

# ERG Plenary 7-8 December 06

Kip Meek, ERG Chair  
Brussels, 14 December 2006

## Agenda

- Overview of 2006
- Framework Review
- Evolution of ERG
- Major Issues discussed in Bratislava
  - IP Interconnection and NGN Access
  - Joint dominance
  - Oligopolies
- 2007 Work programme
- Q&A

## Overview of 2006

- Framework Review
- Harmonisation
- International Roaming
- ERG Development

# Framework Review 2006

## Framework Review 1

- ERG's broad response was that no need for substantial revision of the current framework
- Support for
  - spectrum trading, technological and service neutrality services
  - simplification of market review process including reducing number of notifications
  - consumer proposals, but a need to clarify details
  - greater emphasis on security issues
  - new remedy of functional/operational separation, as means of ensuring more effective non-discrimination

## Framework Review 2

ERG voiced some concerns

- Transitional issues
  - Moving to new Framework
  - Non-competitive → competitive markets
- Joint dominance
- Dealing with leveraging
- No to Commission veto over remedies
- List of markets

## Framework Review 3

- Over 200 responses received (4500 pages approx)
- ERG's role going forward is to give advice and explain impact of proposals
- Cion to present draft legislative proposals in Second Quarter 2007

The logo for ERG, featuring the letters 'ERG' in a bold, orange, sans-serif font. The letters are set against a circular, metallic-looking background with a blue and white gradient, suggesting a globe or a sphere. The background is partially obscured by a horizontal band of blue and white lines that sweep across the top of the slide.

**ERG**

# Evolution of ERG

Stronger Secretariat  
(Bratislava,  
December '06)

Harmonisation  
(Madeira,  
October '06)



More effective ERG

## Evolution of ERG

- ERG recognised need to improve its operational effectiveness and efficiency and to deliver a more rigorous approach to harmonisation
- At Plenary ERG agreed to set up permanent Secretariat
  - Consisting of 2-4 NRA secondees
  - Located with Cion ?
  - Answerable to ERG Chair
  - Budget capped at Euro 500,000 to be divided between NRAs

## Evolution of ERG 2

- ERG agreed a set of Working Practices. They include :
  - Role and election of Officials
  - Decision-making procedures
  - Types of Documents
- **In particular, the Working Practices provide that**
  - **“where a consensus cannot be reached, the matter shall be decided by a vote”**
- ERG will continue to review its organisation and efficiency during 2007 and make further changes if necessary

## Major issues discussed in Bratislava

# IP Interconnection and NGN Access

- Draft Report on IP Interconnection and NGN Access reviewed
- Builds on NRA questionnaires and Industry Workshop
- Report shows that NGNs are in different state of development
  - In core network in about half of MS
  - In access network in only a few
- Issues discussed included
  - Appropriate obligations on NGN operators
  - Appropriate access products
  - How to calculate Rate of Return
  - How to migrate LLU operators
- Challenge for ERG is to devise a consistent approach to NGN Access

A light blue speech bubble with a tail pointing towards the list of issues. The text inside is italicized and reads: "Balance between promotion of competition and ensuring investment incentives are not distorted".

*Balance between promotion of competition and ensuring investment incentives are not distorted*

# International roaming

- ERG reviewed:
  - latest developments
  - MS proposals
- ERG invited to make a presentation to the European Parliament in January
- ERG's role agreed as helping to reach the right solution by
  - Explaining the views it has put forward
  - Expressing views on methodological and other issues

# Oligopolies

- Generally accepted that in European jurisprudence burden of proof for establishing joint dominance is high (i.e. as per Airtours)
- NRAs have had difficulty in finding joint dominance in certain markets although there appeared to be competition problems, e.g international roaming.
- SMP WG concluded that the Framework does not deal well with non-collusive, non-coordinated oligopolies (tight oligopolies)
- Review of potential solutions
- SMP WG to review further including market review cases and discuss with NCAs

# 2007 Work Programme

## Documents Published

- Draft documents where consultation delayed but now completed and which will published after the February Plenary
  - Broadband Competition report
  - IP Interconnection
  - PIBs on WACC

## 2007 Work Programme: a brief recap

After issue of ERG (06) 49 for consultation, AGCOM, as incoming Chair 2007, and ERG/IRG Secretariat run two lines of activities

### External

- 13 October           debriefing on ERG (06) 49 and launch of consultation
- 7 November        hearing of stakeholders
- 13 November      end of consultation
- in parallel         presentations of 2007 draft WP by 2007 ERG Chairman, at international events (ETNO,

ECTA)

### Internal

- in parallel         Project Teams set up

## The consultation process

About 50 attendees to the hearing held in Brussels on 7<sup>th</sup> of November

9 written comments received by:

3,  
Cable Europe,  
ECTA,  
ETNO,  
Infonxx and Telegate AG,  
Orange,  
Telecom Italia,  
Telefonica,  
Vodafone

## Comments received: on general matters

- Broad agreement on the focused approach and on identified priorities (especially on “harmonisation”)
- Differing views on the institutional role of ERG and on the scope of Work Programme proposals (especially on regulatory process)
- General appreciation of increased transparency and request for more involvement of the Industry

## Comments received: on specific areas

### Regulation

- ✓ broadly restating stakeholders views on the Review;

### Harmonisation

- ✓ detailed proposal on items identified (to be examined by Project Teams within PRDs drafting)
- ✓ new items outlined for investigation (e.g. Ethernet and wholesale leased lines; access to directory enquiry services, duct sharing);
- ✓ need to monitor compliance of NRAs to ERG guidance

### Innovation

- ✓ request for clarification of the scope of “convergence” (especially, access to content)

**Full responses will be published on ERG website (respecting confidentiality requests)**

## The Work Programme 2007

In Bratislava, the final E/IRG Work Programme has been approved and will be published shortly

After consultation and discussion at the Plenary:

- ✓ focus on three priority areas confirmed (Regulatory Challenges; Harmonization; Innovation)
- ✓ few amendments taking on board stakeholders comments (among them: transitional issues, directory enquiry services, duct sharing, wholesale leased lines, monitoring tools)
- ✓ possible reshape of timeline for delivery (taking into account legislative processes timing)
- ✓ ongoing activity for setting up Project Teams and drafting PRDs

## Transparency and external communication

- Established good practices will be applied for external communication:
  - consultation/ad hoc hearings on major topics
  - meetings with stakeholders prior to Plenary
  - Plenary debriefings and press releases
  - prompt information about new initiatives taken
  - continuous contacts with stakeholders

## Next steps

- In the next days
  - publication of final Work Programme 2007
- At beginning of January '07
  - kick-off meeting of ERG Chairman with Project Teams Chairs heads
  - PRDs finalisation (approval at first Plenary of 2007, 15-16 February)

Any questions?