



Commission for
Communications Regulation

The 700 MHz Cost Recovery Mechanism

Report from Frontier Economics on a Cost Recovery Mechanism for migrating the DTT transmission network out of the 700 MHz band

Information Notice

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An Coimisiún um Rialáil Cumarsáide

Commission for Communications Regulation

Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland

Telephone +353 1 804 9600 Fax +353 1 804 9680 Email info@comreg.ie Web www.comreg.ie

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1 The 700 MHz Cost Recovery Mechanism

1.1 Introduction

- 1.1 By letter dated 25 July 2015, the Department of Communications, Climate Action and the Environment (DCCAÉ) requested the assistance of the Commission for Communications Regulation (ComReg) in developing a cost recovery mechanism to be applied to future expenditure on the Digital Terrestrial Television (“DTT”) network. The letter from DCCAÉ is published by ComReg as document 16/114c. In particular, ComReg was asked to assist in assessing the capital and operational costs which 2rn would be likely to incur as a result of the DTT network migrating from the 700 MHz band.
- 1.2 Following receipt of the letter from DCCAÉ (16/114c), ComReg engaged Frontier Economics to conduct fully reasoned analysis and assessment of the efficiently incurred capital and operational costs which 2rn, and ultimately RTÉ, would be likely to incur as a result of DTT migrating from the 700 MHz band. Frontier Economics has now completed its report and it is published alongside this document as 16/114a.

1.2 Findings of the report

- 1.3 Based on 2rn’s stated plan to conduct a simulcast in migrating its DTT network from the 700 MHz band, Frontier Economics estimates that the incremental costs, likely to be incurred by 2rn as a result of 700 MHz migration, could amount to €8.6 million.
- 1.4 Frontier proposes a methodology for estimating the net costs which 2rn would be likely to incur as a direct result of 700 MHz migration. In doing so, Frontier also took into account that some investment in the DTT network would be required in the coming years, regardless of whether there is any 700 MHz migration. Frontier, in its report, concludes that the appropriate methodology for estimating the net costs should provide sufficient compensation such that RTÉ is indifferent between migrating from the 700 MHz band (with compensation) or staying in the 700 MHz band (without compensation). In addition, the methodology ensures that current tariffs in the Broadcasting Markets A¹ and B², would not be altered by the additional costs resulting from 700 MHz migration.

¹ Market A is describes as wholesale access to national terrestrial broadcast transmission services in which 2rn is designated as having SMP.

² Market B is described as wholesale access to DTT (Digital Terrestrial Television) Multiplexing Services in which RTÉ is designated as having SMP.

1.3 Next Steps

- 1.5 ComReg has delivered the Frontier report to the DCCAE and the report can also be found on the DCCAE website. DCCAE has secured, in its 2017 Budget, €8m to facilitate the migration of DTT from the 700 MHz band.
- 1.6 ComReg will continue to provide assistance to DCCAE in relation to its oversight of the migration of the DTT service below the 700 MHz.