



Commission for
Communications Regulation

Decision on price cap control for universal postal services

Information Notice

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Additional Information

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1. The Commission for Communications Regulation (“ComReg”), following two rounds of public consultation, has today made a decision to set a price cap for the universal postal services, provided by An Post. This will be the first time that An Post has been subject to a price cap control.
2. The price cap shall have effect for 5 years and it sets an upper limit on the amount by which An Post may adjust its prices for its universal postal services, during those 5 years. The decision therefore does not set actual prices but only sets an uppermost limit on the extent to which An Post may adjust its prices. Therefore, the price cap control will enable An Post to manage and adjust its universal postal service prices and thereby make a reasonable return on the efficient provision of the universal postal service.
3. ComReg has made its price cap decision in accordance with relevant provisions of the Communications Regulation (Postal Services) Act (“2011 Act”), most particularly section 30 which, amongst other things, provides that a price cap shall be calculated by the formula “overall limit = $(\Delta \text{CPI}) - X$ ”. “ (ΔCPI) ” is the annual percentage change in the consumer price index and “ X ” is an adjustment to provide incentives for efficient provision of the services concerned.
4. The value of “ X ” in the above formula shall be -14.98% for the first 12 months of the price cap (18 June 2014 - 17 June 2015) and its value shall be -1.35% for each successive 12-month period (18 June 2015 – 17 June 2019). The price cap decision shall then expire and it may be replaced by a new price cap decision, depending on the circumstances at that time.
5. In making its price cap decision, ComReg has had regard to the tariff requirements set out in section 28(1) of the 2011 Act, which in summary require that prices for universal postal services shall be affordable, cost-oriented, uniform, transparent, and non-discriminatory. ComReg has also set the price cap in such manner as to provide incentives for efficient provision of the universal postal services, by An Post. Finally, ComReg has had constant regard to its overarching statutory functions and objectives as regulator of the postal sector, including its function to ensure the provision of a universal postal service that meets the reasonable needs of users and its obligation to protect the interests of postal service users and those of small and medium-sized enterprises.