alto

alternative operators in the communications market

Reform of the EU Framework for Electronic Communications

ALTO represents the Alternative Operators in the Irish telecoms market and has 13 members who are operators in the fixed line and fixed wireless segments. We rely for our business on a market that is open to competition and has a level playing field.

ALTO welcomes the opportunity to give its views on the Reform of the EU Framework for Electronic Communications as proposed by the EU Commission

1. Not all National markets are the same, thus various countries have various degrees of competitiveness of their markets for telecommunications services. In Ireland, while the retail market is tending towards being competitive, the wholesale market is still not competitive and regulation is still required to improve this situation.

   However, a number of markets that are the subject of ex ante regulation in Ireland (markets 10, 14 and 15 – Transit, leased Line and Mobile Access) were last year removed from the Commission list. This highlights to ALTO the need for **independent national regulation** that cannot be pressurised from the centre to reflect the situation in other more advanced markets. We also oppose the setting of a definite date for the removal of competition rules by the EU.

   We support the need for National regulators to be independent of political influence.

2. **Functional Separation** is a tool that should be made available to national regulators after appropriate market review and consultation processes have been followed. It is a necessary solution to offset some of the major problems caused by incumbents with SMP who use their dominance of infrastructure to leverage value for their retail businesses to the detriment of competition.

   It is also important to identify that Functional Separation take place at the **Access** layer, to ensure that there is competition for wholesale services as well as retail services. This is relevant in the Irish context where Structural Separation in proposed at the wholesale layer only.

When Functional Separation is implement it should be technology neutral and not just copper based only i.e. fibre should be included.

Functional Separation of itself has a lot to recommend it as a solution – it has been implemented, in the UK. Here the incumbent gave undertakings that voluntarily brought about the separation of its access business from its wholesale and retail divisions. Today Broadband penetration in the UK is 25% compared to our 18%. The biggest impact has been in Unbundling the Local Loop, where over 4 million customers have been added to BT Wholesale customers – that would be equivalent to 400,000 in Ireland – we have about 20,000.
So while supporting FS we are aware that the UK is the only market where this has been applied and that the model may need to be changed to take into account some consequences unforeseen. However it is a good solution that will benefit competition.

3. The proposed **EECMA** – or Market Authority – adds a layer of centralisation and bureaucracy to the market which will principally damage the independence of the National Regulator.

   Some positive elements of the proposal could be implemented by strengthening the European regulators Group or ERG, which up to now has been able to provide co-ordination role between national regulators.

   Putting the ERG on a firmer legal footing with clearly defined responsibilities as well as giving it responsibility to provide opinions to the Commission when it exercises its veto in relation to market reviews, would be an important component of its mission. We are aware of a proposal at the European Parliament, referring to this body as the ***Body of European Regulators in Telecom (BERT)***

   The Inclusion of the Security agency ENISA is inappropriate to a market regulator and should be left independent.

4. ALTO supports the Commission proposals to liberalise **Spectrum**. Allowing more flexible uses will lead to more innovation and consumer benefit.

   Ireland has unique spectrum advantages (no close neighbour/interference, as such) and therefore, will benefit from a more liberalized view. However there has to be regard also for the need for Harmonisation across Europe and ALTO would support that being advanced by the Commission to support interoperability and the development of pan-European Services

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