



Commission for  
**Communications Regulation**

## Consultation Paper

### **Consultation and Draft Direction in Relation to eircom Interim Order Handling Charges for Wholesale Line Rental for 2003/04 onwards**

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All responses to this consultation should be clearly marked:- "Reference: Submission re ComReg 04/15 as indicated above, and sent by post, facsimile, e-mail or on-line at [www.comreg.ie](http://www.comreg.ie) (current consultations), to arrive on or before close of business, Wednesday 3 March to:

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Please note ComReg will publish all submissions with the Response to Consultation, subject to the standard confidentiality procedure.

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## **1 Foreword**

In ComReg 03/24 – Information Notice in relation to Wholesale Line Rental ('WLR') Pricing issues, the Commission for Communications Regulation, (ComReg) introduced a retail-minus pricing regime for WLR charges. The exceptions to this regime related to the manual processing of orders then in operation. These were published in ComReg 03/122 – Other RIO Services; Order Handling Charges. Since that time eircom have automated their WLR order handling process, but have not sought to revise their charges. As these charges are no longer appropriate and a fresh costing submission is not yet available, ComReg believes that the most appropriate revision of these charges is derived by replacing them with retail-minus charges drawn on a non-discriminatory basis from eircom's retail price list.

ComReg now proposes to direct eircom to update the Reference Interconnect Offer ('RIO') accordingly and is publishing the proposed draft direction and its reasons for the draft direction in this document. It will also direct eircom to provide a new submission of the costs required to be incurred in providing these services. Once these charges are agreed upon they will replace the current proposed regime of retail minus. Any changes to the rates will be effective from the date of their introduction.

Responses to this consultation document will be accepted up to 3March 2004 and a response to Consultation will be published shortly thereafter.

**John Doherty**

Chairperson, Commission for Communications Regulation.

## **2 Introduction**

Charges for the manual processing of Wholesale Line Rental were published in ComReg 03/122. Since that time eircom have automated their WLR order handling process but have not sought to revise their charges. These charges are therefore no longer appropriate. A fresh costing submission is not yet available and the review of the submission may well take some time, ComReg are proposing that they should be replaced by retail-minus charges for the comparable service as set out in eircom's retail price list.

ComReg will review the costs incurred in the changeover from manual to automated once eircom submit these costs and the new charges to it. Once this review is completed, the retail minus regime will be revised to reflect the costs needed to be incurred by eircom to provide the service.

### **3 Equivalent Retail Service**

In writing the process manual, eircom proposed text for the transfer of accounts, which forms the central feature of the Wholesale Line Rental order processing, it illustrated the task by reference to the retail service "Transfer – Division of Account"<sup>1</sup>. ComReg considers that this is indeed the most appropriate retail equivalent and that the retail discount (which is currently 8.5%) should be applied to its retail price.

Given that eircom's retail price for this facility is €10.01, ComReg believes that the WLR order handling charge should be this retail charge less the agreed margin, using the currently applicable rate of 8.5% gives a charge of €9.16. This should apply (as its retail equivalent does) to both PSTN and ISDN services, and is a charge per account divided or transferred irrespective of the size of that account.

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<sup>1</sup> Eircom's response to Action Point APCPS31.2.

#### **4 WLR Order Handling Charge – Text of proposed direction**

**Eircom are directed to charge retail minus the agreed Wholesale Line Rental ('WLR') margin, currently set at 8.5% to give €9.16 per WLR account ordered with effect from the date of this Direction. The charge will be amended according to any change in the WLR margin of 8.5%. Eircom are further directed to submit costs in relation these charges that are in accordance with the legal obligations imposed on eircom under Regulation 8 of S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003 ('the Access Regulations') by 27 February 2004. Eircom shall comply with these directions.**

**These directions are issued under the provisions of Regulation 8 and Regulation 17 of the Access Regulations.**

**Q1. Should ComReg proceed with the above direction? Please provide reasons with detailed explanation for your answer.**

## **Appendix A – Legislation relevant to this Consultation and draft direction**

Under current Irish and EU legislation, an operator who is designated as having significant market power ('SMP') is subject to a number of obligations including the requirement to permit other authorised operators ('OAOs') to interconnect with its network. To facilitate this process, one of the obligations that a SMP operator has is to publish a Reference Interconnect Offer ('RIO') that sets out the terms and conditions for interconnection and the prices to be charged. The contents and production of the RIO are subject to various statutory requirements, compliance with which is overseen by ComReg. In particular, a SMP operator must justify to ComReg's satisfaction that the prices set are in accordance with the requirements of the legislation. If ComReg is not satisfied that prices are properly justified, it may direct changes to be made to the RIO.

*Eircom* is an operator designated as having SMP in the relevant market for interconnection. Following the introduction of a new regulatory framework for electronic communications networks and services in Ireland on 25 July 2003, ComReg commenced a process of market analysis to assess the competitiveness of markets in this sector and if appropriate, to impose appropriate regulatory obligations. Pending completion of this work, *eircom* continues, under Regulation 8 of the Access Regulations<sup>2</sup> to be subject to the obligations set out in the European Communities (Interconnection in Telecommunications) Regulations, 1998 (S.I. No. 15 of 1998) as amended. Under Regulation 17 of the Access Regulation 17 ComReg may, for the purpose of further specifying requirements to be complied with relating to an obligation imposed by or under the Access Regulations, issue directions to an undertaking to do or refrain from doing anything which ComReg specifies in the direction.

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<sup>2</sup> S.I. No. 305 of 2003 the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2003 which transposes Directive 2002/19/EC of the European Parliament and the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities.