



Office of the Director of
**Telecommunications
Regulation**

INFORMATION NOTICE

Wholesale Bitstream ADSL and Line Sharing Costs

Document No: ODTR 01/75

Date: 26 September 2001

Oifig an Stiúirthóra Rialála Teileachumarsáide

Office of the Director of Telecommunications Regulation

Abbey Court, Irish Life Centre

Lower Abbey Street, Dublin 1, Ireland

Tel. +353 1 804 9600 Fax. +353 1 804 9680 E-mail info@odtr.ie

Wholesale Bitstream ADSL and Line Sharing Costs.

eircom has recently announced its intention to offer a new product, “bitstream ADSL.” This uses ADSL (asynchronous digital subscriber line)¹ technology to provide high-speed Internet access. Where *eircom* provides a retail product, it is also required to make the same product available on a wholesale basis to other telecommunications operators.

The Director welcomes any new product which increases the choice available to Irish users. However, she has a duty to ensure that the pricing structure of the new product complies with certain regulatory rules: the wholesale product must be made available on cost-oriented and non-discriminatory terms so that other operators are not disadvantaged compared to *eircom*’s retail arm. In addition, the Director has a duty not to approve a price structure which might breach competition law. In particular, she may not approve a “margin squeeze” (by which the retail prices charged by a dominant undertaking are so close to the wholesale prices offered to competitors that even a reasonably efficient competitor cannot enter the market).

Following a direction to *eircom* on September 13th, further discussions and information have clarified the position, but the concerns of the Director regarding cost orientation and margin squeeze remain. The ODTR today directed *eircom* to submit a revised comprehensive and compliant cost proposal for the wholesale bitstream product utilising factors for the weighted average cost of capital and asset lives as determined by the ODTR. *eircom* have further been directed to eliminate any margin squeeze.

The Director wishes to inform the market that some aspects of *eircom*’s wholesale bitstream product may be available under a different product name. Pursuant to the Voice Telephony and Universal Service Regulations, 1999, OLOs are not required to pay for facilities that are not necessary for the service requested. The Local Loop Unbundling (LLU) Line Share product delivers a line share to a co-location space as is required for bitstream and is costed on this basis. This office has fixed an interim price for line-

¹ Asymmetric Digital Subscriber Line. ADSL is a technology that transforms ordinary phone lines into high-speed digital lines. The word “asymmetric” refers to the fact that the cable is reconfigured so as to encourage faster flow of data in one direction: data travelling from the network to the user goes faster than data in the other direction. ADSL is asymmetric in that it transmits data faster “downstream” (i.e. to the user) than it does “upstream” (to the network).

sharing under ODTR LLU Decision notice D8/01. The ODTR believes that no additional cost would be incurred in delivering this to the *eircom* rather than to the OLO co-location space.

eircom can launch its retail offering 21 days after it has satisfied the Director that its wholesale offering is compliant with its obligations regarding cost orientation, non-discrimination and competition. The Director regrets that the benefits to consumers and business users arising from bitstream will be delayed until *eircom* complies with its obligations but believes that this action is necessary to prevent a price structure which would stifle competition.