



Commission for
Communications Regulation

Information Notice

Implementation of Partial Private Circuits

Pricing Principles and Structure

Document No:	02/118
Date:	20th December 2002

An Coimisiún um Rialáil Cumarsáide

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Introduction

ComReg issued Decision Notice D17/02¹ on 13th December 2002 to freeze the product description for Partial Private Circuits (PPCs) at Version J, and to direct dates for completion of process development, negotiation of terms and conditions, and submission of cost oriented pricing.

Specifically, Directions 3.4.1 and Direction 3.4.2 of D17/02 directed eircom to provide cost oriented pricing submissions for PPC connection, disconnection and recurring charges by 7th February 2003, and for all other process elements by 14th February 2003.

D17/02 also stated that, in the interests of clarity, ComReg intended to issue directions to eircom in respect of pricing principles, structure and the appropriateness of service versus capacity based competition by December 20th 2002. This followed an intensive period of consultation with industry on the appropriate price structure that should be used when developing charges for PPCs.

Following the publication of D17/02, ComReg met with eircom to discuss the appropriate pricing principles and structure that should be applied to PPCs. Agreement of the appropriate principles and structure was achieved at this meeting and these are set out in this Information Notice.

¹ Decision Notice D17/02 Implementation of Partial Private Circuits – Formalisation of Product Description and updating of Timetable

1 Capacity versus Service Based Pricing

Two basic methods of structuring charges have been considered by ComReg. These are:

- Service Based Pricing;
- Capacity Based Pricing

1.1.1 Service Based Pricing

This method of calculating prices, whilst usually including some initial 'installation' charge, does not recover all capital costs associated with the provision of the service within such a charge. The capital cost is recovered over the expected lifetime of the service as an element of the rental. The rental charge is set to recover the operational costs of providing the service in addition to this capital recovery element.

1.1.2 Capacity Based Pricing

This method of calculating prices recovers all of the capital and installation costs associated with the provisioned link capacity as an initial charge. The ongoing rental element is set to recover only the operational costs of providing the link and does not include any capital recovery element.

1.2 Structure of the PPC Product

The PPC product offering consists of two components²

1. The **Transport Link (TL)** being the link between the eircom network and the OLO network
2. The **End User Link (EUL)** being the link between the end user NTU/NTP, via the eircom exchange serving that end user, into and across the eircom network to an OLO specified Transport Link.

1.3 Pricing of the TL Element

The TL element will be priced on the capacity basis as these links require new dedicated infrastructure to be provided. This is the approach currently used for In-Span Interconnect (ISI) links.

In the interests of ensuring consistency amongst charges for interconnect links, irrespective of the services provided over them, ComReg intends to undertake a review of the current charges for ISI, CSI (Customer Sited Interconnect) and IECs (Interconnect Extension Circuits) as a matter of urgency.

1.4 Pricing of the EUL Element

The EUL element will be priced on a service basis. The pricing will be similar in structure to that presently used for leased line services and will consist of a connection charge and a recurring charge. In general the recurring charge will be made up of several elements (some of which may not be applicable to all EULs). These elements will be:

² Further detail on the PPC product and its components is set out in Version J of the PPC product description as set out in D17/02.

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- a local end charge (which may be distance related)
- a main link charge (where required) which will consist of:
 - a main link access charge
 - a distance related main link charge with two charging bands

2 Related work on PPCs

As set out in D17/02, ComReg convened a meeting on 19th December 2002 which discussed process development, and negotiation of terms and conditions. A detailed workplan to meet the end dates directed in D17/02 has been developed and circulated to the industry by ComReg.