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National Telecom Agency

Regulation of Universal Service

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Challenges for the Regulator

- Main telecom policy goal:
 - *“Best and cheapest services”*
- Main telecom regulatory tools:
 - *Establishment of free and real competition*
 - *Establishment of appropriate consumer protection*



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Question:

Is there a need for USO?





Is there a Need for USO?

- The need for USO must be assessed taking into account the following:
 - *USO can be used to correct market failure - i.e. if the market fails to provide services to everyone at an affordable price*

*However any regulation of USO
will effect the market!*



EU Regulation

- Regulation of USO must be considered within the EU regulation - mainly:
 - *Directive 98/10 and*
 - *New USO Directive*
- Note also other relevant EU regulation:
 - *Framework Directive*
 - *Authorisation Directive*
 - *Data Protection Directive*



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Main Regulatory Topics

- *Scope of USO*
- *Appointment of USO provider*
- *Financing/USO Fund*
- *Service requirements etc.*
- *Price regulation*



Scope of USO

- Regulation should specify USO services
- Considering that USO is a safety net used where the market has failed to deliver, USO should only include services that are:
 - *used by the majority*
 - *essential to social and economic inclusion*



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Appointment of USO Provider

- Regulation should include:
 - *Who can be appointed?*
 - *Who can appoint?*
 - *Appointment procedures*
 - *Period of appointment*
 - *Changes in an appointment*



Financing/USO Fund

- Regulation should include:
 - *What can be financed?*
 - *Calculation of costs, e.g. by public tender*
 - *Financing mechanism*
 - *Fund: Set-up*
 - *Fund: Who should contribute?*
- (Note EU regulation)*



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Service Requirements etc.

- Regulation should include:
 - *Basic requirements*
 - *Quality of Service (QoS)*
 - *Sector specific consumer regulation (if needed)*



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Price Regulation

- Regulation should include:
 - *Definition of price elements to be regulated*
 - *Price regulation mechanism, e.g. price caps*
 - *Possibly a review mechanism*



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A Proposal for Regulation

Regulation on different levels:

- *Main framework at the level of law*
- *Specification of obligations in secondary legislation*
- *Detailed obligations set out in licence or terms for USO provider*



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Regulation at the Level of Law

- Regulation could include a general framework for:
 - *Scope of USO*
 - *Appointment of USO provider*
 - *Financing/USO Fund*
 - *Service requirements etc.*
 - *Price regulation*
- And a clear framework for secondary legislation*



Secondary Legislation

- Specification of the obligations set out in the law
 - *Regulation of services should as far as possible be technological neutral*
 - *Specification of obligation to deliver, i.e.: how many connections pr. customer, NTP etc.*
 - *Clear description of regulators competencies to set further obligations, e.g. QoS targets*



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Licence or Terms for USO Provider

- Licence or terms could include:
 - *Technical details of obligations*
 - *QoS performance targets*
- In addition price caps etc. must be set



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Monitoring of Compliance

- *Regulation on monitoring of compliance must be included as well. Presentation tomorrow will include this.*





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More info

- NTA web-page: **www.tst.dk**
- Danish regulation on USO:
 - *Act on Competitive Conditions and Consumer Interests in the Telecommunications Market*
 - *Executive Order on USO Services*
 - *Terms for TDC's Handling of USO Services in the Telecommunications Sector*