

Office of the Director of
**Telecommunications
Regulation**

New interconnection rates to help promote competition – Regulator Etain Doyle

The Director of Telecommunications Regulation, Etain Doyle, is pleased to announce today that she has agreed with Telecom Éireann a basis on which calls, carried by Telecom Éireann for other telecommunications operators, will be charged. This charging basis, referred to as the interconnection rate, impacts all operators and will influence retail tariffs. Telecom Éireann is obliged under law to demonstrate to the regulator that its rates are based on its costs, and the regulator is now able to endorse the rates proposed for conveyance services as being in compliance with this condition.

The Director has been working with Telecom Éireann on this complex matter for some time. Since the Minister of Public Enterprise, Mary O'Rourke T.D. brought forward the date of telecommunications liberalisation in Ireland the matter has been given urgent attention. The regulator comments, "The setting of the interconnection rate is one of the most complex pieces in the liberalisation jigsaw and I am delighted that agreement on the key rates is now in place for 1 December. We could not have done this without the co-operation of Telecom Éireann".

The new interconnection rates are a substantial reduction from current charges. The European Union regularly monitors interconnection rates across Europe and publishes the range of rates which it considers to represent a benchmark of European best practice. Irish rates have previously fallen well outside of these benchmarks, but are now at this band for those services that will be most used by new telecommunications operators. Additional work to implement the recommended EU target basis of full forward looking cost should bring further reductions.

Etain Doyle said, "I am pleased that Telecom Éireann is now offering key rates that are at the European benchmarks. It demonstrates real commitment by Telecom Éireann to the new regime, and new operators now have every incentive to enter the market. The rates are a strong

demonstration that Ireland intends to support competition as the most effective means of ensuring users can benefit from high quality and low priced telecommunications services.” Ensuring Ireland’s competitiveness in this sector was a major reason for the decision to bring forward early liberalisation and the setting of competitive interconnection rates is of key importance in this context.

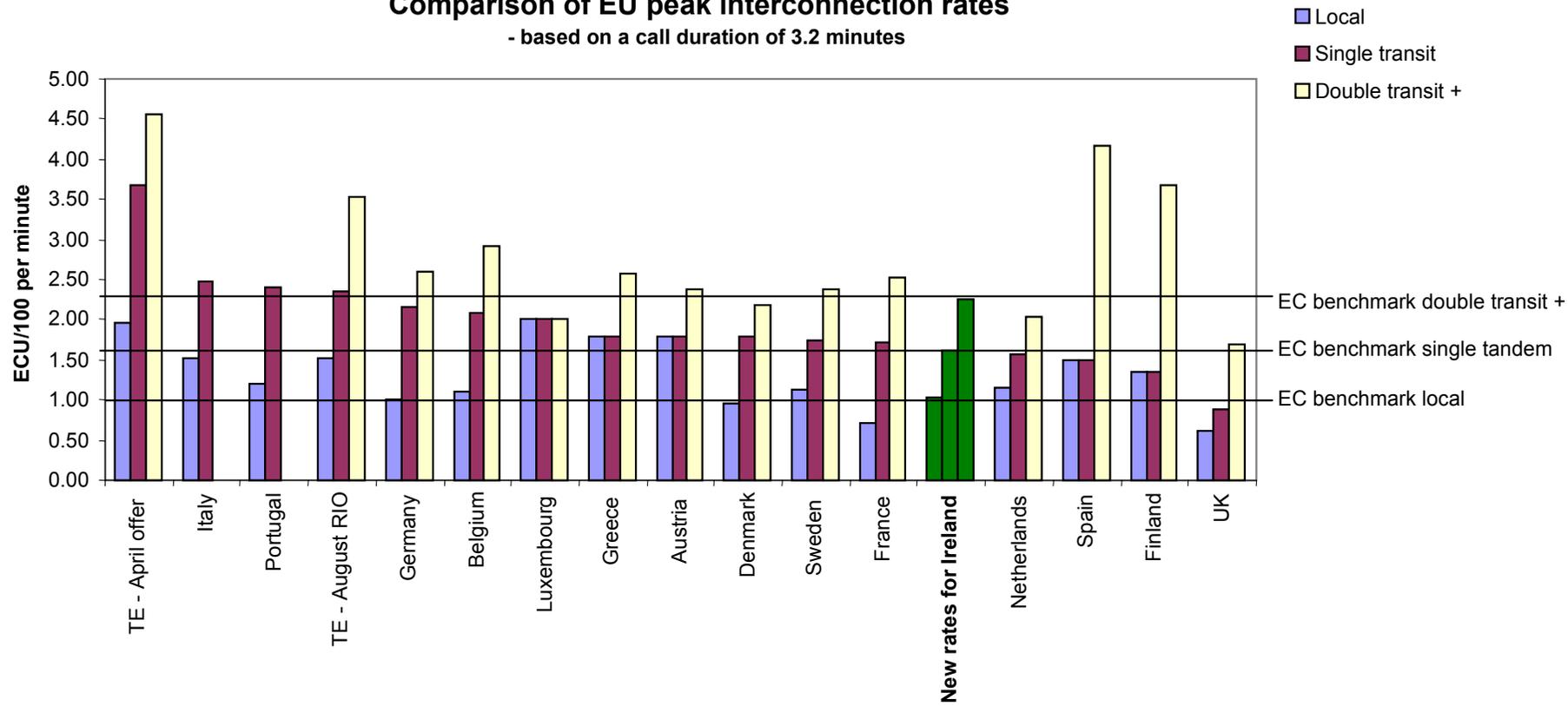
“With this publication on interconnect, our liberalisation framework is nearly complete. We will be publishing final papers on detailed issues relating to numbering – directory enquiries and premium rate services – in the next week”. The regulator added that “Licence applications are being processed as fast as possible and the ODTR will have the first group ready for 1 December.”

“We are looking forward to new challenges in the liberalised environment and to completing our work on interconnection and other licensing issues in particular in respect of broadcasting transmission. A preliminary programme of deliverables for the period December 1998 – June 1999 has been posted on our website (www.odtr.ie), and this will be developed as we move into the period. We will be tackling these issues as well as rolling forward on-going licensing and regulatory matters to ensure that the market functions as it should, and consumers can get the services they need at appropriate prices.”

ENDS

17/11/98

Comparison of EU peak interconnection rates - based on a call duration of 3.2 minutes



Source: Official Journal of the European Communities July 1998, ODTR November 1998

Notes to editors.

See attached chart

The bar chart shows the peak interconnect rates of different European countries, the two 1998 offers of Telecom Éireann (TE – April offer and TE August offer), the new rates agreed between the ODTR and Telecom Éireann and the upper end of the European benchmark for peak interconnect rates.

The European benchmarks are set for Local (calls terminating at a local exchange or as near a local exchange as possible), Single transit (calls using one tandem switch) and Double transit more than 200km (calls using two or more tandem switches). Telecom Éireann's interconnect rates are primary (local), tandem (single tandem), double tandem and double tandem (> 50km).

The new interconnect rates agreed between the ODTR and Telecom Éireann are:

| | Peak | Off-peak | Weekend |
|------------------------|------|----------|---------|
| Primary | 0.82 | 0.41 | 0.33 |
| Tandem | 1.27 | 0.63 | 0.52 |
| Double tandem | 1.56 | 0.78 | 0.64 |
| Double tandem (> 50km) | 1.78 | 0.88 | 0.73 |

Termination rates in Irish pence per minute

/ENDS
17/11/98