



Commission for
Communications Regulation

Call for Input

Current and future projections on throughput

Call for Input

Reference: ComReg 14/18

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation

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1 Introduction

1. The Commission for Communications Regulation ('ComReg') regulates the price of Eircom's wholesale broadband ('Bitstream') prices. Following recent industry discussions regarding the impact of increasing broadband throughput rates and Eircom's consequent announcement of price reductions for Bitstream we published an information notice which set out the relevant details¹. In that information notice we noted our intention to publish a call for input which would seek industry's views as to the future evolution of broadband usage and the implications for throughput rates. The purpose of this paper is to request those industry views.
2. The cost of backhaul is an important component of Eircom's Bitstream pricing. It is charged as a variable element on Bitstream prices, the more bandwidth an entrant operator's customers use the more it pays Eircom. As such, current and projected throughput is an important common component for Eircom to demonstrate its ongoing compliance with in various regulatory obligations. These include a Net Revenue Test for retail bundles², NGA Margin Squeeze test³, Wholesale Broadband Access Minimum Price Floors⁴; Price Ceilings⁵ and its cost orientation obligations in respect of Wholesale Leased Lines⁶.
3. The issue is not restricted to Bitstream. Backhaul capacity is provided by Eircom over its Next Generation Network ('NGN') core network. As well as carrying Bitstream traffic for current generation and NGA broadband services, it also provides capacity for leased lines services both wholesale and retail. As such, it is an important input for businesses as well as data centres with high speed data requirements. In addition, it is an option for mobile operators to backhaul their traffic across the fixed network — an important consideration for mobile broadband services. Consequently, current and future bandwidth and capacity requirements in Eircom's NGN are also an important consideration in attributing cost to Eircom wholesale's Leased Lines, Broadband and Voice services.

¹ (ComReg document 14/07), entitled "Reduction in Bitstream Managed Backhaul and NGA Bitstream Plus usage charging", on 28 January 2014

<http://www.comreg.ie/fileupload/publications/ComReg1407.pdf>

² As specified in ComReg: Price Regulation of Bundled Offers, ComReg Decision D04/13.

³ As specified in ComReg: Next Generation Access: Remedies for Next Generation Access Markets, ComReg Decision D03/13.

⁴ As specified in ComReg: Wholesale Broadband Access: Further specification to the price control obligation and an amendment to the transparency obligation, ComReg Decision D06/12.

⁵ As specified in ComReg: Retail minus wholesale price control for the WBA market, ComReg Decision D01/06.

⁶ As specified in ComReg: A final decision further specifying the price control obligation in the market for wholesale terminating segments of leased lines, ComReg Decision D02/12.

4. Recent discussions with operators indicate that they have experienced an increase in Backhaul requirements for current generation broadband and a significant step-change for NGA. ComReg notes that there is a divergence of views as to how Bitstream prices in particular are structured. Some operators claim that operators with customers with relatively high bandwidth usage were being treated unfairly. However, there was limited consensus as to how best to handle consumers' and businesses' increasing need for higher bandwidths and its impact on Bitstream prices.
5. ComReg is considering this matter from several perspectives. On one hand, Eircom is generally entitled to recover its efficiently incurred costs. The question arises as to how the cost of backhaul or transmission should be recovered in aggregate across the various services which use its core network. Another issue is how best to structure Bitstream prices within the regulatory requirements in a way that is fair to all players and is of maximum benefit to end users.
6. In general, ComReg is anxious to ensure that end users have the opportunity to avail of high quality broadband. On the other hand, it is often the case that price structures that reflect underlying cost drivers in the long term will lead to the most efficient and beneficial outcomes. This may be an argument for those who use the most capacity paying proportionately. Also of concern to ComReg is to avoid, if possible, excessively prescriptive rules which are complex to monitor and could — given the uncertainties — lead to unintended consequences.
7. Consumers are increasingly using applications such terrestrial i-players and on-demand services including high-definition film and television streaming. Businesses are also making increasing use of higher capacities. Given the rapidly evolving usage patterns by end users and its impact on bandwidth requirements, ComReg considers that it is timely to seek the views of interested parties as to what the future holds.
8. ComReg is interested in receiving operators' views as to their customers' likely current and projected bandwidth requirements in the medium term (i.e., 18 to 36 months and beyond if useful) and any evolving technology developments which may further impact those projections. In particular, ComReg is interested in the current retail pricing details of interested parties' most popular broadband products, an estimate of the associated wholesale monthly cost / out-payments for the usage element of those products and a view on future retail pricing to absorb those wholesale costs and retail pricing in general.

2 Requested information

Current Generation Broadband

1. What is your current capacity usage profile for Bitstream Managed Backhaul (measured at the 95th percentile of maximum usage) per month?
2. How has this usage evolved on average basis over the past three years (2010-2013)? What do you consider the attributing factor for this growth is?
3. Over the next twelve months what is your projected average usage profile? What do you consider to be the main attributable factor(s) for this projection (e.g., is it due to the unlimited download limits at the retail level; the continued evolution of broadband applications such as high-definition streaming etc.)?
4. What do you expect to be your average usage profile in two years time?
5. Do you expect to migrate your current generation customers to NGA in the next two years? If so, what percentage do you expect to migrate? What is the main business case consideration for migrating those customers to NGA or decision to remain on the current generation platform?
6. At the retail level what is your most popular standalone and/or broadband bundle? Please provide details of this offer and current pricing. In addition, how do you expect this retail offer will evolve in the next twelve to eighteen months (e.g., do you expect that this retail price will change, what additional promotions do you expect will be require etc.)?
7. Over the next two years what do you consider will be the likely price trend for retail broadband both on a standalone basis and sold within a bundle?
8. How do you consider Bitstream prices should be structured so as to best treat the different usage profiles of Bitstream and NGA Bitstream wholesale customers, which is fair to all operators and leads to maximum end user benefit? Please provide adequate support and calculations to support your views and recommendations.

Next Generation Broadband

1. What is your current capacity usage profile for NGA Bitstream Plus (measured at the 95th percentile of maximum usage) per month?
2. On average how did usage profiles change when your customers migrated from current generation broadband to NGA?

3. Over the next twelve months what is your projected average usage profile? What do you consider to be the main attributable factors for this projection (e.g., is it due to the unlimited download limits at the retail level; the continued evolution of broadband applications such as high-definition streaming etc.)?
4. What do you expect to be your average usage profile in two years time?
5. Are there any evolving technology developments which may further impact those projections?
6. At the retail level what is your most popular standalone and/or broadband bundle? Please provide details of this offer and current pricing. In addition, how do you expect this retail offer will evolve in the next twelve to 18 months (e.g., do you expect that this retail price will change, what additional promotions do you expect will be required etc.)?
7. Over the next two years what do you consider will be the likely price trend for retail NGA broadband both on a standalone basis and sold within a bundle?

Leased Lines

8. What are your / your customer current leased line requirements? Are these different for small, medium and large customers? On average what are their bandwidth requirements?
9. How do you expect your leased line requirements may change over the next twelve to eighteen months?
10. Are there any potential future developments (over the next three to five years) which may require increased backhaul traffic to be transported over Eircom's network? If so, what do you expect the bandwidth requirements of such a development may require?
11. As the market for leased line products evolves over the next 2-3 years, what key changes do you expect to occur that might drive increased usage of the Eircom core network?

3 Submitting Comments

9. Responses to this call for input should be received by ComReg by no later than 5pm on Friday 28 March 2014. All comments are welcome, however it would make the task of analysing responses easier if comments were referenced to the relevant question numbers from this document.
10. ComReg appreciates that the issues raised in this document may require respondents to provide confidential information if their comments are to be meaningful. However, we encourage respondents to structure responses in such a way as to allow publication of as much material as possible in order to encourage an open and transparent debate.
11. As it is ComReg's policy to make all responses available on its website and for inspection generally, respondents are requested to clearly identify confidential material and place confidential material in a separate annex to their response. Alternatively, interested parties can submit an additional submission — labelled "public version" — to ComReg which has redacted the information you consider to be confidential. Such information will be treated subject to the provisions of ComReg's guidelines on the treatment of confidential information as set out in ComReg Document No. 05/24.
12. All submissions should be clearly marked: - "Reference: Response to Call for Input, ComReg 14/18" and sent by post or e-mail to arrive on or before **5pm, 28 March 2014**, to:

Mr. Kjeld Hartog

Commission for Communications Regulation

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4 Next steps

13. ComReg may publish a further information notice summarising the views received from interested parties to this call for input.
14. The information received from interested parties will assist ComReg in its pre-notification and notification role in respect to new or revised pricing proposals submitted to it by Eircom — in particular where Eircom is forecasting ongoing compliance with the various pricing decisions outlined in paragraph 2.