



**Media Release- 30 August 2004**

## **ComReg sets price for eircom's Local Loop Unbundling (LLU) Charges**

The Commission for Communications Regulation (ComReg) today issued a draft decision to fix eircom's charge for Local Loop Unbundling (LLU) at €14.65 per month.

Given the time that it has taken to reach a conclusion on this matter and in the interests of certainty, ComReg proposes that this price would remain fixed in real terms until 1 December 2007.

ComReg has today issued two papers in relation to LLU. In the first document (ComReg 04/90), it concludes that eircom should be allowed to recover only the efficient costs of running the network. eircom has consistently disagreed with this approach. In the second (ComReg 04/91) ComReg proposes to direct a price of €14.65 which is consistent with these principles.

In May 2003, ComReg directed eircom to amend its LLU price to €14.67 per month. eircom had proposed a price that was significantly higher. That decision was challenged by eircom in the High Court. ComReg and eircom subsequently settled these proceedings. One of the terms of that settlement was that ComReg would initiate a new process for LLU pricing. The then prevailing price of €16.81 was left in place pending the availability of a new price. That process is now complete and a new price has been set.

In April 2004, ComReg published its conclusions arising from its review of the market for Local Loops. eircom was found by ComReg to have significant market power. Obligations were imposed on eircom by ComReg, including obligations relating to cost recovery, price controls and the obligation for cost orientation of prices. ComReg's findings were notified to the European Commission.

The Chairperson of ComReg, John Doherty said: *“Resolution of this matter is long overdue. While acknowledging the steps taken by management to address eircom’s efficiency, ComReg has, in arriving at this price, factored into its calculations the need for continuing and accelerating efficiency improvements in eircom”*

Comments on the draft direction are invited, on or before, 28 September 2004.

Full details are available under ComReg 04/90 (Response to consultation) and 04/91 (Draft direction) at the publications section on the ComReg website.

#### **NOTE FOR EDITORS**

The local loop is the copper connection between a local telephone exchange and a customer’s premise. The vast majority of local loops are owned by Eircom. Eircom is legally obliged to give access to other operators to these loops so that they may provide their own services to customers. This is the process known as local loop unbundling.

**ENDS**

**Issued By**

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