



Mobile termination rate regulation in Ukraine

Summary and recommendations

September 2009

Overview of this session

This workshop had several objectives. It aimed to provide:

- A summary of our study
- An overview of best practice regulation
- Insights into main types of cost models
- A 'roadmap' for the implementation of cost orientated termination charges in Ukraine

This last session will have two elements:

- Draw out the key messages of all sessions
- Open the floor for discussion

- Key messages

- Discussion

What does international experience tell us?

Previous sessions have provided overview of current situation and international practice.

- International practice indicates that regulated termination charges of dominant operators tend to be set to be cost orientated.
- It is not clear whether current fixed and mobile termination rates in Ukraine reflect cost and they may require amendments.
- Cost orientated charges require detailed cost studies. These vary in complexity and time required.
- We recommend adopting a two-stage approach:
 - Interim regime
 - Permanent regime
- International practice suggests termination rate changes should be implemented via a multi-year glide path

Rome was not built in a day...

Implementation in two stages allows smooth transition

- An interim regime can be put in place within a year or less, depending on data availability
- The cost modelling analysis can start whilst the interim regime is in place

The exact time line for moving to cost based rates will depend on:

- Chosen modelling approach
- Availability of data
- Capacity of the NCCR and operators to undertake the necessary analysis
- Length of the glide path
- Degree of public consultation within the process

Several decisions need to be made

Implementing cost orientated rates in Ukraine requires several actions...

Issue	Action/Decision
Rationale for regulatory intervention	Undertake market review
	Design remedies
Implement interim regime	Assess level of termination charges (via international benchmarking)
	Review available operator data
	Set revised charges based on evidence (via glide path)
Determine cost oriented rates	Determine preferred costing approach
	Undertake and review cost modelling
	Determine proposed charges
Implementation of regime	Set revised rates (via glide path)

...this requires input from more than one body.

- Key messages

- Discussion

We are interested in your views

Some potential issues to discuss

- What is the most suitable cost modelling approach in Ukraine?
- Who should lead the cost modelling?
- What data are currently available?
- How can an interim regime based on benchmarking studies be implemented?
- What is a realistic time frame for implementing cost based charges?



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