



# **Interconnection Pricing Strategy for the Electronic Communications Sector in Malta**

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**Consultation Document and Proposed Decision**

**November 2009**

**Malta Communications Authority**

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## Executive Summary

The aim of this consultation document and proposed decision is to consider the future regulatory strategy for fixed and mobile wholesale termination rates over the short to medium term time horizon. The scope of this document is to survey a number of regulatory mechanisms and, after listing their respective advantages and disadvantages, it seeks the opinion of interested parties on their feasibility in the local context.

This document also makes reference to the Recommendation on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU (hereafter 'The Recommendation') published by the EU Commission (hereafter 'The Commission') on 7<sup>th</sup> May 2009. This reference is required in order to take the utmost regard of the Recommendation when evaluating the regulatory options reviewed.

This consultation paper provides an outline of the Malta Communication Authority's (hereafter 'MCA') proposed short to medium term strategy in relation to the development of interconnection services in Malta (for both fixed and mobile telephony) with particular focus on the methodologies applicable in determining interconnection rates in line with the Commission Recommendation. Indeed this consultation document aims at establishing regulatory measures that satisfy both the Recommendation's principles and the specific needs of Malta's relatively small electronic communications markets during the period from 2010 till 2014.

This consultation document is organised into six main sections. Section 1 provides an insight on the local Fixed and Mobile termination rates together with a brief history of both rates. Section 2 covers the salient issues of the Recommendation with specific emphasis on the preferred treatment and also the alternative regulatory approach envisaged by the Recommendation. Various possible charging mechanisms and regimes under which to operate are considered in Section 3. Regimes analysed include Calling Party Network Pays, Receiving Party Pays, and Bill and Keep. This section also analyses price setting mechanisms, including cost per minute rates based on LRIC modelling, Capacity Based Charging through the use of a LRIC model and calculating the cost per minute rate through the use of reference rates as a proxy for cost orientation. Section 4 deals with the proposed strategy for the period spanning from June 2010 till December 2012 for both Mobile and Fixed Termination rates. Section 5 addresses symmetry and single rate regulation for Fixed Termination Rates. The consultation timelines are presented in section 6.

## **1 Introduction**

In May 2002 the MCA designated GO Plc (then Maltacom plc) and Vodafone Malta Limited (hereafter 'Vodafone') with a Dominant Market Position (hereafter 'DMP') in the fixed line telephony market and the mobile telephony market respectively. One year later in May 2003 the MCA published its first Decision regarding the review of GO's and Vodafone's interconnection rates. Subsequently, in August 2003, Mobisle Communications Limited (hereafter 'Go Mobile') was also designated with a DMP in the mobile telephony market.

In 2004, following the adoption of the new regulatory framework, the MCA started adopting a different framework for the determination of players with Significant Market Power (hereafter 'SMP'). In December 2005, the MCA issued the decision entitled 'Wholesale voice call termination on individual mobile networks market' where it reconfirmed Vodafone and Go Mobile as having SMP. Through a second revision of this market the MCA again found Vodafone and Go Mobile as having SMP in October 2008. In November 2009, the MCA also designated Melita Mobile as having SMP in the wholesale voice call termination on individual mobile networks market.

In September 2006 through the decision entitled 'Wholesale call origination, call termination and transit services provided over fixed electronic communications networks' the MCA designated Melita Cable and GO Plc as having SMP in this market.

In March 2005, the MCA published the decision entitled 'Interconnection Strategy for the Electronic Communications Sector in Malta' which covered the period 2004 till 2007. This decision had set out in general terms the strategy, in line with obligations of access and cost orientation applicable to operators with a DMP. This Interconnection Strategy featured a combination of regulatory approaches.

### **1.1 Background on Mobile Termination Rates**

In August 2005, the Commission concluded its examination of the proposed notification relating to wholesale voice call termination on individual mobile networks, and had communicated to the MCA to notify any glide paths that are introduced to facilitate the process of setting cost oriented MTRs in accordance with Article 7 of the Framework Directive.

In the market review of wholesale voice call termination on individual mobile networks, published by the MCA on the 21st December 2005, the MCA had, at that time, concluded that Vodafone and Go Mobile enjoyed SMP in the provision of wholesale mobile termination services. In line with the findings of the market review, the MCA considered a glide path as

a reasonable mechanism for maintaining cost-oriented rates relating to wholesale voice call termination on individual mobile networks. Eventually, on the 21st December 2005, the MCA published a decision notice entitled 'Report on Consultation and Decision establishing a glide path for Mobile Termination Rates'<sup>1</sup>. This glide path is listed in table 1 below.

**Table 1: Glide Path for Mobile Termination Rates**

<b>Date</b>	<b>go mobile</b>	<b>Vodafone</b>
	<b>Lm</b>	<b>Lm</b>
<b>Pre 2006</b>	5c8	4c9
<b>01-Jan-06</b>	5c24	4c64
<b>01-Jan-07</b>	4c68	4c39
<b>01-Jan-08</b>	4c13	4c13

Note: MTRs listed in Table 1 above are exclusive of VAT or any other applicable tax.  
MTRs listed in Table 1 above are quoted in Lm (as found in the original glide path). The Central Parity Rate of Lm0.4293 to €1 prevailed on Euro conversion.

On the 6<sup>th</sup> October 2008, the MCA issued the Market Review entitled 'Wholesale voice call termination on individual mobile networks'<sup>2</sup> where it was decided that, following the expiration of the above mentioned glide path, the MCA would use benchmarking in order to calculate an efficient mobile termination rate (hereafter 'MTR'). The MCA adopted a pegging mechanism linked to the annual percentage change in termination rates according to an EU27 index<sup>3</sup>. The MCA also set a cap of +/- 10 % on the resulting variation in the local termination rate relative to the average change in the EU countries to limit any significant unexpected shocks in the movement of the EU27 average. This was primarily done so as to limit the impact on local rates coming from individual countries having very high termination rates and adopting steep glide paths to reduce them, given that Maltese rates were already in line with the EU average rates.

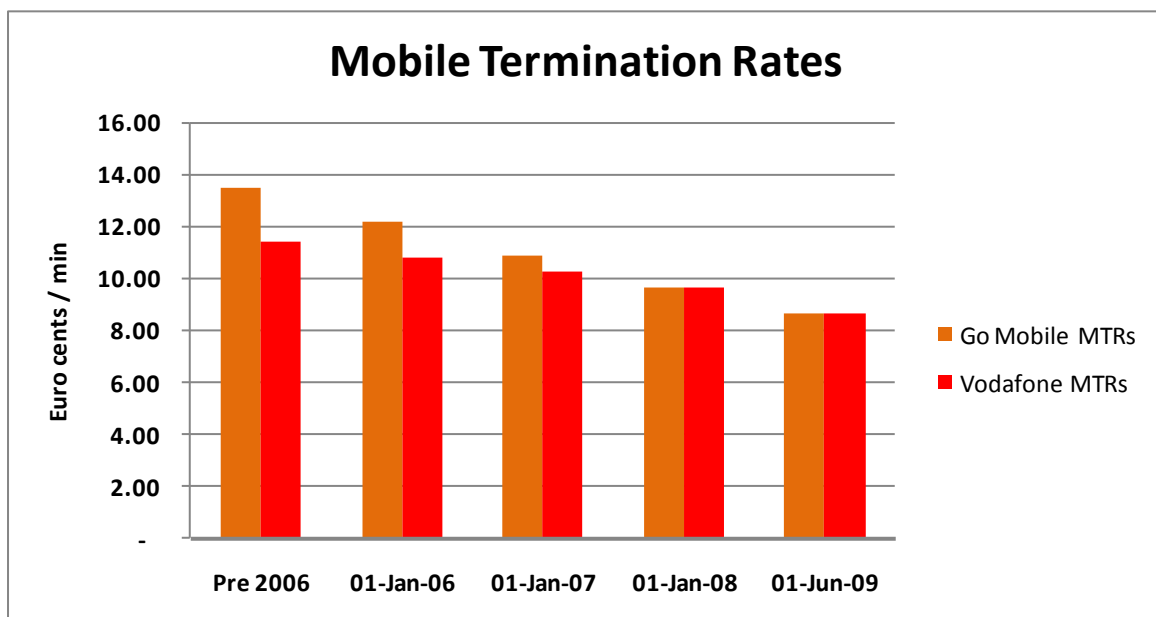
<sup>1</sup> <http://www.mca.org.mt/infocentre/openarticle.asp?id=748&pref=2>

<sup>2</sup> <http://www.mca.org.mt/infocentre/openarticle.asp?id=1172&pref=2>

<sup>3</sup> The EU 27 index is based on the official data contained in the European Commission's Implementation report.

On 15<sup>th</sup> May 2009, the MCA issued a statement entitled “Wholesale mobile termination rates in accordance with the MCA Decision Notice on Wholesale voice call termination on individual mobile networks” which established the rate of €0.0866 based on the aforementioned mechanism. The rate was to be applied by all designated SMP mobile operators and is applicable from 15<sup>th</sup> June 2009 until 15<sup>th</sup> June 2010. Figure 1 below highlights the movement in MTRs for the designated SMP operators from 2005 to date.

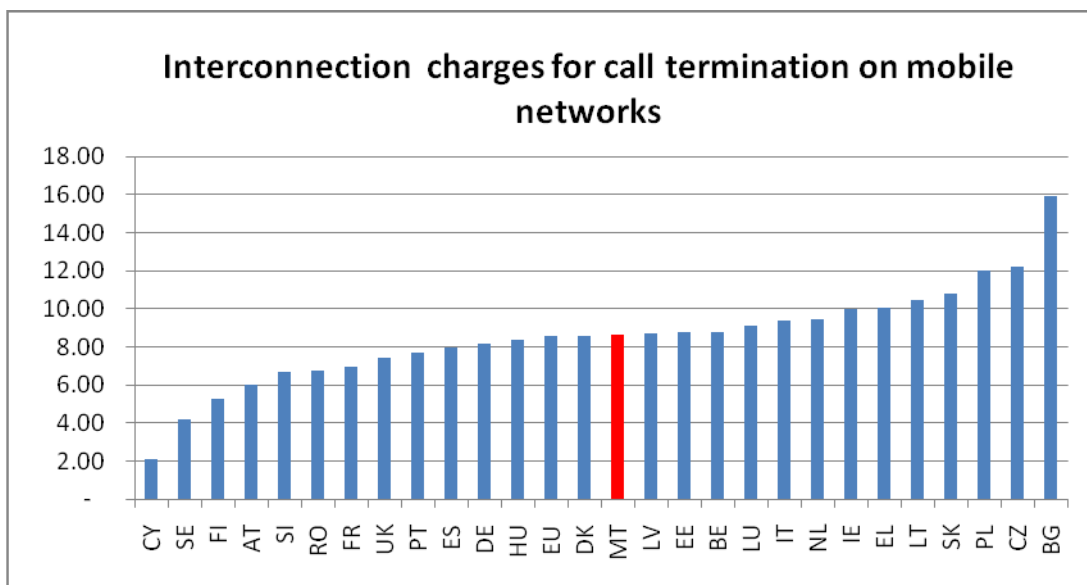
**Figure 1: Graphical Analysis – Interconnection charges for call termination on mobile networks**



Note: MTRs in figure 1 are quoted in Euros. Lm figures were converted at Lm0.4293/€1.

Figure 2 below compares interconnection charges for call termination on mobile networks amongst EU countries as reported in chart 16 of the 14<sup>th</sup> Implementation Report. This report was issued in March 2009 and the data presented in figure 2 is as at October 2008 with the exception of Malta where the current rate of €0.0866 is being depicted.

**Figure 2: Graphical Analysis - EU 27 Interconnection charges for call termination on mobile networks**



Source: 14<sup>th</sup> Implementation Report

## 1.2 Background on Fixed Termination Rates

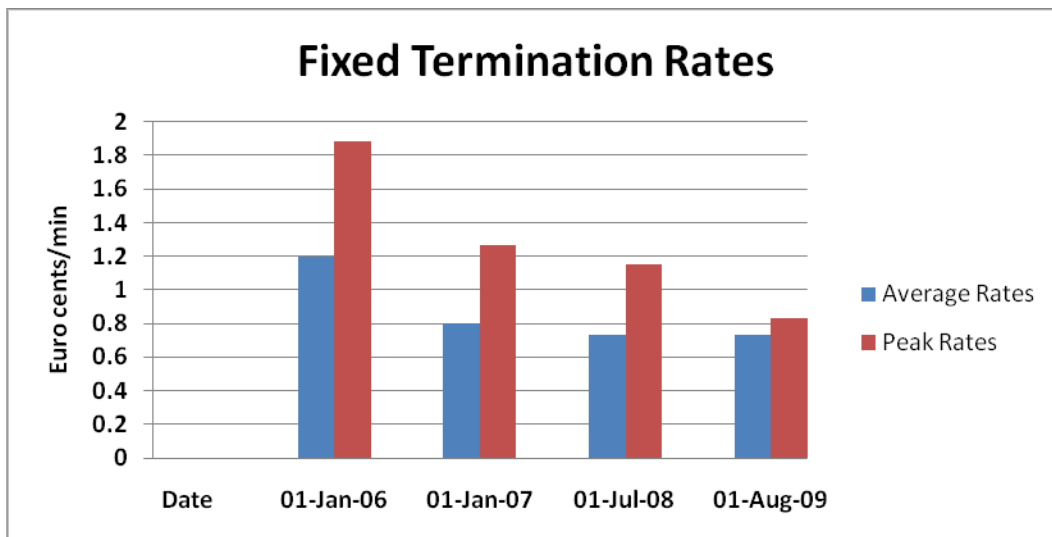
In line with its interconnection strategy published in 2005, the MCA developed a Bottom-Up Cost Model (BUCM) for the Next Generation Core Network of GO plc (then Maltacom plc) with the objective of arriving at an efficient wholesale fixed termination rate (hereafter 'FTR'). The development of the cost model was the product of several consultative iterations with all stakeholders. The ultimate objective of the BUCM was to calculate the costs of an efficient operator and therefore establish efficient interconnection charges.

Since the inception of this model, the MCA has sought to design an optimal core network using next generation, packet-switched technology on the basis of a modified scorched node approach. The BUCM captures all the relevant costs associated with building, operating and maintaining an efficiently managed core network. The Model calculates the cost per minute of wholesale call origination and call termination services amongst others. The per-minute

cost is, in turn, based on an estimated efficient annual cost of the relevant network components. The components have been dimensioned according to the number of minutes and call attempts during the busy hour.

The results stemming from the model were meant to mimic the prices that would have arisen under an effective competitive environment since its objective was to arrive at an efficient cost oriented price which, on the one hand, would incentivize an SMP-designated operator to deliver the service at the lowest possible cost whilst, on the other hand, providing an incentive for the OAO to optimize their investment decision. As a result of the above, through the use of the BUCM and the refinements made over the following years the fixed termination rates decreased steadily as depicted in figure 3 below.

**Figure 3: Graphical Analysis – Interconnection charges for call termination on Fixed networks**





## 2 Summary of the EU Recommendation on Termination Rates

Through the Recommendation issued in May 2009, the Commission set its guidance for National Regulatory Authorities (hereafter 'NRAs') on the cost based methods to be used when calculating termination rates (both fixed and mobile). The objective of the Recommendation is to curtail the lack of harmonization in the application of cost accounting principles to termination markets across member states. Its objective is to provide a common approach to cost accounting principles in order to provide greater legal certainty and the right incentives for potential investors, and to reduce the regulatory burden on existing operators. As its main proposal, the Recommendation states that NRAs should set termination rates based on the costs incurred by an efficient operator, implying also that they are to be symmetric. In the evaluation of efficient costs it proposes that this would be based on current costs and that bottom up modelling approach using long run incremental costs (LRIC) is the relevant cost methodology.

The Recommendation also noted that the core part of both fixed and mobile networks could in principle be based on Next-Generation-Network (NGN) technology. The Recommendation gives definitions of different cost categories and also provides a detailed explanation on what relevant costs should be included in the model. In general, the Recommendation notes that only those costs which would be avoided if a wholesale voice call termination service were no longer provided to third parties should be allocated to the regulated voice call termination services. Sections 2.1 and 2.2 below provide a summary of the principles and guidelines proposed in the Recommendation. The Recommendation also notes that NRAs should ensure that termination rates are implemented at a cost-efficient, symmetric level by 31 December 2012.

### 2.1 Proposed modelling methodology- LRIC Model

As its term implies, a Long Run Incremental costing (hereafter 'LRIC') methodology takes a long-run perspective to costs. Under such approach, all costs become variable as the methodology is such that it takes an approach long enough to turn all factors of production into variable cost elements.

The Recommendation proposes a "*pure LRIC approach whereby the relevant increment is the wholesale call termination service and which includes only avoidable costs.*"<sup>4</sup> The Recommendation states clearly that "*a LRIC approach would also allow the recovery of all*

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<sup>4</sup> Recommendation of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU

*fixed and variable costs (as the fixed costs are assumed to become variable over the long run) which are incremental to the provision of the wholesale call termination service and would thereby facilitate efficient cost recovery.”<sup>5</sup>*

The Recommendation also makes reference to avoidable costs and defines these as “*the difference between the identified total long-run costs of an operator providing its full range of services and the identified total long-run costs of that operator providing its full range of services except for the wholesale call termination service supplied to third parties (i.e. stand-alone cost of a operator not offering termination to third parties).*”<sup>6</sup>

The Recommendation also goes into the specifics of the principles that NRAs should follow with respect to the calculation of wholesale fixed and mobile termination rates separately.

The Recommendation identifies which types of costs are to be considered relevant and which not by defining two separate categories:

- “*Incremental costs*’ – defined as ‘*those costs that can be avoided if a specific increment is no longer provided (also known as avoidable costs)*’; ”
- “*Traffic-related costs*’ – defined as ‘*those fixed and variable costs which rise with increased levels of traffic.*’”<sup>7</sup>

Those costs falling under the ‘traffic-related’ type should be disregarded in arriving at the wholesale termination rate. The Recommendation proposes that in order to identify the relative incremental cost, the approach would entail first attributing traffic-related costs to services other than wholesale voice call termination, “*with only the residual traffic-related costs being allocated to the wholesale voice call termination service*”<sup>8</sup>. Essentially, the Recommendation no longer allows fixed and common costs to be paid for by termination charges. This change would likely significantly reduce the termination charges currently calculated by conventional LRIC models which until now seek to allocate joint and common costs using various methodologies.

### **2.1.1 Proposed Demarcation point in Fixed Networks**

With specific reference to fixed networks wholesale voice call termination rates, the Recommendation details the default demarcation line between what constitutes traffic costs as against non-traffic related costs by stating that this demarcation should typically be where the first point of traffic concentration occurs. It also explains that in a PSTN network

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<sup>5</sup> Ibid

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Recommendation of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU, Annex.

this is normally deemed to be the upstream side of the line card in the (remote) concentrator whereas for the broadband NGN equivalent, the demarcation point is the line card in the DSLAM/MSAN.<sup>9</sup>

### **2.1.2 Proposed Demarcation point in Mobile Networks**

The Recommendation also lists down the principles for the calculation of wholesale termination rates in mobile networks. Again it makes reference to the distinction between traffic related and non-traffic related costs and notes that non-traffic related costs should be disregarded for the purpose of calculating wholesale termination rates. It also notes that from traffic related costs, only those costs which would be avoided in the absence of a wholesale call termination service being provided should be allocated to the relevant termination increment. The Recommendation continues by specifically outlining those costs which should not be considered as incremental to the provision of wholesale voice call termination service.

In summary, only those costs in connection with additional network capacity needed to transport additional wholesale traffic (e.g. additional network infrastructure to the extent that it is derived by the need to increase capacity for the purposes of carrying the additional wholesale traffic) are to be considered.

## **2.2 Recommendation's view on alternative regulatory options**

In the Recommendation, the Commission also provides for alternatives to the setting up of a LRIC model to establish the voice call termination rates, subject to specific conditions. The Recommendation notes that in exceptional circumstances where an NRA is not in a position, in particular due to limited resources, to finalise the recommended cost model in a timely manner and where it is able to demonstrate that a methodology other than a bottom-up LRIC model based on current costs results in outcomes consistent with those in a competitive market, it could consider setting interim prices based on an alternative approach until 1 July 2014.<sup>10</sup>

The Recommendation leaves open the possibility to continue to apply an alternative methodology, even after the 1 July 2014, specifically till the review of the Recommendation in such instances where it would be objectively disproportionate for those NRAs with limited resources to apply the recommended cost methodology after such date.

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<sup>9</sup> Ibid

<sup>10</sup> Recommendation of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU.

However, the Recommendation makes it clear that the results stemming from the use of alternative methodologies "*should not exceed the average of the termination rates set by NRAs implementing the recommended cost methodology.*"<sup>11</sup>

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<sup>11</sup> Ibid

### **3 Regulatory options on the existent charging mechanisms**

This section identifies the different charging regimes available to regulators and analyses the advantages and disadvantages of each regime in order to consult on the most suitable approach for the local market and which is consistent with regulatory best practice over both the short to medium term. In conjunction with the latter time horizon, this section analyses in detail the consultation document issued by the European Regulators Group (hereafter 'ERG') dealing with Next Generation Networks Future Charging mechanisms/Long term Termination issues. This ERG document analyses the possibility of moving, in the medium to long term, from Calling Party Network Pays (hereafter 'CPNP') to a Bill and Keep (hereafter 'BaK') system.

Furthermore, the applicable termination rate calculation methodologies available for each regime are surveyed in this section.

The MCA is hereby analyzing three different charging mechanisms relevant to the local scenario namely: CPNP system; the Receiving Party Pays (hereafter 'RPP') system; and the BaK system. These are analysed in more detail hereunder.

#### **3.1 Calling Party Network Pays and Receiving Party Pays mechanisms**

##### **3.1.1 Calling Party Network Pays (CPNP)**

In the CPNP regime, the caller pays for the entire cost of the call and his/her network pays the receiving network for terminating the call through termination rates.

This regime represents the current charging mechanism being used both locally and in the vast majority of other European countries. One of the benefits of this system is that its wide use guarantees that it is understood both from a wholesale and retail strategic point of view. From an economic efficiency point of view CPNP is most efficient when the calling party values highly the call, whilst the called party's value of the call is small or negligible. However this assumption has been subjected to criticism from an economic point of view. Furthermore CPNP is often cited as the reason why, in most circumstances, individual networks will have SMP in terminating calls.

### **3.1.2 Receiving Party Pays (RPP)**

An alternative to CPNP is the RPP regime. Under such a system the receiving network terminates calls without charging the originating operator the full cost of the terminating service. The operator will recover the part of the terminating cost from its own retail customers. Such a system is consistent with the argument that the calling party causes a cost to be incurred by originating the call whilst the receiving party causes a cost to be incurred by accepting the call. It recognizes the existence of a positive call externality<sup>12</sup> to the receiving party. An RPP system hence recognizes that both calling and receiving parties benefit from the call and contribute towards its cost. RPP is more efficient the higher the value attached to a call by the receiving party. It is in fact argued that RPP might not be efficient if the calling party values the call highly but the called party does not and, as a result, an efficient call might not be completed.

- **MCA's view on RPP**

In the explanatory note accompanying the document to the Recommendation, the Commission concludes that it is difficult to implement alternative systems in the short to medium term. Hence it concluded that reducing termination rates to an efficient level (based on the existent CPNP regime) is an appropriate first step before other potential approaches may be introduced<sup>13</sup>. Moreover, the Commission has also commented that in view of the current high level of termination rates in the EU, particularly in the mobile sector, it is difficult to see how alternative systems may be introduced in the short to medium term<sup>14</sup>.

The MCA shares this point of view and believes that such a change would effectively entail a paradigm shift from the current business model, which would ultimately entail a complete rethinking of the current charging mechanisms not only on a wholesale level but possibly also on its retail counterpart.

Other difficulties could also be foreseen when one considers calls originating from a domain outside the local context such as international termination, roaming and fixed-to-mobile calls and vice versa. Moreover, the Authority is of the view that a shift from CPNP to RPP could possibly cause confusion and possibly meet resistance from customers unwilling to pay the retail termination charge.

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<sup>12</sup> A positive externality represents a situation in which benefits spill over onto someone not involved in producing or consuming the good.

<sup>13</sup> Commission Staff Working Document Explanatory Note - Accompanying the document to the Commission Recommendation of 7 May 2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU.

<sup>14</sup> Ibid

For these reasons the MCA is of the opinion that for the sake of business continuity and regulatory stability, the current CPNP regime should be maintained. The Authority will however continue to monitor any future developments of such a regime, and any possible developments that can be considered in future interconnection strategies.

### 3.2 Bill and Keep (BaK)

An alternative to the CPNP and RPP regimes analysed above is the Bill and Keep regime. Under such a regime, pricing for interconnection between two interconnecting operators is effectively zero (sometimes also referred to as a “sender keeps all” basis). This means that each network terminates calls from other networks at a zero termination rate. Bill & Keep can be understood as an exchange under which the network carriers involved make transport available to other providers via their own network. Each network bears the costs for the network service.

At the time of this Consultation Paper, the relevance of BAK as a possible future charging mechanism and its standing vis-à-vis the current CPNP in Europe is being studied by the ERG. The ERG published a draft common position for public consultation on the 14 October 2009 entitled ‘Next Generation Networks Future Charging Mechanisms / Long Term Termination Issues’. The ERG notes that *“BaK is most efficient if the utility between the calling and the called user is distributed in proportion to the relative cost distribution of the calling and called network. This means, for example, that if the cost of the calling and the called network are equal, BaK is maximum efficient if the utility is also equal. If the cost of the called network is twice that of the calling network, BaK is maximum efficient if the utility of the called user is also twice that of the calling user.”*<sup>15</sup>

The ERG document identifies the pros and cons of migrating towards a BaK regime and the MCA has thoroughly analysed them.

The simplicity of such an approach implies that it would reduce the regulatory burden and uncertainties associated with interconnection rates. It also removes the risk of errors arising from the miscalculation of the relevant costs<sup>16</sup>. It is also argued that moving cost recovery from the termination market to competitive retail markets would create improved incentives for efficient recovery of costs.

In its consultation document, the ERG has argued that BaK decreases the marginal cost of traffic and the cost risk related to flat-rate offers that drive higher usage. Higher usage combined with large scale effects could bring about lower costs per minute, hence creating higher usage and lower prices. This, in turn, would result in higher consumer welfare. Also,

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<sup>15</sup> ERG NGN PT Next Generation Networks Future Charging Mechanisms / long term termination issues.

<sup>16</sup> Ofcom, Wholesale mobile voice call termination – Preliminary consultation on future regulation.

the ERG notes that on average, usage in BaK countries is more than twice as high, with half the price, of countries adopting a CPNP regime<sup>17</sup>.

Moving towards higher usage through a move towards a BaK regime would also entail achieving higher investment levels by operators.

On the other hand, what is immediately clear from BaK is that mobile operators will lose their current cash stream generated from termination from fixed operators. This would mean that by moving to BaK some operators would benefit whilst others will be at a disadvantage especially during the migration in which the industry adjusts to the new regime<sup>18</sup>. However, given the fact of a current falling cost per minute, especially lower incremental cost per minute, and also an expected lower level of termination rates in Europe under CPNP, a move towards zero termination rates in the future would not be very substantial in general.

A move towards BaK could result in a distortion between the competitive balance between Carrier Pre Select (hereafter 'CPS') and non-CPS operators. With regards to such a disadvantage, the ERG is arguing that this distortion could be corrected by applying a mark-up equal to the CPNP terminating tariff on the regulated tariff the CPS operator pays the incumbent for originating traffic.

It is also sometimes argued that BaK could lead to a lower quality of service (hereafter 'QoS') mostly due to the fact that an operator that offers termination is not collecting any revenue from such service. However, the counter argument to this is that even though the terminating operator has no financial incentive of offering QoS it still has a reason to deliver the required QoS due to the fact that it is also serving its own customer that is receiving the call. Thus this would provide a strong incentive to offer sufficient QoS for voice services.

A major disadvantage with regards to the implementation of BaK is that if a country is to implement BaK whilst the "outside world" remains under the CPNP regime, it would result in a net cash outflow from the BaK domain to the CPNP domains, meaning that users within the BaK regime would be subsidizing users within the CPNP regime. Also, from a practical aspect, a move towards the BaK regime would need to be done gradually, preferably following a sufficiently long glide path to allow retail business models and retail pricing to adjust slowly.

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<sup>17</sup> ERG NGN PT Next Generation Networks Future Charging Mechanisms / long term termination issues.

<sup>18</sup> Ibid.



▪ **MCA's view on BaK**

The MCA believes that a move towards BaK could only be carried out gradually. This would also be in line with the Recommendation, and the arguments put forward in the ERG draft common position on future charging mechanisms. The Authority also recognizes that a concerted effort in this direction is crucial to ensure the sustainable tenure of such a regime. Furthermore, for the reason outlined above, the Authority believes that the BaK regime could be more effective over a longer-term horizon. For this reason the Authority is of the opinion that since this strategy document targets the regulation of termination rates over the short to medium term horizon, its consideration would go beyond the scope of this document and a more detailed review of this regime should be postponed to a time when there is more clarity on the developments and practical implementation of this regime. The MCA is therefore of the view that the CPNP regime should be kept for the short to medium term and a possible move towards BaK should only be considered after July 2014.

This notwithstanding, the MCA will keep monitoring closely any development with regards to BaK from the ERG and the Commission.

**Question 1: Do you agree with the MCA's proposed decision that in choosing between the CPNP, RPNP and BaK regimes, the CPNP should be maintained? Why?**

### **3.3 Charge Setting Mechanisms**

Termination rates can be charged on two different bases: on a cost per minute basis or on a capacity based charging basis. The following sections analyze three different approaches in calculating the termination rates namely:

- calculating the termination rates on a cost per minute basis through the use of a cost model;
- calculating the cost per minute termination rates through the use of reference rates as a proxy for cost orientation (hereafter 'alternative methodologies');
- calculating the termination rates based on Capacity Based Charging through the use of cost model.

These methodologies are analyzed with reference to the Commission Recommendation hereunder.

### **3.3.1 Calculating Cost per Minute Termination Rates through the use of Long Run Incremental Cost Modelling (LRIC)**

As noted in the previous sections, the Recommendation states that NRAs should set termination rates based on the costs incurred by an efficient operator and should also be symmetric. A pure LRIC model is also described as the preferred method of calculating these rates.

In building such a LRIC model, an NRA would need to evaluate the incremental costs for the terminating service and establish the difference between the long-run costs of an operator providing its full range of services and the total long run costs of the same operator in the absence of the wholesale call termination service being provided to third parties. Also, in line with the Recommendation, non-traffic related costs should be disregarded for the purpose of calculating wholesale termination rates. Traffic related costs would firstly need to be attributed to services other than voice call termination with finally only the residual traffic related costs being allocated to the wholesale voice call termination service.

The Recommendation directs NRAs to take into account principles for defining the appropriate efficient scale in fixed and mobile termination networks in line with directions set out in the Annex to the Recommendation.

The Recommendation also notes that, *“In the case where it can be demonstrated that a new mobile entrant operating below the minimum efficient scale incurs higher per-unit incremental costs than the modelled operator, after having determined that there are impediments on the retail market to market entry and expansion, the NRAs may allow these higher costs to be recouped during a transitional period via regulated termination rates. Any such period should not exceed four years after market entry.”*<sup>19</sup> A more in depth analysis on the parameters which should be adopted when building a LRIC model in line with the Commission Recommendation can be found in the Recommendation itself. With respect to the possibility of having new mobile entrants recouping higher costs via termination rates, leading to asymmetry between termination rates, the MCA has pronounced itself on this issue through the publication of the decision entitled “Wholesale voice call termination on individual mobile networks”<sup>20</sup> published in November 2009, where the Authority has concluded that, in the local context, there are no justifiable reasons why any MNO enjoying SMP should be allowed to set a higher MTR than that of an efficient operator.

The MCA sought to analyze the pros and cons of building LRIC models for both MTRs and FTRs. This is because as highlighted earlier, although for the fixed termination rates in Malta are based on a LRIC methodology, the definition of the increment in this model is set on the basis of total services and hence it is not conformant with the “pure LRIC” methodology featured in the Recommendation. With respect to MTRs, these are currently

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<sup>19</sup> Recommendation of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU.

<sup>20</sup> <http://www.mca.org.mt/infocentre/openarticle.asp?id=1373&pref=2>

based on reference rates and hence a LRIC model would have to be built specifically for this purpose.

- **Advantages of building two LRIC models**

The MCA believes that when building LRIC models, apart from adhering to the recommended approach by the Commission, an exact target termination rate for the incremental costs related to the mobile and fixed termination services will be calculated through the models.

Such rates would be cost oriented and would calculate accurately the incremental cost for carrying out termination services generally in line with the guidance proposed in the Commission Recommendation.

The MCA believes that this approach would yield rates which are closely reflective of the specific characteristics of the local market and their underlying networks.

- **Disadvantages of building two LRIC models**

Any regulatory tool to be adopted by an NRA has to be evaluated not only in terms of its benefits but also in terms of its corresponding regulatory costs. From a regulatory cost standpoint, the building of two LRIC models (one for FTR and one for MTR in the local context) is the most onerous.

In the local context, when compared with the costs faced by other NRA's in other European markets, the cost of building a LRIC model in Malta will be considerably higher given the small size of the local markets.

Moreover, in terms of resources, the building of two models would have to be staggered over a number of years due to the inherent lengthy procedure of data collection from relevant SMP operators as well as the consultative process that this entails. In this regard there exists the possibility that the models would not yet be completed by 31 December 2012. In such an instance, the Recommendation allows NRAs to consider setting interim prices based on an alternative approach until 1 July 2014.

### **3.3.2 Calculating Cost per Minute Termination Rates through the use of alternative methodologies**

In the Recommendation, the Commission notes that *"in exceptional circumstances, where an NRA is not in a position, in particular due to limited resources, to finalise the recommended cost model in a timely manner and where it is able to demonstrate that a methodology other than a bottom-up LRIC model based on current costs results in outcomes consistent with this Recommendation and generates efficient outcomes consistent with those in a competitive market, it could consider setting interim prices based on an alternative approach until 01 July 2014."*<sup>21</sup> As also noted in the previous sections, the outcome from applying such alternative methodologies should not exceed the average of the termination rates set by NRAs implementing the recommended cost methodologies. Through the use of such an option, the MCA could apply benchmarking techniques to calculate termination rates. In such an eventuality, the MCA concurs in principle that it would need to benchmark only with countries whose termination rates have been calculated through the use of a LRIC models built in line with the Recommendation, given that such information is readily available.

- **Advantages of using Benchmarking Techniques**

In terms of regulatory costs, such an approach would be considerably lower than building a LRIC model to calculate the termination rates. Moreover, the MCA believes that the results derived from calculating the termination rates through benchmarking will be similar to those calculated when using a LRIC model.

This is due to the fact that all LRIC models will calculate termination rates using roughly the same methodology as suggested in the Recommendation, hence reducing significantly the variations in termination rates between member states. Such higher uniformity is increasingly probable since the "pure LRIC" principles, by their very nature, are to exclude the more obvious costs which would be expected to vary from one country to another, such as radio coverage in the case of mobile networks, and elements of subscriber related costs in the case of fixed networks.

In a press conference held on the 7<sup>th</sup> May 2009, Commissioner Viviane Reading specifically noted that *"smaller regulators (like the Maltese one) may temporarily still use another model, but the economic result regarding the level of regulated rates must be the same by the end of 2012."*<sup>22</sup>

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<sup>21</sup> Recommendation of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU.

<sup>22</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/222>

- **Disadvantages of using Benchmarking Techniques**

From a practical standpoint, the implementation of benchmarks, as suggested in the Recommendation, is somewhat hindered by the fact that, currently there is no official source providing detailed information on the termination rates emanating from the cost models applied by different Member States. This could prove to be a stumbling block for NRAs considering applying benchmarking techniques for the calculation of termination rates. The absence of complete official data would lead to NRAs conducting their own surveys to arrive at the 'modelled' rates which at the transitory time up to 2012 might not be published. This would in turn lead to different results resulting from the varying time period when benchmarks are taken, which might impact the robustness of these target rates when they are questioned by operators. Another problem foreseen in having NRAs carrying out individual surveys is related to the constraints attached with any potential confidentiality clauses of the surveyed NRAs. This will dilute the representation of the sample used.

Another disadvantage with respect to the use of benchmarks is that the resulting rate will only be a proxy of the cost orientation as opposed to the more determinate and empirical rates resulting from the development of a cost model. This leads to an inevitable difference between the benchmarked rate and the actual cost-oriented rate. Nonetheless, as interconnection rates fall, such a difference in real terms becomes less pronounced.

**Question 2: Which, in your opinion, is the most efficient methodology to calculate termination rates (FTRs and MTRs respectively) under a CPNP regime in the local context: building a LRIC model or using benchmarking techniques? Why?**

### **3.3.3 Modelling termination rates based on Capacity Based Charging (CBC)**

An alternative to the usual method of charging for interconnection traffic on a per minute basis is Capacity Based Charging. Under such approach, termination charges would be based on specified network capacity rather than on termination minutes. Operators would charge each other on the number of interconnection circuits carrying traffic between the networks of the interconnecting operators.

A move towards capacity based charging would entail building two cost models (for fixed and mobile), which would still need to take a LRIC approach and will need to be in line with the Commission Recommendation. An alternative to having all termination rates set according to CBC could be having termination rates set for both per minute charging and CBC, as is the case in Spain. In Spain, CBC does not have to be reciprocal and an

interconnecting operator can use minute-based charging while another uses capacity based charging. Moreover, under such approach, operators can use both schemes simultaneously.

There are various arguments for and against CBC which the MCA has analysed and summarized below.

- **Advantages of Capacity Based Charging**

CBC is closer to the actual structure of costs in a telecommunications network than per minute charging. As the main building blocks of networks are units of transmission and switch capacity, and not call minutes or data packets, additional costs are incurred in much larger units than call minutes and the marginal cost imposed by off peak traffic is almost zero because most of the costs are caused by dimensioning for peak hour traffic<sup>23</sup>. Moreover, to the extent that NGN technology increasingly causes network costs to be more fixed than variable with respect to traffic, the CBC approach is more likely to be consistent with the NGN cost structure. Hence, under CBC, interconnecting operators would be allowed to purchase capacity for whichever services they wish to supply<sup>24</sup>.

Another advantage of CBC is that it gives greater freedom to operators in the setting of retail prices, mostly due to the fact that retail packages are becoming increasingly popular for both voice and data. This could bring about a greater variety in pricing packages which would on the other hand benefit consumers and could in turn result in an increased use of the network<sup>25</sup>.

CBC also offers the flexibility, at a wholesale level, that if interconnecting operators would want to have spare capacity, with the option of having termination rates set using both CBC and per minute cost, they could pay for the base load traffic through CBC and the overflow traffic through per minute charges (hence keeping its interconnection costs at the lowest possible level).

- **Disadvantages of Capacity Based Charging**

As noted above, adopting CBC would require the MCA to build two LRIC models which would result in a relatively high cost to the industry. Moreover, despite the fact that the

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<sup>23</sup> <http://www.sunriseconsultants.com/cbi.html>

<sup>24</sup> Ofcom, Wholesale mobile voice call termination – Preliminary consultation on future regulation.

<sup>25</sup> <http://www.sunriseconsultants.com/cbi.html>

advantages from the use of CBC as a basis to calculate termination rates are appealing, it has only been implemented in just a few countries<sup>26</sup> and hence it is relatively untried.

Through CBC, small operators will have to pay for interconnection capacity even if they do not have sufficient traffic to fill the circuit, hence increasing the start up risk. The minimum size of capacity available under CBC may thus become an issue. This is more so when one considers the small size of the Maltese markets. Moreover, if rules are not in place to ensure that interconnection capacity is used efficiently, handling overflow traffic may also become an issue with CBC. However, the per-minute interconnection capacity will be idle for most of the time and will not provide any revenues for the terminating operator which has to handle the overflow traffic<sup>27</sup>.

- **MCA's View on CBC**

The Authority is of the view that although this mechanism is intuitive and perhaps more future proof in an NGN set-up, the practical implementation issues identified above would require business models to adapt to such a shift. For this reason, given the time horizon set in this interconnection study, the MCA is proposing to postpone a more detailed treatment of this alternative to a future revision of this strategy document and hence the MCA proposes that a move towards capacity based charging should not be considered as an option in the short to medium term time period covered in this document.

Nevertheless, the Authority will continue monitoring developments in CBC and can reconsider the applicability of the adoption of such charging basis in the future.

**Question 3: Do you agree with the MCA's stance on CBC? Why?**

### **3.4 Summary of MCA's preliminary view on the regulatory options reviewed**

After having considered the regulatory options listed above, the Authority is proposing that for the period from which this Interconnection Strategy will come into force up to the date for review of such strategy:

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<sup>26</sup> Spain, Portugal, Jordan, Columbia

<sup>27</sup> <http://www.sunriseconsultants.com/cbi.html>

- The charging mechanism for both Fixed Termination Rates and Mobile Termination Rates should remain a Calling Party Network Pays (CPNP) mechanism
- The basis of charging should continue to be on a cost-per-minute basis.
- The Authority will nevertheless continue to monitor any developments, within the different member states and the Commission, made in Capacity Based Charging and also in Receiving Party Pays and Bill and Keep regimes.

**Question 4: Do you agree with the proposal to continue using CPNP on a cost per minute as the basis of charging? Why?**

Furthermore, as per question 4, the MCA is seeking the views of interested parties on the most feasible form of setting termination rates in a CPNP regime in Malta.

Following the review of various regulatory options and corresponding principles presented above, Section 4 below outlines the proposed practical transition in termination rates regulation for the full period covered by this strategy document, this being June 2010 till July 2014 for both Fixed and Mobile Termination Rates.



## **4 Proposed Strategy for the transition and practical implementation of a revised termination rates framework**

As already noted in the previous Sections, the aim of this consultation is to obtain feedback from interested parties on the options available to review the current Interconnection Pricing Strategy for the local electronic communications sector for the short and medium term whilst also setting the context for the longer term perspective. In this Section, the Authority aims to outline various possible transition processes with respect to both Fixed and Mobile Termination Rates in relation to the short term period from June 2010 till December 2012 and the medium term period from December 2012 until July 2014.

### **4.1 MTRs interconnection pricing strategy transition**

After having assessed the various possibilities outlined in this consultation document, the MCA has considered a number of possible options which could be considered following the publication of the Commission Recommendation. The MCA is summarizing below its proposed way forward differentiating between the specific implementation time-frames shown hereunder.

#### **4.1.1 June 2010 – June 2011**

In this consultation document, the MCA is considering both options available in the Recommendation i.e. either to build a cost model or to benchmark the local termination rates with Member States' LRIC models rates. From the information available to date, the MCA understands that most of the NRAs opting to build a cost model in line with the Commission Recommendation will conclude the model during 2012, and hence reference rates in line with the Recommendation would be available by the end of 2012. On the other hand, if the MCA decides to build its own cost model, this will similarly be completed in 2012. The fact that both options will be available in 2012 leaves a time gap between the current rates (which are to remain in place till June 2010) and December 2012 under both scenarios.

As the current decision stands, without prejudice to developments which may occur during the timeframe ending June 2011, the MCA is proposing to set the MTRs according to the average yearly percentage reduction in the EU27 average MTR with a maximum and minimum cap of +/-10% variation.

Nevertheless, the MCA is required to ensure that termination rates are implemented at a cost-efficient, symmetric level by 31 December 2012. In order to achieve a mechanism that will provide a smooth transition up to the timeframes featured in the Recommendation, the MCA believes that the MTR for the interim period June 2010 till June 2011 should be set in line with the absolute average of the EU27 MTRs. The absolute EU27 average in that period will already be capturing the movement by various Member States towards rates which are consistent with the Commission Recommendation. Such a benchmarking mechanism will, in the short term, set Maltese MTRs in line with the EU27 average whilst the transition towards having rates which are set at the level of efficient costs by 31 December 2012 will be facilitated especially due to the fact that the MCA is presently consulting on whether to use the alternative regulatory treatment (benchmarking with the countries cost accounting methodologies in line with the Recommendation) or building its own mobile LRIC model. The EU27 absolute average will be determined from official data published by the EU commission through the publication of the annual implementation report.

**Question 5: Do you agree with the proposal of the local MTR being set in line with the EU27 absolute average for the period from June 2010 till June 2011?**

#### **4.1.2 June 2011 – June/December 2012**

By means of this consultation document, the MCA is aiming at providing visibility to the sector with respect to interconnection regulation for the coming years together with providing a certain degree of assurance with regards to regulatory certainty in the period leading to June 2014.

The MCA believes that in order to continue providing a smooth transition for the period leading towards the adoption of the Recommendation (31 December 2012), the MTR for the period June 2011 till June 2012 should be set in line with the EU27 absolute average as proposed above for the preceding year. This would ensure consistency in the calculation of the termination rates and will also keep termination rates in line with other Member States' levels which will also be finalising their alignment with the Commission Recommendation. Eventually, depending on the circumstances prevailing in June 2012 (mainly depending on what decision will be taken by the MCA to be in line with the Recommendation i.e. either benchmarking or LRIC model), such time period could be extended till 31 December 2012. The method of calculating the average EU27 MTR will be the same as explained in the preceding sub-section.

**Question 6: Do you agree with basing the calculation of the MTR for the period June 2011 till June 2012 (with a possible extension till 31 December 2012) in line with the EU27 absolute average?**

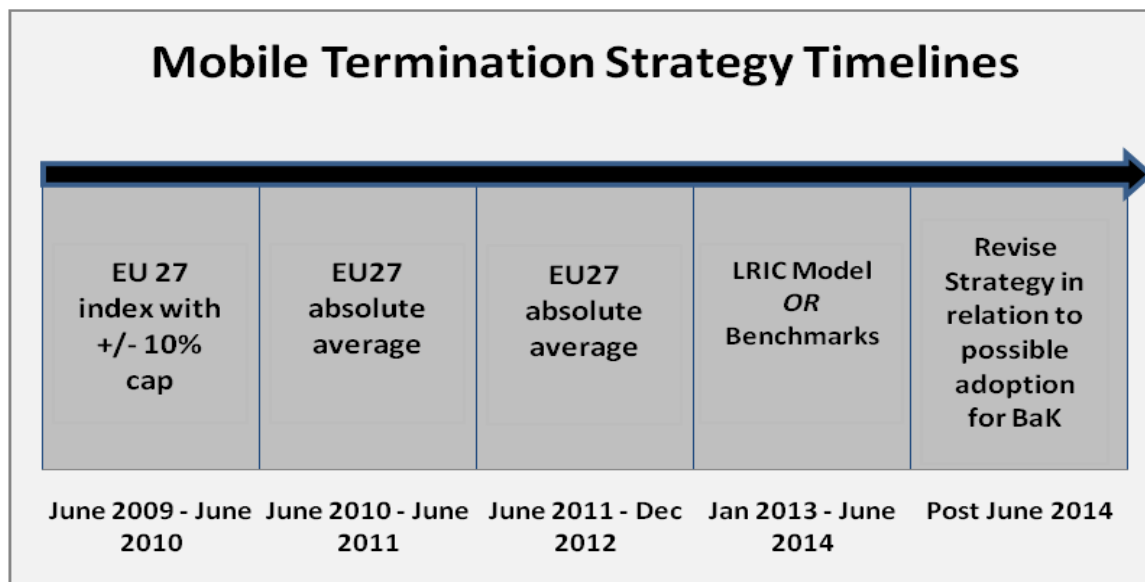
#### **4.1.3 Post December 2012**

As already noted in previous sections, the MCA is committed to ensure that termination rates are implemented at a cost-efficient, symmetric level by 31 December 2012 and this can be achieved either through building a LRIC model or by benchmarking the local termination rates with the average of the termination rates set by NRAs implementing the recommended cost methodology. The pros and cons of both options have already been presented in section 3 of this document.

The MCA will seek to provide the sector with advance clarity on the termination rate that will be applicable as from 1 January 2013. Depending on the level of official benchmarking information published by June 2012 and the progress of cost modelling by the same date if undertaken, the MCA may decide to establish the rate to be charged as at 1 January 2013 by September 2012. In the eventuality of a decision in favour of benchmarking, this would be based on the target rates which other Member States would have already decided upon. Since not all Member States may have already published such decisions, the MCA would remain committed to review the rates by June 2013 in order to establish whether any adjustments are required to factor in the rates established by other Member states during the intervening period.

A graphical interpretation of the strategy timelines for mobile termination presented in this consultation document is presented below. This figure aims to summarize all proposed decisions and options available for the next five years.

**Figure 4: Graphical Interpretation of proposed timelines for the MTR strategy**



## 4.2 FTRs interconnection pricing strategy transition

In July 2009, the MCA published the decision entitled Fixed Interconnection Pricing Review whereby the Fixed Termination Rates coming into force as from 1<sup>st</sup> August 2009 and running till 31 July 2010 were established. The charges established in that decision are applicable to all operators having an SMP in the wholesale fixed call origination and/or termination markets. Through this consultation, the MCA intends to provide visibility to fixed operators having SMP in the wholesale fixed call origination and/or termination markets for both the interim period, spanning from August 2010 till December 2012, and also the period following the deadline date for the adoption of the Recommendation i.e. Post December 2012. The MCA is summarizing below its proposed way forward differentiating between the specific implementation time-frames shown hereunder.

### 4.2.1 August 2010 - July 2011

During this interim period, the MCA is considering two options for the calculation of the FTRs.

One possible option would be to maintain the current termination rate which is based on a Bottom-Up Cost Model (BUCM) which could be either the current BUCM or a new BUCM. The reasons for keeping the prevailing BUCM rate (average FTR) are twofold. Firstly the Model has now reached a level of stability with all the necessary amendments to it completed and secondly, as explained earlier, the prevailing BUCM would require fundamental changes to modify the increment in conformity with the Pure LRIC featuring in the Recommendation. Hence, any changes that might take place during this time period, in the termination rate, would result strictly from changes in the retail price gradient. Alternatively, the MCA may decide to build a new BUCM which follows the principles of the Recommendation. This might particularly be the case if the MCA decides to initiate the modelling of other fixed network services thus creating the possibility for economies of scope to be obtained from a unified model.

A second possible option would be to calculate the termination rate by making reference to the EU27 absolute average. The same methodology as described in the Mobile Termination Rates section above (June 2011 till June 2012) could be adopted. The difference, in calculating the absolute average rate, between the EU 27 average MTR and the EU 27 average FTR, as quoted in the Implementation Report, is that with respect to the FTRs the Implementation Report quotes the average peak rate of the EU27 whilst for the MTRs the average termination rate is quoted. Due to this limitation, in adopting such a methodology in order to calculate the average FTR to be used, the MCA would need to calculate the EU27 average FTR from the EU27 peak rate average. The Authority could then make reference to the local time of day gradients as quoted in the MCA decision entitled 'Fixed Interconnection Pricing Review 2009 Report on Consultation and Decision Notice' published in July 2009 to extrapolate the benchmarked peak rate to arrive at the off-peak and night and in turn calculate the average.

The MCA proposes that for the period August 2010 till July 2011, the FTR should be based on the EU27 average, determined from official data published by the EU Commission through the publication of the annual implementation report, unless the MCA has evidence that the FTR calculated using the MCA's current BUCM is in effect lower than the EU27 absolute average. The MCA also proposes that the FTR, based on such methodology, will be revised annually as explained further below.

**Question 7: Do you agree that the FTR for the period August 2010 to July 2011 should be set at the minimum of the BUCM rate or the EU27 average?**

#### **4.2.2 August 2011 - July/December 2012**

The MCA believes that, as with MTRs, in order to continue providing a smooth transition for the period leading towards the adoption of the Recommendation (31 December 2012), the

FTR for the period August 2011 till July 2012 should be set at the minimum of the BUCM rate or the EU27 absolute average as proposed above for the preceding year. This would ensure consistency in the calculation of the termination rates and will also keep termination rates in line with other Member States' levels which will also be finalising their alignment with the Commission Recommendation. Eventually, depending on the circumstances prevailing in July 2012 (mainly depending on what decision will be taken by the MCA to be in line with the Recommendation i.e. either benchmarking or LRIC model), such time period could be extended till 31 December 2012. The method of calculating the average EU27 MTR will be the same as explained in the preceding sub-section.

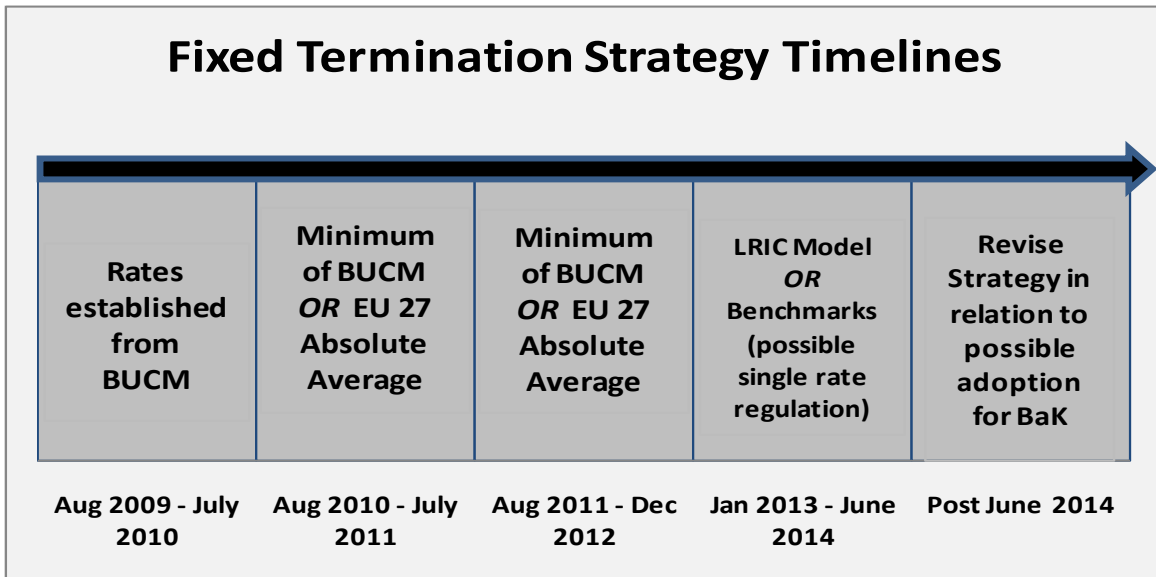
**Question 8: Do you agree with basing the calculation of the FTR for the period August 2011 till August 2012 (with a possible extension till 31 December 2012) at the minimum of the BUCM rate or the EU27 average?**

#### **4.2.3 Post December 2012**

As already noted in previous sections, the MCA is committed to ensure that termination rates are implemented at a cost-efficient, symmetric level by 31 December 2012 and this can be achieved either through building a LRIC model or by benchmarking the local termination rates with the average of the termination rates set by NRAs implementing the recommended cost methodology. The pros and cons of both options have already been presented in section 3 of this document.

A graphical interpretation of the strategy timelines for fixed termination presented in this consultation document is presented below. This figure aims to summarize all proposed decisions and options available for the next five years.

**Figure 5: Graphical Interpretation of proposed timelines for the FTR strategy**



## 5 Symmetry and Single Rate Regulation for FTRs

This document has already expressed the MCA's views on symmetry. However such a stance could take different forms in practice, such as whether to regard symmetry in terms of the average rate as opposed to bands differentiated by time of day. At the outset the MCA feels that the concept of symmetry should be interpreted in a way so as to make such charges as straightforward as possible. In this way, termination rates would be transparent and clearly understood by all stakeholders. This is, in the MCA's opinion, the guiding principle when assessing the possible interpretations on symmetry. Local mobile termination rates are already charged on the basis of an average rate which does not fluctuate at any time of day.

Over the last few years, the local fixed call market has experienced a shift from retail charges being based on a cost per minute basis towards fixed price retail packages offering a limited or even unlimited number of minutes at a fixed price. This is resulting in "one single tariff" plans gradually replacing differential time charging tariffs. Hence, these trends at the retail level pose an interesting question as to the future relevance of peak/off-peak/night time differential charging at the fixed interconnection level.

The argument of cost causation of wholesale termination charges is somewhat circular in nature as whilst the wholesale charges mirror the derived demand of terminating calls from the retail market, wholesale charges should in theory also be at the base of the price setting function at the retail level. Another interesting facet is that although price differentials are there to rationalize and smooth the peak and troughs of demand at a retail level on the network, the average wholesale rate already features such demand patterns. This is because bottom up cost models are typically dimensioned on the peak-busy hour of the network and thus taking into account the possible maximum load on the network. For this reason one is still justified to opt for a single rate as long as this takes into account peak demand patterns on the network.

The MCA had already partially consulted on the relevance of time denominated bands on fixed interconnection charges in its "Fixed Interconnection Pricing Review"<sup>28</sup>. One respondent had sent feedback on this issue expressing the view that time-bands are still relevant in the fixed interconnection market. This respondent had argued that operators that offered such retail plans typically still base the retail tariff on historical and/or modelled calling patterns by time of day, even if this is transparent to the retail customer in the tariff presentation. It was also noted that most operators do in fact maintain time differential interconnection charging, in addition to other differentiators.

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<sup>28</sup> <http://www.mca.org.mt/infocentre/openarticle.asp?id=1314&pref=1>



Currently the MCA's BUCM calculates the average rate, which is in turn converted into time-denominated bands<sup>29</sup> (Peak, Off-peak, Night) using GO's traffic patterns and price differentials. The use of GO's data is justified by the fact that to date it is the most representative of traffic patterns on a hypothetical efficient network.

After considering the above arguments especially the MCA's preference for a transparent interpretation of symmetry, the MCA is considering the following options in this regard.

1. Maintain Current practice

In this eventuality GO's data would be maintained as a proxy for the traffic and pricing characteristics of a hypothetical efficient network. This data will be updated at annual intervals.

2. One single rate based on the average

This would entail the regulation of one single average rate to be mandated on all operators designated with SMP status in the relevant termination market. Such regulation will also not permit any network operators with SMP status to charge time-of-day differentiated termination rates. This is the MCA's preferred approach.

3. Overall price gradient

Such an option will base the time-of-day differentiated termination rates on the overall market data as opposed to Option 1 above which uses only that of GO. Some practical implementation issues arise in this option as different operators have different retail charging regimes. For this reason, in order to implement this option the MCA would have to find a common time-band scheme on which to map the current regimes both in terms of traffic as well as revenues. Although such regime would eventually require a separate consultation on its practical implementation, one could readily note that it represents the most onerous option for both the MCA and SMP operators alike.

**Question 9: What are your views on the MCA's proposal on symmetry? Which is your preferred option? Why?**

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<sup>29</sup> Time bands: Peak – from 08:00 to 18:00 from Monday to Friday including public holidays; Off Peak – from 06:00 to 08:00 from Monday to Friday including public holidays and from 06:00 to 18:00 on Saturdays and Sundays; and Night – from 18:00 to 06:00 all week including public holidays.

## 6 Consultation Framework

The MCA invites comments from interested parties regarding this Statement of Proposed Decision.

Written representations will be made public subject to the MCA's Internal Guidelines on Confidentiality published on 16 December 2004.

The consultation period will run until noon of 25 January 2010. Comments should be addressed to:

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