



Commission for
Communications Regulation

Emergency Call Answering Services

Call Handling Fee review 2022

NON-CONFIDENTIAL

Consultation and Draft Determination

Reference: ComReg 22/90

Date: 28/10/2022

Additional Information

All responses to this consultation should be clearly marked :- “Submissions to ComReg 22/90”, and sent by post or email to arrive on or before 28 November 2022, to:

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1 Introduction

- 1 In Ireland, emergency services are called by dialling 999 or 112, and such calls are initially received by the Emergency Call Answering Service (“ECAS”).
- 2 In accordance with relevant Irish legislation, emergency calls are free of charge to the caller¹ on all networks.
- 3 On 12 February 2018, the Minister for Communications, Climate Action and Environment² (“the Minister”) awarded a contract to BT Communications Ireland Ltd (“BT”) with respect to the ECAS. This contract known as “the Agreement” is between the two parties alone.
- 4 The ECAS is funded entirely through the Call Handling Fee (“CHF”). This is a fee payable by the presenting telephone network operator and/or the telephone call service provider whenever a customer on their network calls the ECAS.
- 5 ComReg is required³ to annually review the maximum CHF that may be charged by the ECAS operator.
- 6 The following table shows the CHF applicable in each year since the signing of the Agreement:

Period	CHF	Document
Up to 2019	€3.93	Agreement between the Minister and BT
2019/2020	€1.77	ComReg Document No. 20/03
2020/2021	€2.83	ComReg Document No. 21/02
2021/2022	€2.98	ComReg Document No. 22/01

¹ Regulation 5 of the European Communities (Electronic Networks and Services) (Universal Service and Users' Rights) Regulations 2011

² The Department of Communications, Climate Action and Environment (DCCAE) became the Department of Environment, Climate and Communications (DECC) in September 2020.

³ Section 58(D)(l) of the Communications Regulation Act, 2002, as amended (“the Act”)

- 7 This consultation concerns the maximum chargeable CHF from 12 February 2023, the fifth anniversary of the date on which the Agreement was entered into, in accordance with Section 58D(1) of the Act. There will be three years remaining in the Agreement.
- 8 The cost base of the ECAS has been assessed for this purpose. During the review, an assessment was also undertaken of reasonable costs. ComReg has been assisted by its consultants, Analysys Mason, in carrying out its review (See ComReg Document 22/90a).
- 9 Based on analysis of current monthly call volumes ComReg expects volumes to be c. 2.15m calls in the coming year. This is a reduction from call volumes in previous years, c. 2.45m per annum, and analysis indicates that the reduction reflects an ongoing decline in fixed line subscriptions and certain technical changes to the fixed line network.
- 10 Having concluded its analysis of reasonable costs and forecast call volumes, as set out below, **ComReg proposes that the CHF to be applied from 12 February 2023 (“2023 CHF”) will be €3.78.** This proposed CHF is for the period from 12 February 2023 to 11 February 2024.
- 11 While the CHF of €3.78 represents an increase on last year, it remains below the original CHF of €3.93 contained in the Agreement.
- 12 ComReg is required to complete its review by 12 December 2022. If, by that date, it appears that the expected rate of call annual volumes will differ from the current forecast of 2.15m calls ComReg may further adjust the CHF calculation accordingly.
- 13 ComReg may publish responses to this consultation in due course in accordance with its policy. Respondents are therefore asked to provide confidential and non-confidential versions of any document in respect of which any confidentiality is claimed (e.g. commercially sensitive information). In this respect, please see ComReg's Consultation Procedures (ComReg 11/34) and Guidelines on the Treatment of Confidential Information (ComReg 05/24).

2 Movement in the proposed CHF

14 The following are the significant movements in the proposed CHF.

2022 CHF	€2.98
Reduction in call volumes	€X
Previously deferred costs	€X
Increase in operating costs	€X
2023 CHF	€3.78

2.1 Reduction in call volumes

15 In ComReg Document No. 21/110a, ComReg’s consultants noted that, other things being equal, “*the migration from copper to fibre is unlikely to have significant impact to the ECAS but should continue to be monitored.*”

16 In the 12 months to December 2021 there was no material change in the level of calls with 2.37m calls being recorded in both 2020 and 2021. In January 2022 there was a decline of 1.1%. However, between February and September 2022, the average monthly decline was 12% and between May and September 2022 the decline had increased to c. 15% per month. This had increased again to a decline of 18.7% in September 2022⁴.

17 ComReg considers that a number of factors are driving this reduction. The two principal ones are:

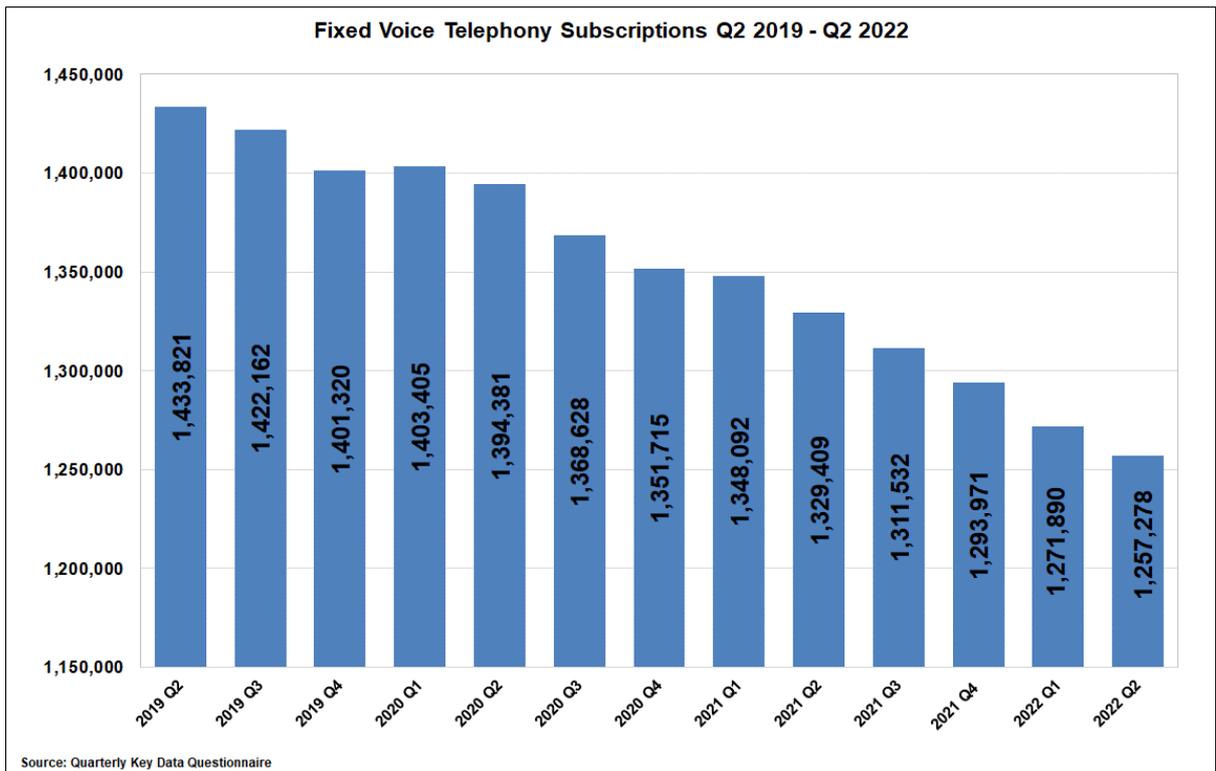
- A change in fixed voice telephony subscription trends; and
- Technical changes on networks.

Change in fixed voice telephony subscriptions

18 ComReg’s most recent quarterly report recounts a significant and ongoing decline in fixed voice telephony subscriptions since 2021.

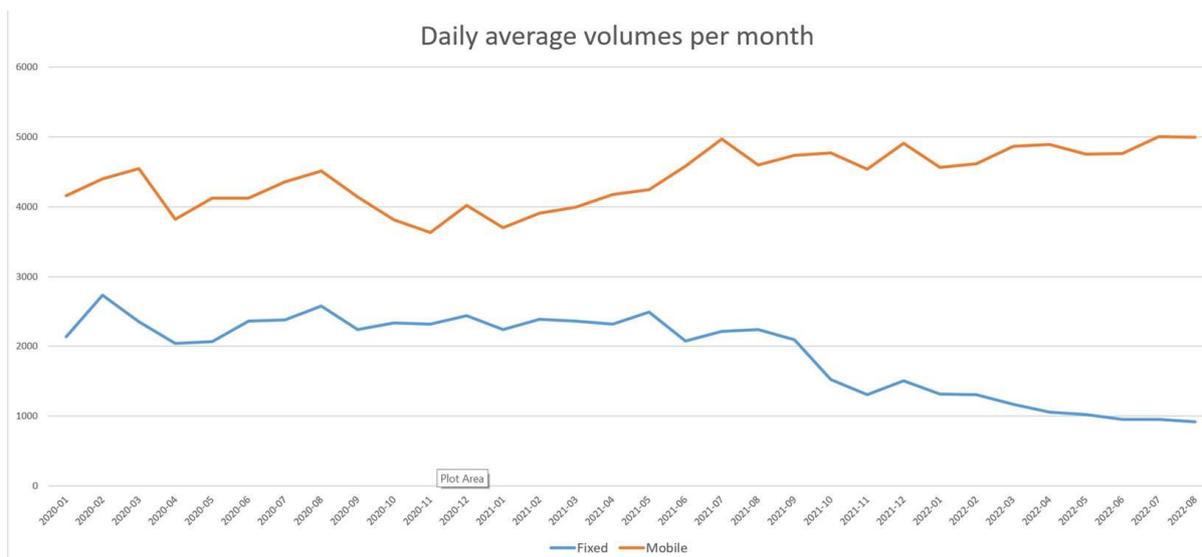
19 Between Q2 2019 and Q2 2022 there was a reduction in fixed line subscriptions of c. 177,000 or c. 12% of the number of lines in Q2 2019.

⁴ See ComReg Document 22/75 – Emergency Call Answering Service call volumes January to June 2022



Fixed versus mobile calls

20 An analysis of the underlying daily average volumes per month shows a significant change in the mix of fixed and mobile calls with a decline in the former and an increase in the latter.



Source: BT

- 21 ComReg considers that two technical changes are affecting “noisy” call volumes to the ECAS. These are (i) the replacement by Eircom of legacy analogue exchanges with MSAN⁵ equipment; and (ii) the removal of Soft Dial Tone (“SDT”) from Eircom lines.

Installation of MSAN equipment - ongoing

- 22 In November 2021 Eircom informed other operators that it was rolling out MSAN equipment (at scale) to replace legacy analogue exchange switches. The programme is ongoing with further switches scheduled to be replaced in 2023-24.

Soft dial tone - proposed

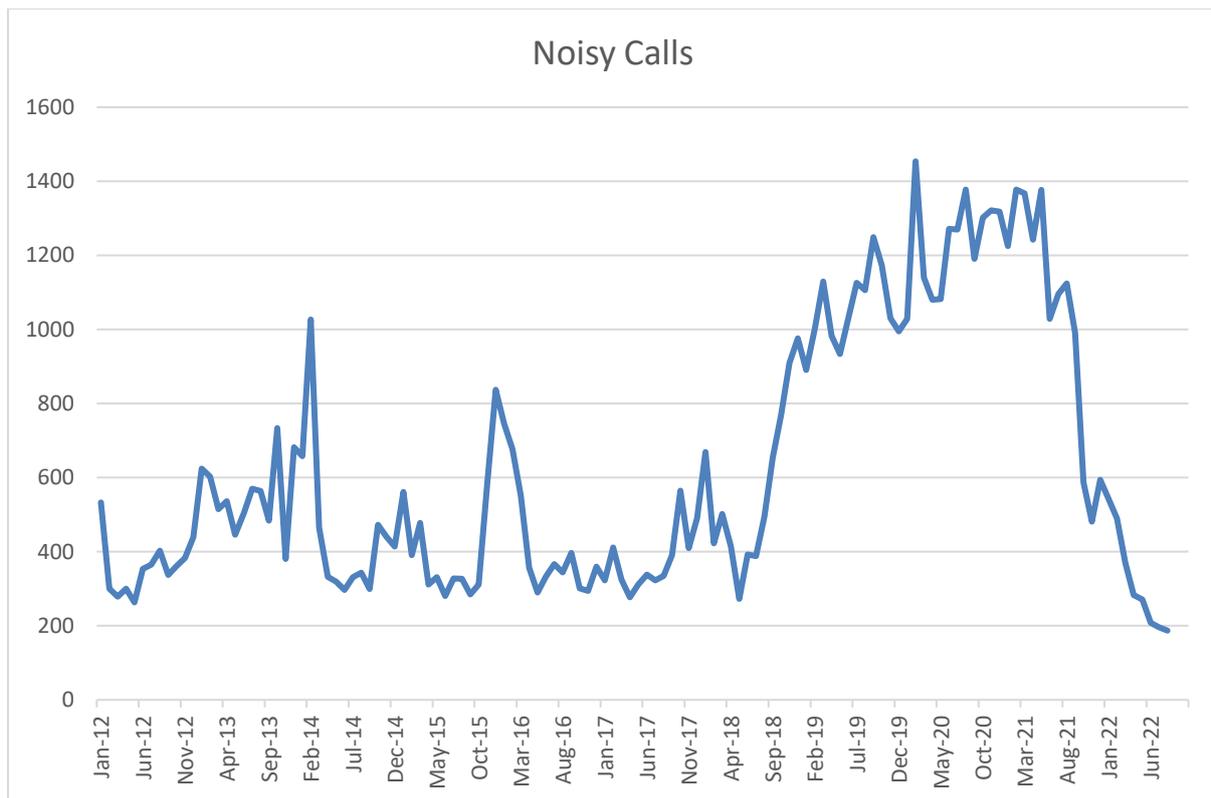
- 23 Eircom notified ComReg and other operators that it intends to remove SDT from its fixed line network from October 2022. SDT lines have dial tone provided but have no phone number and are barred from making outgoing paid calls. Such lines can be electronically enabled remotely, and do not require a technician to visit to enable service. With the drop in landline subscriptions this facility may be less useful. Version 23.1 of Eircom’s “Single Billing through Wholesale Line Rental IPM” dated 23 August 2022 notes the following:

Removal of all references to Soft Dial Tone (SDT) from this document. SDT will no longer be provided on lines being ceased and will be removed from ceased lines that currently have it (CRD 889).

Noisy Calls

- 24 As a consequence of these two changes, in particular, ComReg concludes that the volume of noisy calls generated on fixed lines has fallen significantly in recent months and may decline further.

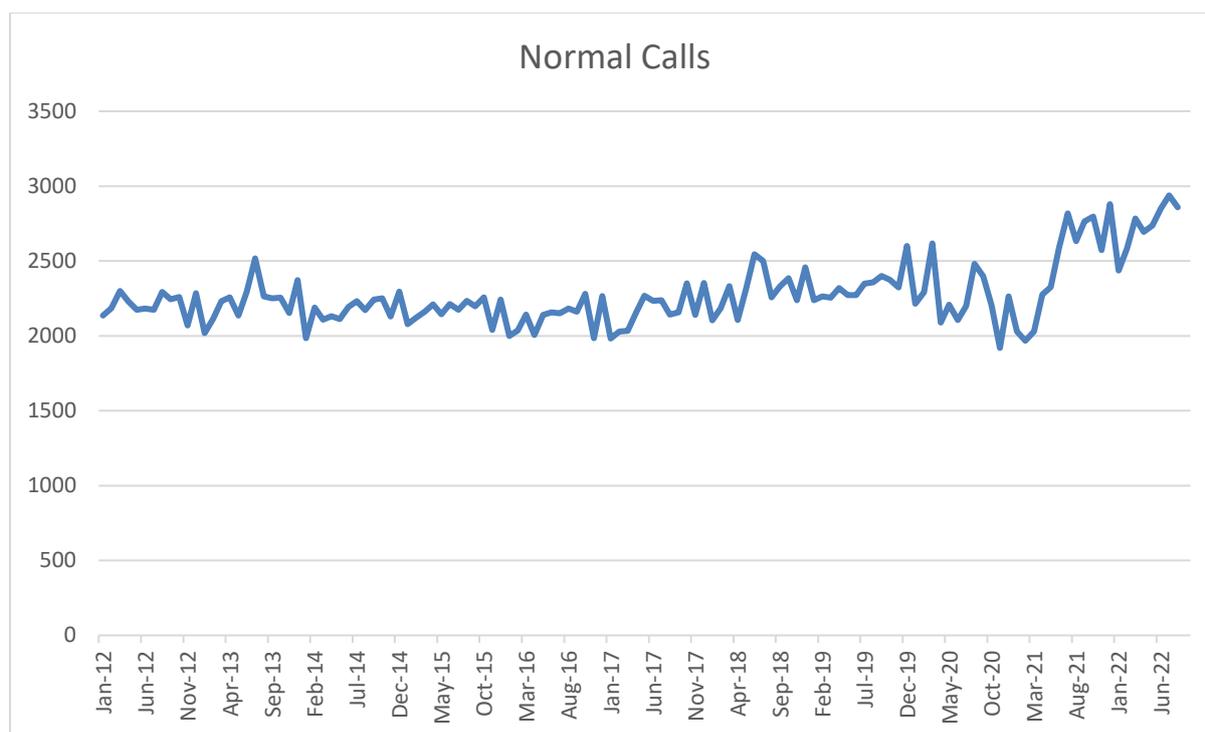
⁵ Multi-Service Access Node



Source: BT

Normal calls

25 It is of note, however, that during the same period, the total volume of normal calls (comprising both fixed and mobile) being connected to the emergency services, has increased. ComReg considers that this may be reflective of the increase in population and an increase in economic activity, following the lifting of Covid 19 restrictions. Clearly ECAS processing of normal calls requires a far greater resource commitment by call operators than for noisy calls.



Source: BT

Impact on cost recovery model

26 The ECAS is largely a fixed cost entity. The capital infrastructure and many of the operating costs are fixed in nature and have been implemented in accordance with the Agreement. While the number of call centre operators can vary depending on the volume of calls, BT is required to maintain a minimum level in order to adhere to Key Performance Indicators as set out in the Agreement.

27 The decline in call volumes, as set out above, has two cost impacts on the ECAS:

- The CHF will increase on a per call basis. Part of this increase is because costs from the prior period when actual call volumes were lower than those estimated, resulted in lower revenues. In ComReg Document No. 22/10 the forecast call volumes were 2.45m calls per annum to the end of the Agreement. With a revised estimate of 2.15m calls per annum there is expected to be c. 1m fewer calls over the remaining term of the Agreement. In the prior review the CHF had been estimated at €2.98 per annum to the end of the Agreement. With the reduction in call volumes there will be a shortfall of c. €3m in CHF revenues. The recovery of this shortfall generates upward pressure on the CHF; and

- As the number of noisy fixed lines decreases the proportion of costs borne by fixed line operators decreases relative to that for mobile operators.

28 The impact of the decline in call volumes is to increase the CHF by €X.

2.2 Previous deferral of costs

29 In its review of the 2021 CHF, ComReg queried whether a number of costs would be permissible as reasonable costs and they were excluded pending decision. While these are discussed in more detail below, they relate to:

- Networks – dual running costs;
- Networks – recruitment of an engineer; and
- Engineering and scheduling – additional costs in relation to help desk function.

30 Clarification has since been provided by BT:

- In relation to the *network - dual running costs*, certain operators and emergency services took longer than others to migrate from the ECAS I platform to the ECAS II platform. The final migration took place in April 2021 and the total cost of running two platforms simultaneously to that date was c. €X. An analysis of the timeframe for the migration indicates that all of the emergency services and several operators had had migrated by July 2020 with the ECAS incurring a cost of c. €X up to that point. Some operators did not migrate until April 2021 with the ECAS incurring further costs of c. €X. ComReg considers that the costs of migration up to July 2020 (€X) can be considered reasonable. These costs, which were previously deferred, are now reflected in the CHF. However, ComReg does not consider that the costs post July 2020 (€X) are reasonable and these have been excluded permanently from the CHF.
- BT, in agreement with the Department, has recruited an additional engineer who provides greater technical functionality, experience and resilience than was included at the outset of ECAS II. The cost of this additional engineer is considered reasonable and is now included in the CHF.

- BT incurs costs in relation to its help desk function via BT offices in Northern Ireland. The costs of this function were included in the original cost of the Agreement and are considered reasonable. ComReg has disallowed an increase in the cost of this function beyond those in the Agreement.

31 Given the further explanations provided by BT, the approval by the Department of certain costs and the exclusion of costs that were found to be unreasonable ComReg is allowing those costs which have been found to be reasonable. The inclusion of these previously deferred costs has the effect of increasing the CHF by €~~X~~.

2.3 Increase in operating costs

32 As discussed in Section 3 ComReg has conducted a reasonable cost review the outcome of which is reflected in the CHF. The impact of the increase in operating costs is to increase the CHF by €~~X~~.

2.4 Sinking Fund contributions

33 In prior periods the Department made contributions towards reducing the cost of CHF. These were:

- 2020/2021 - €~~X~~
- 2021/2022 - €~~X~~
- 2022/2023 - €Nil

34 ComReg understands that for the period under review (2023/2024) no contribution will be made by the Department and that this is based on the necessity to have sufficient funds for future projects that may arise. The Sinking Fund is under the control and remit of the Department.

2.5 Monitoring Costs

35 ComReg can confirm that its monitoring costs⁶ associated with the carrying out of this review are not, at this time, being recovered through the CHF.

⁶ Section 58 (E) of the Act

3 Reasonable Costs

36 As part of this review ComReg has reviewed the costs incurred by BT under the Agreement to determine whether or not they could be considered reasonable. In conducting its review ComReg, with the support of its advisors Analysys Mason, has had extensive interaction with BT.

37 As in previous years, ComReg has visited the two call centres in Ballyshannon and Navan.

3.1 Comparison of 2023 CHF costs with 2022 CHF costs

38 ComReg has compared the ongoing costs as estimated by BT to the end of the Agreement compared to the costs from the 2022 CHF review. The variances are discussed in further detail below.

Cost categories	€'000
2022 CHF review – Ongoing costs ⁷	€3<
Previously deferred costs	€3<
Salary costs	€3<
Premises	€3<
Other cost categories	€3<
Total cost movement	€3<
2023 CHF review - Ongoing costs	€3<

39 Ongoing costs, including depreciation, of the ECAS from the 2023 CHF review are expected to be €3< for the length of the Agreement compared to costs in the 2021 CHF review of €3<. This represents an increase of c. €3< on the prior review. However, within this are costs of €3< which were previously deferred in prior CHF reviews and are now deemed reasonable. Had these been included in prior CHF reviews then the CHF in these earlier periods would have been higher, as noted in last year's consultation document⁸. The day-to-day operating costs have increased by c. €3< on the previous period.

⁷ Including depreciation

⁸ ComReg Document 21/110

40 These movements are discussed below.

Salary costs (decrease) €X

41 There has been a decrease in salary costs between the 2022 CHF and the 2023 CHF. While there has been some increase due to the appointment of an additional First Line Manager there is a greater cost reduction as a result of churn amongst call centre operators and timing of recruiting new operators and the ongoing decline in call volumes.

42 While reduced calls per annum are forecast, this does not have a linear relationship with staffing requirements as the ECAS is required to maintain certain minimum staffing levels regardless of call volumes.

Premises (increase) €X

43 Premises costs are expected to increase principally because of a significant increase in energy costs as well as additional cleaning costs necessitated by Covid. The two call centres must remain staffed 24 hours per day, seven days per week with both indoor heating and lighting and external security lights. In addition, Navan also operates as a datacentre for the ECAS. Additional Covid 19 cleaning costs remain a feature of the ECAS to help ensure the health and wellbeing of the operators and the necessity to keep the ECAS fully operational.

All other costs (decrease) €X

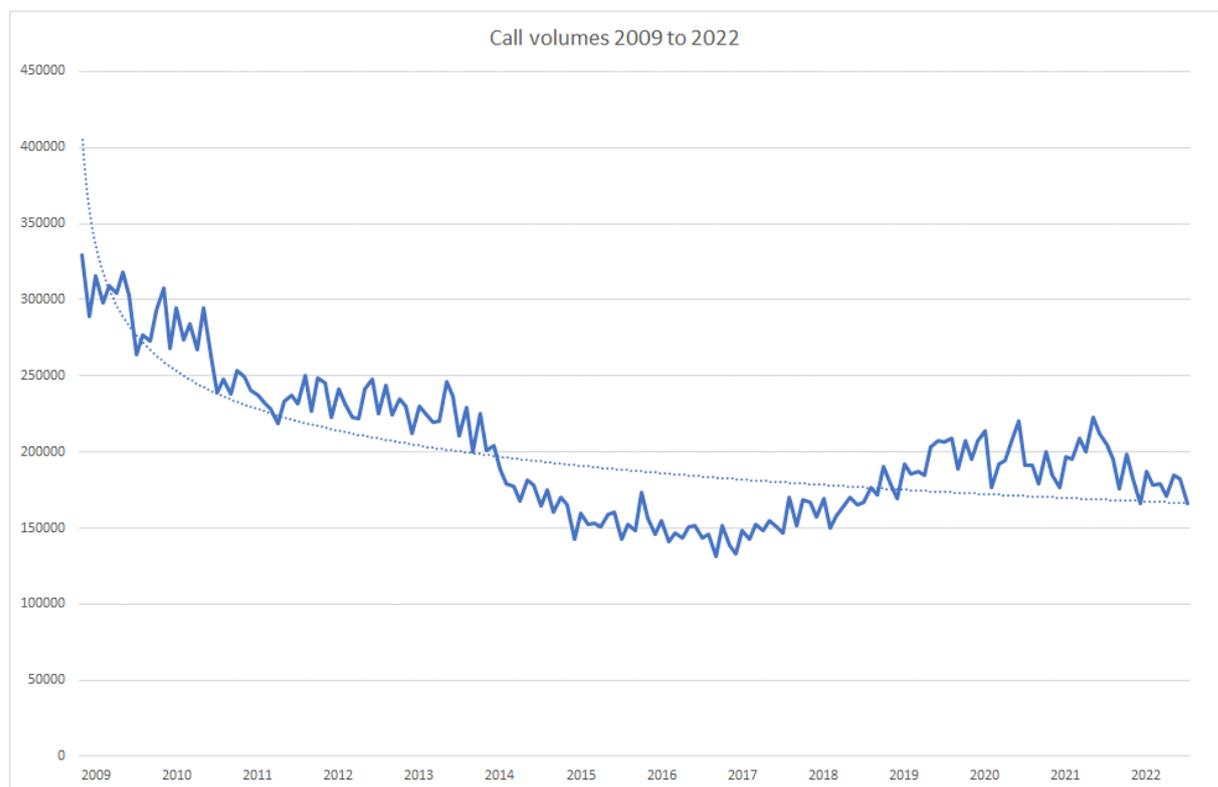
44 There has been a decrease in all other cost categories and a revision downwards of the quarterly cost estimate in some cost categories.

45 ComReg is of the preliminary view that the costs incurred by the ECAS are reasonable.

4 Volumes

46 As discussed above, annual volumes to September 2022 are currently c. 2.2m per annum, but declining, and the movement in actual calls is reflected in Figure 1 below:

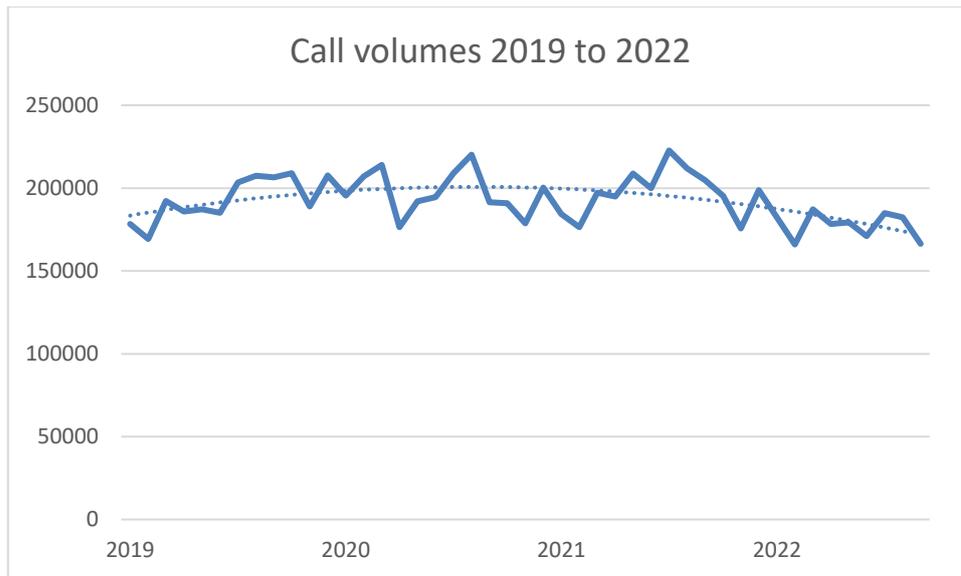
Figure 1: ECAS monthly call volumes July 2009 to September 2022



Source: BT

47 Figure 2 shows the call volumes from when ECAS II operations commenced in early 2019 to September 2022.

Figure 2: ECAS monthly call volumes 2019 to September 2022



Source: BT

48 ComReg publishes regular information notices on ECAS call volumes. Figure 3 below (which is taken from ComReg Information Notice No. 22/75) shows the differences in monthly call volumes between January 2022 and June 2022 when compared to the same period in 2021.

Figure 3: Call volumes January 2022 to June 2022 v January 2021 to June 2021

	2022	2021	difference	% difference
January	182,302	184,347	-2,045	-1.1%
February	165,987	176,496	-10,509	-6.0%
March	187,170	197,207	-10,037	-5.1%
April	178,409	194,936	-16,527	-8.5%
May	179,300	208,717	-29,417	-14.1%
June	171,059	199,935	-28,876	-14.4%
January to June Total	1,064,227	1,161,638	-97,411	-8.4%

Source: BT

- 49 Call volumes for July to September 2022 compared to July to September 2021 were:

Figure 4: Call volumes July to September 2022 v July to September 2021

	2022	2021	Difference	% Difference
July	184,915	222,691	-37,776	-17%
August	183,417	211,897	-28,480	-13.4%
September	166,493	204,810	-38,317	-18.7%
July to September Total	534,825	639,398	-104,573	-16%

Source: BT

- 50 The decline in call volumes for the nine months from January 2022 to September 2022 has been c. 11% per month and for the six months from April 2022 to September 2022 has been c.14% per month indicating an acceleration in the rate of decline.

51 Given the unpredictability of call volumes (and their bursty nature) there can be significant variations month-on-month. BT, through its analysis of the different call types, has predicted that there will be annual call volumes of c. 2,150,000 for the 2023 CHF. This is a decline of c. 300,000 forecast calls per annum from ComReg Document No. 22/01.

52 ComReg is of the preliminary view that it is prudent to reduce the forecast call volume to 2,150,000 calls for the 2023 CHF and beyond.

Q. 1 Please provide any comments you may have in relation to forecast call volumes for the 2023 CHF. Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.

Q. 2 Are there any matters which you wish to raise as part of this review? Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.

5 Draft Determination

Definitions

1.1 In this determination:

- “*the Act*” means the Communications Regulation Act 2002(as amended);
- “*the Commission*” means the Commission for Communications Regulation established under section 6 of the Act;
- “*emergency call*” has the same meaning as in section 58A of the Act; and
- “*the emergency provider*” means BT Communications Ireland Limited.

2 Determination

2.1 The Commission makes this determination:

- In exercise of its powers under section 58D (2) of the Act;
- Pursuant to the review conducted by it under section 58D (1) of the Act;
- Having had due regard to section 58D (3) of the Act;
- Pursuant to Commission Document No. 22/XX and Commission Document No. 22/XXa;
- Having duly taken account of the responses received to Commission Document No. 22/XX and Commission Document No. 22/XXa; and
- Having regard to the reasoning and analysis conducted by the Commission and set out in this response to consultation and determination.

2.2 The Commission hereby determines that for the period from 12 February 2023 to 11 February 2024 the maximum permitted call handling fee that the emergency provider may charge to entities who forward emergency calls to it for handling such a call shall be €X.XX.

2.3 This determination is effective from the date of the publication of this response to consultation and determination.

Q. 3 Do you agree or disagree with the wording of ComReg's Draft Determination?
Please provide detailed reasoning for your views.

6 Submitting Comments

- 53 The consultation period will run from 28 October 2022 to 28 November 2022, during which ComReg welcomes written comments. It is requested that comments be cross-referenced to the relevant question numbers from this document.
- 54 Having analysed and considered the comments received, ComReg may publish a response to consultation and decision in January 2023.
- 55 In order to promote further openness and transparency, ComReg will publish respondents' submissions to this consultation. However, ComReg must strictly maintain the confidentiality of any information provided to it in confidence. Electronic submissions should be submitted in an unprotected format so that they can be appended into the ComReg submissions document for publishing electronically.

7 Statutory Basis

- 56 Section 58 (A) – 58 (H) of the Communications Regulation Act 2002 (as inserted by section 16 of the Communications Regulation (Amendment) Act 2007) provides generally for the establishment of the ECAS and associated matters. Section 58 (D) obliges and empowers ComReg to review and determine the maximum permitted CHF on an annual basis.

8 Questions

- Q. 1 Please provide any comments you may have in relation to forecast call volumes for the 2023 CHF. Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.
- Q. 2 Are there any matters which you wish to raise as part of this review? Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.
- Q. 3 Do you agree or disagree with the wording of ComReg's Draft Determination? Please provide detailed reasoning for your views.