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## **ComReg proposes price cap on Eircom line rental charges**

ComReg has today published its consultation on price developments in the fixed narrowband retail access markets. ComReg currently believes that Eircom is dominant in the provision of access services to end users.

In the consultation published today, ComReg proposes to continue to regulate Eircom's retail access services by putting in place an individual price cap on both lower and higher level access markets, having had regard to conditions in each of those markets.

The reason for proposing a price cap is to ensure that prices for retail customers reflect efficient costs and it also gives Eircom an incentive to deliver services as efficiently as possible. Price caps also protect consumers from excessive price increases.

ComReg is of the preliminary view that a price freeze via individual price caps for lower and higher level access services is appropriate. The price freeze should start at the end of September 2007 and remain in place for 12 months. These price caps are based on a formula of CPI minus CPI.

After this period has elapsed, it is proposed that a price cap based on the rate of inflation or CPI minus 0 should be in place. In addition to the overall price cap, there should also be a sub-cap on basic residential line rental within the overall basket cap. It is proposed that this regime should last until September 2010.

The proposals in this document would prevent prices for basic line rental and connections from rising above the level of inflation. ComReg is mindful that setting too stringent a retail price cap could have a potential adverse effect on service innovation and long term investment. The full ComReg document dealing with this matter - ComReg 07/48 - is available on the ComReg website [www.comreg.ie](http://www.comreg.ie)

**ENDS**

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