



An Coimisiún um  
**Rialáil Cumarsáide**  
Commission for  
**Communications Regulation**

# The 700 MHz Cost Recovery Mechanism

Final report from Frontier Economics assessing efficiently incurred costs by 2RN in migrating the DTT transmission network out of the 700 MHz band

## Information Notice

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# 1 700 MHz Cost Recovery Mechanism

## 1.1 Introduction

1. The 700 MHz Cost Recovery Mechanism (700 MHz CRM) refers to the project to assess the efficiently incurred capital and operational costs by 2rn, a subsidiary of Raidió Teilifís Éireann (RTÉ), with respect to the migration of its national Digital Terrestrial Television (DTT) network<sup>1</sup> from spectrum in the 694 – 790 MHz range (the 700 MHz band).
2. These costs are assessed by Frontier Economics Ltd. (Frontier) in line with the methodology set out previously in ComReg Document [16/114a](#) and are recommended for recovery from the State through the Department of Communications Climate Action and Environment (DCCAE).
3. This Information Notice relates to the completion of Frontier's third and final report.

## 1.2 Background

4. In 2016, the DCCAE requested assistance from the Commission for Communications Regulation (ComReg) in assessing the efficiently incurred capital and operational costs likely to be incurred by 2rn, in migrating its DTT network from the 700 MHz band. ComReg engaged Frontier Economics (Frontier) to conduct that assessment.
5. In December 2016, Frontier completed its first report.<sup>2</sup> In this, Frontier:
  - set out the proposed methodology for assessing the costs of RTÉ as a result of 700 MHz migration;
  - estimated that the costs likely to be incurred by 2rn could amount to €8.6m; and
  - recommended that the compensation to RTÉ be paid in three phases - phase 1 in early 2017, phase 2 in late 2017, and phase 3 in 2020.
6. In December 2017, Frontier completed its second report. In this, Frontier set out its assessment of the costs for phases 1 and 2, noting that a payment of €5.16m was paid to RTÉ in February 2017, and that a payment of €2,815,880 was recommended for phase 2.

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<sup>1</sup> The DTT network in Ireland is owned and operated by 2rn.

<sup>2</sup> 700 MHz Repurposing Cost Compensation Report – ComReg Doc 16/114a.

### 1.3 Findings of Frontier's third report

7. With the completion of the DTT migration out of the 700 MHz band on 4 March 2020, Frontier has now completed its third and final report, published as ComReg Document 20/69a. In this report, Frontier:
  - assess<sup>3</sup> the total costs incurred by RTÉ as a result of the migration of its DTT network out of the 700 MHz band; and
  - recommend that a third and final payment of €169,918 to RTÉ for phase 3.
8. In relation to these findings, Frontier observes that the totality of costs incurred over the three phases of the project was broadly in line with that forecasted in 2016 and **circa €497k lower** than originally estimated. Frontier notes that this is explained by several factors<sup>4</sup> as detailed in Section 3 of its report.

### 1.4 Next Steps

9. ComReg has delivered Frontier's final report to the DCCAE, concluding the 700 MHz CRM project.

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<sup>3</sup> The assessment methodology remains consistent with the methodology set out in [ComReg Document 16/114a](#)

<sup>4</sup> For example, transmitters and transposers cost less than forecasted due to the final configuration of the transmitters adopted being different to the original design.