



Office of the Director of
**Telecommunications
Regulation**

PRESS RELEASE

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REGULATOR SIGNS PRICE CAP –

LOWER CHARGES FOR CONSUMERS IN THE NEW MILLENNIUM

The Telecoms Regulator Etain Doyle today signed an order amending the price cap on *eircom*. The new price cap places a requirement on *eircom* to reduce charges to consumers by 8 per cent before inflation every year for the next three years.

The Regulator said, “This is an important measure for all Irish telecommunications users and most importantly, the residential consumer and small businesses. While competition will ultimately deliver reduced prices and deliver better choice and quality to consumers, competition is still in the early stages in the Irish market. Until that develops, this price cap is designed to ensure that the consumers who do not have the bargaining power of big businesses, can share more effectively in the benefits that competition is bringing.”

Initial proposals for the price cap were set out by the Regulator in October 1999. Since then, further information has come to hand including regulatory accounts produced by *eircom* and information from *eircom* and others during the consultation period of two months. This information has been considered in coming to the final cap. The cap sets out to achieve the best deal for users while fairly balancing the interests of other parties, including *eircom* itself and the other operators in the market. At the same time certain specific safeguards have been included to ensure affordability is maintained, particularly for users in rural and high cost areas and members of vulnerable groups.

MORE

Key details of the new proposals are:

- The requirement to make annual reductions of 8% minus inflation compared to the current price cap which requires *eircom* to reduce prices on a basket of services by 6% minus the inflation rate each year.
- All services in the existing price cap will be in the new price cap except for international calls where competition is developing more quickly.
- The services in the price cap are - connection and rental charges for telephone lines and ISDN connections, local and trunk calls, directory enquiries, operator calls and calls from payphones.
- The prices for any individual service in the basket may not increase by more than 2% plus inflation annually except for directory enquiries which may be adjusted freely within the overall requirement for reductions.
- The bill of the “lower quartile” user, representing consumers who do not make many calls, may not increase by more than CPI +0 annually.

The document **ODTR 99/78 - "Information Notice - Telecommunications Tariff Regulation (Modification) Order, 1999. Price Cap on certain services provided by *eircom*" (S.I. No. 438 of 1999)** is available in the documents section of the ODTR website: www.odtr.ie.

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