



Commission for
Communications Regulation

Information Notice

Interconnection Rates for 2004/05, 2005/06 and 2006/07

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An Coimisiún um Rialáil Cumarsáide

Commission for Communications Regulation

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The Commission for Communications Regulation (ComReg) welcomes the publication by *eircom* of the Reference Interconnect Offer (RIO) interconnection rates for the years 2004/05, 2005/06 and 2006/07.

eircom has finalised the rates for 2004/05 and 2005/06 at the prevailing interim rates as published in the *eircom* RIO Price version 1.77. As there was no significant variance between the actual results for 2004/05 and the interim rates charged, *eircom* does not expect any material variance for 2005/06 based on actual results to date. *eircom* has also set new rates for 2006/07 based on a revised forecast costing model which addresses changes in costs, volumes and cost allocations since the implementation of the current interim rates back in 2003. These rates have been modestly rebalanced between per call and per minute charges, but on a like-for-like comparison of volumes they do not increase the aggregate total charged to Other Authorised Operators (OAOs).

eircom has set final 2006/07 Interconnect Conveyance rates for the period from 1 July 2006 to 31 March 2007 and thereafter as final, until such time as either market conditions have changed significantly that a revised rate is required, or until a Wholesale Price Cap (WPC) is in place - whichever comes first. It is the intention that, where new rates are introduced in the future, there should be no payment for retrospective amounts due by any party. The revised 2006/07 final interconnection rates will be effective from 1 July 2006 and current interim rates are to apply as final from 1 April 2006 to 30 June 2006.

ComReg has carried out a detailed review of the costing models submitted by *eircom* and believes that the new rates proposed by *eircom* will meet the cost orientation obligation as set out in Regulation 8(3) of the Interconnection Regulations¹.

ComReg accepts *eircom's* position that it does not expect any significant variance to the forecasted costs and volumes up to March 2007 that would result in a significant change to the rates as proposed by *eircom* for that period.

In its submissions to ComReg, *eircom* expressed the view that the finalisation of the interconnection rates on this basis should be beneficial to OAOs as the finalisation of the rates will provide stability and certainty in the interconnection market.

ComReg also notes that in response to previous consultations, OAOs have indicated a preference for the use of a WPC over the previous practice of finalising rates in arrears. In Section 3 of ComReg's Decision Notice², in response to the Fixed Interconnection Charging Mechanisms Consultation³ responses, ComReg, having considered these submissions, agreed in principle that WPC was the preferred

¹ European Communities (Interconnection in Telecommunications) Regulations, 1998 to 2000 as continued by Regulation 8(1) of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003 until such time as significant market power obligations pursuant to Regulation 9 of the Access Regulations (*ibid*) are imposed

² Document No. 03/57 – D14/03 Decision Notice on Fixed Interconnection Charging Mechanisms

³ Document No. 03/16 – Consultation Paper on Fixed Interconnection Charging Mechanisms

option. Following the completion of the Interconnection market review and analysis in the coming months, ComReg may be in a position to consult on the use of a WPC as the mechanism to set future interconnection rates. ComReg is of the view that the current changes to the RIO price list rates to 31 March 2007 by *eircom* will increase certainty and stability in the interconnection market.