

# Market 1 and Market 2 Reviews

- Presentation of potential voluntary commitments

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# Overview of Market 1



## Background Market 1

- D12/14 identified the following retail markets/services:
  - Lower Level Voice Access: PSTN & ISDN BRA
  - Bundled Lower Level Voice Access: PSTN & ISDN BRA
  - Higher Level Voice Access: ISDN FRA & ISDN PRA

} excessive pricing, price cap, transparency and undue preference removed.
- ComReg D03/07 – Separate retail price caps for PSTN & ISDN BRA subject to CPI-x; and obligation not to engage in tying
- On-going relevant considerations:
  - i. No longer recognised by EC as a market susceptible to ex-ante regulation;
  - ii. Broadband as an anchor product;
  - iii. National Broadband Plan;
  - iv. ISDN BRA end-of life;
  - v. IFN roll-out;
  - vi. VOBB; and
  - vii. Mobile as a substitute

# Overview of Market 1



## Voluntary Commitments: Pricing and will not engage in tying (subject to certain conditions)

- From earlier of ComReg decision or 30/6/21 for a period of 5 years:
  - ✓ Standalone PSTN can be charged at maximum of €∞
  - ✓ Standalone ISDN BRA lines can be charged at maximum of €∞

## Pricing flexibility within Voluntary Commitment Period

- Pricing flexibility available on ISDN BRA, subject to appropriate notification periods (e.g., Reg. 14), after a period of 1 year following publication of address on APQ file (or equivalent) by Siro, open eir, NBI for FTTH (or NBI technology alternative for certain locations) or alternative operator
- ISDN BRAs subject to end of life and this will impact retail ability to offer new lines etc.

# Overview of Market 1



## Anticipated SMP remedy reliefs

- Removal of Obligation relating to Price Control
- Removal of Obligation of Transparency (if retail market subject to SMP then this is the only justifiable remedy)
- Removal of Obligation not to unreasonably bundle
- Removal of Obligation of cost accounting

## Market considerations

- USO obligations and Geographically Average Price for Retail Line rental

## Reporting obligations:

- D05/11: KPI indicators should be removed due to market evolution and complexity (including cost) of sub-geographic reporting
- Declining and market evolution of areas subject to SMP means additional remedies can not be justified (e.g., statement of compliance remedies)

# Overview of Market 2



## Background Market 2

- D05/15 identified the following wholesale services/markets:
  - Fixed Voice Call Origination (LLVA and HLVA) & Transit; and
  - WLR, ISDN BRA, ISDN PRA and ISDN FRA
- ComReg D05/15 set CPS element of WLR at TD-LRAIC+ (prices per D07/11). MST between SV and FVCO & FTR
- ComReg D03/16 set a regulated price path for WLR up to 30/6/2021 & retail margin squeeze test between standalone RLR and WLR
- ComReg D03/16 fixed prices for ISDN BRA, PRA and FRA at current prices
- On-going relevant considerations:
  - i. No longer recognised by EC as a market susceptible to ex-ante regulation
  - ii. Broadband as an anchor product;
  - iii. National Broadband Plan & IFN roll-out;
  - iv. ISDN BRA end-of life;
  - v. OAO self-provision of VOBB; and
  - vi. Substitution to mobile. Voice traffic continues to migrate from fixed to mobile. Proposed mandate of wifi calling capability spectrum auction (2012)

# Overview of Market 2



## **Voluntary Commitments: Pricing , Access, Transparency and Non-Discrimination (subject to certain conditions)**

- From earlier of ComReg decision or 30/6/21 for a period of 5 years:
  - ✓ WLR to be charged at €16.82 (or equivalent POTs-based pricing when bundled with Broadband per published price path to June '24 in Urban (CISPL) and Regional WCA areas (per D11/18))
  - ✓ ISDN BRA, ISDN FRA and ISDN PRA to be charged at respective current markets rates
  - ✓ All Current Generation FVCO to be charged at current market rates

## **Pricing, Access, Transparency and Non-Discrimination within Voluntary Commitment Period**

- After a period of 2 years following publication of address on APQ file (or equivalent) by Siro, open eir, NBI for FTTH (or NBI technology alternative for certain locations) or alternative operator, the voluntary commitments may be subject to change, with appropriate notification periods (coterminous to the 2 years) e.g., any pricing changes will be subject to 6 month notification to industry etc.
- ISDN BRA subject to end of life timings (2024). No Access obligation for new lines

# Overview of Market 2



## Anticipated SMP remedy reliefs

- Obligation to provide Access & Conditions (only imposed for prospective non-competitive areas and no requirement for new Access on ISDN services and subject to voluntary commitment)
- Removal of Obligation relating to Price Control for WLR and CG FVCO (in its entirety)
- Obligation of Transparency (only imposed for prospective non-competitive areas and subject to voluntary commitment)
- Obligation of non-discrimination (only imposed for prospective non-competitive areas and subject to voluntary commitment)
- Removal of Obligation of accounting separation and cost accounting (in its entirety). For clarity, markets and services will still be part of regulatory cost model to produce regulated accounts but will not be reported on as part of HCAs or subject to additional financial information or additional financial statement reporting

# Overview of Market 2



## Market considerations

- Revolving and automatic SMP removal for areas/exchanges after a period of 2 years has elapsed following publication of address on APQ file (or equivalent) by Siro, open eir, NBI (or NBI alternative technology) or alternative operator
- For discussion: removal of remaining SMP once 80% of lines in eircom exchange available with alternative NGA offering (including from open eir) and ComReg's role to ensure timely relief

## Reporting obligations:

- D05/11: KPI indicators should be removed due to market evolution and complexity (including cost) of sub-geographic reporting
- Declining and market evolution of areas subject to SMP means additional remedies can not be justified (e.g., SOC etc)

## Other:

- SMP areas and deregulation could impact on associated WLR (POTS-based) pricing path set D11/18 (in any event, subject to voluntary commitment)
- Copper switch-off programme separate work stream and voluntary commitment may need to reflect programme



## Voluntary Commitments

- What is the best way to formalise voluntary commitments to ComReg?
- Timing of voluntary commitments?
- What is the best way to ensure revolving and deregulating remaining prospective SMP areas?
- ✂
- USO consultation/designation and timing?

Thank you

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