



Office of the Director of
**Telecommunications
Regulation**

MEDIA RELEASE

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Telecoms Regulator sets the framework for price regulation in the Cable and MMDS Markets

Etain Doyle, Telecoms Regulator today (Thursday 3rd August 2000) set out the framework for price regulation for basic television services provided by the Cable and MMDS operators.

MMDS and cable operators are required under the terms of their licences to obtain the consent of the Director of Telecommunications Regulation before making any adjustments to their prices for basic television services. This paper sets out clear guidelines as to how those applications will be evaluated.

Increases in operator's base prices will be restricted primarily to:

- Movements in the Consumer Price Index, less annual growth in national productivity.
- In addition operator's will be allowed recoup programming costs i.e. fees they are obliged to pay content providers for services, and a limited proportion of capital investment costs in order to upgrade their networks.

According to the Director "Conscious of the fact that operators in the cable and MMDS television sector enjoy in platform exclusivity i.e. no-one else can provide equivalent services in their areas until 2004, competition in the market is not yet fully developed. It is therefore appropriate that the price that operators charge for their basic package be subject to external review."

She continued “ My main objective in proposing a price regulation mechanism is the requirement to balance the need to protect the consumer’s interest and the commercial expectations of the service provider. While consumers can be confident that the prices charged are reasonable, the pricing mechanism also facilitates operators in planning the development of their network and their services.”

She continued “ While it is appropriate that operator’s should be compensated for increased costs, it is also essential that consumers benefit from savings operators may incur through increased productivity in the delivery of services. I believe the framework as set out in detail in the paper “ Rate Regulation Mechanisms for Cable and MMDS Television Operators- ODTR00/56” strikes the right balance between the needs of the operators and consumers. Importantly, it provides greater certainty for both parties as to how future price adjustments will be treated.”

A copy of the report can be viewed on the ODTR website www.odtr.ie
ODTR00/56 Rate Regulation Mechanisms for Cable and MMDS Television
Operators

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