



## Information Notice

Further reductions in mobile termination charges by Vodafone, O2, and Meteor will benefit consumers

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## 1 Introduction

The Commission for Communications Regulation (“ComReg”) welcomes the commitment by mobile network operators (MNOs) Vodafone, O2 and Meteor to reduce their Mobile Termination Rates (MTRs) over the next three years. A mobile termination rate is a wholesale charge levied by a mobile operator to terminate a call of another network operator (fixed or mobile) on their network. Vodafone, O2 and Meteor have now committed to further reduce their MTRs to a maximum per minute price of 5.00 Euro Cent by 2012. This represents a cumulative decrease in excess of 47% for average Irish MTRs.

ComReg considers that these commitments form part of a glide path toward efficient MTRs and would appear consistent with the principles of the price control obligation imposed on mobile operators in D11/05 “Market Analysis: Wholesale Voice Call Termination on Individual Mobile Networks”. However ComReg reserves the right to intervene if these reductions are not delivered or if a significant variance arises between the Irish average MTR and the EU average.

These MTR reductions represent further reductions, effective from 1 April 2010, to the current MTR glidepath, as per ComReg Information Notice 07/58<sup>1</sup>.

It is important that these reductions at the wholesale level are passed on: this should ultimately bring benefits to both fixed and mobile customers. Additionally, ComReg considers that these reductions will ensure that Ireland’s mobile termination rates remain competitive.

## 2 Background

In D11/05 ComReg imposed a price control obligation as provided for by Regulation 14 of the Access Regulations on Vodafone, O2 and Meteor. In that document, ComReg stated its view that the prevailing MTRs of these operators were unlikely to reflect the efficient cost of provision. ComReg also outlined the possibility of using a glide path approach to achieve a more appropriate level. In response to D11/05, Vodafone, O2 and Meteor initiated the first steps of a glide path towards efficient MTR levels, by reducing their rates over a two year period from 1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2007. The commitment by Vodafone, O2 and Meteor, per ComReg Information Notice 07/58, was to reduce the blended MTR to 7.99 Euro Cent by 1<sup>st</sup> January 2012.

There have been MTR reductions of 40%<sup>2</sup> over the four year period to 2008 across the Member States of the European Union and the European Regulators Group (ERG) believes that there are likely to be similar reductions by 2012. A 40%

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<sup>1</sup> Information Notice 07/58. Further reductions in mobile termination charges by Vodafone, O2, and Meteor will benefit consumers. Published 16 August 2007

<sup>2</sup> ERG (08) 32, Mobile Termination Rates, Press Release, 3 June 2008 - [http://www.erg.eu.int/doc/whatsnew/erg\\_08\\_32\\_25th\\_plen\\_vilnius\\_%20press\\_080603.pdf](http://www.erg.eu.int/doc/whatsnew/erg_08_32_25th_plen_vilnius_%20press_080603.pdf)

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reduction from the current position will imply average MTRs of circa 5.00 Euro Cent across Member States by 2012. Based on the most recent ERG MTR snapshot<sup>3</sup>, Ireland is out of line with the EU average MTR, based on the current MTR glidepath. Therefore Vodafone, O2 and Meteor have committed to further reduce their MTRs over the next three years.

### 3 Proposed Reductions by MNOs

Vodafone, O2 and Meteor have all indicated their intention to further reduce their blended<sup>4</sup> MTRs to a symmetrical maximum rate per minute of 5.00 Euro Cent over a three year period. Vodafone and O2 propose to reduce their blended rate to a maximum rate per minute of 5.00 Euro Cent in a stepped approach by 1 April 2012 and Meteor propose to reduce their blended rate to a maximum rate per minute of 5.00 Euro Cent in a stepped approach by 1 October 2012.

The proposed glidepath reductions for Vodafone, O2 and Meteor are set out in Table 1.

Table 1: Target blended maximum MTRs (€cent)

Operator	2010		2011		2012	
	<u>1 April</u> *	<u>1 October</u>	<u>1 April</u>	<u>1 October</u>	<u>1 April</u>	<u>1 October</u>
Vodafone	7.80		7.00		5.00	
O2	7.80		7.00		5.00	
Meteor	9.40	8.80	7.90	7.50	5.60	5.00

\* Effective from these dates

All of these reductions are expressed in nominal terms. This should result in additional significant savings for consumers for mobile off-net calls and fixed to mobile calls, in the order of €100 million over the three year period, from 2010.

ComReg reserves the right to intervene if these reductions are not delivered or if material variances arise between the Irish average MTR and the EU average.

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<sup>3</sup> ERG MTR snapshot report, MTRs as of 1 July 2008  
[http://www.erg.eu.int/doc/publications/erg\\_08\\_41\\_mtr\\_update\\_snapshot\\_081020.pdf](http://www.erg.eu.int/doc/publications/erg_08_41_mtr_update_snapshot_081020.pdf)

<sup>4</sup> A blended rate is the weighted average of peak, off peak and week end rates.