



Explanatory Note accompanying Ofcom's Modification of the Mobile Call Termination SMP Conditions

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On 25 October 2011, Ofcom issued a modification (the Modification) to the SMP conditions contained in Ofcom's notification dated 15 March 2011. The Modification modified the SMP conditions to adjust the charge ceiling in SMP Condition M3, in order to correct for a computational error identified in the cost model originally published on 15 March 2011 (the 2011 Cost Model). The error affected the estimate of efficient costs in 2014/15 and the glide path used to determine the level of the charge ceiling in each year. The Modification is published at <http://stakeholders.ofcom.org.uk/consultations/mtr/statement>. Ofcom has also published a revised version of the 2011 Cost Model at <http://stakeholders.ofcom.org.uk/consultations/mtr/statement>, which corrects for the computational error.

Correcting for this error results in a slightly higher charge ceiling over the period of the charge control. The new charge ceiling applicable from 31 October 2011 to 31 March 2012 is 3.015ppm (previously 2.984ppm). The controlling percentage, used to determine the charge ceiling in subsequent years, will now involve the change in RPI reduced by 36.7% (previously 37.4%).