



By email

11 December 2017

Ms. Triona Quill,
Principal Officer,
Broadcasting & Media Division,
Department of Communications, Climate Action and Environment,
29 – 31 Adelaide Road,
Dublin D02 X285.

Dear Triona,

I refer to your Department's request to ComReg, in 2016, for assistance in assessing the efficiently incurred capital and operational costs likely to be incurred by RTÉ's subsidiary, 2rn, in migrating the national Digital Terrestrial Television (DTT) network from the 700 MHz band¹. Those migration costs would ultimately to be borne by RTÉ itself and the State, though your Department, intends to compensate RTÉ for those costs.

ComReg, on foot of the Department's request, engaged Frontier Economics (Frontier) to develop a cost recovery mechanism (CRM) in relation to compensating RTÉ for the costs of the 700 MHz migration. The CRM is set out in a report by Frontier sent to your office on 21 December 2016, a non-confidential version of which was published by ComReg in December 2016 (Doc 16/114a) and by the DCCAÉ.

The 2016 report by Frontier recommended that compensation be paid to RTÉ in three phases: phase 1 in early 2017, phase 2 in late 2017, and phase 3 in 2020.

Before the phase 2 compensation payment can be made, Frontier, in-line with the CRM set out in its 2016 report, assessed the migration costs already incurred by 2rn and the future migration costs that 2rn is likely to incur.

Following constructive engagement with 2rn, Frontier has now completed its assessment and recommends a phase 2 payment to RTÉ of €2,815,880. ComReg concurs with this recommendation and I am pleased to enclose a copy of Frontier's report for your consideration.

We reaffirm our commitment to continue to work with your Department throughout the remaining phases of this important project which will involve continued implementation of the CRM.

Yours sincerely

P.P. George Merrigan
Director, Market Framework Division,
Commission for Communications Regulation

¹ ComReg Doc 16/114c