

**EUROPEAN REGULATORS GROUP**  
Mr. Dániel PATAKI  
Avenue de Beaulieu 33  
  
B-1160 BRUSSELS

Brussels, July 11, 2008

Ref.: ETP 2008/0711/01- kdp

Dear Mr. Pataki,

**ETP responds to the public consultation on “ERG Consultation Document on Regulatory Principles of IP-IC/NGN Core”**

On June 4, 2008 ERG has launched a public consultation on regulatory principles of IP-IC/NGN Core. On the occasion of this consultation ETP is happy to inform on today’s release of the ETP document (07)24 which is entitled “[On the technology, market models and regulatory aspects of Interconnection](#)”. This ETP document was approved at the December plenary 2007 and is released today together with the response to this ERG consultation.

In the attached paper ETP has analysed areas of impact of NGN on interconnection of networks and identified the following issues:

- Separation between services and transport
- Number and location of points of interconnection and migration path
- Charging models for interconnection
- Interoperability
- Carrier selection/preselection
- Change in wholesale products
- Bottlenecks in an NGN environment

For each of these areas ETP has agreed on a common position which can be found in the attached ETP document (07)24.

ETP's response

The ERG consultation document poses a number of questions. In the following section the correlation between the today released ETP document (07)24 and the ERG consultation document is indicated and references to the relevant pages of the ERG document are given.

**1) A.4.1 Separation of transport and service**

ETP's response: The answer to this question given by common position 1 which can be found on page 5 of the attached ETP document (07)24.

**2) A.6 Structure of the document**

ETP's response: ETP would like to add all points of the ETP document (07)24 which are not covered by the consultation.

**3) B.3.3.1 Number of network nodes and points of interconnection (Pol))**

ETP's response: We suppose that in short/medium term most of the operators will maintain current structure of interconnection points used for legacy services. For the answer in the attached ETP document (07)24 please have a look at common position 2 which can be found on page 6.

**4) B.3.3.2 Definition of local interconnection**

ETP's response: Please see the answer to the previous question.

**5) C.1 Existing and proposed Framework**

ETP's response: ETP did analyse the impact on interconnection and found that the framework is adequate with regard to the provisions on interconnection (e.g. see page 3 and common position 8 of the attached ETP document (07)24), however there is an opportunity to further adapt the Regulatory Framework to allow the development of NGN services and infrastructures.

**6) C.3.1 Interoperability issues**

ETP's response: The answer to this question is given by common position 4 which can be found on page 8 of the attached ETP document (07)24.

**7) C.3.2 Impact of charging mechanism on transport bottlenecks**

ETP's response: The answer to this question given by common position 3 which can be found on page 7 of the attached ETP document (07)24. In addition ETP would like to underline its firm conviction that the assessment of the models should be left to the market.

**8) C.3 Bottlenecks and SMP positions**

ETP's response: Please see chapter 1.7 and common position 7 which can be found on page 10 of the attached ETP document (07)24.

**9) C.5 Costing and Pricing**

ETP's response:

- a) Different costing and pricing models comparing to current situation are possible and can vary among operators, nevertheless the expected changes shouldn't be the reason for specific regulation.
- b) The assessment of the models should be left to the market.

In addition ETP would like to refer to chapter 1.3 of the attached ETP document (07)24.

**10) C.6 Charging mechanisms**

The introduction of Bill and Keep model should be left to market players. Within ETP we suppose that other charging mechanisms are better suited to allow for the development of NGNs than Bill and Keep. Bill and Keep is just one of these options and shouldn't be imposed by any regulator.

**One last remark: No removal of incentives for investment**

In addition to the answers provided in the section above ETP would like to underline its call for incentives for investment. While the ERG consultation documents focuses a lot on discussing the ideal interconnection regime this doesn't necessarily take into account the objective of Article 8 para. 2 lit. c of the Framework Directive.

ETP regrets the lack of balance in the analysis of Bill&Keep which seems to focus almost exclusively on the elimination of the termination monopoly and the decrease of transaction costs for the NRAs.

ETP similarly regrets the worrying mismatch of conclusions in Annex IV of the ERG consultation document which is called “Implications of Next Generation Networks on regulatory accounting”. We are clearly at the very early beginning of the assessment of NGN scenarios. Therefore we are wondering that the PG is able to determine that there is no evidence to suggest that implementing an NGN will significantly increase or decrease the risk element.

We would interpret the fact that currently only in a view member states of the EU significant efforts have been made to implement NGN-networks as a clear indicator that this undertaking entails significant additional risks. Therefore we are convinced that this technology transition will certainly increases the risk within the telecommunication sector.

Therefore we don't agree with the statement of the PT outlined in Annex 4 that NGN's will become the accepted “modern equivalent asset” for core networks soon and the results of cost models based on legacy network valuations are irrelevant. It is far too early to determine costs of products and services (unit costs) based on hypothetical network structures, network elements and cost assumptions.

Sincerely Yours,



Margit Brandl  
Chair of the ETP