



An Coimisiún um  
**Rialáil Cumarsáide**  
Commission for  
**Communications Regulation**

# Eircom's proposed Bitstream prices further to ComReg Decision D11/18

## Information Notice

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**An Coimisiún um Rialáil Cumarsáide**  
**Commission for Communications Regulation**

1 Lárcheantar na nDugaí, Sráid na nGildeanna, BÁC 1, Éire, D01 E4X0.  
One Dockland Central, Guild Street, Dublin 1, Ireland, D01 E4X0.  
Teil | Tel +353 1 804 9600 Suíomh | Web [www.comreg.ie](http://www.comreg.ie)

## Additional Information

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1. On 19 November 2018, ComReg published ComReg Decision D11/18<sup>1</sup> (referred to throughout this document as '**the 2018 Pricing Decision**'). In Annex 7 of the 2018 Pricing Decision ComReg specified the prices for its Fibre to the Cabinet ('**FTTC**') services, including Virtual Unbundled Access ('**VUA**') and Bitstream, as well as the prices for current generation Bitstream services.
2. In the 2018 Pricing Decision ComReg stated that it would "...consider any proposals made by Eircom in relation to alternative pricing structures for Bitstream, subject to compliance with the cost orientation obligation and ComReg's pre-approval."<sup>2</sup> ComReg also noted in the 2018 Pricing Decision that "...the logarithmic curve may continue as an appropriate way to set cost oriented wholesale prices if industry wishes to adopt such a pricing approach."<sup>3</sup>
3. On 20 December 2018, Eircom notified ComReg of its proposed prices for FTTC services and current generation Bitstream services, further to the 2018 Pricing Decision ("**the Notification**"). Eircom also published the draft price list on the proposal section of the open eir website on 20 December 2018.
4. In particular, in the Notification Eircom proposed to apply the pre-existing logarithmic curve (referred to throughout this document as the '**log curve**') to set its prices for FTTC Bitstream and a separate pre-existing log curve for setting its current generation Bitstream prices. Eircom demonstrated how it believed the proposed prices were compliant with its cost orientation obligations specified in the 2018 Pricing Decision based on expected average throughputs. This was based on an aggregate view of cost orientation. Any over and under recovery would in Eircom's estimation net out at the expected average throughputs.
5. ComReg notes that the concerns raised by some operators regarding the application of Eircom's log curves in order to derive the prices for Bitstream services in the Notification, appear to suggest that there is no industry consensus in this regard.
6. ComReg also has its own concerns about the application of the log curve and will require Eircom to demonstrate that any further proposal is consistent with Eircom's regulatory obligations and that deviation from the actual prices already determined in the 2018 Pricing Decision is warranted.

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<sup>1</sup> ComReg Document No 18/95, ComReg Decision D11/18, Pricing of wholesale broadband services, Wholesale Local Access (WLA) market and the Wholesale Central Access (WCA) markets, Response to Consultation Document 17/26 and Final Decision, dated 19 November 2018.

<sup>2</sup> Chapter 14, Footnotes 292 and 293 and Annex 7 Footnotes 335 and 336, of the 2018 Pricing Decision.

<sup>3</sup> Chapter 9, paragraph 9.19 of the 2018 Pricing Decision.

7. ComReg has not granted its approval for Eircom's proposed prices for FTTC Bitstream and current generation Bitstream from 1 July 2019, with the result that Bitstream prices from 1 July 2019 should be as published in Annex 7 of the 2018 Pricing Decision. If Eircom were to present to interested parties including ComReg a new proposal before 15 March 2019 which was satisfactory to them then ComReg might revisit the issue regarding the application of log curves for setting the prices for FTTC and current generation Bitstream services from 1 July 2019. Any such log curve would need to address transmission related costs only. ComReg will provide an opportunity for interested parties to document and provide to ComReg their views on such a proposal and on the use of the log curve generally. ComReg may publish such submissions.
8. ComReg has decided not to intervene in respect of Eircom's proposed prices for the period from 1 March 2019 to 30 June 2019.
9. As is standard with all notifications, ComReg's response is without prejudice to Eircom's continuing responsibility to ensure compliance with its regulatory obligations.