



Commission for
Communications Regulation

Information Notice

Wholesale Line Rental – Pricing Issues

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An Coimisiún um Rialáil Cumarsáide

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Contents

1 Introduction.....2

2 Wholesale Line Rental and CPS Single Billing Pricing.....3

1 Introduction

In Direction 2.2 of ODTR 02/64, *eircom* was directed to provide a ‘Single Billing through Wholesale Line Rental’ product for OLOs. This product is required to be launched at the end of April 2003. This Information Notice sets out Comreg’s understanding of the relationship of introductory prices for this product to retail line rental and how the price should evolve over time.

2 Wholesale Line Rental Pricing

ComReg believes that it is important to give the market some indications on the pricing of WLR, which is to be introduced from end April next. *eircom* have indicated that the product will be priced at retail price for a line less 8.5% initially, and in the interests of certainty in the market, ComReg considers that this margin percentage should apply for the first year of operation of WLR.

Ultimately WLR prices must be cost oriented. It is expected that the ongoing work stream to develop access costs will be concluded in the coming months and that an appropriate costing for the wholesale line rental product will be identified. As indicated in the Price Cap consultation (ODTR 02/96), *eircom* is considering implementing a glide path to a rebalanced position for line rental. After the first year, a glide path to the full cost base should be set for WLR over the same period as the glide path for line rental. Margin squeeze tests will apply in the glide path period as necessary.