



Office of the Director of
**Telecommunications
Regulation**

Abbey Court
Irish Life Centre
Lower Abbey Street
Dublin 1
Telephone +353 1 804 9600
Facsimile +353 1 804 9680
Web <http://www.odtr.ie>

Investigation of *eircom*'s Frame Relay Services for Potential Unfair Cross Subsidisation

Summary

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Oifig an Stiúirthóra Rialála Teileachumarsáide
Office of the Director of Telecommunications Regulation
Abbey Court, Irish Life Centre Lower Abbey Street, Dublin 1.
Telephone +353-1-804 9600 *Fax* +353-1-804 9680
Web Site: <http://www.odtr.ie>

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Summary

Frame relay is a telecommunication service designed for cost-efficient data transmission. It is often used to connect local area networks with major backbones as well as public wide area networks. It can also be used in private network environments with leased lines. Frame relay requires a dedicated connection during the transmission period. It's not ideally suited for voice or video transmission, which requires a steady flow of transmissions. However, under certain circumstances, it is used for voice and video transmission. It complements and provides a mid-range service between ISDN and Asynchronous Transfer Mode (ATM), which operates in somewhat similar fashion to frame relay but at higher speeds.

Frame relay is offered by a number of service providers, including *eircom* and Esat Telecom. In order for competitors to provide this service other than by direct network build to a customer, they must connect their customer to the *eircom* local exchange and also connect that exchange to their own frame relay network, thus requiring them to lease two circuits. *eircom* does not require its own downstream arm to lease two such circuits.

In November 1999, following the investigation of complaints that this practice was discriminatory, the ODTR issued Determination 01/99. In that determination the Director accepted a proposal by *eircom* to charge its own retail arm an appropriate rate (a channelised E1 access charge) in order to eliminate the discrimination. The acceptance of this proposal was on the basis that *eircom* provides a channelised E1 access service on a non-discriminatory basis which OLOs can avail of immediately.

Specifically, Determination 01/99 required *eircom* to provide,

1. Details of the charging basis to be applied.
2. Evidence that *eircom*'s retail prices for frame relay services are not unfairly cross-subsidised.
3. Evidence that the charge imposed on *eircom* retail division is non-discriminatory having regard to the charge imposed on OLO's.

The ODTR has concluded an investigation into *eircom*'s compliance with its obligations under Determination 01/99 with particular focus on whether or not the frame relay service provided by *eircom* is being unfairly cross subsidised. On the basis of that investigation the ODTR has not found evidence of unfair cross subsidisation of *eircom*'s frame relay business.

In addition, the ODTR has confirmed that *eircom* is passing on a non discriminatory charge for channelised E1 access to its retail arm providing frame relay services. Furthermore, *eircom* has submitted to the ODTR that the channelised E1 access product is available to OLO's and it is listed as a product offering in the Telecommunications Scheme 1999. On this basis *eircom* is complying with its obligations under the Determination to provide non discriminatory access to this service.