



Office of the Director of
**Telecommunications
Regulation**

PRESS RELEASE

For Immediate Release
16th June, 1999

NEW RATE REGULATION MECHANISMS TO REVIEW PRICE INCREASES FOR CABLE AND MMDS TELEVISION CHARGES

A new mechanism for the regulation of rates charged by cable and MMDS television operators for their basic services was proposed by the Telecoms Regulator today. The new proposals aim to ensure that any proposals for increases in the basic package of TV services supplied by cable and MMDS operators are appropriately justified and that the consumer gains the benefit of increased efficiency. By setting a framework for price control, certainty is provided for operators to invest in digital networks and promote improvements in operating efficiency and customer service.

It is proposed that the rates to be charged should be arrived at after taking into account both internal and external factors. Increases in the Consumer Price Index since the time of any previous price increase along with increases in the general level of productivity in the economy will be taken into account. It is also proposed to incorporate specific efficiency measures into the mechanism to provide an incentive for operators to improve their service offerings to consumers. In examining any price adjustment, capital investment incurred in relation to the provision of the basic television service will also be taken into account.

In addition the Regulator is proposing that operators should compensate customers for breaches of defined service levels. Agreed service levels would be defined and, where operators failed to provide the expected service level, the operators would be required to compensate the affected customers. The consultation paper also contains administrative provisions relating to such areas as connection charges and commercial charges.

MORE

The goal of the price control mechanism is to create an incentive for efficiency and responsiveness to consumer demand. Price control regulation is intended to provide an incentive to cable and MMDS operators to be more efficient, while at the same time limiting the prices they may charge for services.

“I wish to provide greater certainty for operators and the public going forward as to how future price adjustment applications will be treated” said the Director. “These proposals represent a balance between the need to protect consumers and the commercial expectations of the service providers. I believe that the proposed mechanism will facilitate the operators in planning the development of their networks and their services, while also ensuring viewers can be confident that the prices charged are reasonable and transparent.”

It is proposed that the rate regulation mechanism will be introduced for a period of 3 years commencing 1st October 1999. The deadline for comments on the proposals is the 28th July 1999.

ODTR 99/37 “Rate Regulation Mechanisms for Cable and MMDS Television Operators – Consultation Paper” can be viewed on the ODTR web-site (<http://www.odtr.ie>).

ENDS

BACKGROUND INFORMATION

The proposals relate to all licences – both the new digital licences and the existing analogue licences of which there are seven. New licences have now been issued to four of the five main operators in the cable and MMDS sector to enable them to move forward into the digital era. Operators are being given a limited period of in-platform exclusivity under this new regime and rate regulation of basic service prices will apply during that period of exclusivity.