



Commission for  
**Communications Regulation**

# **Update on Treatment of Non-Geographic Numbers**

## **Information Notice**

**Reference:** ComReg 14/130

**Date:** 05/12/2014

## Update on Treatment of Non-Geographic Numbers

1. Non-geographic numbers with the access code 1800 allow a called party to be reached at no charge to the caller, as the total cost of the call is borne by the called party. Non-geographic numbers with the access codes 1850 or 1890 allow the cost of the call to be shared between the caller and the called party. The caller is charged for the call at a fixed rate regardless of the call duration (1850) or at a fixed per minute rate (1890) and the called party is charged the remainder of the call cost. These categories of non-geographic numbers are mainly used by businesses to direct their customers' calls to a customer service area such as a help-desk.
2. On 20 March 2014, ComReg issued a call for input on the wholesale retention charge associated with the provision of call origination for non-geographic numbers (the "Call for Input<sup>1</sup>"). The aim of the Call for Input was to gather views from interested parties on the effectiveness of the current regime and where issues were raised, seek recommendations on possible solutions. Responses to the Call for Input are annexed to this document.<sup>2</sup>
3. ComReg welcomes the views received in response to the Call for Input and via the relevant industry workshops<sup>3</sup>. ComReg is now in the process of developing a mobile cost model (to supplement the existing fixed cost model<sup>4</sup>) that could be used to inform it in respect of any future determination on the appropriate charge for call origination for non-geographic numbers.
4. ComReg has also identified a number of concerns regarding retail tariffs associated with non-geographic numbers. In this regard, ComReg will additionally carry out a review of the functioning of different categories of non-geographic numbers<sup>5</sup> at a retail level and the possible effects of changes to their conditions of use, for example those related to tariff principles. Details will be published on [www.comreg.ie](http://www.comreg.ie) in due course.

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<sup>1</sup> ComReg Document No. 14/23 entitled 'Wholesale charges for non-geographic numbers' dated 20 March 2014.

<sup>2</sup> While Transaction Network Services also provided a response to the Call for Input they did not wish to have their submission made public. Two high-level responses were received from members of The Wheel charity group.

<sup>3</sup> Dated 27 February 2014 and 13 March 2014.

<sup>4</sup> The practice to date has been that fixed network operators have symmetrically levied, on a voluntary basis, known as the 'deemed to be regime', the same retention rate that Eircom charges other operators. Pursuant to Eircom's designation of significant market power in the market for wholesale interconnection services Eircom's retention rate cost based a modelled cost-based rate (See ComReg Decision No. D04/07).

<sup>5</sup> Freephone numbers (access code 1800), IP-based numbers (access code 076), shared cost numbers (access code 1850 and 1890) and universal access numbers (access code 0818).

# Annex: 1 Submissions to Call for Input

# BT Ireland

## **BT Response to ComReg's Call for Input's Concerning:**

### **Wholesale Changes for Non-Geographic Numbers**

#### **Issue 1 - 10th April 2014**

##### **1.0 Introduction**

We welcome this consultation given the problems with certain services in the Irish non-geographic numbers sector, in particular services using the 1800 'Freephone' range. This range would normally be popular with sales, customer service and social services, however over the past years most Service Providers<sup>1</sup> have stopped offering Freephone services due to the high and unpredictable cost. We consider the market problem exists with the wholesale settlement system between operators which has acted to drive Service Providers away from this market with the consequence of reducing the availability of 1800 services to Callers. In our view the market is failing the Consumer, the Service Providers and fixed line operators Hosting<sup>2</sup> the services. If it is not possible to resolve the matter we consider ComReg should commence the European Commission Article Seven procedure to remedy the problems and restore effective competition.

We believe the source of the problem is the operation of two inconsistent but simultaneous settlement systems, one with variable origination costs and the other with reciprocal origination costs. With reluctance to prevent BT being foreclosed from the market we have been forced to move from one of the settlement schemes to the other. We have made this change as we believe we cannot survive in this market within the partial reciprocal 'deemed to be' regime. However, our preference would be an alignment of both settlement schemes which we believe would be beneficial for consumers and all the other parties through lower settlement pricing stimulating the market.

We fully welcome ComReg's engagement to try and resolve this problem.

##### **2.0 Detailed Response to ComReg's Questions**

**1) What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.**

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<sup>1</sup> Definition as provided by ComReg in its publication 14/23 20<sup>th</sup> March 2014

<sup>2</sup> Definition as provided by ComReg in its publication 14/23 20<sup>th</sup> March 2014

A.1. In our view the current regime for non-geographic numbers is not optimal for the consumer, Irish business's (Service Providers) or Hosting operators. We believe that for certain number types, such as 1800 numbers the business customers offering the number (known as the Service Provider) is unfairly levied a charge that is often more expensive than some premium rate calls. This is not the case on all calls, but true for calls originated from payphones and mobiles. Over the past 10 years we have seen the percentage of calls originating from mobile increase as consumers move away from traditional fixed line services.

We also consider the current settlement of transit costs for toll shared and premium rate traffic to be contrary to the operation of efficient networks, as the party that pays for transit does not determine and cannot (in practice) influence the call routing.

## **2) What are your views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?**

A.2. Long before the financial downturn of circa 2009 BT had noticed Irish businesses were moving away from 1800 due to the high costs of the service. During the downturn other organisations including banks and utilities have also tended to move away from Freephone calls towards 'fixed charge' non-geographic numbers, or to geographic numbers.

We believe the high charges to Service Providers including charities have also pressured these organisations to move away from Freephone services. We acknowledge the existence of European defined '116' numbers, however these are limited in what they can be used for and pricing is not set within their rules of operation.

## **3) What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.**

A.3. From a BT perspective our primary desire is to achieve fair and reasonable settlement rates for non-geographic services. We have proposed two solutions as to how this might be done and we would welcome either solution or both. We acknowledge the pros and cons may be different for different operators and have documented these below.

Reform of the 1800 range.

Pros.

- Existing "deemed to be" arrangements extended to all including mobile operators, benefiting consumers, businesses and SPs (This would be subject to competition law compliance),
- No adverse impact on service providers or end users,
- Significant simplification of inter-carrier billing,
- Saves opening a number range and possible customer confusion

## Cons

- Potential to disrupt existing contracts.
- The 1800 range is not accessible internationally given that the leading '1' will clash with the Dublin '01' number range – i.e. internationally both would look like '+353 1'. Hence international access to Ireland cannot happen for non-geographic services starting with '1'. This limits the potential of the market.

Introducing a new 0800 Freephone range.

The assumption is all 0800 calls (including from a mobile) would be free to the caller.

## Pros.

- Building on the inclusive “deemed to be” arrangements for 0818 across fixed and mobile originating calls (this scheme appears to be workable hence we believe similar could be used for 0800 or 1800 services);
  - Deemed to be model, single call origination averaged across both fixed and mobile networks;
  - Enable efficient transit routing – saving Service Providers money.
  - Addresses critical issues for service providers,
  - Predictability of costs, builds on existing universal access 0818 model,
  - Predictability of costs for end user,
  - Gives business choice, take up will be market led,
  - Opportunity to reduce services providers costs,
- Equivalent impact for all operators at the same time;
- Allows the establishment of a completely new settlement.
- Allows existing agreements to continue and a managed migration between models.
- Allows international dialling – new market opportunities,
- Business benefits:
  - Improve customer satisfaction,
  - Stimulates the market, drives volumes,
  - Credibility,
  - Portability.
- Aligns with CEPT “The European Conference of Postal and Telecommunications Administrations” recommendations<sup>3</sup>,
- Aligns with ECC Recommendation on charging principles for Freephone Numbers from Mobile, The Directive on Consumer Rights - Justice - European Commission<sup>4</sup>,

## Cons.

- Extra work to set up
- Potential customer confusion through having two 'Freephone' numbers.
- It will possibly take ComReg over a year of 'due process' and consultations to bring the 0800 range into existence.

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<sup>3</sup>[http://www.cept.org/files/1051/Tools%20and%20Services/Public%20Consultations/2013/Draft%20ECCRec\(14\)03%20Charging%20Principles%20for%20Freephone.docx](http://www.cept.org/files/1051/Tools%20and%20Services/Public%20Consultations/2013/Draft%20ECCRec(14)03%20Charging%20Principles%20for%20Freephone.docx)

<sup>4</sup> [http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index\\_en.htm](http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm)

**4) What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.**

A.4. - This is appropriate as the changes are designed to bring the non-geographic ranges within the reach of all Irish businesses. Freephone (also called Toll Free) in either the guise of 0800 or 1800 should be a real choice as a contact number for all businesses from your local take away to the high street banks who wish to stimulate traffic from customers with a zero cost option to contact them. As mentioned we believe a deemed to be regime with all operators included will kick start the market to everybody's benefit.

**5) Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.**

A.5. We have stimulated this discussion and are fully prepared to enter into open discussion with all parties with a view to finding an optimal solution for the sector.

**6) ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.**

A.6. Our view is parts of the non-geographic number market including the Freephone market in Ireland are demonstrating the signs of market failure and such needs to be remedied. We note that the Communication Act 2002 Section 12 mandates a set of policies that ComReg must follow including:

Start of extract 1 from Section 12 - 2002 Communications Act

...

**12.—**(1) The objectives of the Commission in exercising its functions shall be as follows—

(a) in relation to the provision of electronic communications networks, electronic communications services and associated facilities—

(i) to promote competition,

(ii) to contribute to the development of the internal market,

and

(iii) to promote the interests of users within the Community,

...

End of extract 1

And



## Start of Extract 2 from Section 12 - 2002 Communications Act

...

(2) In relation to the objectives referred to in *subsection (1)(a)*, the Commission shall take all reasonable measures which are aimed at achieving those objectives, including—

(a) in so far as the promotion of competition is concerned—

(i) ensuring that users, including disabled users, derive maximum benefit in terms of choice, price and Pt.2 S.12 quality,

(ii) ensuring that there is no distortion or restriction of competition in the electronic communications sector,

(iii) encouraging efficient investment in infrastructure and promoting innovation, and

(iv) encouraging efficient use and ensuring the effective management of radio frequencies and numbering resources,

(b) in so far as contributing to the development of the internal market is concerned—

(i) removing remaining obstacles to the provision of electronic communications networks, electronic communications services and associated facilities at Community level,

...

## End of Extract 2

In respect of the market failure within the non-geographic sector we consider the operation of the market is contrary to maintaining effective competition and is not in the interest of the community in that the service is gradually being removed from end users, Service Providers, and terminating fixed operators. We also consider the failure of the market is not to the benefit of distressed users who may need to avail of free helplines.

We consider that should the industry fail to reach an amicable settlement (facilitated by ComReg as necessary) within a reasonable period, then ComReg should act to remedy the serious problems within this market.

ComReg has the legally binding policy mandate to engage and it has the regulatory instruments through the European Commission Article Seven process to remedy the problems. If industry agreement can't be reached then we are seeking for ComReg to act.

### **Documentation Control**

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10 April 2014

Dear Dear Mr Hartog

### **Re: Wholesale charges for non-geographic numbers – call for inputs**

The current regime – deemed to be symmetrical – for non-geographic numbers has been in place for over 10 years for fixed line operators, with the originating charge being based on Eircom's regulated wholesale interconnect rates. This has benefited consumers and businesses alike as there has been a consistent and transparent pricing model adopted. Mobile operators on the other hand have not followed the symmetric regime and have instead set their individual origination rates based on their own pricing models. This has resulted in a significant differential in the price that consumers pay between traditional fixed and mobile calls to non-geographic numbers and numbers more generally. Against this backdrop, consumer behaviour has changed over the last decade and as a result there has been a significant growth in mobile usage to the detriment of fixed line calls. As a result, fixed line operators are faced with higher asymmetric wholesale originating charges for mobile generated calls and ultimately this means that consumers are paying higher prices for such calls.

BT intend to break away from the principle of symmetry. The rationale given, is that they are unable to continue to sustain the costs of Freephone traffic originating from mobile calls transiting their network under the current "deemed to be" regime. They have indicated that calls from mobiles incur input costs of between 18.41 – 34.28 cent per minute versus 0.8 cent per minute from a fixed line, this being an increase in their input costs of between 2301% - 4285%. What is unclear, is whether such increases are justified and proportionate. During the ComReg workshop on 13 March 2014, a business user of Freephone numbers, whose calls originate on fixed lines indicated that they will possibly be forced to exit the market in the event that BT increases their costs. This business user claimed that the cost increase by BT will increase their overall costs by 67% and will drop their own revenues on 1850 numbers by around 95%.

BT have proposed alternative approaches, including the introduction of a new Freephone 1800 number which would enable the industry to move towards a truly Freephone number, alternatively they proposed reforming the 1800 numbering range. It was suggested that the retention charges would operate in a manner similar to the current 0818 range, therefore it is not evident what the true benefit of such an option would be. We therefore very much support ComReg's initiative to facilitate an industry wide consensus as to the future wholesale originating charging regime. A critical element of this however, is the development of a cost based model in order for the industry to realise the potential implications. In the event that the industry cannot work through to a consensus, it is very likely that BT will increase their charges and as a result, providers will initiate disputes with ComReg.

We respond to your specific consultation questions below:

- 1) What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.

The symmetric rates applied by fixed line operators are based on regulated rates and therefore there is an underlying assumption that the inputs into the regulated cost model are appropriately justified. As mobile usage continues to outstrip fixed line calls, the current regime is not sustainable as ultimately this has and continues to result in higher prices for consumers.

2) What are your views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?

1800 numbers are predominantly used by charities as well as gambling organisations and therefore not widely used elsewhere.

In terms of the charities, it is inappropriate that they suffer ever increased costs. As an industry we need to consider the corporate social responsibilities of any increases in the costs borne by these bodies.

3) What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.

a) Moving to a new number range

There are a number of potential consequences of moving to a new number range. For example, this will directly impact the costs of businesses/organisations/charities etc who are using the respective number range on the basis that their marketing material will need to change. As a result, may take a broader look at their telecommunications needs and as a result churn to another operator.

More fundamentally, moving to a new number range does not address the underlying issue, which is that mobile operators have excessive origination rates. This is the key element of the regime which needs addressing.

b) Modifying the "deemed to be" regime

Although there is a common pricing approach adopted by fixed mobile operators, this is not the case for mobile operators. Modifying this so that mobile wholesale origination rates are dealt with in a similar fashion is a viable solution although it is evident from the reactions of the mobile operators who attended the recent ComReg workshop that they have little appetite to move towards such a regime.

In order to move forward with a revision to the deemed to be regime, a cost based model is required which captures all inputs, both fixed and mobile. This will then determine a fair and transparent mechanism for setting such charges.

4) What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.

As stated earlier, moving to a new numbering range does not address the underlying issue which is the significant disparate charging between fixed and mobile operators. This is the issue which requires resolution and to achieve this, a cost based modelling approach is necessary.

5) Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.

Yes, very much so.

We recognise that the existing regime has been in place for a significant period of time and therefore the opportunity should be undertaken to review its continued appropriateness. More significantly, as there is no cost modelling available, even to ComReg, there is no current mechanism for evidencing the suitability of the current pricing regime in the mobile sector; the mobile pricing appears to be artificial when compared with the fixed line charges. We believe that the mobile charges are unlikely to reflect the true costs borne by mobile operators and as a result, consumers are being disadvantaged by unnecessarily high mobile charges.

6) ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.

Although BT have focused their proposals very much on 1800 numbers, the issues raised by the industry at the ComReg workshops, highlight the very urgent need for a wider review of the charging methodology for wholesale origination charges. It is critical that the next steps taken:

- a) do not lead to any anti-competitive behaviour through excessive charging in the fixed operator market.
- b) result in fair pricing in the mobile operator market.
- c) More generally, we believe that ComReg should take the opportunity to consider the regimes in other countries. The UK regulatory framework is currently under reform relating to 084/087/09 and 118 numbers. This reformed framework will come into effect in June 2015 and will result in the mandatory unbundling of access and service charges which will need to be advertised and billed separately. As a result, the originating operator will retain the access charge and the terminating operator will retain the service charge (from which they pay the service provider). The service charge for 084 and 087 numbers will be price capped at 7p and 13p per minute respectively. The service charge for 084, 087, 118 and 09 services must be selected from a number of pre-determined price points.

More generally, the current regime requires that the terminating party pays the transit fee although this does not result in efficient routing principles. We would seek that ComReg also considers review the appropriateness of this approach moving forward.

Please do not hesitate to contact me if you would like to discuss further.

Yours sincerely



Ceri Owen  
Regulatory Specialist, Commercial, Legal & Regulatory

**Eircom**

**eircom Ltd.**

**Response on behalf of  
eircom Group to ComReg  
Call for Input 14/23**

**Wholesale charges for non-  
geographic numbers**



**10 April 2014**

**DOCUMENT CONTROL**

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## **EXECUTIVE SUMMARY**

eircom welcomes the opportunity to respond to Call for Input on the appropriate wholesale charge to apply to call origination to non-geographic numbers used for Telemarketing services. These services include the freefone 1800 service as well as the toll share 1850 and 1890 services.

eircom believe that the current pricing in place for mobile origination to these services has resulted in many Businesses moving away from these services and that it is now time to take corrective action to address market failure and the consequent consumer detriment. However, this action must be taken in a uniform manner and apply to all operators.

On this basis, eircom is prepared to enter industry negotiations to develop a new deemed to be regime that would apply to all fixed and mobile operators. This new regime would effectively continue the existing arrangements for fixed operators and bring mobile origination much closer to fixed price levels over a defined period using a glide-path.

## **Responses to Consultation Questions**

### ***Q1 What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.***

The current regime for calls to non-geographic numbers is no longer fit for purpose for Business users of these services and is having a negative impact on consumers. The price disparity between fixed and mobile originated calls is an increasing problem for Businesses particularly as the ratio of calls which now originate on mobiles has grown substantially in the period since the regime was introduced. It is difficult to justify the costs of mobile origination to these services above the mobile origination costs to other services. It is notable that Mobile Termination Rates, which may be considered a close proxy for the costs of mobile origination, have declined significantly over the years and now stand at 2.60cpm. The average mobile origination rates for non-geographic numbers can be many times higher. It is eircom's position that the current deemed to be regime for fixed offers much more cost certainty for Businesses over the differentiated mobile regime and it would be a sensible approach to incorporate mobile into this regime either at the same rates or at slightly higher rates.

As a consequence of the high mobile origination charges a number of Businesses are discouraged from using 18xx non-geographic numbers for their customer contact numbers and have migrated to 0818 numbers. This means that whereas customer calls to a Business may have been free in the past they are now chargeable.

### ***Q2 What are your views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?***

The experience of Businesses using these services is that they have become excessively expensive to maintain with the result that the cost of servicing their customer contact numbers has become prohibitive in many cases. The outcome is Businesses are now questioning the viability of these services and are being forced to look to other lower-cost alternatives. The validity of non-geographic services as the most appropriate customer contact strategy for Businesses by virtue of their functionality and low cost to the caller has been seriously undermined by the high costs to Businesses which are incurred by their use. There is further difficulty added in the market where a mobile operator with a high market share, who are also offers services in the fixed market to Businesses, use their significant mobile market share to their advantage, offering Businesses non-geographic services with a substantial discount on their own mobile network originated calls. This results in a significant competitive advantage over Operators who either have no mobile operation or those who have a low mobile market share.

**Q3 What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.**

a) New number range –

While eircom appreciates there may be some merit to a proposal of a new clean number range with a uniform pricing regime, we do not believe that this is the appropriate solution to the difficulties faced by Industry currently with regard to non-geographic services. The reasons are as follows –

- i. It is eircom's view that there would be significant overhead and effort for Operators to introduce a new number range within their networks and within their billing systems. This would seem wasteful given there are existing non-geographic services in the market which are functionally fit for purpose and would be the most appropriate services to offer to Businesses if the pricing regime could be rectified.
- ii. A new number range would be disruptive and costly for Businesses as they would have to manage the migration of services onto the new number range. This would require changes to a multitude of marketing collateral which would generate unnecessary cost to Businesses. There would also be the additional complexity for Businesses having to manage dual numbers for a period of time until they were sufficiently satisfied that all calls were going to the new number range. For Businesses who have already migrated across non-geographic services in the past (e.g. there are many large Corporates who have migrated from 1800 to 1890 and 0818), this would be an additional migration which would add no real value to them from a functional perspective and would only serve as an inconvenience for them to migrate again.
- iii. A new number range would be disruptive to the Consumer market generally as callers would be unaware of the new number range and would need educating in this regard. If Consumers are not familiar with a number range they will be reluctant to dial it as they would be fearful of what the costs might be. An example of this would be the low uptake of UIFN numbers by Businesses over the past 10 years due in many respects to Consumers' ongoing lack of familiarity with the +800 prefix. It is eircom's view that a new 0800 number range could suffer from the same issue unless a comprehensive education campaign was undertaken to inform Consumers of a new freefone range.
- iv. The pricing regime of any new number range would require unanimous support from all operators, fixed and mobile. If unanimity was not forthcoming then this range would suffer from the same problems as non-geographic services do today.

- v. A new number range is not fixing the underlying issue with non-geographic services and therefore could not be viewed as an appropriate solution to the current regime or an efficient use of the national numbering resource.

b) Reforming the current deemed to be regime –

It is eircom's position that this is the appropriate option to progress in order to address the underlying issues which exist in the market for non-geographic services. However it is our view that the regime which applies to fixed operators is functioning as it should and therefore it is eircom's view that this element remain unchanged in any reform agenda. To move to a model whereby every fixed operator could charge a different origination would be a retrograde step in eircom's opinion and would add unnecessary complexity and difficulty for Businesses and Operators alike. It is therefore eircom's contention that only the regime which pertains to mobile origination should be reviewed in any work undertaken by Industry.

With that in mind, eircom would suggest the following –

- i) A symmetric pricing regime for mobile origination is the preferred option. This model would result in much more predictable costs for Businesses which would not be altered based on the mobile operator profile of its callers.
- ii) Consistent with the regime for fixed origination rates a reformed regime for mobile origination should be based on cost orientation principles. The mobile origination costs which may have been relevant when the regime was introduced many years ago have reduced significantly over that period and should be updated to reflect the current environment. Mobile termination rates can be considered a proxy for the network costs of mobile origination. It is clear that the current mobile origination rates are substantially in excess of current cost oriented mobile termination rates. Significant reductions in the mobile origination charges would deliver significant benefit and savings to innumerable Irish Businesses and consumers.
- iii) A phased approach to moving from the current mobile regime to a symmetrical, lower cost regime would be preferable in order for all mobile Operators to adjust to the financial impacts of these changes. A glide-path could be established which could be overseen by ComReg if they were in agreement to manage this.

**Q4** *What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.*

eircom would support entering into a new deemed to be regime based on greater alignment between fixed and mobile origination rates as discussed above. We accept the fixed and mobile origination rates may differ due to the differing costing basis for each but would argue that the resulting rates need to be reasonably close to each other.

**Q5** *Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.*

As outlined above, eircom is willing to enter discussion on a new deemed to be regime which would include all mobile operators. However, such a regime would have to apply to all operators before it would be acceptable to eircom.

**Q6** *ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.*

eircom welcomes this opportunity to input into the reforming of the non-geographic service pricing regime in order to return this market to a fit for purpose state for Irish Business. eircom has seen at first-hand the difficulties which the current regime raises for Businesses who use these services and it is our view that unless the regime is corrected, the market for these services will not have a future.

eircom would also like to take this opportunity to again raise to ComReg's attention a matter which is related, albeit not directly, to the current discussion on non-geographic services. The practice of outpayments being made to Business customers on 0818 services still persists with some Operators in the market. This practice is contrary to the Numbering Conventions and we formally expressed our concerns in March 2013. ComReg issued a request for information in July 2013 as part of its investigation. We are disappointed to note that one year on ComReg has not concluded its investigation and breaches of the Numbering Conventions appear to be continuing. We urge ComReg to resolve this matter as soon as possible

**In2tel**



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10/04/14.

Dear Sirs,

With reference to your call for information re the “Wholesale charges for non-geographic numbers”, please find In2tels response to the six questions asked in your document. If you require any further information or clarification of any points, I would be delighted to engage with you.

Back ground to In2tel – we are a small operator that has emerged over the past 8 years with our primary focus on the Inbound (18xx / 0818 numbers) communications industry in Ireland and the UK. We have a mix of clients from small one man in a van type customers through to large corporate’s and as such we feel that we are in a strong position to add grass roots information in to this consultation.

#### Question 1:

What are you views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.


In2tel believes that the numbering structures are clearly defined i.e. 1800 free phone, 1850 etc. and fit for the purpose with no ambiguity. But we also believe that tighter control needs to be applied to both retail and interconnect Billing arrangements.

#### Question 2:

What are you views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?

Currently In2tel believes that whilst the 18\*\* market is vibrant and businesses are interested in the services and solutions that these numbers provide, some of the costs associated with running the numbers are very excessive and in some cases prohibit there use. Namely the MAL charges. The 1800 MAL charges are deemed to be so excessive that they normally are a barrier to people using the services.

Likewise the general caller’s termination charges associated dialling the 1850, 1890 and 0818 from a mobile phone is off putting to the customer as they then see this as a barrier for the general public



to call the numbers. Indeed there has been a web based pressure group built around this very topic “saynoto1890”, which unfairly puts the 18xx operators at the brunt of the disgruntled public when in fact it is not the 18xx operators that are influencing the charging of these numbers.

### Question 3:

What do you consider the merits and difficulties are in respect of BT’s proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.

With regards to BT’s proposal of a new number range, In2tel believes that there are good reasons to do this, market stimulation, a new comprehensive billing structure for both the consumer, and industry alike, but we also feel that there are major downsides to this approach which will become a barrier. Looking back at the introduction of 0818, the market seemed to take 3 years or so to show any significant take up in these numbers, during this period of time the consumers were confused with what the numbers were, how much they were being charged and then ultimately upset with their bills at the end of the day, resulting in complaints. Whilst the 0800 range would be free to the caller, it would still introduce the same level of confusion and distrust in to the market place and potentially add significant marketing costs on to businesses as they will need to change marketing material etc.

In2tel is fully in support of reforming the current regime and believe that this would stimulate large amounts of growth within the market place and build customer / consumer trust.

### Question 4:

What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT’s proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.

In2tel believes that the current industry pricing mechanism works and works well, but what we struggle to comprehend is how the costs that are involved with the MAL charging is calculated. As a call to a free 1800 number (for example) takes the same amount of physical resource as dialling a normal 01 number, so what warrants the MAL at the current rates?

### Question 5:

Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.

In2tel is a fixed line operator who is willing to discuss the new regime.





Question 6:

ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.

As stated in question 4, In2tel is not opposed to supporting an additional charge for Mobile Access, but we are opposed to what we see as excessive charging in this area at both an industry wholesale and consumer levels.

In2tel would like to see the associated MAL charging to be in line with the agreed Mobile Termination rates as we see no difference in resource requirements between a mobile user calling a normal land line number or a 18xx type number, and the mobile networks have already proven this cost model through the courts.

We are also deeply concerned by the movements such as “saynoto1890” as the perception created in the public’s eye is that the 18xx operators are to blame for the charges associated from dialling these numbers at a consumer level, where 18xx operators like ourselves have no control / influence over the pricing levels that can be set with any originating operators.

In2tel strongly believe that by addressing the MAL charging along the lines of the Mobile Termination rates, this would be a simple and clean solution to the current situation and would be easily received by the owners of the current 18xx services.

With regards

Mark Hennessy

M.D. In2tel

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# Imagine

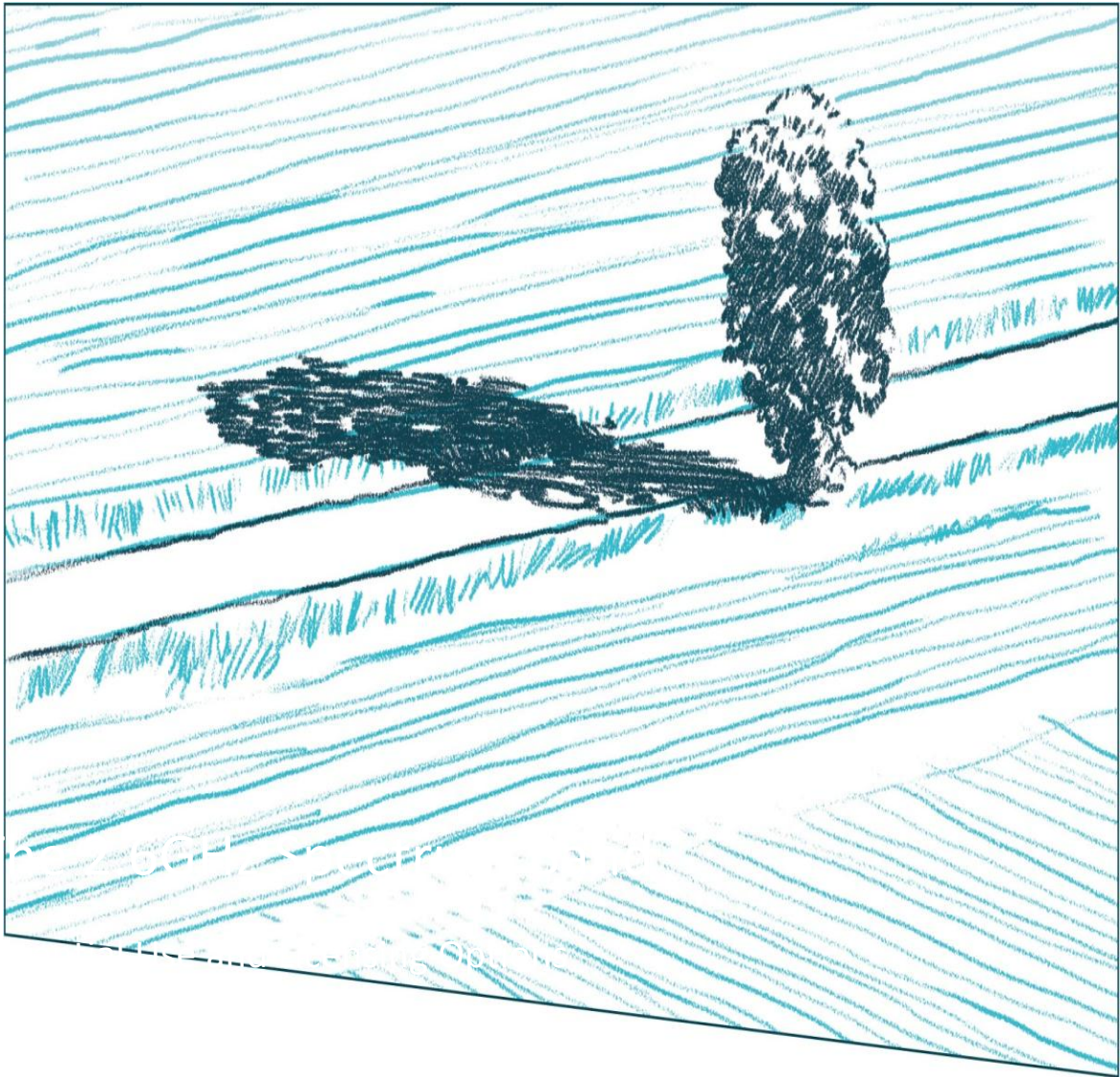
Please find attached Imagines' response to the 6 questions tabled by Comreg

1. We would be of the opinion that there are 2 ways to look at the current regime for non-geographic calls, the process of the regime and the commercial reality of the regime. Imagine is of the opinion that the process of the current regime works, in that it's a relatively simple process to follow, easy to bill both originating and terminating networks, easy to reconcile as all fixed line operators are operating off the same rates, we do not have to try distinguish which fixed line calls are coming from which operators.

From a commercial point of view we believe the regime is not working and the pricing is too high, forcing customers to move away from the standard 1800, 1890, 1850 NGN's. We have seen a significant decline within this market and having conducted a review the responses we are getting from our sales and retention teams are primarily based around cost and mobile operators offering cheaper services, the significant kickback to the mobile operators compared to fixed line operators highlights a serious commercial advantage to the mobile operators considering that a number of the mobile operators also operate within the fixed line market.

2. Ultimately the services provided by NGN's offer a customer the ability to market services to their customers under one number, the demand for 1800 numbers was quite high a number of years ago however with the movement of consumers to using their mobiles more than landlines, the demand for 1800 has decreased significantly as it is a prohibited cost to business's to have a 1800 number given the kickbacks / costs associated to mobile numbers that dial 1800's
3. a) Moving to a new number range – If the current regime cannot be tailored to ensure a level playing field within the NGN market then a new number range would probably be the best alternative although once again to ensure a level playing field the mobile operator rates would have to be on a comparable basis to fixed line operators. The difficulty with this is more of a marketing aspect, educating customers about another NGN service, the set up and payment aspect should be relatively straight forward  
  
b) Reforming Current Regime- Ultimately this depends on to what extent the mobile operators will reduce their current prices. If the mobile operators are unwilling to reduce their prices and BT adopt their proposed price changes, Imagine will be forced into issuing new rates for its' NGN traffic, both origination and termination. Given that Imagine has a Wimax network it could be argued that Imagine should have raised its rates some time ago.
4. Imagine would be of the opinion that a single rate covering all operators both fixed and landline would be more appropriate, the question would have to be asked of the mobile operators as to why their rates are so high? It must also be recognised that mobile operators are also operating with the fixed line market, so for there to be a fair market and improve competition the rates should be comparable for all operators
5. Yes
6. From the above responses it is quite obvious that Imagine feel that the mobile operators have a competitive advantage within this market which is both unfair and has led to a significant decline with the NGN market for fixed line operators

# Telefonica



**Non-geographic Numbers  
Wholesale Charges  
Response to Document 14/23  
10<sup>th</sup> April 2014**

*Telefonica*

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## **Introduction**

ComReg has held two industry workshops recently to discuss the current wholesale arrangements for origination of non-geographic calls. This debate has been precipitated by BT who does not wish to continue with the current structure. Telefonica Ireland (O2) is taking this opportunity to provide some comments to ComReg in advance of the next planned workshop.

## **Background**

When non-geographic numbered services were first introduced, the structure of the communications market was radically different to that which exists today. There was no competition, no mobile, no broadband, and the primary service provided was for voice telephone calls. At the time, distance dependant charging was a major consideration for callers and there was a significant difference between National and Local call pricing. Non-geographic services facilitated the establishment of call-centre operations by eliminating the parochial association that goes with geographic numbers, and providing a uniform tariff regardless of the location of the caller. Non-geographic services are an alternative to geographic services, and operate in parallel.

When mobile services were introduced, the tariff and location information provided in geographic numbers was significantly reduced (for mobile callers), as all calls made from mobiles are national. Nevertheless, the Numbering Conventions were constructed so as to adapt to the changing market, and the concept of the local charge was translated across to mobile. When the market was liberalised and interconnection was required, a wholesale arrangement was needed to provide for the inter-operation of calls, and for the setting of wholesale charges. This was essential at the time for new entrants in the fixed markets as they needed to compete with eircom. The deemed-to-be arrangement ensured all service providers incurred a similar charge for calls originated from different fixed operators.

Mobile services have traditionally had higher retail tariffs than fixed. Even though mobile call origination is a competitive market and retail prices are not regulated, the Numbering Conventions impose retail price ceilings on non-geographic calls. In the case of 1800, this ceiling is zero, and the revenue foregone by a mobile operator for originating an 1800 call is greater than that foregone by a fixed operator. As a consequence, the wholesale charge to originate non-geographic calls from mobile networks is higher than from fixed, and mobile has always been outside of the deemed-to-be regime. This arrangement has worked for over 15 years, and the users of non-geographic services (recipient of the calls) have had the option as to whether they would receive calls from mobile networks or not.

## **BT's Proposals**

BT has stated that the deemed-to-be regime is outdated and that it is not doing what it originally set out to achieve. In the first place, BT has proposed to increase the wholesale charge for non-geographic calls originated by BT. In addition, they have proposed the introduction of an alternative Freephone number range which would have a different wholesale charging arrangement.

What BT is proposing is a significant change to a wholesale practice that has functioned for over 15 years. It is not just a minor change to a tariff. In the first place, O2 is of the view that BT has not

adequately demonstrated why the deemed-to-be regime is out-dated. BT's presentation of 27<sup>th</sup> February does not demonstrate this point sufficiently; it primarily highlights differences between fixed and mobile charges which have always existed.

O2 accepts BT's right to set the price for origination of calls from its network although in effect this would mean breaking out of the deemed-to-be regime. This is not equivalent to the position that exists at present whereby mobile operators are outside of deemed-to-be. Non-geographic call users have the choice to accept calls from mobile or not. No such mechanism exists for an individual fixed operator, so a solution would be needed for this problem.

The complete dismantling of the deemed-to-be regime would give greater pricing flexibility to operators, however at the cost of significantly more complex wholesale billing arrangements. O2 is not convinced that the benefit of such a break-out would justify the additional cost involved.

BT has also proposed the introduction of an alternative Freephone numbering range behind the access code 0800. It is proposed that this new number range would have a wholesale model similar to that used for 0818 calls. This proposal raises a number of issues that must be considered. In the first place, there are numbering implications:

- Would existing 1800 customers have rights to obtain an equivalent 0800 number?
- Would there be confusion between the two number ranges?

The use of 0800 would facilitate international access; however this is a function of the numbering range, and not related to the deemed-to-be regime. It is a solution for one type of service only, and not for 1850 or 1890 services.

The pricing structure applicable to 0818 is not suitable for use with a Freephone service. This is because by definition the retail price for Freephone is zero, and all revenue must be recovered from the wholesale origination charge. That is not the case for 0818 calls, and it operates on a termination model. If a new Freephone number range was opened by ComReg, then O2 would expect the same wholesale charges would apply as do for the current Freephone number range.

As an alternative, BT has suggested that the current deemed-to-be regime could be extended to all call origination under the existing 1800 number range. In effect, this proposal amounts to creating a service which has both retail and wholesale price caps. It eliminates an operator's freedom to individually set pricing. Where a Freephone call is made from any network, there will be displacement of retail revenue as no retail charge can apply. Operators may need to reflect this displaced revenue in their wholesale pricing. The amount of revenue displacement will be different for different operators; however will be significantly different from a mobile operator to a fixed operator. O2 has examined the proposal and find that it would lead to a significant loss of revenue, with no indication that this loss could be compensated for by a growth in traffic. The proposal would effectively eliminate O2's freedom to set individual prices, and O2 could not support this.

O2 remains open to working with the industry group to resolve issues within the deemed-to-be mechanism and will consider any proposals in that regard.

**Tesco**



## Wholesale charges for non-geographic numbers

- 1) What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views

TMI do not have a view

- 2) What are your views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?

TMI do not have a view

Our experience has been growth in traffic month and month.

- 3) What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.

a) TMI is a managed service model; any technical changes would incur costs for our business. We would also need to business case the change.

b) Any potential loss of wholesale revenue for TMI would need to be offset by projections of growth in the retail volumes for non-geo numbers.

- 4) What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.

TMI would need to understand the potential growth in volumes before considering any reduction in wholesale rate.

- 5) Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.

Yes

- 6) Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.

Yes

**UPC**



**UPC Ireland Response to: ComReg 14/23;  
Call for Input Wholesale Charges for Non-  
Geographic Numbers**



## Introduction

UPC Communications Ireland Limited (“UPC”) welcomes the opportunity to provide its response to ComReg on its “Call for Input” on wholesale charges for non-geographic numbers (ComReg 14/23).

This is an important issue for UPC Ireland. Non-geographic numbers are still widely used for calls to company help-desks or answering services and provide a valuable service to consumers and organisations by enabling incoming calls at a fixed or reduced rate. ComReg must ensure that any changes to the current wholesale charging regime for these numbers is fully understood and carefully managed to avoid unnecessary disruption and uncertainty for both consumers and service providers.

## Questions

1) What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.

UPC Ireland believes the current regime for calls to non-geographic numbers has the advantage of being well understood and the “deemed to be” pricing regime that applies to fixed operators facilitates greater transparency and certainty for operators in their business planning.

However, UPC Ireland agrees with BT’s view that the difference that exists in the cost of sale between calls originated on fixed and mobile networks is “unmanageable” and in UPC Ireland’s view unjustified. As stated in the BT Ireland presentation of 13<sup>th</sup> March 2014 “calls from mobiles incur input costs of 18.41 to 34.28 cent per minute versus 0.8 cent per minute from a fixed line (2301% - 4285% more)”. These cost levels for mobile originated calls seem all the more unreasonable when compared to the prevailing Mobile Termination Rate (MTR) in Ireland of 2.6c currently and 1.04c previously (overturned on appeal).

Ultimately these high levels of cost for mobile originated calls feed through to higher charges for service providers, restricting growth in this service and leading to a decline in this business segment over recent years.



2) What are your views and experiences regarding the use by services providers / businesses of using non-geographic numbers such as 1800?

UPC Ireland believes the biggest issue for service providers and businesses using non-geographic numbers such as 1800 is the level of cost for mobile originated calls that feeds through to higher charges, restricting growth in this service and leading to a decline in this business segment.

3) What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.

UPC Ireland does not foresee any significant technical or operational issues in the implementation of either BT Ireland proposal. On the assumption that a new deemed to be regime is implemented (either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators), UPC Ireland views on the alternatives are outlined in response to Q4 below.

4) What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.

UPC Ireland views on moving to a new deemed to be regime for calls under option (a) moving to a new number range 0800, are as follows;

- This has the advantage of leaving the existing regime in place and allowing the market to transition to the new regime by choice and in a planned and orderly manner.
- Provides greater transparency and predictability of costs and builds on the more equitable network charging structure in the existing universal access (0818) model.
- Greater predictability of costs for host operators.
- Potentially enables international access.
- Has the potential to grow the overall market.
- Significant simplification of inter-carrier billing.

UPC Ireland views on moving to a new deemed to be regime for calls under option (b) reforming the current deemed to be regime, are as follows;



- UPC Ireland believes this has all the advantages outlined above for option (a) minus the ability to have a gradual and managed transition to the new regime and the potential to enable international access.

5) Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.

Yes, UPC Ireland is willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime.

6) ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.

In the absence of action by ComReg to correct the unreasonable imbalance in fixed and mobile network input costs for these call types, UPC Ireland believes that it is inevitable that other fixed line operators will follow BT Ireland's example of increasing their fixed origination rates. This will likely result in;

- On-going market failure, restricting the uptake of these services by service providers in the market place.
- Foreclosure of the market for some operators.
- Greater market uncertainty for operators and service providers.
- Possible knock-on implications for charging regime on other call types.

Given the adverse consequences outlined above UPC Ireland requests ComReg to use all means at its disposal to correct the imbalance that exists in the mobile and fixed network input costs to these call types. In the interim UPC Ireland believes that ComReg should not allow the chain of events outlined above to materialise and calls upon ComReg and BT Ireland to withdraw the currently proposed increase to BT Ireland's fixed origination rate.



**Verizon**



## **Verizon Enterprise Solutions response to ComReg's Call for Input on Wholesale Charges for Non Geographic Numbers**

Verizon Enterprise Solutions ("Verizon") welcomes the opportunity to respond to ComReg's Call for Input on Wholesale Charges for Non-Geographic Numbers.

Verizon is the global IT solutions partner to business and government. As part of Verizon Communications – a company with nearly \$108 billion in annual revenue – Verizon serves 98 per cent of the Fortune 500. Verizon caters to large and medium business and government agencies and is connecting systems, machines, ideas and people around the world for altogether better outcomes.

Please note the views expressed in this response are specific to the Irish market environment and regulatory regime and should not be taken as expressing Verizon's views in other jurisdictions where the regulatory and market environments could differ from that in the Ireland.

The response below answers those questions where we have substantive views to offer.

### **Questions**

**What are your views on the current regime for calls to non-geographic numbers?  
Please provide reasoning to support your views.**

1. The current non-geographic number (NGN) regulatory regime is not fit for purpose. In short, there is insufficient regulation at the wholesale level, which has resulted in excessive mobile origination charges. Businesses using Freephone numbers are therefore facing very high costs, and are strongly incentivised to migrate to number ranges where the caller pays (or not to use them in the first place). Fixed CPs also face very high costs when receiving mobile Freephone traffic, and it is clear that some are considering leaving the Freephone market. This in turn leads to consumer detriment and a significant reduction in competition. The bottom line is that the market is effectively failing due to lack of effective charging restraints at the wholesale level.
2. Up until recently, fixed CPs have not sought to exploit this lack of regulation. By aligning their charges with Eircom's regulated rate ('deemed to be' rate), they have ensured parity and fairness across the fixed community.
3. However mobile CPs *have* exploited the situation. They have set their rates vastly in excess of cost, with no apparent justification. BT points out the stark reality in their slides presented to industry on 13 March – for some Freephone numbers the wholesale origination charge will cost 0.8cpm from a fixed line, compared to nearly 35cpm from one mobile CP. Verizon agrees with BT that this is not a sustainable position.
4. As indicated above this huge disparity between fixed and mobile has very harmful effects on competition, consumers and businesses in Ireland using freephone. The only beneficiaries of the current regime are the mobile CPs. Therefore, as ComReg appear to recognise given their remarks at the 13 March workshop, the real issue to





be addressed is the need for a reduction in mobile origination charges. If these can be reduced swiftly, to an appropriate level consistent across each of the mobile CPs, this will not only go a long way to resolving the issues above but should also avoid disruption in the fixed regime, which works well and should not be interfered with.

5. In an ideal world ComReg would review and regulate the market to achieve the necessary changes. However the quicker, more pragmatic and less disruptive solution would be for the industry to agree the changes as a commercial level with ComReg acting in an observer capacity.
6. The changes that are needed are very simple. The mobile CPs need to come together, and determine a fair and reasonable standard mobile origination rate which reflects their cost of origination, as is currently the case in the fixed sector. This would not necessarily need to be a hugely complex exercise – there is plenty of benchmark data available.<sup>1</sup>
7. If the mobile CPs were able to agree a cost-based rate among themselves, it is unlikely that it would be perfect, or indeed as fair and reasonable as the ComReg-determined rate which fixed CPs use. This is because the mobile CPs would be highly incentivised to keep the rate as high as possible. However, a material reduction would nevertheless represent a vast improvement on the current situation and would hopefully persuade BT to remove its current plan to increase its fixed origination rate - which would make current situation far worse.
8. If, following the Call for Inputs, ComReg is of the view that the mobile CPs are unable or unwilling to agree a rate in a reasonable period of time, it should act to put the strongest possible pressure on them to agree an interim reduction. If it does not do so and the mobile charges are not significantly reduced, it appears that the whole Freephone market will effectively fail. All fixed rates will increase following BT's lead, and we will see a race to the bottom – the ultimate losers being business and individual consumers in Ireland.

**What do you consider the merits and difficulties are in respect of BT's proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.**

9. Verizon considers that the only sensible and pragmatic option is reform of the current deemed to be regime – and not the introduction of a new range.
10. The introduction of a new 0800 number range would involve very significant time, cost and resource to implement both for industry and no doubt for ComReg. Such effort would not address the real issue, which is parity of wholesale origination charges between fixed and mobile CPs. Introducing a new range will simply duplicate the existing problems on this new range, because unless ComReg were prepared to regulated origination charges across all market participants it would be necessary for the industry to set their own. It would also introduce unnecessary complexity and confusion to callers to Freephone numbers, and possibly also businesses using

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<sup>1</sup> For example, Ofcom in the UK has recently completed and published a major review of the Freephone sector, and has determined a range of fair and reasonable origination charges for fixed and mobile CPs. See : <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geo-no/>



Freephone ranges. For these reasons we do not consider that this option is worthy of serious consideration.

11. Reforming the existing deemed to be range is the sensible and pragmatic solution to resolving the current problems at the wholesale level. It can be achieved with very little difficulty – as indicated above, no changes are needed to the fixed rate because this is effectively a regulated rate across the fixed community (assuming no fixed CP raises its rates, see below) so only the mobile regime needs to be addressed. No material changes to billing systems will be needed, and it simply needs the agreement and commitment of the mobile CPs to make it work. It will not cause any changes at the retail level, ie there would be no changes from the caller's perspective.
12. If new mobile charges could be agreed and implemented, one element that ComReg might want to consider, given the current lack of regulation for all bar eircom, is to seek industry views on agreeing a Memorandum of Understanding on charges going forward. This could establish a consensus that no market participant, fixed or mobile, will raise its charges without good reason, and without providing significant notice. This would perhaps serve to give confidence to others that rates were semi-fixed, and that discussions would be possible in advance of any future rate changes.

**What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT's proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.**

13. By far the most fair, proportionate and pragmatic solution would be to establish two standard origination charges, one for fixed (already exists) and one for mobile. The reason that there should be two separate rates is to reflect the view that the costs of originating Freephone calls for mobile CPs may be marginally higher than for fixed CPs. **However, the critical point is that both fixed and mobile charges should reflect the efficient costs of origination, and should not allow excessive returns.**
14. As already described the fixed CP community already effectively set their rates on a cost oriented basis (following eircom's rate). This works very well in practice and there is no reason to cause unnecessary disruption by changing the current fixed regime.
15. The required work comes on the mobile side. The mobile CPs should commit to agreeing a single mobile origination charge, based on efficient costs, and implementing the rate within a reasonable period. We consider that there is no reason why this new rate cannot be agreed and implemented by 1 June 2014, which should also ensure that BT withdraws its planned fixed origination charge increase.
16. However there is an obvious incentive on mobile CPs to delay any action, given the likely reduction in revenues they will realise from origination charge reductions. ComReg **must** take a very engaged role to ensure they do not stall resolution of this matter. ComReg should be prepared to set a hard deadline by which they come up with a rate and put the necessary pressure on them to meet it, or consider the possibility of an interim cap on mobile charges to relieve the immediate pressure pending a full analysis.



17. In terms of what a fair and reasonable mobile charge might look like, we should expect the mobile CPs to have a very good idea already of their efficient costs of origination. There is lots of benchmarking data available from other EU jurisdictions. In particular, Ofcom in the UK has done an extensive analysis of fair and reasonable mobile and fixed origination charges in its recent NTS statement (reference in footnote 1 above). We do not set out the analysis here, but it is worth highlighting the three core principles that it considered relevant:

**Principle 1:** originating communications providers (OCPs) should not be denied the opportunity to recover their efficient costs of originating calls to a free to caller number range.

• **Principle 2:** the origination charge should be beneficial to consumers, taking into account the following factors:

- Indirect effect: impact of the proposed origination charge on service provider (SP) costs, and on callers through resulting relevant decisions by SPs such as exiting (or not joining) a free-to-caller number range with an impact on service availability, and cost mitigation measures;
- Tariff package effect: impact of the proposed origination charge on OCPs' retail prices for other services; and
- Competition effect: impact of the proposed origination charge on competition, whether beneficial or detrimental.

• **Principle 3:** the origination payment should be practical to implement.

18. They conclude that a fair range for mobile origination charges would be somewhere in the range 1.3 – 3ppm. We consider that these principles would apply equally in the Irish market.

**Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.**

19. All CPs, fixed or mobile, must be prepared to engage in this discussion – as it affects all market participants and ultimately it has a direct bearing on competition and consumers.

20. If one or more parties are unwilling to get involved, ComReg needs to urgently consider what measures it might take to put pressure on them to do so. Whether it wants to or not, ComReg must be prepared to invest time and resource in this matter – potentially beyond mere facilitation of discussions. It is critical to the future of the Freephone market in Ireland that (i) mobile origination charges are reduced to a cost-based rate; and (ii) fixed origination charges remain at the current deemed to be rate. The onus is quite clearly on the mobile CPs to make this happen, with the appropriate pressure being applied by ComReg.

Verizon Enterprise Solutions

April 2014

**Viatel**

[www.viatel.com](http://www.viatel.com)



Mr. Kjeld Hartog  
Commission for Communications Regulation  
Block DEF  
Abby Court  
Lower Abbey Street  
Dublin 1

Date: 9/04/2014

Reference: Response to Call for Input, ComReg 14/23

Dear Mr Hartog,

We take pleasure submitting our response on behalf of Viatel Ireland Limited, Smart Telecom Limited and Digiweb Limited.

If you require clarification or further information please do not hesitate to contact us.

Yours Sincerely

A handwritten signature in black ink that reads 'Tony Meleady'.

Tony Meleady  
Commercial Voice Manager  
Viatel Ireland Limited (Formally Smart Telecom Holdings Limited)

## Wholesale charges for non-geographic numbers

Viatel Ireland Limited Response – Representing Smart Telecom Holdings Limited and Digiweb Limited

### Question 1

*What are your views on the current regime for calls to non-geographic numbers?*

#### Response:

During the past 10 years the cost associated with non geographic calls from a mobile has not been kept in line with mobile market rates .Example 1 shows the change in mobile termination over the last 10 years and example 2 shows the change in 1800 mobile origination payment rates during the same period . Due to this disparity businesses/providers do not view 1800 as a value for money service.

#### Example 1

##### Mobile Termination Rate (Peak Euro Cent)

Operator			Difference
Meteor	17.77	4.25	-13.52
O2	12.9	2.6	-10.3
Vodafone	12.9	2.6	-10.3
	2004	2014	

#### Example 2

##### Mobile Payment to Originating Operator for 1800 (Peak Euro Cent)

Operator			Difference
Meteor	34.28	34.28	0
O2	23.3	23.3	0
Vodafone	18.411	18.411	0
	2004	2014	

The above figures highlight the issue where some mobile operators are charging a factor of 10 in payment for mobile origination compared to termination.

There is no consistence in relation to the mobile origination charges across the non geographic range of numbers.

#### Example:

1800 origination (peak)	€0.233
1850 origination (peak)	€0.1674
1890 origination (peak)	€0.0416

This situation has created an environment where certain ngn products are not viable for business and fixed line operators.

**Question 2**

*What are your views and experience regarding the use by service providers/ businesses of using non-geographic numbers such as 1800?*

**Response:**

Consumers have migrated to using a mobile as their main voice communication media for 1800. The largest single 1800 customer on the Viatel network has a profile of 77% of all minutes originating on mobiles. This shift from fixed to mobile profile has increased the cost for providing a number of the traditional non-geographic services. Businesses have found it extremely difficult to justify the mobile cost in their cost of sales model.

Example:

Company	Residential Contact Number
VHI	1890
UPC	1890
Sky	0818
Bank of Ireland	0818
Aerlingus	0818
ESB	1850
Board Gais Energy	1850
Boylesports	1800
Paddy Power	1800

The shift in calling profile has also altered the cost base model for fixed line operators. The 77% of the minutes originating on the mobile network equates to 98% of the total minute transit cost. This disproportionate cost profile does not allow a fixed line operator to be competitive and keep its business profitability within the criteria required in its business model.

**Question 3**

*What do you consider the merits and difficulties are in respect of BTs proposal to a/ move to a new number range; or b/ reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.*

**Response**

Viatel do not consider replacing 1800 with 0800, etc as a logical solution to the problem. Ireland already has an 1800 Free Phone number that if structured correctly should be an acceptable offering to the market. The process and cost to launch a new number range is unnecessary when 1800 already exists.

The current “deemed to be regime” is unworkable for both fixed line operators and the businesses; this situation needs to be addressed.

**Question 4**

*What are your views regarding the appropriateness of entering into a new deemed to be regime of BTs proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-Line and Mobile Operators for such calls. Please provide a cogent reasoning to support your views?*

**Response**

Viatel cannot operate a service which does not provide the returns required by our business model. If Fixed Line and Mobile operators cannot agree to a “deemed to be” rate that is acceptable, the fixed line operator should set a rate which enables them operate the service within the criteria required by their business model.

Without a more aligned “deemed to be rate” .Viatel would accept BTs need to alter their origination cost to satisfy their business requirement. Should no resolution be found to the current issue. Viatel will be reviewing its origination pricing structure in relation to our business model requirements.

**Question 5**

*Are you as a fixed –line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not please state your reasons.*

**Response**

Viatel is a fixed line operator and it would welcome a discussion which included Fixed Line and Mobile operators regarding a new “deemed to be regime”. However it would only be willing to enter into such discussions if at the beginning a conclusion process with a time frame was agreed by all. If the time frame expired and no satisfactory conclusion was reached. Viatel will review and if necessary introduce its required origination pricing structure.

**Question 6**

*ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.*



**Vodafone**



**Vodafone Response to ComReg Document 14/23: Call for Input - Wholesale charges for non-geographic numbers**

## Introduction

Vodafone welcomes the opportunity to comment on this call for input. Vodafone notes that this workstream has been initiated on foot of a unilateral action by BT Ireland to cease its participation in the “deemed to be” regime. This regime has successfully provided a framework for the determining the commercial inter-operator arrangements for national non-geographic traffic over many years. BT’s reason for resiling from the current regime can be summarised as being that the regime no longer works for BT.

The fact that an individual operator fares less well over time in the face of competition is not indicative of a general competitive failure.

While the current regime may not be a panacea for non-geographic numbers, it is a solution which allows to the market to function. In the round it may be the least worst solution given the various regulatory, commercial and technical constraints which intersect when one considers the routing and charging of non-geographic numbers.

## Responses to individual questions

**1. What are your views on the current regime for calls to non-geographic numbers? Please provide reasoning to support your views.**

The current “deemed to be” regime is a commercially transparent and technologically straightforward solution to the issue of inter-operator charging for calls to non-geographic numbers. It provides market certainty in an area where the scope and basis for regulatory intervention is at best unclear.

The publication of the inter-operator rates in eircom’s Switched Transit and Routing Price List (STRPL) provides transparency for operators and service providers.

The linking of the fixed rates to eircom’s regulated retention means that commercial issues relating to differentiated pricing either on a network host by network host basis or differentiation by individual hosting networks based on the origination source do not arise.

The use of eircom’s price as a proxy for all other fixed operators provides a simplified mechanism charging given the larger volume of fixed originating networks and the fact that the centralised GNP data base is potentially not sufficiently robust to be used for billing reconciliation.

Because calls to 1800 are free to the calling party the originating service provider forgoes the retail revenue that would have accrued had the call been made to say a geographic number. The differentiated pricing between mobile originated calls to freephone and fixed calls to freephone mirrors the differentiated retail pricing that exists between out of bundle calls from fixed to national numbers and mobile to national numbers.

**2. What are your views and experiences regarding the use by services providers/businesses of using non-geographic numbers such as 1800?**

There are a range of non-geographic access codes (0818, 1800, 1850 and 1890) allowing service providers decide how they wish to have the users of their services contact them. This choice can be exercised alongside the choice of whether to use a geographic number. These choices have economic value to the various service providers either by way of improved customer experience or to use price as a rationing mechanism to discourage frivolous or misdirected calls (e.g. to discourage sales lines being used as an entry point for technical support). These mechanisms have a differentiated cost to Service Providers allowing them to match the value to them of the particular mechanism to its cost. The overall volume of calls to freephone numbers indicates that the cost to Services Providers of this service is not so high as to be above the economic value to them of this access mechanism. That other Service Providers do not value the utility of freephone access mechanism as highly is not an indication of market failure but one of market differentiation.

As in any business there will be a desire to obtain the best quality for the lowest price from suppliers. In this regard there is a natural tendency to seek to have the service that provides the highest level of end user experience (typically freephone) at the lowest possible price. Reducing the cost differentiation to Service Providers of the various access mechanisms means that they do not have to assess the economic value to them of choosing one particular mechanism over another. That different Service Providers do not place so high a value on the benefits of a particular access mechanism to avail of it at the current pricing levels is not a

sufficient justification in itself to declare that the current regime is not fit for purpose. It may that reducing the level of price differentiation towards the Service Providers would discourage the use of all other access codes apart from 1800.

**3. What do you consider the merits and difficulties are in respect of BT’s proposal to a) move to a new number range; or b) reforming the current deemed to be regime? Please provide a detailed response which considers both proposals.**

BT’s suggestion of the introduction of a new number range does not address what it itself claims to be the underlying issue. In order to deal with the problems which BT claims beset the current regime a new agreement would be required to underpin the new number range. If such an agreement can be reached there would be no reason why it could not apply to the current ranges as opposed to applying it to the new range. There has been no first order estimation by BT of the industry wide operational and commercial overhead associated with introducing a new range including the retail marketing of the range by SPs. It is Vodafone’s considered opinion that should a new underlying regime be agreed these costs would exceed the benefit of introducing a new range as opposed to simply applying the regime to the current ranges.

A reform to the current regime has obvious commercial and operational implications for all market participants. It is unlikely that any change will result in entirely neutral impacts for all stakeholders and the balancing of adverse and positive impacts might make a unanimous agreement impossible. Even if this was to be achieved there is no guarantee that future market entrants would not adopt the approach recently adopted by BT and unilaterally decide not to adhere to the agreed framework. Notwithstanding ComReg’s stated willingness to consider dispute resolution submissions it is not clear that it has the standing to intervene to determine what are essentially commercial terms between contracting parties.

**4. What are your views regarding the appropriateness of entering into a new deemed to be regime for either of BT’s proposal i.e., either a single rate or more aligned deemed to be rate charged by Fixed-line and Mobile Operators for such calls? Please provide cogent reasoning to support your views.**

BT’s stated reason for prompting the debate is that it was being forced out of the market. It has not stated that service providers were being forced out of the overall market. Even if BT is suffering adverse competitive conditions there is no suggestion that the market overall is contracting. Even if it were there is no suggestion that any such contraction is due to the deemed to be regime.

BT’s partial and partisan analysis of the current regime does not lend itself to drawing a clear conclusion as to whether a change is warranted. Even if a cost benefit analysis does indicate that there is some overall benefit to a change the exact nature of what this change might be is not clear and would require a more fulsome and rounded examination.

**5. Are you as a fixed-line and/or mobile operator willing to discuss the possibility of a new deemed to be regime which includes mobile-operators as part of that regime? If not, please state your reasons.**

As a network host for numbers covered by the deemed to be regime, a fixed originating operator and a mobile operator Vodafone would be willing to participate in discussions regarding the deemed to be regime.

**6. ComReg would welcome any additional views from interested parties regarding any additional issues or submissions you would like to make in respect of non-geographic numbering and the current wholesale charges thereof.**

ComReg seems to have accepted at face value BT's assertion that the market is not operating properly. It is notable that no other operator has made this assertion and Vodafone would urge caution in the consideration of BT's assertions. Even if Service Providers wish to have a reduction in the rates for access to 1800 numbers this must be seen in the context where the combination of geographic numbers, 1800, 1850, 1890 and 0818 operate to provide a tiered end-user experience with the top tier being free access to the Service Provider. There seems to have been little consideration given to the value to Service Providers that attaches to the different tiers, the focus has been solely on cost. The fact that Service Providers actively consume the 1800 tier at the current prices provides empirical evidence that these prices are a reasonable estimate of value.

The deemed to be regime covers much more than the non-geographic numbers which were the focus of BT's submissions to industry. The issue of the deemed to be regime as it applies to Premium Rate Services has not been canvassed at all. If the current regime is to be reviewed then any such discussions must comprehend the entirety of the current regime and this must be within the scope of any review.

At the Industry meetings on the deemed to be regime ComReg has indicated that it would entertain disputes which are submitted in relation to this topic.

In order to provide a regulatory context for any discussions Vodafone believes that ComReg, having raised the prospect of regulatory intervention on this issue, should clarify the basis on which it believes that such an intervention might be grounded. This clarification is a necessary input so that participants in the discussions can fully understand the regulatory boundaries within which the discussions might take place.