Evaluation of the Termination Rates Recommendation

Fields marked with * are mandatory.

1
General information about you

1.1 You're answering as:
- [ ] Citizen / individual
- [ ] Industry / business
- [ ] EU platform/network/association
- [ ] Non Governmental Organisation
- [ ] National Regulatory Authority
- [ ] Other public authority
- [ ] SME

1.2 Is your organisation registered in the Transparency Register of the European Commission and the European Parliament?
- [ ] yes
- [ ] no
- [ ] not applicable

1.3 Please indicate your organisation's registration number in the Transparency Register

If you are an entity not registered in the Transparency Register, please register in the Transparency Register before answering this questionnaire. If your entity responds without being registered, the Commission will consider its input as that of an individual.

1.4 Please enter your name or the name of your institution/organisation/business.

1.5 Please provide your e-mail address
1.6 Contributions received are intended for publication on the Commission’s website. Do you agree to your contribution being published?

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- My contribution may be published under the name indicated; I declare that none of it is subject to copyright restrictions that prevent publication.
- My contribution may be published but should be kept anonymous; I declare that none of it is subject to copyright restrictions that prevent publication.
- I do not agree that my contribution will be published at all.

1.7 What is your country of residence? (In case of legal entities, please select the primary place of establishment of the entity you represent)

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Other
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- The Netherlands
- United Kingdom

1.8 Please specify your country of residence

2 Topics for consultation

Evaluation of the overall functioning of the Termination Rates Recommendation (TRR)

The questions in this section aim to evaluate its impact on the termination markets in the EU and on the internal market as a whole. This section of the public consultation includes general questions on the functioning of the TRR in relation to the key evaluation criteria established in the Commission’s Better Regulation Guidelines (i.e. effectiveness, efficiency, coherence, relevance and EU added value).

2.1 To what extent has the TRR effectively achieved the below objectives:
2.2 Please explain your response. (*Please note that there is a limit of 5000 characters for each open text answer)

2.3 How do you rate the cost-benefit ratio from 1 to 5 (1=costs exceed significantly benefits, 5=benefits exceed significantly costs) regarding TRR efficiency if you compare the administrative and regulatory costs to your organisation with the results achieved?

1 2 3 4 5
don’t know

2.4 Please explain your response.

2.5 Could you give an estimate of annual direct and indirect costs for your organisation in applying the TRR? Please indicate, if possible, the nature of these costs.

2.6 To what extent is the TRR relevant to meeting the policy objectives defined in Article 8 of the Framework Directive?

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<td>a) the development of the internal market</td>
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<td>b) the promotion of competition</td>
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<td>c) the promotion of the interests of the EU citizens, including citizens with disabilities</td>
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* indicates the relevant policy objective.
*c) the promotion of the interests of the EU citizens, including citizens with disabilities

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*d) managing scarce resources (such as numbering, spectrum access)

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2.7 Please explain your response.

2.8 One of the objectives of the TRR is to create a level playing field and increase competition between operators by reducing cross-subsidisation in particular of mobile networks by fixed networks or, of net receivers of voice traffic by net senders, and the development of flat-rate and/or bundled services. Has implementing the TRR led to a higher number of flat-rate offerings (fixed to mobile calls included) and/or bundles?

- significantly
- moderately
- little
- not at all
- don't know

2.9 Please explain your response.

2.10 The TRR was expected to provide additional revenue and investment opportunities (development of next generation networks and high bandwidth offerings) for fixed operators and increase their ability to compete with mobile offers. Has this expectation been met?

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<td>a) investment</td>
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2.11 Please explain your response.

2.12 Have the lower termination rates led to decreased entry barriers for new operators who decided
2.13 Please explain your response.

2.14 Have lower termination rates led to increased end-user welfare?

- significantly
- moderately
- little
- not at all
- don’t know

2.15 Please explain your response.

2.16 If you consider that end-user welfare has increased as a result of the TRR, how has this been reflected on the market?

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<td>* b) flat-rate retail packages</td>
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<td>* c) increased usage</td>
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<td>* d) fixed-mobile convergent services</td>
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<td>* e) increased investments in next generation networks</td>
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<td>* f) other (please specify)</td>
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2.17 Please explain your response.
2.18 What was the impact of the TRR on pre-paid customers in terms of the number of offers?

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<td><strong>b)</strong> decrease</td>
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2.19 Please explain your response.

2.20 How does the asymmetric implementation, i.e. the non-compliance of Member States with the recommended approach, impact on cross-border trade, investment and end-users?

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2.21 Please explain your response.

2.22 Could you quantify the above impact on:
   (i) trade
       (ii) investment
       (iii) end-users

2.23 Please list the elements of the current TRR which were most difficult to interpret.

2.24 Is there any other impact of the TRR that the questions above don't mention?
2.25 Have lower termination rates led to an increase in the retail prices for other services?
- yes
- no
- don’t know

2.26 If yes, please list the services concerned and provide underlying data.

2.27 Please explain your response.

2.28 What is the impact of lower termination rates on wholesale international roaming charges in the EU?

Forward-looking questions – follow-up to the Termination Rates Recommendation
In this second section, the consultation seeks views on whether further action on termination rates is needed, and if so, what the most appropriate way forward would be with regards to a future legal instrument, and substance of any further Commission measure.

2.29 Given the current monopolistic character of call termination markets will they remain a bottleneck in the future and require continued regulation?
- yes
- no
- don’t know

2.30 Please explain your response.

2.31 Is it still appropriate to act on fixed and mobile termination rates at EU level?
- yes
- no
- don’t know

2.32 Please explain your response.
2.33 Do any areas in the TRR need improvement in terms of simplification, reducing the regulatory burden and associated costs?

- yes
- no
- don’t know

2.34 Please explain your response.

2.35 What are the TRR objectives that have not yet been achieved?

2.36 Are there additional objectives, other than those of the existing TRR, to be achieved with a potential future EU-level action on termination rates?

- yes
- no
- don’t know

2.37 Please explain your response.

2.38 What legal instrument would be best suited to address the regulation of termination rates in the future?

- revocation of recommendation and reliance on competition law
- recommendation under Article 19 of the Framework Directive
- decision under Article 19 of the Framework Directive
- legislative initiative at EU level (Regulation, Directive)
- other (please specify)
- don’t know

2.39 Please explain your response.

2.40 Some stakeholders support the creation of an EU cost model to replace current national models. Would such an EU cost model be a valid option?

- yes
- no, an EU cost model is not a valid option

2.41 Please explain your response.
2.42 Which of the variants is most appropriate?

- a model resulting in one single FTR and one single MTR to be applied across the EU
- a model setting the principal modelling parameters but allowing for national specificities to be taken into account (resulting in more coherent but country-specific FTRs/MTRs)
- a model resulting in one single FTR and one single MTR for the EU, to serve as a benchmark for Member States where the regulator considers it disproportionate to run the model with national data inputs

2.43 Please explain your response.

2.44 The Explanatory note to the Recommendation on Relevant Markets foresees that: “In a future all-IP world, the distinction between voice and data for terminating purposes would be blurred and costs of both voice and data are expected to fall since NGN networks are expected to deliver most services over a common platform. The bottleneck which is intrinsic to the terminating network could eventually disappear, as long as the pricing scheme for a two-way interconnection of two networks no longer envisages distinct termination charges when voice data is transferred from one operator's network to the other. This would consequently enable the NRAs to deregulate the fixed and mobile termination markets.”

Do you agree with that statement?

- yes
- no
- don’t know

2.45 Please explain your response.

2.46 How would the move to all-IP networks impact on the evolution of termination rates?

2.47 Would the move to all-IP networks remove the bottleneck characteristic of termination markets?

- yes
- no
- don’t know

2.48 Please explain your response.
2.49 Would BU-LRIC-based regulation of termination rates still be needed in an all-IP networks scenario?
- yes
- no
- don’t know

2.50 Please explain your response.

2.51 What market/technological evolution(s) would put an end to the termination bottleneck?

2.52 Will the continued use of numbers from a national numbering plan for voice calls perpetuate the termination bottleneck?
- yes
- no
- don’t know

2.53 Some regulators include certain types of unmanaged VOIP services, e.g. where the end-user is provided with an 8-digit number, in the fixed termination market. Are the costs of an unmanaged VOIP service comparable to those of managed/circuit-switched networks, justifying the application of the same level of fixed termination rates?
- yes
- no
- don’t know

2.54 What should be the period set in any future EU measure on termination rates for the review of this instrument?

2.55 Should the Commission continue to recommend the pure BU-LRIC model?
- yes
- no

2.56 Please describe the characteristics of an alternative cost model.

2.57 Please explain your response.
2.58 Should the Commission issue further guidance on the recommended pure BU-LRIC model?
- yes
- no
- don’t know

2.59 Please indicate the aspects that would require more guidance at EU level (multiple answers possible).
- definition of the generic operator
- calculation of wholesale commercial costs
- interconnection modes/platforms
- unit costs of assets purchased on international markets (e.g. active equipment)
- price trends of assets purchased on international markets (e.g. active equipment)
- asset life times
- depreciation approach
- OPEX calculation (e.g. specification of the approach to be used)
- modelling period (single or multiple years)
- inclusion of spectrum costs
- network technology mix (e.g. 3G, 4G)
- backhaul technology (copper, fibre, microwave)
- traffic and subscriber bases
- coverage
- efficient interconnection level

2.60 Please explain your response.

2.61 Evidence shows a discrepancy in the level of termination rates coming out of pure BU-LRIC and non-pure BU-LRIC models but also among rates resulting from pure BU-LRIC models implemented in different Member States.

The divergence of pure BU-LRIC rates in different Member States is due to:
- objective national specificities
- different practical implementation of the TRR e.g. with regard to the calculation of capital, commercial, spectrum costs
- both
- other

2.62 Please explain your response.

2.63 According to the TRR, pure BU-LRIC should be based on the technological choices available in the timeframe considered by the model to the extent that they can be identified. The access part of mobile networks was thus supposed to be modelled as a combination of 2G-3G. Which technology should be considered as efficient in a follow-up instrument to the TRR?
2.64 Please explain your response.

2.65 Which interconnection level should be modelled (multiple answers possible):
- IP
- national
- regional
- local
- don’t know

2.66 Please explain your response.

2.67 Should the backhaul technology modelled be (multiple answers possible):
- copper
- fibre
- microwave
- don’t know

2.68 Please explain your response.

2.69 Regarding the choice of the pure LRIC increment, do you consider it should be defined as:
- voice only
- voice and SMS
- voice and data
- voice, SMS and data
- other
- don’t know

2.70 Please explain your response.

2.71 Should the modelling period be:
2.72 Please explain your response.

2.73 Are the objective cost differences defined in points 9 and 10 of the TRR still valid to allow for differentiated rates?

2.74 Should the 4 years following market entry (point 10 of the TRR) be kept as a transitory period during which new mobile entrants operating below the minimum efficient scale could be allowed to recoup the higher per-unit incremental costs they incur?

2.75 Are there other objective cost differences than those in points 9 and 10 of the TRR which justify higher termination rates (than the efficient level).

- yes
- no
- don't know

2.76 Please explain your response.

2.77 The minimum efficient scale for the purpose of the costing model is 20% for mobile networks with the possibility for NRAs to deviate from it on the basis of different market conditions (multiple answers possible).

- the 20% is still appropriate
- the possibility to deviate from the recommended 20% should be kept
- the 1/N approach (N = number of mobile network operators) is more appropriate than the recommended 20%
- other (please specify below)
- don't know

2.78 Please explain your response.
2.79 While some NRAs entirely disregard wholesale commercial costs in their models, others have included these costs in the termination rates. Does the calculation of wholesale commercial costs need further guidance?

- yes
- no
- don't know

2.80 Please explain your response.