



Office of the Director of  
**Telecommunications  
Regulation**

## **Media Release**

For **Immediate** Release  
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### **Regulator announces arrangements for implementation of Local Loop Unbundling in Ireland from 1 January 2001**

The Telecommunications Regulator, Eoin Doyle, today Friday (December 22nd 2000) announced that she had completed an initial review of the *eircom* Reference Offer for Local Loop Unbundling which is to be published by *eircom* before end year, to come into effect on 1 January 2001. However, she is not yet in a position to approve *eircom*'s draft reference offer for access to unbundled loops and related facilities. She has also indicated that further analysis of *eircom*'s pricing proposals is necessary, as some elements seem high in comparison to preliminary results of ODTR analysis and international comparisons. Any required changes to pricing will be retrospective with effect to 1 January 2001.

*Eircom* is required to publish a draft Reference Offer by 31<sup>st</sup> December 2000 under the Regulation of the European Parliament and of the Council on unbundled access to the local loop.

According to the Regulator "*Eircom* and the Other Licensed Operators have done a considerable amount of work on the introduction of LLU and their work has been invaluable in shaping LLU in Ireland. The form and much of the content of the draft Reference Offer produced by *eircom* is acceptable, but I am not in a position to approve it. There are key problems about pricing and co-location arrangements and the late receipt of the offer by this office mean that I have not had adequate time to scrutinise either pricing proposals or certain key elements of the text."

While the Reference Offer with supporting documentation was requested on the 22<sup>nd</sup> September 2000, the draft was not received until 8<sup>th</sup> December with pricing and support information arriving between the 15<sup>th</sup> and 18<sup>th</sup> December 2000. Some Reference Offer elements required under the Regulation were omitted from the initial draft and were provided to the ODTR on December 22<sup>nd</sup>.

Further analysis of *eircom*'s pricing proposal is necessary. Taking the example of monthly rental charges, analysis of international comparisons show a large range but the largest number of countries (five) is within the range €11.50 to €13.00 (two other countries also quote a wider range that spans the €11.50 to €13.00 bracket). To date results from the ODTR historic cost model indicate a range of €15.90 – €17.10 for fully unbundled loop monthly rental. *Eircom*'s proposed prices are at significantly higher levels.

According to the Regulator "I remain confident that with further work, the ODTR will be able to establish the appropriate level and structure of pricing and I aim to direct any required changes to pricing by the end of February 2001. Changes made to prices through this process will be retrospective to 1 January 2001."

In addition, there are several issues in the service schedules - definition of space available for collocation; and prohibition of rack and collocation space sharing – which are of major concern. In addition, the draft Reference Offer contains a restriction on the type of equipment that can be collocated to ADSL technology only, which was introduced in the draft received on 22nd December. Such a restriction is not provided for in the EU regulation and I am concerned that it would be in breach of *eircom*'s non-discrimination obligations and provisions of the Regulation. I have asked the Chairman of the LLU Working Groups (which have been meeting since May 2000) to raise these specific issues with the relevant fora in the first week of January, with the view to resolving them or referring them to me for determination by January 15<sup>th</sup> 2001.

Finally the Regulator said "I would like to thank all of those involved in the preparations for LLU. The time has been short and yet a Reference Offer, will be available on time."

**ODTR 00/99 "INFORMATION NOTICE – IMPLEMENTATION OF LOCAL LOOP UNBUNDLING IN IRELAND – 1<sup>ST</sup> JANUARY 2001" CAN BE VIEWED ON THE ODTR WEB-SITE ([HTTP://WWW.ODTR.IE](http://www.odtr.ie)).**

**ENDS**

**Note to Editors:**

***The Local Loop***

The local loop refers to the physical circuit between the customer's premises and the telecommunications operator's local switch. Traditionally it takes the form of a pair of copper wires per normal telephone line.

Local loop unbundling (LLU) is an access service provided between the customer premises and the line side of the access provider's (in the Irish case, *eircom*'s) local switch, also known as the 'last

mile'. LLU is attractive to the new entrant because it replaces a large up-front investment cost with a rental cost and provides a relatively low cost and quick means of obtaining access to the *eircom* local network and provides services directly to customers. It is particularly relevant to the provision of broadband services and can be used as a means of delivering added choice to consumers, encouraging growth of the telecommunications market, complementing alternative access infrastructure and providing delivery of new services

There are three means of access to the local loop:

- (1) **Fully unbundled access to the local loop**  
the beneficiary is provided with access to the local loop or local sub loop of the notified operator authorising the full frequency spectrum of the twisted metallic pair.
- (2) **Shared Access to the local loop**  
The beneficiary is provided with access to the local loop or local sub loop of the notified operator authorising the use of the non voice band frequency spectrum of the twisted metallic pair; the local loop continues to be used by the notified operator to provide the telephony service to the public.
- (3) **High-speed bit stream access**  
the data transmission rates offered by the access provider is defined and the access seekers can only use these data rates. The access provider handles all the physical management of the medium. In other words, the access provider installs a high speed access link to the customers premises (e.g., by installing its preferred ADSL equipment and configuration in its local access network) and then makes this access link available to third parties, to enable them to provide high speed services to customers.

#### **The EU Regulation – Fully Unbundled and Shared Access**

The Regulation of the European Parliament and of the Council on unbundled access to the local loop ('the EU Regulation') was adopted on December 5<sup>th</sup> 2000 and enters into force on 31<sup>st</sup> December 2000.

The EU Regulation applies to unbundled access to the local loops - both full unbundled access to the local loop and shared access [Options (1) and (2) above] - and related facilities (meaning the facilities associated with the provision of unbundled access to the local loop, notably collocation, cable connections and relevant information technology, access to which is necessary for a beneficiary to provide services on a competitive and fair basis) of notified operators.

Article 3.1 requires *eircom* (as the notified operator) to publish from 31<sup>st</sup> December 2000, and keep updated, a reference offer for unbundled access to their local loops and related facilities. Charges shall be set on the basis of cost orientation. The Annex to the EU Regulation includes a minimum list of items to be included in such a reference offer, for example, conditions for unbundled access to the local loop, collocation services, information systems, and supply conditions.

Article 3.2 requires *eircom* to, from 31<sup>st</sup> December 2000, meet reasonable requests from beneficiaries for unbundled access to their local loops and related facilities under transparent, fair and non discriminatory conditions. Requests shall only be refused on the basis of objective criteria, relating to technical feasibility or the need to maintain network integrity. Where access is refused, a dispute resolution procedure may be invoked.

The EU Regulation also obliges the National Regulatory Authority (NRA), under Article 4, to ensure that charging for unbundled access to the local loop fosters fair and sustainable competition. The NRA also has the power to impose changes on the reference offer, including prices, and also require notified operators to supply information relevant for the implementation of the EU Regulation. Article 4.3 gives the NRA the power to intervene on its own initiative in order to ensure non-discrimination, fair competition, economic efficiency and maximum benefit for users.

The EU Regulation is binding in its entirety and directly applicable in all Member States.

**Bitstream**

Option (3) above was mandated for introduction by April 2001 under ODTR Decision Notice D6/00 'Report on the Consultation on Local Loop Unbundling' and is being implemented through a series of working groups.

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