



Commission for
Communications Regulation

Information Notice

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

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1 Introduction

ComReg welcomes the commitment by mobile operators, Vodafone, O2 and Meteor to voluntarily reduce their Mobile Termination Rates (MTRs) over the next five 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 agreed to further reduce their MTRs to 7.99 Euro Cent by 1st January 2012.

ComReg considers that these commitments form part of a glide path toward efficient MTRs and is consistent with the principles of the price control obligation imposed on mobile operators in D11/05¹.

This move should deliver significant savings to the market, amounting to savings of approximately €15 million in year one, increasing year on year to between €90-100 million by year five. Provided that the reductions at the wholesale level are passed on to the retail level, this should ultimately bring benefits to both fixed and mobile customers. This move follows the recent reduction in wholesale international roaming rates.

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 achieving efficient MTR levels, by reducing their rates over a two year period from 1st January 2006 to 31st December 2007.

3 Proposed Reductions by MNO's

Vodafone, O2 and Meteor have all indicated their intention to further reduce their blended² MTRs to 7.99 Euro Cent by 1 January 2012. Vodafone and O2 propose to reduce their blended rate by an equal amount each year over the five year period, effective on 1 January every year. Meteor will reduce its rates in a stepped approach over the five year period.

In the case of Vodafone and O2, this implies reductions of approximately 3.5% each year for the five year period.

Meteor will reduce its MTRs by 5% on 1 Jan 2008, by a further 5% 1 January 2009, by 6.5% on 1 January 2010, by 10.5% on 1 January 2011, and by 13% on 1 January 2012. In each case the reduction is expressed as a percentage of the rate prevailing in

1 ComReg Document 05/78- Decision Notice Imposition of SMP Obligations- Market Analysis: Wholesale Voice Call Termination on Individual Mobile Networks.

2 A blended rate is the weighted average of peak, off peak and week end rates.

the previous year. Thus, for example, the reduction on 1 January 2009 will be 5% of Meteor's average MTR for 2008.

All of these reductions are expressed in nominal terms: the impact in real terms (i.e. after taking account of inflation) will be greater. The exact amount will depend on prevailing inflation over the period.

ComReg reserves the right to intervene further if necessary, if these reductions are not delivered. ComReg will benchmark Irish rates against other EU rates and will ensure that the trend in Irish rates is consistent with other EU countries.