

Estonian National Communication Board

Hereby I send you the regulatory principles that ENCB considers as essential in the promotion of low cost broadband and Internet connectivity to initiate the guideline development process:

1. Operators that control access to end-users have larger range of obligations. (e.g. Obligation to provide access, shared access and bit-stream access, price control of access charges).

Wholesale monthly fee for access services have been higher than monthly fee in retail level for telephone services in Estonia for couple of years. This hasn't led overall market to infrastructure competition and there is only very little infrastructure competition by the cable companies in bigger cities.

Because of high access prices there is also no competition on retail service level. New Electronic Communications Act is not adopted yet in Estonia. Under the current Telecommunications Act SMP operator has obligation to provide access but there are no pricing obligations.

We also don't see competition on infrastructure market in local loop network area for a few years and our objective is to open the retail service market by using these obligations for maximizing the customer benefits.

2. To retain incentives to invest to alternative infrastructures. (e.g. In cases of price control there is needed to retain incentives to invest for not harming service providing by cable companies)

Cable companies usually compete on broadband market in bigger cities and they have quite significant broadband market share in Estonia. There are two options for securing infrastructure investments of these cable companies. One option is not to have cost based access obligation for SMP operator in bigger cities and other option is to ensure that access prices include reasonable rate of return and are calculated over costs.

3. To have transparency of prices (e.g. Obligation to make public prices of broadband and Internet connectivity)

Under the current Telecommunications Act all operators and service providers have to publish telecommunication charges. All bigger market players have also done it. In the draft text of New Electronic Communications Act publishing of charges is not strictly mandated and may require more attention of ENCB.

These were provisional regulatory principles that ENCB considers as essential in the promotion of low cost broadband and Internet connectivity. As New Electronic Communications Act is not adopted and ENCB have not done market analyses yet we may reconsider and improve these principles.

Yours sincerely,

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