



Office of the Director of  
**Telecommunications  
Regulation**

## **MEDIA RELEASE**

*For Immediate Release*  
Wednesday 28<sup>th</sup> June 2000

### **Telecoms Regulator welcomes new Interconnect rates from *eircom***

#### **23 % drop on 1999 rates**

Etain Doyle, Telecoms Regulator today (28th June 2000) announced that she has directed significant reductions in the interconnect charges applied by *eircom*. The new rates represent a drop of almost 23% on those being paid by operators at the end of 1999. These new rates follow from the Director's decision on interconnect matters published in April this year (D7/00).

“ These new interim rates published by *eircom* today present operators with the most significant fall in interconnect rates since liberalisation in December 1998” according to the Director. “ A large part of our remit in the ODTR is to examine these charges and ensure they are cost orientated. Today's announcement represents an excellent opportunity for the other operators to significantly increase competition with *eircom*, providing opportunities for price reductions and for additional market growth. The new rates are very competitive and well within the EU best practice benchmarks.”

She continued “ In reaching my decision I have reviewed the rates in the LRIC ( Long Run Incremental Cost ) model developed with advice from the Industry. I am pleased that the new rates announced today are not materially different from those that the LRIC model produces on the basis of inputs from the Industry Advisory Group”.

LRIC is a costing methodology, which assesses the costs of providing an efficient modern network to carry traffic equivalent to eircom's traffic allowing for growth. The Director has stated that this is the most appropriate methodology for calculating interconnect rates.

In addition to changes in rates the Regulator also announced the introduction of Service Level Agreements for interconnect circuits and the availability of larger interconnect capacity circuits known as STM1 which are of key importance to other licensed operators (OLO's) and very large telecoms users. This is in line with the direction included in D7/00.

The Regulator also produced a status report for the industry informing them of the latest developments regarding the interconnection regime and outlining key areas for further work. Included in the report are proposals for further work on LRIC. Additional meetings of the Industry Advisory Group who are assisting the ODTR in this work are planned.

**Document No: ODTR 00/46 - "eircom's Reference Interconnect Offer (RIO) – Status Report"** can be viewed on the ODTR web-site (<http://www.odtr.ie>).

**ENDS**

**Issued by**

**Brigid Smyth, Public Affairs Manager, ODTR**

**Ph: 01 804 9639 Mobile: 086 827 0905**

**Note to Editors**

*Interconnection* is the term describing the connection of one network with another. New entrants have to connect with eircom's network as it takes a number of years for them to build a nation-wide network of their own. The RIO sets out eircom's stall of interconnection services for these operators and the charges for those services. Individual operators can then choose the elements they require to build their services and negotiate a specific agreement with eircom on those issues. The existence of the RIO gives new entrants and operators a starting point from which to negotiate. In a market where eircom is by far the strongest player, this is an essential tool for new players.