* to be dominant in the provision of fixed access. This covers mainly access to copper exchange lines, basic rate ISDN services and higher speed ISDN services.

A price cap based on a basket of telecommunications services has been imposed on *eircom* since February 2003. At that time, ComReg concluded that the maximum average price increase for the services subject to the cap should be the rate of inflation. This approach has succeeded in reducing the overall basket of communications prices, in contrast to the general rise in other consumer prices.

ComReg believes that in the absence of some form of a price cap to address *eircom*'s dominance consumers could face rises in line rental and connection charges. If regulation of the closely related retail fixed calls markets is determined ultimately to be appropriate, ComReg will consult separately as to whether a retail price cap is still necessary and appropriate in respect of call markets.

This consultation paper will allow stakeholders to comment on the relevant issues and scenarios outlined, and will provide ComReg with information to allow it decide the most appropriate regulatory response should it determine as final, following consultation, that a retail price cap continues to be necessary. ComReg will give careful consideration to all comments received before deciding whether or not to implement any of the scenarios outlined.

The consultation is open until 29 September 2006 during which the Commission welcomes written comments from all interested parties. The consultation document ComReg 06/41 is available on the ComReg website www.comreg.ie.

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