



Commission for
Communications Regulation

Information Notice

Interconnection Rates for 2007/08

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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 12 month period commencing 1 July, 2007. This new offer means that interconnection rates payable by other operators in the market should fall by approximately 10% on average from that date.

eircom's interconnection rates are the charges that *eircom*, as the dominant operator in fixed call conveyance, is entitled to levy on other operators for originating, terminating and transiting calls on *eircom's* network. Interconnection rates were last changed in June 2006 when ComReg noted in Information Notice 06/23 'Interconnection Rates for 2004/05, 2005/06 and 2006/07' that *eircom* had set final Interconnection Conveyance rates for 2006/07, and thereafter as final until such time as either the market conditions had changed significantly and a revised rate was required or until a Wholesale Price Cap ('WPC') was in place.

eircom has reviewed the interconnection rates on the basis of forecast cost volumes and cost allocations and therefore proposes that the interconnection rates should be adjusted downwards effective from 1 July 2007.

ComReg has carried out a review of the costing models submitted by *eircom* and believes that the new rates 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 forecast costs and volumes up to 30 June 2008 that would result in a significant change to the rates for that period.

ComReg is currently completing the interconnection market analysis, and depending on the decisions of that review, ComReg may be in a position to consult on the use of a WPC as the mechanism to set future interconnection rates. It is ComReg's intention that these new rates will remain in place after 30 June 2008 unless further material information about the cost basis for these interconnect prices becomes available or until the WPC is put in place, whichever happens first. Any changes would be prospective in effect from the date any revision to these interconnection rates is made.

ComReg is of the view that the finalisation of the 2007/08 rates by *eircom* will increase certainty and stability in the interconnection market.

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 are imposed