



Office of the Director of
**Telecommunications
Regulation**

Implementation of Local Loop Unbundling in Ireland – Status Report

Information Notice

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Oifig an Stiúirthóra Rialála Teileachumarsáide

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1 Introduction

The ODTR has previously issued two Information Notices (ODTR 00/99 and 01/01) on the implementation of Local Loop Unbundling in Ireland, following the adoption of the LLU regulation (EC No. 2887/2000: Regulation of the European Parliament and of the Council on unbundled access to the local loop, OJL 336 of 30.12.2000).

Information Notice ODTR 00/99 set out initial views of the ODTR on *eircom*'s Reference Access Offer. The Director highlighted three specific service issues that were of immediate concern. These were the definition of space available for collocation; restrictions on equipment that can be collocated and the prohibition of collocation space sharing. Following a meeting of the Methods of Access and Definitions LLU working groups, submissions were received from *eircom* and from a group of access seekers (Esat Telecom, Aurora Communications, Genesis (Europe), Worldcom and Formus) providing views on these matters.

Information Notice ODTR 01/01 addressed these specific issues and the Director welcomed *eircom*'s revised Reference Access Offer (version 1.2) which includes several amendments.

Additionally, Information Notice 01/01 set out a series of next steps. Progress has been made on these as reported below. The Director wishes to thank all parties for their work to date but notes that key items are still incomplete and other issues have arisen needing urgent attention. Unbundling of the local loop is a very major undertaking and it is essential that Ireland seeks to establish as light arrangements as possible so as to implement it efficiently.

In this Information Notice, a status report on developments to date is provided. Furthermore, the Director has identified the following as the key issues to be resolved, without prejudice to the requirement on *eircom* to meet requests for unbundled loops and related facilities in accordance with the LLU Regulation

The steps that need to be resolved are:

- Provision of Information -the process on information supply set out by *eircom* in the Reference Access Offer has not proved effective, and the ODTR is taking up this issue as a matter of priority to be resolved by end March.
- Pricing - progress has been made on this, in particular on the LRIC pricing announced by *eircom*, but information is still required from *eircom* on both Historic and LRIC bases to complete the ODTR assessment. This is to be completed before end March. In the interim, the indicative price range for monthly rental of fully unbundled loops, on a historic basis, provided in ODTR 00/99 still stands.
- Process Development -the ODTR has engaged specialist consultancy support to work with the industry to develop new process documentation to support, for example ordering, maintenance, and expects to present this to industry for approval before the end of March
- Types of unbundling - significant progress has been made on development of the detailed products including collocation. The further steps needed are outlined below. In the present circumstances and without prejudice to *eircom*'s obligations under the LLU Regulation to meet all reasonable requests, it may be sensible to prioritise inclusion in the Reference Access Offer of services for which there is a commercial focus and the Director invites

proposals in this regard. The intention would be to fast-track arrangements for an initial implementation.

- Sub-loops - progress has been made on this service in that there is now a firm request from access seekers for subloop unbundling and an outline statement of requirements has been provided to *eircom*. This needs to be fleshed out and the ODTR is sourcing a draft product description which can form the basis for agreement. This is to be completed and a text available for inclusion in the RAO by end April.
 - Definition of collocation products - there have been a number of discussions on how best to proceed on the definition of new elements for inclusion in the Reference Access Offer, but no agreed method has yet been arrived at. The Director's proposal to prioritise proposals with a commercial focus will assist this development.
- Bitstream access - D6/00 (ODTR document 00/30: Report on the ODTR consultation on Local Loop Unbundling) mandated the introduction of a type of unbundled access – bitstream – by *eircom*, and working groups have been meeting to implement this with a target date of April 2001. However, *eircom* has indicated that it is reviewing its equipment supplier and this will have consequences for the launch date of April for this service. The ODTR is in discussion with *eircom* about this. In the short-term, this means there is even more emphasis on having the types of unbundling covered by the LLU Regulation in place.

2 Sub-loop unbundling

The Director requested that material on subloops would be included in the Reference Access Offer by 31st January 2001. However *eircom* had indicated that it needed information about the requirements of access seekers before it can make the relevant changes to its Reference Offer. The Director asked the Chairman of the Definitions Group to discuss this with the access seekers and arrange for provision of a statement of requirements to *eircom* as soon as possible. An initial statement of requirements from the access seekers was provided to *eircom* on 16th February 2001. *eircom* have responded with areas of further clarification and these were discussed at a joint meeting of the Methods of Access Forum and Definitions working groups on Tuesday March 6th. However *eircom* felt that they did not have sufficient information to inform a product description, and access seekers stated that they could not provide any further information. Therefore in order to inform discussion the ODTR is sourcing a draft product description to form a basis for agreement. Following work on this, the Director expects that a service definition can be agreed and this can be inserted in the Reference Access Offer by end April 2001.

3 Definition of additional products and services

The Director had required that changes be made to the Reference Access Offer to incorporate the product descriptions agreed by the industry (on December 18th 2000) and notes that *eircom* has complied with this.

Access seekers have made the point that only a limited number of products and services, particularly in relation to collocation, are available in the existing Reference Access Offer. For the avoidance of doubt, the Director is of the opinion that *eircom* must meet with reasonable requests for related facilities as specified in the LLU Regulation. This means that *eircom* is not free to refuse requests solely on the grounds that they fall outside a pre-defined

bundle specified by *eircom*. In order to include such an offering or offerings for inclusion in the Reference Offer, the Director believes *eircom* should enter immediate discussion with the industry on provision of other forms of physical collocation not covered by Service Schedule 101, and other forms of collocation, for example, virtual collocation; distant collocation and direct connection. In the short-term, development of these should focus on those prioritised by the industry. The Director expects that these will be included in the Reference Access Offer by end April 2001.

eircom have stated a preference to use the existing industry working groups in order to develop a joint access seeker statement of requirements which is used by *eircom* to inform a product description. *eircom* will then submit a service schedule for the product that is included, together with pricing information, in the Reference Access Offer. This is of course subject to scrutiny by the ODTR.

Whilst the Director agrees with *eircom* that this may be a sensible method of developing new products and services, she reminds *eircom* of its obligations under the LLU regulation to meet requirements that may be outside a defined product or portfolio set.

In this connection, she notes that *eircom* has included a statement in the preamble to the Reference Access Offer: ‘This Access Reference Offer does not purport to be exhaustive of all services *eircom* will provide and does not in any way diminish the rights of beneficiaries to seek additional services e.g. sub-loops, or the obligation on *eircom* to provide additional services under applicable law’

Additionally, this process which *eircom* suggest may be less appropriate where products are relatively new and where information may be limited.

4 Further issues of concern with *eircom*’s Reference Access Offer

A submission of further areas of concern with *eircom*’s Reference Access Offer (version 1.1) was received from an access seeker on 13th February 2001.

This also provides further arguments on the need for inclusion in the Reference Offer of collocation options combining space with different sets of other related services than those included in the current Reference Offer. This augments Esat Telecom’s submission of 17th February 2001 requiring unserved space at *eircom* exchange sites.

The ODTR is reviewing this detailed submission. Some issues raised are likely to be best dealt with as part of our work with the industry on process development (see Section 5). Other issues will be taken up with *eircom* with a view to agreeing or directing changes to the Reference Access Offer rapidly.

The Director intends to concentrate initially on the area of information provision and intends to complete an ‘own initiative’ examination of this area (under Article 4 (2) and (3) of the LLU Regulation) by end March 2001.

5 Process Development

eircom are supporting the Reference Access Offer with interim manual processes, in the absence of an industry-agreed O&M manual.

The industry has requested that the ODTR provide a suitably qualified process expert in order to 'fast-track' development of a draft process manual for submission to the appropriate industry forum for discussion and agreement.

The Director agrees that development of agreed processes is an urgent priority, and she is happy to provide expert support to work with the industry on developing a draft manual. This work is underway and an initial meeting with industry representatives to progress this took place Friday March 9th 2001, laying out a workplan to end March 2001. It is expected that a draft can be presented to the industry for approval by end March 2001 and will be refined by the industry during April 2001. Input to the draft will be provided from initial discussions on processes held 18-22nd December 2000; *eircom*'s interim processes; developments in other countries; and lessons learnt from the development of the process manual for the wholesale bitstream LLU product.

The Director urges both *eircom* and the beneficiaries to provide resources to assist in this task.

6 Pricing

The ODTR has been carrying out a detailed review and analysis of *eircom*'s cost justification and pricing principles for LLU and related facilities with the intention of agreeing or determining pricing.

As stated in Information Notice 99/00, many elements of the *eircom* pricing seem high, in comparison to preliminary results of ODTR costings and international comparisons. 99/00 also stated that it would be inappropriate for any inefficiencies within *eircom* to be passed on to the industry as a whole by way of regulated prices.

eircom has submitted pricing on the basis of a "bottom up" LRIC network model combined with historic operating costs, and the ODTR has been engaged with *eircom* in understanding of their model with detailed discussions having taken place over the last 2 months. The ODTR has informed this discussion with the results of its own analysis work.

In D6/00, the Director stated that LRIC should form the core of the pricing formula for LLU. However, she also recognised that the application of LRIC is new to the Irish market and it will take time to apply LRIC to access network costs, as it has to core network costs. In Information Notice 01/01 the Director reiterated this position.

The Director has previously indicated that she might employ other relevant information, including historic cost data, for a period of time. As indicated already, she considers that this may be the appropriate approach to take, and notes that it is consistent with the relevant legislation, taking account of developing fair competition, augmenting economic efficiency and providing maximum benefits for users. She notes the views of the Commission in its

guidance notes contained in the Recommendation on unbundled access to the local loop dated 26th April 2000 (OJL 156 of 29.6.2000)

For the reasons set out above the ODTR has been engaged with *eircom* over the past two months in order to fully understand *eircom*'s Access network historic costs. *eircom* has also been requested to provide a reference offer for ULMP and Line sharing justified on a historic cost basis by 16 March 2001.

7 Next steps

The Director appreciates the contributions made so far in ensuring that Local Loop Unbundling is fully operational in Ireland, but more needs to be done rapidly to complete the process for key services. In line with ODTR practice in other areas, a basic service can be built on to deliver a wider range in time.

The steps to achieve that basic/initial service are outlined in Section 1 above. The Director urges the industry to actively engage in completion of these steps.

A further notice on developments in Local Loop Unbundling and updating progress on the next steps outlined above will be issued end March.