

Instruction:



Table 1 - Fixed termination rates (FTRs) – pure LRIC

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The European Commission **recommendation** of May 2009 on fixed and mobile termination rates says that by end 2012 NRAs should set symmetric fixed and mobile termination rates based on the costs incurred by an efficient operator. Such costs should be calculated using a bottom-up 'pure' LRIC model using current costs.

The recommendation says that such a cost model should be based on the efficient technological choices available in the time frame considered by the model, to the extent that they can be identified. Therefore, a bottom-up model built today *"could in principle"* assume that the core network for fixed networks is NGN-based.

Commission recommendations are not binding, but NRAs are expected to take *"the utmost account"* of them in carrying out their tasks.

This table shows, where NRAs have decided to set FTRs based upon a pure LRIC cost model, whether:

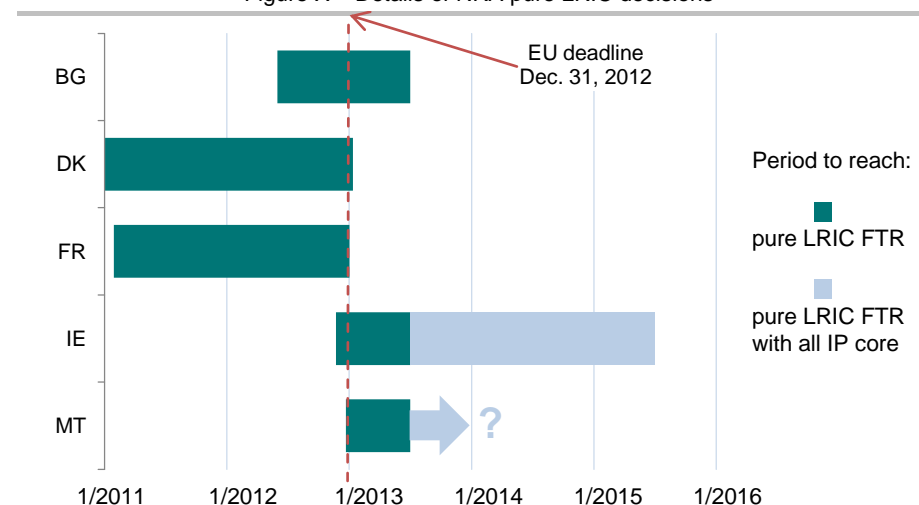
- the NRA has allowed a period of time following the decision to use LRIC or set a glidepath to reach the pure LRIC price level; and
- whether the pure LRIC model uses an NGN core network (rather than a traditional TDM network or a mixture of TDM/NGN).

Table X – NRAs deciding on pure LRIC FTRs

NRA has:	No. of countries	
decided to move to pure LRIC FTRs	5	BG, DK, FR, IE, MT
not yet decided on pure LRIC FTRs	21	AT, BE, CY, CZ, EE, FI, DE*, GR, HU, IT, LV, LT, LU, PL, PT, RO, SK, SI, ES, SE, UK
decided not to impose pure LRIC FTRs	1	NL

* DE: BNetzA proposes FTRs based on BU-LRIC but not pure LRIC

Figure X – Details of NRA pure LRIC decisions



DK: Decision to use pure LRIC made in Dec. 2011, pure LRIC rates finalised in Dec. 2012

Country	NRA decision to apply pure LRIC	Date when pure LRIC price will apply	Length of glidepath	Pure LRIC rate based only on NGN core network?
AT	<i>Proposed</i> Draft decision published for consultation on Dec. 4, 2012	<i>Proposed</i> Date of the decision of the pending market analysis	<i>Proposed</i> No glide path, pure LRIC would apply immediately after the decision	Yes NGN IP core network with 2 nodes 3 layers concentration network
BE	<i>Proposed</i> BIPT intends to develop a BU-LRIC model by end 2013 at the latest. A public consultation on the NGA and NGN cost model ran from Dec. 23, 2011 until March 5, 2012.	Undecided	Undecided	Undecided
BG	CRC decision of May 31, 2012 Decision of Feb. 14, 2013 on the BU-LRIC model	July 1, 2013	13 months Not a price glidepath but a period of time following the initial decision to use pure LRIC	Yes
CY	<i>Proposed</i> for 2013	Undecided	Undecided	Undecided
CZ	<i>Proposed</i> CTU had proposed on Nov. 8, 2012 pure LRIC rates but, following a Phase II investigation by the Commission, it withdrew the proposed measures on March 4, 2013. Telecom Flash 14/2013	<i>Proposed</i> From July 1, 2013	<i>Proposed</i> Six months	<i>Proposed</i> Yes
DK	ERST decision on Dec. 22, 2010 to apply pure LRIC rates as from Jan 2013. Work on the pure LRIC model was completed in April 2011 and pure LRIC based FTRs for 2013 were finally approved on Dec. 7, 2012.	Jan. 1, 2013	None	Yes Cost model reference paper
EE	Undecided	Undecided	Undecided	Undecided
FI	Undecided In Nov. 2011 FICORA noted that the pure BU-LRIC model would be onerous in Finland, where more than 30 local incumbent operators are subject to price regulation in the fixed call termination market.	Undecided	Undecided	Undecided
FR	ARCEP decision of July 29, 2011 Telecom Flash 67/2011	Jan. 1, 2013	15 months Oct. 1, 2011 to Jan.1, 2013	Yes

Country	NRA decision to apply pure LRIC	Date when pure LRIC price will apply	Length of glidepath	Pure LRIC rate based only on NGN core network?
DE	<p>From Dec. 1, 2012 FTRs are based on a new BU-LRIC model.</p> <p>BNetzA has imposed this by temporary decisions.</p> <p>On March 6, 2013 BNetzA notified to the Commission drafts for final decisions, which will apply retroactively from Dec. 1, 2012.</p> <p>BNetzA has largely implemented the Commission recommendation, with the exception that the new charges are not based on 'pure' LRIC. (WE Telecom Updates April and Nov. 2012).</p>	<p><i>Proposed</i></p> <p>Dec. 1, 2012, but the charges are based on LRIC (including a mark-up for common costs), not on pure LRIC.</p> <p>BNetzA notified its drafts for final decision to the Commission on March 6, 2013.</p> <p>It can be expected that the Commission will open phase II investigations for the same reasons it has just opened phase II investigations into BNetzA's notification on MTRs, which are also not based on pure LRIC. (Telecom Flash 12/2013)</p>	<p><i>Proposed</i></p> <p>No glide path. The new BU-LRIC rates apply since Dec. 1, 2012.</p>	<p>Yes (but it is not pure LRIC)</p> <p>NGN IP core network with 12 Pols</p> <p>73 backbone nodes, 7904 MPoPs</p> <p>However, the cost model also takes account of legacy interconnection at 474 Pols, assuming that transition to NGN interconnection will be completed by 2016.</p>
GR	<i>Proposed</i> for 2013	Undecided	Undecided	Undecided
HU	<i>Proposed</i> for 2013	Undecided	Undecided	Undecided
IE	ComReg decision of Nov. 21, 2012	July 1, 2013	Seven months Nov. 21, 2012 until July 1, 2013	No Model will evolve from TDM (2013-2014) to hybrid (2014-2015) to full IP core (July 2015 onwards).
IT	<p><i>Proposed</i></p> <p>2012</p> <p>AGCOM has proposed a glide path from 2012 (retroactive application).</p>	<p><i>Proposed</i></p> <p>Jan. 1, 2015 (IP interconnection)</p> <p>Commission phase II investigation under way because the fully cost oriented rate based on pure BU-LRIC not reached earlier. (Telecom Flash 6/2013)</p>	<p><i>Proposed</i></p> <p>Jan. 1, 2012 until Jan. 1, 2015</p>	<p><i>Proposed</i></p> <p>Yes</p> <p>Modified scorched node approach which takes TI's current network topology as a starting point but eliminates main inefficiencies.</p>
LV	Undecided	Undecided	Undecided	Undecided
LT	<p><i>Proposed</i></p> <p>No later than Sep. 30, 2013 but cost model still in development</p> <p>RRT decision of Dec. 18, 2012, following market review of Dec. 24, 2009</p>	Undecided	Undecided	Undecided
LU	Undecided	Undecided	Undecided	Undecided
MT	MCA decision of Dec. 21, 2012	July 1, 2013	Six months	No – mixture of TDM and NGN
NL	<p>On July 2, 2012 OPTA followed the national court ruling and not the Commission:</p> <ul style="list-style-type: none"> the use of pure BU-LRIC would be 	Not applicable	Not applicable	Not applicable

Country	NRA decision to apply pure LRIC	Date when pure LRIC price will apply	Length of glidepath	Pure LRIC rate based only on NGN core network?
	<p>disproportionate</p> <ul style="list-style-type: none"> • BU-LRIC+ with a mark up for non-incremental fixed costs is sufficient to address the potential competition problem of excessive prices • costs of the licence fees of the VoIP software should be included <p>(Telecom Flash 58/2012)</p>			
PL	Undecided	Undecided	Undecided	Undecided
PT	<p>Undecided</p> <p>On Oct. 4, 2012 ANACOM launched a public tender for the development of a pure BU-LRIC cost model.</p> <p>ANACOM is consulting until May 7, 2013 on the review of M3/2007 and plans to set rates based on the pure LRIC model by July 2014, at the latest. In the meantime, ANACOM proposes to set a rate based on a benchmark of other pure LRIC FTRs.</p>	<p><i>Proposed</i></p> <p>July, 2014</p>	Undecided	Undecided
RO	<i>Proposed</i> for 2Q 2013	Undecided	Undecided	Undecided
SK	<p><i>Proposed</i></p> <p>Notified to the EU Commission in Sep. 2012. Final decision not yet adopted.</p> <p>BU-LRIC cost model being developed</p>	Undecided	Undecided	<p><i>Proposed</i></p> <p>Yes</p>
SI	Undecided	Undecided	Undecided	Undecided
ES	<p>Undecided</p> <p>CMT consulted until Jan. 31, 2013 on a BU-LRIC model for fixed interconnection rates based on a purely NGA/NGN network and IP interconnection. The model allows calculating fixed termination rates using both pure LRIC and LRAIC+.</p> <p>The model will be used by CMT to set FTRs in the context of its third round analysis of M3/2007, when a formal decision on the use of pure BU-LRIC to set FTRs will be taken (WE Telecom Update Jan. 2013).</p> <p>IP interconnection operator forum was set up at end 1Q 2012. Work is ongoing but</p>	Undecided	Undecided	<p><i>Proposed</i></p> <p>Yes</p>

Country	NRA decision to apply pure LRIC	Date when pure LRIC price will apply	Length of glidepath	Pure LRIC rate based only on NGN core network?
	results have not been published yet (WE Telecom Update March 2012).			
SE	Undecided PTS report on impact assessment of transition to pure LRIC for interconnection prices (March 2012) PTS expects to finalise its work on pure LRIC model by 2Q 2013.	Undecided	Undecided	Undecided
UK	<i>Proposed</i> Ofcom is consulting until April 2 on a proposal to set BT's FTRs at pure LRIC based on an NGN model. Ofcom expects to reach a final decision before Sep. 2013 (for further background, see WE Telecom Update May 2012 and Oct. 2012).	<i>Proposed</i> Oct. 1, 2013	<i>Proposed</i> No glidepath to reach the pure LRIC price level. LRIC rates achieved at the start of the price control on October 1, 2013.	<i>Proposed</i> Yes