



Commission for  
**Communications Regulation**

# **Provision of Universal Service by Eircom**

## **Quality of Service**

### **Information Notice**

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

Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland  
Telephone +353 1 804 9600 Fax +353 1 804 9680 Email [info@comreg.ie](mailto:info@comreg.ie) Web [www.comreg.ie](http://www.comreg.ie)

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## 1.1 The universal service

1. The Commission for Communications Regulation (ComReg) is responsible for the regulation of the electronic communications sector in accordance with national and EU legislation. One of ComReg's functions in this regard is to regulate the Universal Service Obligation ("USO") for the Irish market and decide which undertaking(s) should be designated as the Universal Service Provider(s) ("USP"). On 29 June 2012, following a public consultation, ComReg designated eircom as the USP for a period of two years - from 1 July 2012 to 30 June 2014. On 7 July 2014, following a public consultation, ComReg re-designated eircom as the USP for a period of 18 months – from 7 July 2014 to 31 December 2015.

## 1.2 Performance improvement programme 2010 – 2012 (PIP)

2. On 28 May 2008 ComReg set legally binding performance targets in relation to Eircom's quality of service performance with respect to certain aspects of the USO. These targets relate to timescales for connection, fault rate occurrence and fault repair times.<sup>1</sup>
3. Subsequently, Eircom established a USO quality of service performance improvement programme for the periods 2010/2011 and 2011/2012.<sup>2</sup> Eircom put in place performance bonds (totalling €10m) to guarantee its performance.<sup>3</sup> In addition, Eircom estimated that it would make an annual investment of over €30m in 2010/2011 and 2011/2012.

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<sup>1</sup> ComReg Decision No: D02/08: Decision Notice (And Decision Instrument): Response to Consultation – eircom's Universal Service Obligation : Quality of Service Performance Targets

<sup>2</sup> ComReg Document No: 10/80: Information Notice – Provision of Universal Service by eircom – Performance Data – Q2 2010 (1 April 2010 – 30 June 2010) and Annual (1 July 2009 – 30 June 2010)

<sup>3</sup> Eircom established a cash deposit form of guarantee in December 2012 for the annual performance period 2012/2013. Accordingly, if any of the performance targets are not achieved, ComReg is entitled to make a withdrawal for a corresponding proportion of the €10m held in cash deposit, by way of a financial penalty on Eircom.

### **1.3 Performance improvement programme 2012 - 2014 (PIP2)**

4. Having regard to Eircom's performance improvements achieved over the periods 2010/2011 and 2011/2012, albeit that Eircom did not achieve a number of its targets for fault repair times in 2010/2011 and 2011/2012, it was considered that the continued implementation of a performance improvement programme for a further two annual periods could potentially achieve additional USO performance improvements for consumers. In light of this, Eircom established a new performance improvement programme (PIP2) for the two annual periods (2012/2013 and 2013/2014). The related targets are in respect of timescales for connection, fault repairs and fault rate occurrence and are set out in **Appendix 2** which included, in some cases, more demanding targets than those that were in place for the initial PIP.
5. Eircom also put in place a financial security mechanism (cash deposit) to guarantee its performance for the annual periods 2012/2013 and 2013/2014. Eircom's maximum annual financial liability is €10m for each of the two annual periods. In addition, Eircom estimated that it would make an investment of €51m over the periods 2012/2013 and 2013/2014 (see also **Appendix 2**).

### **1.4 Eircom's USO quality of service performance for the period 1 July 2013 to 30 June 2014**

6. While a number of the targets for the USO quality of service performance improvement programme for the period 1 July 2013 to 30 June 2014 were achieved by Eircom in relation to connections, Eircom did not achieve all of its fault repair targets and did not achieve the fault occurrence target. Please refer to **Appendix 1** for full details of performance against the PIP2 for this period.
7. However, Eircom submitted a Force Majeure claim related to the weather conditions that occurred between December 2013 and April 2014.

8. There was disagreement between Eircom and ComReg regarding Eircom's claim of Force Majeure. However, the matter has been resolved out of court with both parties agreeing not to pursue the force majeure matter and for Eircom to discharge its obligations under PIP2 for this period by paying ComReg a penalty of €2,500,000. In addition, Eircom will arrange for refunds to be issued to customers (both retail and wholesale) who suffered an outage exceeding 10 working days during the period from 20 December 2013 to 30 April 2014. A further performance improvement programme (PIP3) has been agreed by the parties commencing at the expiry of PIP2.

## **1.5 Performance improvement programme 2014 – 2015 (PIP3)**

9. Eircom and ComReg have established a new performance improvement programme (PIP3) for the period 7 July 2014 to 31 December 2015. The targets are in respect of timescales for connection, fault repairs and fault rate occurrence and are set out in **Appendix 3**. While Eircom will continue to report performance for the period 7 July 2014 to 31 December 2014, ComReg has agreed not to undergo a compliance assessment against the relevant PIP3 targets for this period. ComReg will assess Eircom's performance for compliance against the PIP3 targets for the period 1 January 2015 to 31 December 2015.
10. PIP3 is detailed in Appendix 3. In summary, the PIP3 targets and penalties remain the same as those for PIP2 except in respect of fault occurrence and fault repairs within 2 working days.
11. The PIP3 target for Fault Occurrence has been reduced, however, to compensate for this reduction, the target and penalties with respect of Fault Repairs within 2 working days have been increased and Eircom has undertaken to ensure that any customer (wholesale and retail) will automatically be refunded if they suffer a service outage in excess of 10 working days during the period of the current access at a fixed location (AFL) Designation.

12. Eircom has also put in place a financial security mechanism (cash deposit) for the annual period 1 January 2015 to 31 December 2015. Eircom's maximum annual financial liability is €10m for this period.
13. In addition, Eircom estimated that it would make an investment of €32m over the period 1 July 2014/30 June 2015 and €26m over the period 1 July 2015/30 June 2016. (see also **Appendix 3**).

## 1.6 Conclusion

14. The measures that ComReg has taken since 2008 to bring about improvements in Eircom's quality of service performance for the USO clearly showed progress up to and including the performance period 2012/2013. ComReg welcomed the improvements made by Eircom throughout that period from 2008.
15. However, performance for the annual period 2013/2014 did not display the same improvement trend.
16. In order to achieve the stipulated targets within the PIP3 framework Eircom will be required to commit the required human and financial resources.
17. In light of the above, ComReg does not intend to take further enforcement action against Eircom for the period 2013/2014.
18. ComReg remains fully committed to ensuring the quality of the universal service and believes that the measures it has taken will continue to give benefits to large numbers of consumers in the State. ComReg will continue to closely monitor Eircom's USO performance and will publish quarterly reports on Eircom's USO performance. ComReg expects to publish performance improvement resulting from Eircom's efforts to fully achieve its required performance levels set out in the PIP3.

## Appendix: 1 Performance Improvement Programme (PIP2) 2013-2014 – Annual quality of service performance targets and annual performance cash deposit

Table

Description of Target	Annual PIP Target Value %	Performance Achieved %	Annual Performance Cash Deposit €	PIP Target Achieved (Yes/No)
<b>Provision of In-situ connections</b>				
Within 24 hours of request	80.00	76.4	€5,000 per 0.1% deviation below PIP Target	No
Within 2 weeks of request	99.50	97.5	€4,000 per 0.1% deviation below PIP Target	No
Within 2 months of request	99.80	99.9	€5,000 per 0.1% deviation below PIP Target	Yes



Description of Target	Annual PIP Target Value %	Performance Achieved %	Annual Performance Cash Deposit €	PIP Target Achieved (Yes/No)
<b>Provision of All Other Connections</b>				
Within 2 weeks of request	80.00	82.6	€5,000 per 0.1% deviation below PIP Target	Yes
Within 4 weeks of request	85.00	93.5	€5,000 per 0.1% deviation below PIP Target	Yes
Within 8 weeks of request	90.00	98.1	€5,000 per 0.1% deviation below PIP Target	Yes
Within 13 weeks of request	95.00	99.4	€5,000 per 0.1% deviation below PIP Target	Yes
Within 26 weeks of request	99.80	100.0	€5,000 per 0.1% deviation below PIP Target	Yes
<b>Connections completed by agreed date</b>	<b>94.20</b>	<b>93.4</b>	<b>€5,000 per 0.1% deviation below PIP Target</b>	<b>No</b>

<b>Description of Target</b>	<b>Annual PIP Target Value</b> %	<b>Performance Achieved</b> %	<b>Annual Performance Cash Deposit</b> €	<b>PIP Target Achieved (Yes/No)</b>
<b>Fault Repairs</b>				
<b>Fault Repairs completed by agreed date</b>	<b>95.00</b>	<b>90.0</b>	<b>€2,500 per 0.1% deviation below PIP Target</b>	<b>No</b>
<b>Within 2 working days</b>	<b>80.00</b>	<b>60.4</b>	<b>€5,000 per 0.1% deviation below PIP Target</b>	<b>No</b>
<b>Within 4 working days</b>	<b>95.00</b>	<b>79.1</b>	<b>€5,000 per 0.1% deviation below PIP Target</b>	<b>No</b>
<b>Within 5 working days</b>	<b>96.00</b>	<b>83.6</b>	<b>€5,000 per 0.1% deviation below PIP Target</b>	<b>No</b>
<b>Within 10 working days</b>	<b>99.00</b>	<b>92.6</b>	<b>€2,500 per 0.1% deviation below PIP Target</b>	<b>No</b>

Description of Target	Annual PIP Target Value	Performance Achieved	Annual Performance Cash Deposit €	PIP Target Achieved (Yes/No)
<b>Fault Occurrence</b>				
<b>Line faults per 100 lines</b>	<b>12.8</b>	<b>16.4</b>	<b>€1,000,000 per 0.1 above PIP Target</b>	<b>No</b>

## Appendix: 2 USO Quality of Service Performance Improvement Programme 2012 – 2014 (PIP2)

Table

Description of Target	Annual Performance Improvement Programme (PIP) Target 2012/2013  %	Annual Performance Improvement Programme (PIP) Target 2013/2014  %	Annual Financial Security  €
<b>Connections</b>			
<b>In-situ connections within 24 hours of request</b>	80%	80%	€5,000 per 0.1% deviation below PIP Target
<b>In-situ connections within 2 weeks of request</b>	99.5%	99.5%	€4,000 per 0.1% deviation below PIP Target
<b>In-situ connections within 2 months of request</b>	99.8%	99.8%	€5,000 per 0.1% deviation below PIP Target

<b>Description of Target</b>	<b>Annual Performance Improvement Programme (PIP) Target 2012/2013</b>  %	<b>Annual Performance Improvement Programme (PIP) Target 2013/2014</b>  %	<b>Annual Financial Security</b>  €
<b>All other connections within 2 weeks of request</b>	80%	80%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 4 weeks of request</b>	85%	85%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 8 weeks of request</b>	90%	90%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 13 weeks of request</b>	95%	95%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 26 weeks of request</b>	99.8%	99.8%	€5,000 per 0.1% deviation below PIP Target

<b>Description of Target</b>	<b>Annual Performance Improvement Programme (PIP) Target 2012/2013 %</b>	<b>Annual Performance Improvement Programme (PIP) Target 2013/2014 %</b>	<b>Annual Financial Security €</b>
<b>Connections completed by Agreed date</b>	94%	94.2%	€5,000 per 0.1% deviation below PIP Target
<b>Fault Repairs</b>			
<b>Fault repairs completed by Agreed Date</b>	95%	95%	€2,500 per 0.1% deviation below PIP Target
<b>Fault repairs completed within 2 working days</b>	80%	80%	€5,000 per 0.1% deviation below PIP Target.
<b>Fault repairs completed within 4 working days</b>	95%	95%	€5,000 per 0.1% deviation below PIP Target.
<b>Fault repairs completed within 5 working days</b>	96%	96%	€5,000 per 0.1% deviation below PIP Target
<b>Fault repairs completed within 10 working days</b>	99%	99%	€2,500 per 0.1% deviation below PIP Target

<b>Fault Rate Occurrence</b>			
<b>A maximum fault rate of line faults per 100 lines</b>		<b>30 June 2013</b>	<b>30 June 2014</b>
<b>Annual Performance Improvement Programme (PIP) Target</b>		<b>13.1</b>	<b>12.8</b>
<b>Annual Financial Security</b>	<b>€1,000,000 per 0.1 above PIP Target</b>		

The maximum annual liability to Eircom against all of the targets above is capped at €10m per annum.

<b>Annual indicative Investment Levels</b>	
<b>01 July 2012- 30 June 2013</b>	<b>01 July 2013- 30 June 2014</b>
<b>€30.5 million</b>	<b>€20.5 million</b>

## Appendix: 3 USO Quality of Service Performance Improvement Programme 2014 – 2015 (PIP3)

Table

Description of Target	Annual Performance Improvement Programme (PIP) Target 2015 (1 January - 31 December)	Annual Financial Security €
<b>In-situ connections within 24 hours of request</b>	80%	€5,000 per 0.1% deviation below PIP Target
<b>In-situ connections within 2 weeks of request</b>	99.5%	€4,000 per 0.1% deviation below PIP Target
<b>In-situ connections within 2 months of request</b>	99.8%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 2 weeks of request</b>	80%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 4 weeks of request</b>	85%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 8 weeks of request</b>	90%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 13 weeks of request</b>	95%	€5,000 per 0.1% deviation below PIP Target
<b>All other connections within 26 weeks of request</b>	99.8%	€5,000 per 0.1% deviation below PIP Target



<b>Connections completed by Agreed date</b>	94.2%	€5,000 per 0.1% deviation below PIP Target
<b>Fault repairs completed by Agreed Date</b>	95%	€2,500 per 0.1% deviation below PIP Target
<b>Fault repairs completed within 2 working days</b>	82%	See Table A below
<b>Fault repairs completed within 4 working days</b>	95%	€5,000 per 0.1% deviation below PIP Target
<b>Fault repairs completed within 5 working days</b>	96%	€5,000 per 0.1% deviation below PIP Target
<b>Fault repairs completed within 10 working days</b>	99%	€2,500 per 0.1% deviation below PIP Target

**Table A**

<b>Fault Repairs completed within 2 working days Target</b>	<b>Financial Penalty per 0.1%</b>	<b>Aggregate Financial Penalty*</b>
75% or less	-	€2,500,000
75.1-76%	€50,000	€2,500,000
76.1-77%	€50,000	€2,000,000
77.1-78%	€50,000	€1,500,000
78.1-79%	€25,000	€1,000,000
79.1-79.9%	€25,000	€750,000
80-81.9%	€25,000	€500,000

**\*The Financial Penalty for which Eircom may be liable, as a result of failure to meet the 2 working days Fault Repairs Target, is capped at a maximum of €2,500,000 for the annual period 1 January 2015 – 31 December 2015.**

#### **Fault Rate Occurrence**

<b>A maximum fault rate of line faults per 100 lines</b>	1 January 2015 – 31 December 2015
<b>Annual Performance Improvement Programme (PIP) Target</b>	14.5
<b>Annual Financial Penalty</b>	€1,000,000 per 0.1 above the target

**The Financial Penalty for which Eircom may be liable, as a result of failure to meet any or all of the PIP3 Performance Targets, is capped at a maximum of €10m for the annual period 1 January 2015 – 31 December 2015.**

#### **Annual Indicative Investment Levels**

<b>01 July 2014- 30 June 2015</b>	<b>01 July 2015- 30 June 2016</b>
CAPEX (Access Network Remediation) €32 million	CAPEX (Access Network Remediation) €26 million