Commission for
Communications Regulation

Market developments in Ireland

Kevin O'Brien, Chairperson, ComReg

ANACOM Conference September 2014

www.comreg.ie

What ComReg does

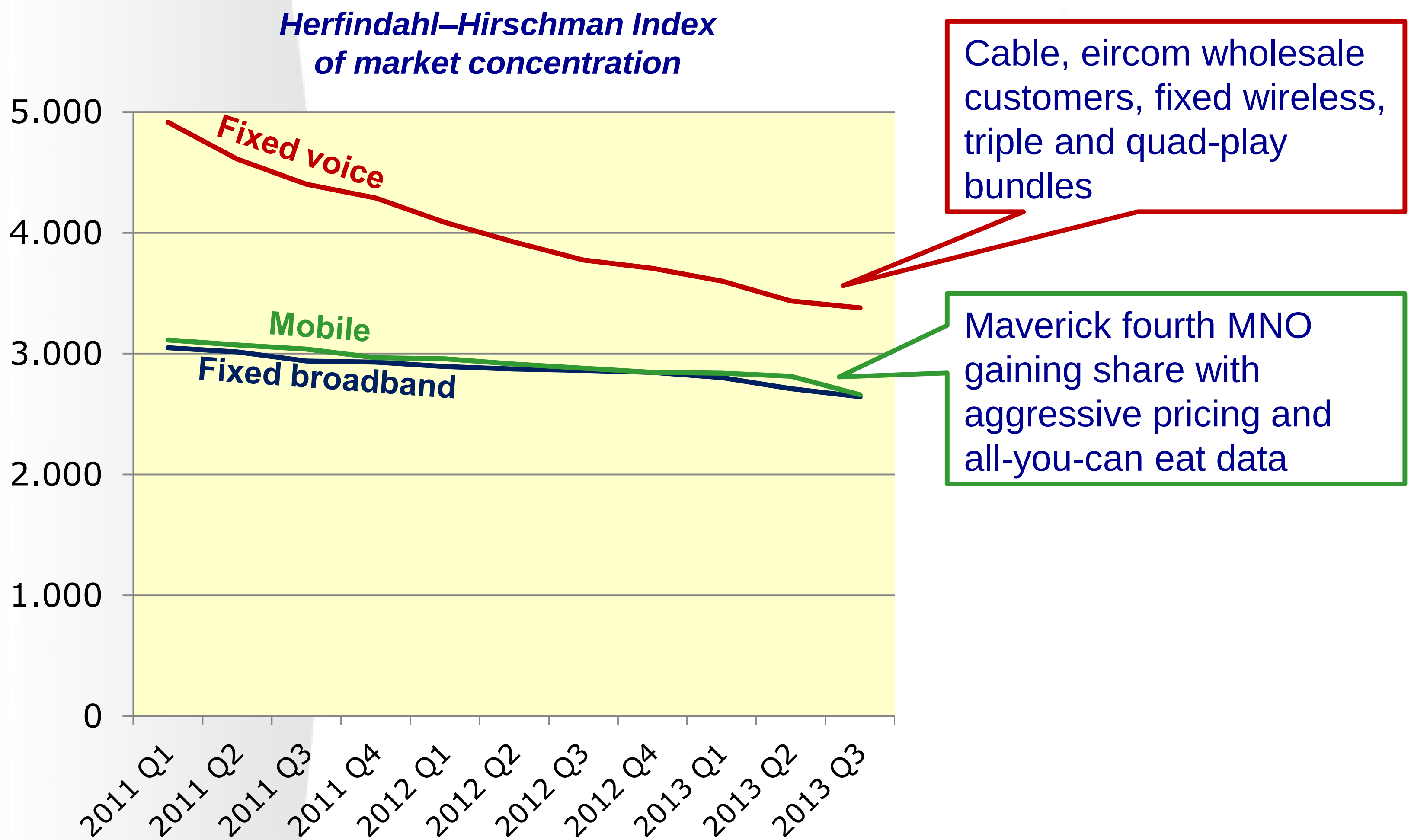
- Regarding electronic communications
  - to promote **competition**,
  - to promote the **interests of users**
  - to ensure the efficient management and use of the **radio frequency spectrum and numbers**
  - encouraging **efficient investment in infrastructure and promoting innovation**
- Also
  - to monitor the quality and efficiency of the **emergency call answering service**,
  - to protect the interests of end users of **premium rate services**
  - to ensure the provision of a **universal postal service** that meets the reasonable needs of postal service users

Agenda

- What's gone well and why
- Challenges…..including the challenge of consolidation
- A look to the future

Commission for
Communications Regulation

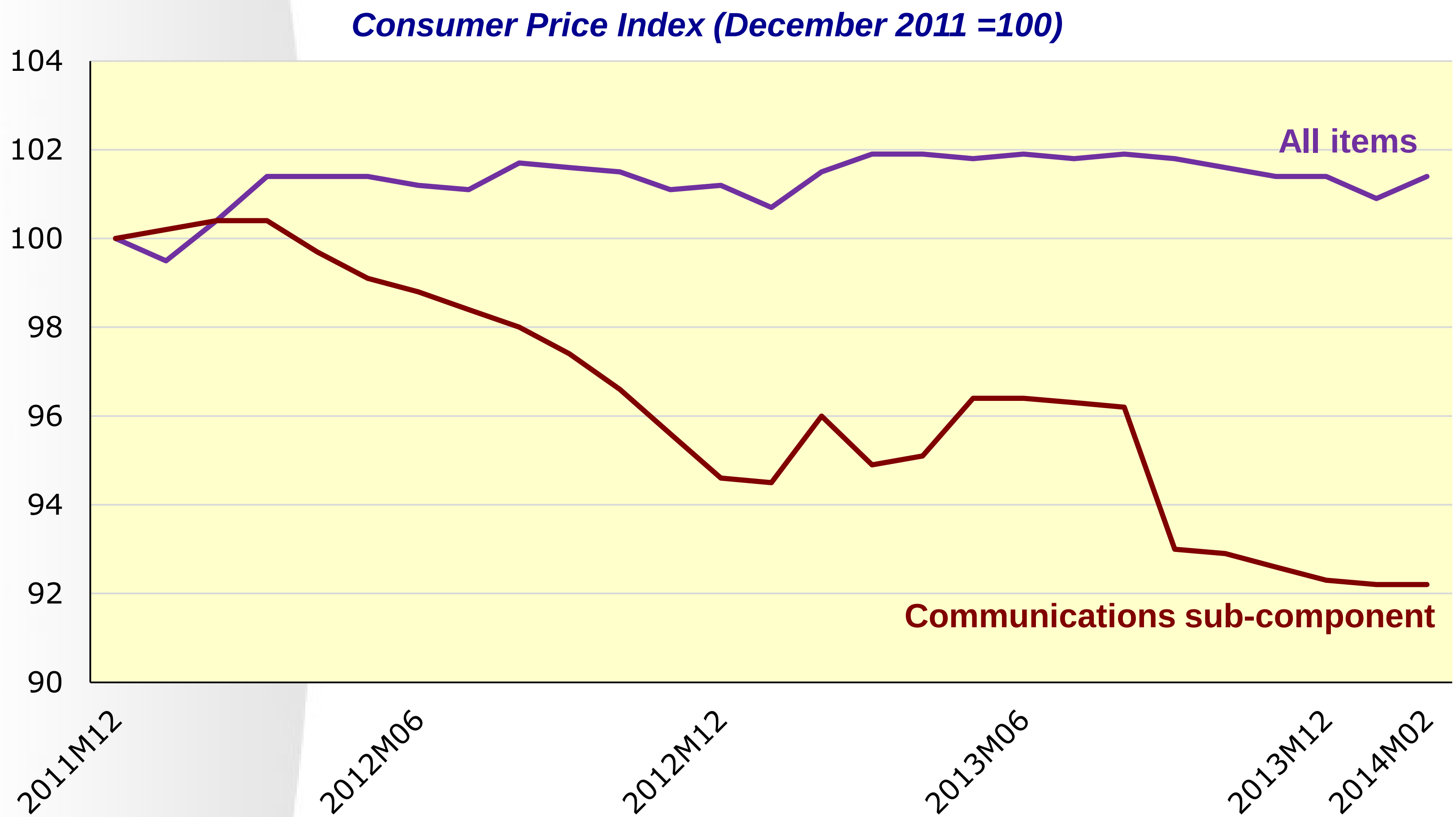
Competition in retail markets has intensified



Source: ComReg quarterly report, Kantar WorldPanel

Commission for Communications Regulation

Communications prices have dropped 8% in past three years



Source: Central Statistical Office

Investment in NGA and 4G is gathering pace

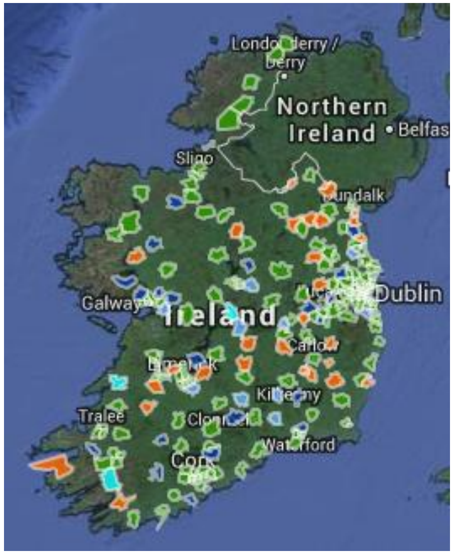
UPC DOCSIS 3.0 coverage

Mostly in large cities, eg

- Dublin
- Cork
- Limerick
- Galway

- Currently passes 750,000 homes (45% of households)

Eircom FTTC/VDSL coverage



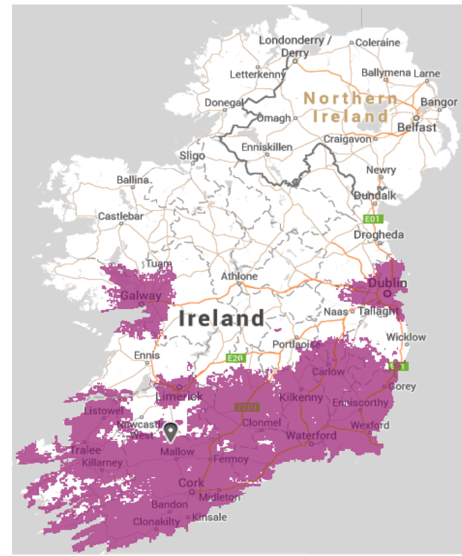
- Planned rollout to cover 1.6 million premises
- Coverage reached 1m premises in Sept 2014

Investment in NGA and 4G is gathering pace

ESB Vodafone Joint Venture coverage

- 50 medium sized and semi-rural towns
- €450m investment announced

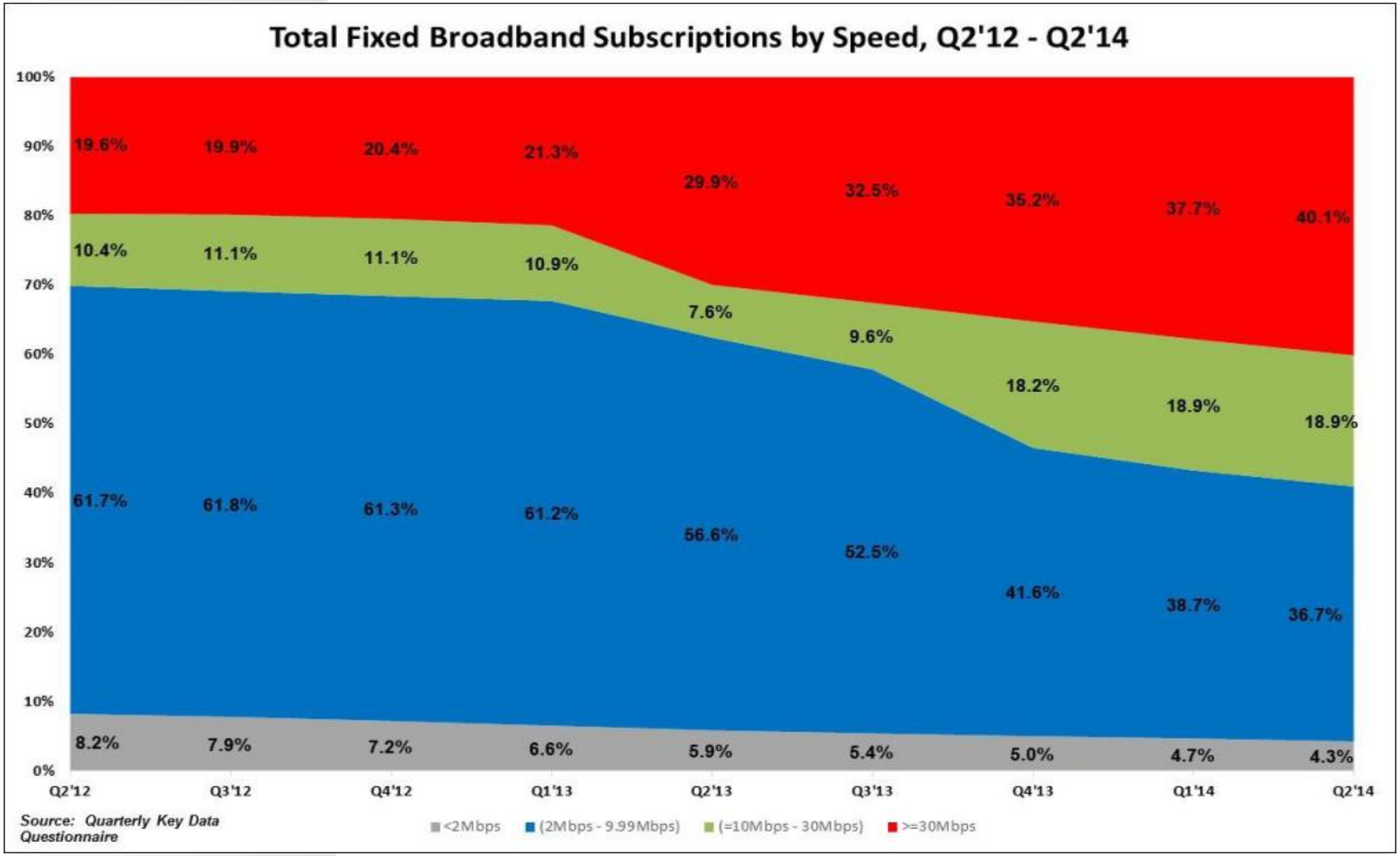
Vodafone 4G coverage



- 70% population coverage commitment
- Currently 3 providers of 4G in major cities

Commission for Communications Regulation

Consumers are beginning to benefit from faster speeds



Source: ComReg quarterly report

Market development has been enabled by regulation

Current Generation

- Wholesale line rental
- CGA bitstream
- LLU
- Bundles

↓

- High-speed cable broadband
- Growth of bitstream resellers
- Alternative bitstream provider based on LLU in some areas

Next Generation

- Wholesale line rental
- NGA bitstream
- VUA
- Bundles

↓

- Investment in FTTC
- Too early to judge development of retail competition based on VUA and bitstream
- Exchange Launched VDSL?

Multi-band spectrum auction

- 800 MHz, 900 MHz and 1.8 GHz

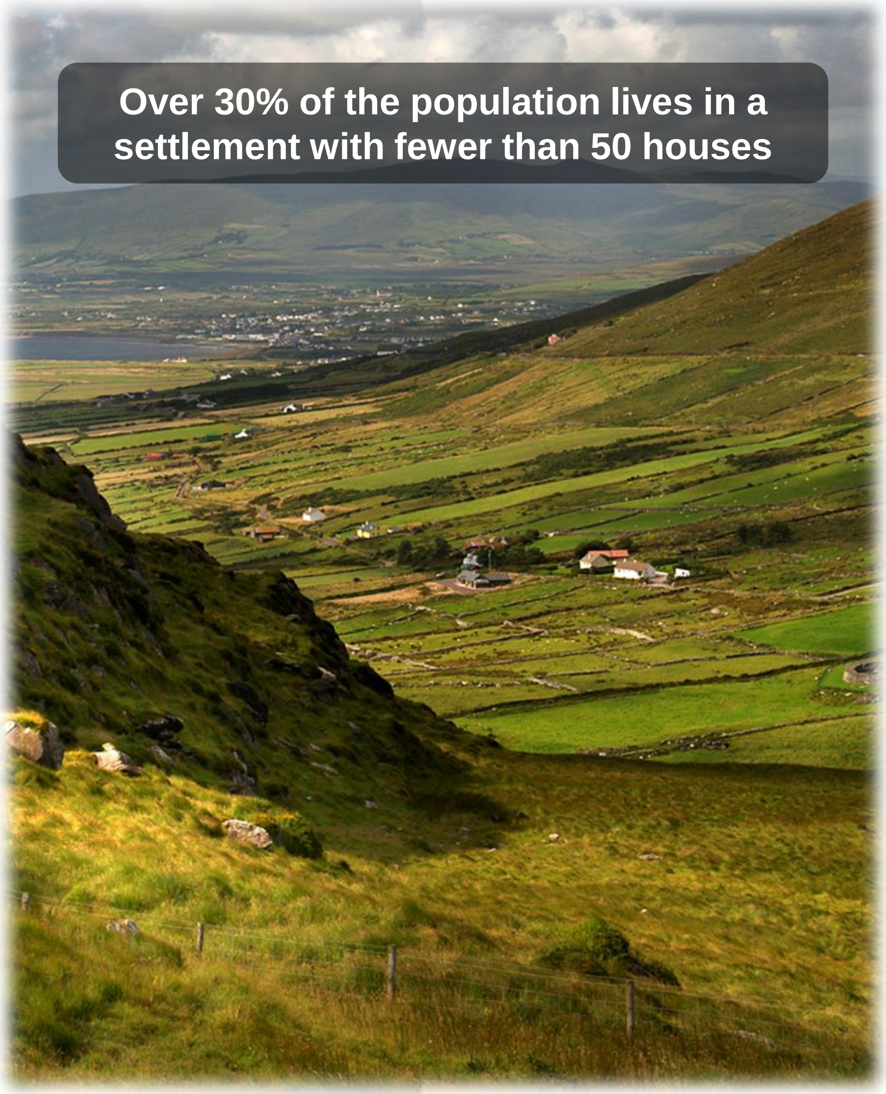
↓

- Investment in 4G
- Extension of 3G footprint

Ireland is a home to global ICT players…….who need quality infrastructure

- International Connectivity – redundancy and reliability
- The broader digital ecosystem: schools, universities, public services, teleworking
- Ireland’s growing Telecoms R & D base
- ComReg’s Test and Trial Programme – supporting wireless research in Ireland

Ireland’s dispersed population is a challenge …



Over 30% of the population lives in a settlement with fewer than 50 houses

Only 50% of the population lives in a town with population 10,000 or above

Rural customers are less well served …

Challenges	Possible regulatory and policy tools

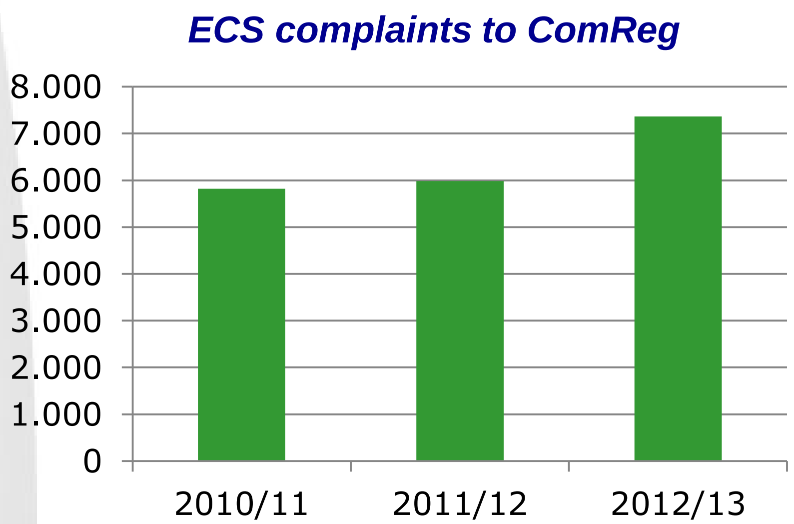
Challenges

- Uneconomic basic service
- Risk of underinvestment in rural network
- Higher rate of faults
- Slower broadband speeds

Possible regulatory and policy tools

- Universal Service Obligations
- Local network pricing
- Consumer rights
- State-aided National Broadband Intervention is inevitable

Consumer complaints are on the increase …

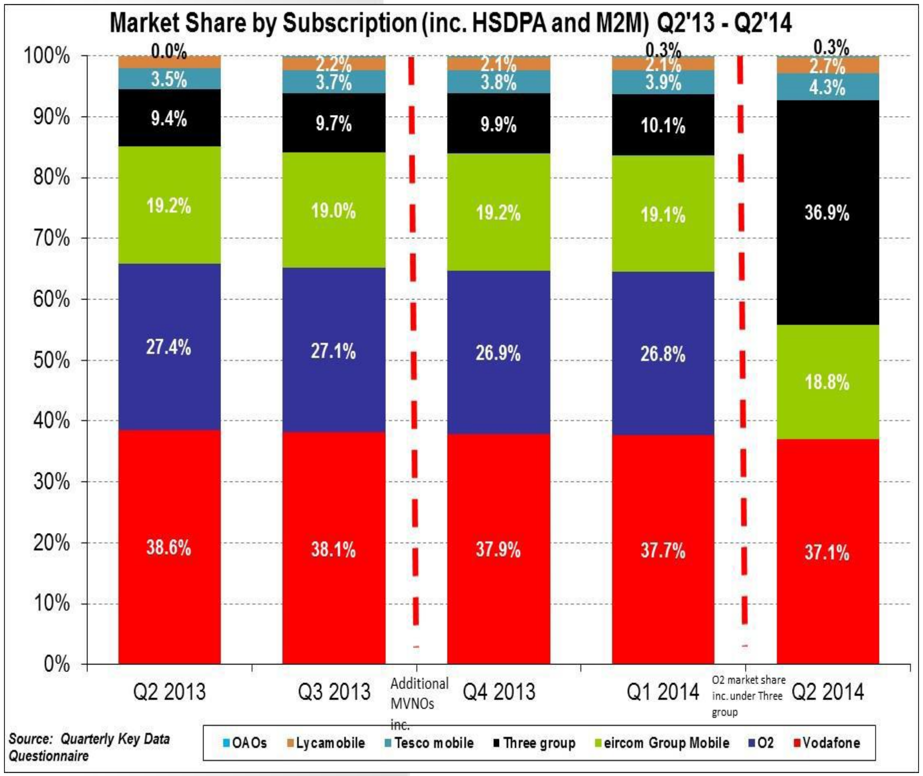


… we have stepped up compliance activity

- Disincentive to switch
- Charging for services not provided or requested
- Changes to terms and conditions

Commission for
Communications Regulation

The Irish Mobile Consolidation



Source: Quarterly Key Data Questionnaire

- 4 to 3 merger
- Market Shares
- DG Competition Concerns
- Do the remedies address the concerns?
- Remedies:
    - MVNO (with spectrum option)
    - Passive Network Share

Commission for Communications Regulation

Mobile consolidation may put consumer welfare at risk

No longer a fourth MNO with incentive to compete aggressively.
Risk that MVNO commitments will not mitigate consumer harm.
ComReg will monitor market evolution, but limited powers to act if remedies do prove inadequate.
We welcome the end to the uncertainty, which has delayed investment

A national perspective on a 'Pan-European' Merger

Challenges and Questions

- European consolidation and national consolidation are not the same thing….
- The dynamics and the strategies in every market <u>are</u> different
- Where do the purported benefits of consolidation materialise?
- Competition on coverage and on price?
- Fixed Mobile Convergence?

Remedies and Choices

- What will 'super' MVNOs deliver?
- What is the likely MVNO footprint?
- Is the proposed MVNO spectrum allocation real?
- Implications for future auctions?

Commission for Communications Regulation

A look to the future

European Framework

- New Commission in 2015
- Review of Framework

↓

- Increased harmonisation
- Pan European Consolidation
- Consumer protection focus

Gradual Shift away from SMP Regulation

- EC identifies VOIP and fixed-mobile convergence as important in long-term
- SMP Regime has yielded results

↓

- Timing is vital
- Cultural and organisational change required in incumbents
- Importance of inter-platform competition

Further spectrum allocations

- RSPG and WRC
- 700 Band and UHF
- 2.6 Band, 3.6 Band, 2.3 Band, 1.4 Band

↓

- Clear plan needed with regard to FTA universal broadcasting
- Further Investment in LTE
- Further opportunity for competition

A look to the future

Net Neutrality

- A broad international debate
- Principles are easy, detail is difficult

- Transparency is key, but difficult
- Consumer choice is vital

Competition vs Industrial Policy

- Consolidation
- Commoditisation
- Digital Agenda for Europe

- European push to de-regulate
- Potential loss of competition and entrepreneurship
- State-led investment

The ever moving finishing line

- Fibre to the home, symmetric services
- Giga bits, Mobility
- Applications of the future, M2M, Internet of Things, Wearable Technology

- Further Investment always required
- New bottlenecks and OTT
- Fundamental challenge is for framework to move with technological and marketplace reality

Obrigado!