



Commission for  
**Communications Regulation**

## Information Notice

### **Wholesale Price Cap for Interconnection Rates**

#### **Next Steps following Consultation**

<b>Document No:</b>	<b>03/103</b>
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## 1 Introduction

Last February, the Commission for Communications Regulation, (ComReg) issued a consultation paper<sup>1</sup> on fixed interconnection charging mechanisms which consulted on the current process of setting and finalising interconnection rates. The consultation paper was drafted in the context of the legislation in place at the time and asked interested parties for their views on the current arrangements in relation to interconnection rates setting out a number alternatives to the current regime, one of which included the option of a conveyance rate price cap.

Eight respondents submitted views on the Consultation. Six of these considered the current arrangements for setting Fixed Interconnection rates to be unsatisfactory for various reasons and stated that the option of a conveyance rate price cap was their preferred alternative to the current regime for the following reasons.

- Spreading risk equitably between eircom and Other Licensed Operators, (OLOs).
- Providing certainty for OLOs for their overall input costs.
- Providing eircom and OLOs with incentives to invest.
- Avoiding the need for retrospection.
- Providing stability and predictability to the rates.
- Greater incentive for investment and efficiency gains.
- Wide support across the industry.
- Incentive that a price cap provides for cost reduction over time.
- Simplicity, avoids a costly and intrusive task on an annual basis.
- Past experience in the UK.

In its Decision Notice<sup>2</sup> in response to the consultation responses, ComReg stated that having considered these submissions, it agreed in principle to a conveyance rate price cap, that a prompt examination of the more detailed issues was warranted and that a further consultation would follow.

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<sup>1</sup> Document No. 03/16 – Consultation Paper on Fixed Interconnection Charging Mechanisms

<sup>2</sup> Document No. 03/57 – D14/03 Decision Notice on Fixed Interconnection Charging Mechanisms

## **2 Next Steps**

On 24 April 2002, the EU Commission published four legislative Directives namely, the Access Directive, the Framework Directive, the Authorisation Directive and the Universal Service Obligation Directive. The new Directives laid down the powers, available to National Regulatory Authorities in the various EU countries, to regulate undertakings which provide an electronic communications network or an electronic communications service. These Directives were transposed into Irish law with effect from 25 July 2003.

The introduction of the new legislative framework within the State alters the regulatory framework within which ComReg regulates both Fixed Network Operators and Mobile Network Operators. The new regime provides for a process of market definition, market analysis and identification of Significant Market Power (SMP) which is currently underway.

ComReg has found the replies to the consultation to be very helpful indeed with regards to any future implementation of a Wholesale Price Cap and will, where appropriate factor in these inputs into our thinking and analysis with regard to a future steps we take in this area in the context of any remedies that might be imposed under the new regime.