



Commission for
Communications Regulation

Information Notice

Provision of Universal Service by Eircom

Quality of Service

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The Commission for Communications Regulation (ComReg) is responsible for the regulation of the electronic communications sector in accordance with national and EU legislation and one of ComReg's primary functions in this regard is to regulate the Universal Service Obligation ("USO") for the Irish market. Eircom has been designated as the Universal Service Provider (USP) since 2003.

A Decision Notice on eircom's USO in relation to Quality of Service Performance Targets (ComReg D02/08) was published on 28 May 2008, setting legally binding performance targets with respect to connections, fault rate occurrence and fault repair times. Following this publication, certain issues relating to the Decision were clarified in a set of "Clarifications Documents" and ComReg also invoked Regulation 10 (5) of the Universal Service Regulations to ensure the completeness and accuracy of the data submitted by eircom by arranging for an independent audit of the data. Accordingly, performance information published by eircom is subject to independent external audit.

In December 2009, the Commission notified eircom of its opinion that eircom had not complied with its obligation to achieve, and fully comply with, specified quality of service performance targets in respect of its provision of the universal service for the period 1 July 2008 to 30 June 2009, and reserved its rights under the Regulations to initiate High Court proceedings against eircom.

In parallel, ComReg and eircom engaged in a dialogue, resulting in an approach with respect to the provision of universal service in the State that is both forward-looking and comprehensive in scope. eircom is to establish a *Quality of Service Performance Improvement Programme (USO)* for the annual performance periods 2010/2011 and 2011/2012, with associated annual performance bonds (to the amount of €10m). In addition, eircom has estimated that it will make an annual investment of over €30m in 2010/2011 and 2011/2012. ComReg has reserved its right to take enforcement action in respect of any non-compliance by eircom for the periods 2010/2011 and 2011/2012.

As stated in ComReg's draft Strategy Statement (ComReg 10/31), ComReg shall issue a public consultation on the costing of USO, with a view towards providing regulatory certainty to all stakeholders with respect to applications for funding by the USP for the period 2009/2010 and subsequent periods. Further, eircom has agreed to a review of its Customer Guarantee Scheme.

ComReg recognises the progress that has been made by eircom, as USP, in improving its quality of service, following the intervention of ComReg in 2008, since when eircom has invested €82 million in the network to improve network performance. The Commission is determined that further improvements will be made in the universal service and, particularly, with respect to connections, fault rate occurrence and fault repair times and is pleased that eircom has earmarked a further €60 million of investment over the next two years to drive continued improvements in this area.

The Commission is cognisant of the requirement to ensure the continuation of the universal service, the need to deter future incidents of non-compliance and the need for regulatory certainty in relation to eircom's compliance with its regulatory obligations. The Commission considers that, given eircom's commitments in relation to the *Performance Improvement Programme* and associated investment, this new approach provides an opportunity to achieve significant further improvement in relation to the quality of service metrics.

Having taken the above factors into consideration, the Commission has decided that it will not take enforcement action under the Universal Service Regulations at this time. The Commission will continue to report quarterly on eircom's performance of the USO and will, in particular, be expecting to see further improvement in the service areas highlighted.