



PÓST- OG FJARSKIPTASTOFNUN

# PTA Annual Report 2019



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# Director General's Address | Hrafnkell V. Gíslason

## Access to high-speed networks in Iceland.

For many years, Icelandic authorities have worked towards ensuring high-speed network access for all residents of the country in their homes and places of work. A large part of those residents already have a fibre-optic connection provided by market participants in the urban centers in the Greater Capital Area, the south-west part of Iceland, in the area around Akureyri, and as part of the project *Ísland ljóstengt*, which concerns providing fibre-optic connection to the sparsely populated areas of the country. In doing so, Iceland has taken on a leading, global role among other countries when it comes to access to fibre-optic connection. In rural population areas there is access to xDSL-service, which in most cases does not include a fiber-optic connection. Several years ago, the PTA decided not to burden the dominant actors on the market with minimum price requirements for fiber-optic local loops, in order to encourage the building up of fiber-optic networks. Despite that endeavour, developments have been limited in the aforesaid population areas. On the other hand, market participants may be interested in establishing a powerful 5G high-speed Internet service in these areas.

## The December storm

Last December, a heavy storm passed over the northern and eastern part of the country. This caused a disconnection in the electricity supply

to large areas for extended periods of time. The lack of electricity then led to a wide-spread failure in telecommunications once the back-up energy sources ran dry. The Icelandic authorities reacted swiftly and a crisis unit was assembled for the purpose of analysing the consequences of the storm and finding ways to address them. Various corrective actions have already been introduced or are pending, such as strengthening back-up power for certain telecommunications facilities, establishing new transmission locations, and reinforcing connections/support providers. The role of the PTA in situations of alertness is not clearly defined, and the authorities have taken this under consideration.

## The Postal Service Act

A new overarching Postal Service Act was passed in Parliament this year. Thereby, the exclusive right of Íslandspóstur to deliver 50 gram letters was abolished. It will take some time to introduce the innovations according to the Act, such as regarding appointments for universal service and factors that can influence the development of competition in the postal market. At the end of the year, the Administration therefore published its preliminary determination that Íslandspóstur should provide universal service throughout the country until the conclusion of the proceedings regarding the appointment of universal service providers.

Another innovation of the new Postal Service Act was introduced at the final procedural stages of the bill, namely the transposition into law of the same

price for all aspects of universal service throughout the country. This means that letters and parcels weighing up to 10 kg will be distributed in all parts of the country for the same price. This constitutes an important step towards equalising the position of all residents of the country with regard to postal service. However, the elaboration of this provision may be problematic in the context of the Act's principal objective to promote competition in the field of postal service.

## The NIS Act

This year, an act on cyber and information security for important infrastructure, commonly referred to as the NIS Act, was passed. This Act is an important step towards improving the organisation and preparedness of the authorities with regard to cybersecurity for important infrastructure on a national level. The Act provides that the activities of the cybersecurity team CERT-IS shall be greatly expanded. Furthermore, considerably more importance is assigned to the co-ordination role of the PTA when it comes to cybersecurity for important infrastructure. The Act enters into effect on 1 September 2020.

Iceland's status does not measure well on the global scale with regard to organised action on the part of the authorities to ensure cybersecurity. At present, the use of information technology and telecommunications in Iceland is among the most extensive in the world. This weak status is therefore a risk factor for society, as is the delayed reaction on the part of Icelandic authorities to make actual improvements in this regard. Even though the cybersecurity team has been in existence for the past decade or so, developments have been hampered for reasons to do with funding and the legal environment. Now the legal environment has been changed in important ways for the better, and hopefully sufficient funding will follow so that it will be possible to fulfil the obligations in accordance with the Act and put Iceland on an equal footing with its neighbouring countries with regard to actions taken by the authorities to provide cybersecurity within a few years.

## Frequency bands for mobile networks

This year saw the publication of the findings of a discussion document on mobile network service and the allocation of the associated frequencies for the years 2019 to 2025. Among the findings of the discussion document was the Administration's intention to allocate frequencies for new mobile network service on 5G. An application was submitted for a frequency authorisation on the 3.6 GHz frequency

band this year, and consequently preparations began for allocations of this frequency. In light of the fact that about  $\frac{3}{4}$  of frequency authorisations for mobile networks will expire in the years 2022 and 2023, the Administration will begin preparations for allocating these frequency bands in the year 2020. It is probable that the allocation will be in the form of re-allocating frequencies to the current frequency authorisation holders, where this is relevant and desired, and where it is not relevant it may in general be expected that frequency authorisations for mobile networks will be auctioned off. It may be assumed that the conditions for frequency authorisations will undergo thorough revision, and that they will be based on the new regulatory system for telecommunications, if it has entered into effect at the time of allocation.

## The Code and Development of Infrastructure

This year, overall revision took place with regard to telecommunications legislation based on the new EU telecommunications regulatory system, the so-called Code. The bill was announced in the government consultation portal, and the new regulatory system is anticipated to enter into effect in 2021. The principal innovation of the new telecommunications legislation is to add a new main supporting aspect to the regulatory system. This support concerns the development of telecommunications infrastructure, in particular 5G-mobile networks and fiber-optic systems. Development of 5G-mobile networks is planned to take place between 2020 and 2030. At first, the innovations will appear to consumers in the form of improved mobile network service, high-speed wireless access networks, and increased connection speed. In the long run, the improvements will be on a much larger scale, for example with regard to the connection of various equipment through mobile networks. It is also predicted that controls and communication of any kind between cloud-based solutions and equipment will become common as the decade draws to a close. In order to accommodate the greatly increased data transmission of 5G-networks, and in fact also that of fiber-optic local loops, the country's network that constitutes the carrying layer for communications systems needs to be strengthened to a considerable extent, both with regard to bandwidth and security. It is the assessment of the PTA that it will be necessary to examine the option of developing a new, integral country-wide fiber-optic cable system that extends around the entire country. This is important for reasons of competition, as the lack of access to

fiber-optic cable can hinder competition and economic development at national level, and also for reasons to do with safe operating practices, and it will be ever more important to have access to two carrying networks on separate cable routes.

It is evident that this development of infrastructure will be highly expensive. The new regulatory system includes provisions that are intended to facilitate the developments of market participants, such as with regard to authorisations for co-operation between market participants and incentives in connection with obligations that hamper development. It is important that the application of these provisions will preserve the level of competition in the market while at the same time offering feasible options for development through co-operation where applicable. For this reason, the PTA worked to bring about consultation with market participants regarding co-operation and joint development efforts. The outcome of the consultation indicates that market participants are interested in working together on developments, and it has been officially stated that market participants have entered into discussions in this regard.

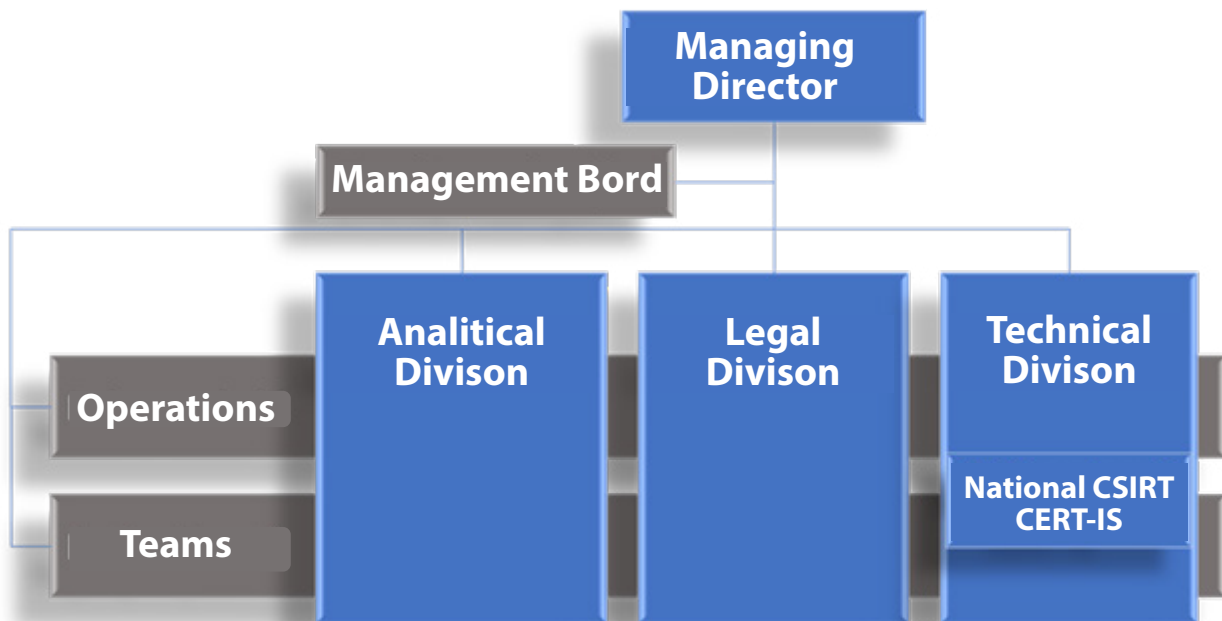
## The purpose of market analysis is among other things to equalise market position

Síminn has on various occasions stated that the PTA wishes to diminish the company's market share without having any basis in law to do so. The current European telecommunications regulatory system is based on three principal foundations: strengthening of the inner market of the EU, promoting consumer protection, and increasing competition. Increasing competition

is therefore one of the principal goals with both the regulatory system and Icelandic telecommunications legislation. The main tool which European telecommunications regulatory bodies use to increase competition is market analysis, whereby the status of the telecommunications market is assessed and it is determined if any party has considerable market power (dominant on the market) at wholesale level. If a given party is determined to have considerable market power, that party will be required to meet certain obligations for the purpose of equalising the competitive position. The assessment of considerable market power takes place in accordance with the provisions of Chapter V of the Telecommunications Act, using a pan-European, formal and documented methodology, and all market analysis will be reviewed by both the Competition Authority and the EFTA Surveillance Authority. The obligations that are imposed due to the assessment of a given market participant's considerable market power are intended to level the position of other telecommunications companies on the market relative to the party with considerable market power, and thereby equalise the competitive position in certain parts of the telecommunications market. Such actions can lead to a party with considerable market power losing its market share, and it may be said that this could be an inevitable and even an integral consequence of the regulatory system. It is therefore true that imposing obligations as a consequence of market analysis can reduce the market share of Síminn in cases where the company has a significant market share, as the purpose with the regulatory system is literally to equalise the market position. However, it is far from true that applying the regulatory system in this manner has no clear basis in law.

# In General about the Post and Telecommunication Administration

The Managing Director of the Post and Telecom Administration is Hrafnkell V. Gíslason. The Management Board is comprised of the Managing Director and heads of divisions. The Administration employs 27 full-time equivalents.



## Policy and goals of the PTA

### Guiding principles

- The PTA promotes active competition in all markets serviced by the Administration, and thereby opens those markets for technological innovations and makes them more transparent and more inviting to investors.
- There is an emphasis on ensuring a wide selection of products for consumers, good access to and security of the service, so that systems function at all times and the general public can rely on them.
- In Iceland, matters concerning security and the environment are closely linked to practicality and efficiency when it comes to the postal service and telecommunications, and in this regard we are fully on par with our neighbouring nations.
- The PTA stresses the importance of including specialists among its ranks who can share their professional expertise and knowledge,



and that they should enjoy unfettered trust among interested parties, whether they are working in postal service and telecommunications markets or holders of government licences.

## VALUES

The values of the PTA form the frame for the Administration's activities, and staff members can refer to them for support when it comes to prioritisation and focus in communications both inside and outside the Administration. These values are grounded in the Administration's role and vision where they serve as incentives that support the vision for the future.

- Trust - The PTA provides monitoring where trust is a key factor in all interactions with interested parties on the market. The Administration must inspire confidence and trust in order to adequately provide its function as an independent party on the market. This can be manifested as reliability, the ability to carry out plans, and integrity when it comes to handling sensitive information.
- Professionalism - Professional service in all areas is of vital importance so that interested parties can rely on professional work being done in all areas of its activities, whether this is analysis work, assessment of matters of uncertainty, or in interactions with foreign parties on behalf of Iceland. Professionalism manifests in professional work methods holding up to outside review, commitment and authority, a good attitude and positivity in interactions with all parties.
- Openness - As the PTA must examine issues in light of the various points of view held by individual interested parties, it is important that the Administration's staff have a sufficiently open mind to be able to empathise with the parties involved with the relevant issues. The Administration must also show initiative when gathering information and when using the information in the course of its work. This openness can be seen in the involvement of different fields of expertise when working out solutions, taking initiative in the gathering of information, an absence of prejudice and an open mind.

## *Policies which the PTA has established with regard to its activities:*

- PTA policy
- Human resources policy
- Security policy
- Policy regarding means of communication
- Equal pay policy is being worked out
- Privacy policy is being worked out

## Organisation and operation of divisions

**The analytical division** is responsible for market analyses, as well as imposing and enforcing financial obligations on telecoms companies that have been designated as having significant market power in market analyses, including cost analysis and accounting separation. This division collects information on pricing and statistics and is responsible for processing and publishing this information. The analytical division also conducts various financial analyses of the postal and telecoms service market. In 2019, the head of this division was Óskar Þórðarson. The specialists Guðmann Bragi Birgisson, Hulda Ástþórsdóttir and Snorri Þór Daðason also worked in this division.

**The legal division** is responsible for processing administrative cases, settling disputes, imposing and enforcing non-financial obligations, universal service and consumer issues. The division also deals with formal international communications. In 2019, the head of this division was Björn Geirsson, who also assumes the duties of deputy head when needed. Specialist Arnar Stefánsson and the lawyers Friðrik Pétursson, Maríjon Ósk Nóadóttir, Sigurjón Ingvason, Unnur Kristín Sveinbjarnardóttir and Óskar Hafliði Ragnarsson, who is also the leader of the professional market analysis team, also worked in this division.

**The technical division** is responsible for organising and managing spectrum allocation issues and monitoring how the spectrum is used. This division monitors the electronic communications device market, is responsible for collecting and recording data on telecoms infrastructure, as well as processing land-related data and inspecting radio equipment on board ships. The technical division also advises other divisions on technical issues that may affect the Administration's surveillance role. In 2019, the head of the division was Þorleifur Jónasson. Bjarni Sigurðsson, a specialist in numbering, frequencies and infrastructure, as well as the measurement of telecoms network coverage, Hörður R. Harðarson,

frequencies expert, József Kristjánsson and Óskar Sæmundsson, ship inspectors and roadside communications network coverage specialists, Lilja Bjargey Pétursdóttir, cartography and land surveys specialist, also worked in the division. Hjalti Pálmason, a specialist in the functioning and security of communications networks, frequencies and quality measurements. One new member joined the stað this year: Sigurður Ísleifsson, specialist in the field of telecommunications monitoring. There were also changes to the stað of the cyber security response team CERT-IS, which is part of the technical division. The response team still consists of three experts in addition to the director of the technical division. This year, the team comprised Kristján Valur Jónsson and Soðía Jónsdóttir, in addition to Ágúst Þór Tómasson, who temporarily replaced Stefán Fróðason after the latter terminated his employment. Furthermore, Jón Smári Einarsson was hired as project manager for directing the introduction of the NIS-Act, and he answers directly to the Director General.

**The administrative division** is responsible for operational and financial issues, information systems, human resources, quality and documentation issues and public relations, and provides support for all of the Administration's internal work. Among the special projects undertaken by the division in 2019 is the work on the ISO 27001-certification which is estimated to be completed in spring of 2020, the work

on the introduction of the privacy and equal pay policies, and the completion of the arrangements of the Administration's archive. The head of the division is Hrefna Ingólfssdóttir. The division's other employees are Birna G. Magnadóttir, protocol officer, Hanna Guðríður Danielsdóttir, secretary, and Sigrún Davíðs, archive manager.

**The PTA Staff Association** is a strong organization of stað members that has the main purpose of maintaining good morale and cultivating a good spirit among employees. The Association works efficiently with the Administration and arranges events of various kinds at regular intervals each year, with different emphases depending on the season. The Stað Association also arranges trips to foreign countries for purposes of education and promotion every three years. Among the events hosted by the Stað Association in 2019 were:

- A springtime trip in the south of Iceland, including a guided tour of Skálholt
- A guided tour of Hafnarörður in the autumn
- The PTA Oktoberfest
- Christmas buffet
- Various smaller-scale events at various times over the year

# PTA activities in 2019

There was increased emphasis on internal work in the Administration this year. Work began on the ISO/IEC 27001-certification, which is estimated to be completed in the spring of 2020. This project involves the review and mapping of the Administration's major safety and information system management processes, policy-making and ensuring the continuous review thereof.

The introduction of GDPR was also among the tasks for this year, and it included working on the processing records and other aspects required to ensure that the Administration's treatment of personal information takes place in accordance with the established rules.

In late 2019 work also began on introducing equal pay certification for the PTA.

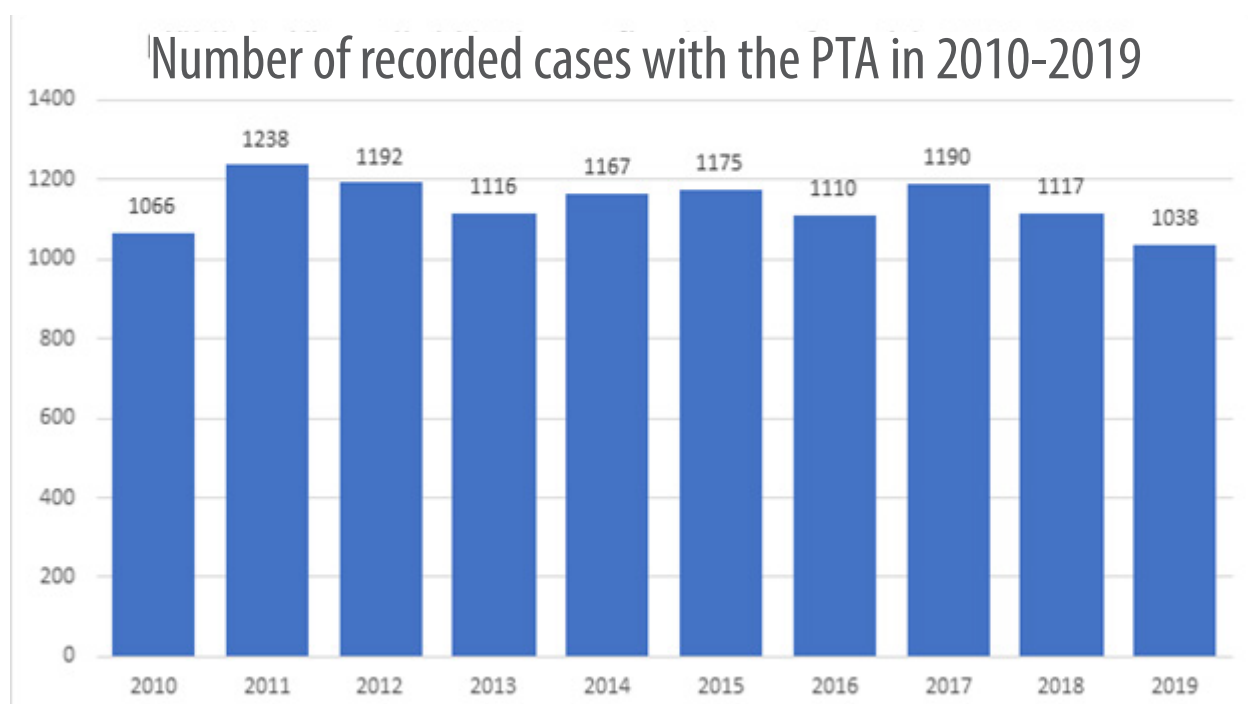
The Post and Telecom Administration passed 31 formal administrative determinations in 2019. The Rulings Committee for Electronic Communications and Postal Affairs ruled on four cases where PTA decisions had been appealed to the committee. An

overview of decisions and verdicts can be found in Chapter 8.2 Administrative determinations of the PTA in 2019.

## Case handling time and case workload

In 2019, a total of 1038 cases were added to the PTA's case list, which is a similar number of cases as in recent years, as can be seen on the bar graph below. Cases added to the list vary widely in nature, and included consumer complaints, disruption complaints, complaints regarding the basic running of the Administration itself, as well as cases concerning employees' day-to-day duties, such as market and cost analyses, frequency allocations, the issuing of permits and inspections of radio equipment in marine vessels, to give but a few examples.

Pursuant to article 12 of the Act on the Post and Telecom Administration no. 69/2003, the Administration is required resolve complaints as soon as possible, and within four months at the latest, unless there are exceptional circumstances. In an



ever-changing and fast-paced competitive market, it is important that disputes are resolved quickly and conclusively, without compromising quality standards.

Subsequently, the time it takes to process complaints lodged with the Administration is monitored closely. Unresolved cases added to the list more than four months ago are designated yellow and cases older than eight months are designated red.

Of the 1038 cases created in 2019, 823 fall into these two categories. When these numbers are added up for the beginning of 2020, a total of 812 cases were closed with the processing times indicated on the following bar graph.

There are therefore 11 complaints that remain unresolved, most of which were lodged towards the end of 2019. The graph indicates that a large majority of complaints, i.e. 95%, are resolved within the mandatory 120 day time limit.

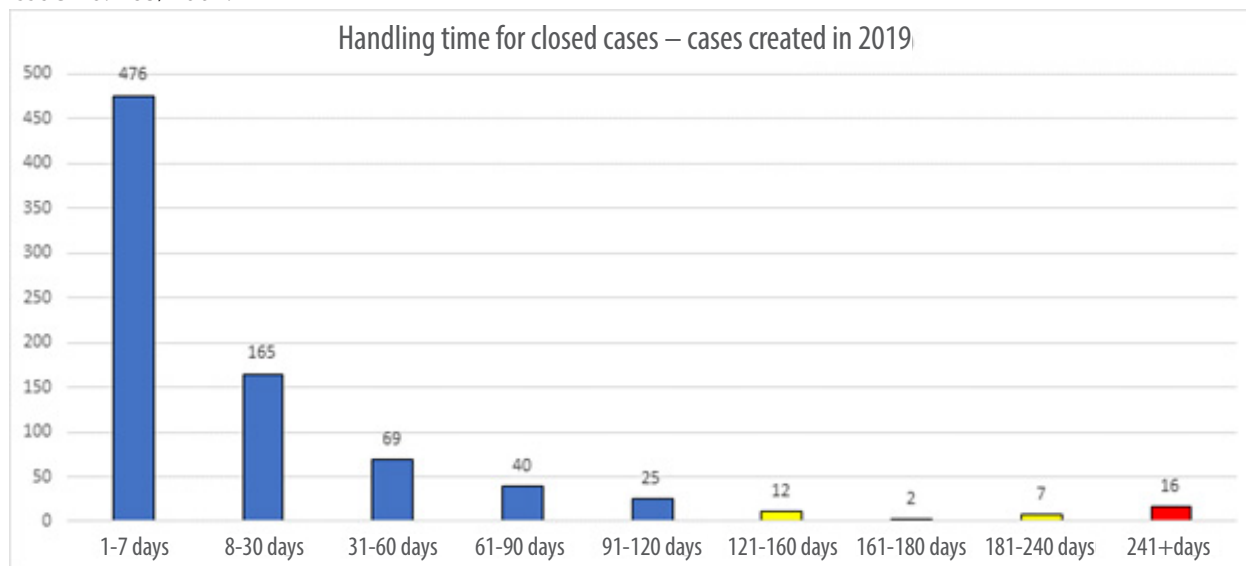
## Cooperation and consultation

In December of 2019 the Post and Telecommunication Administration's and the Competition Authority's guidelines for the treatment and resolution of issues concerning telecommunications and postal matters, no. 1001/2019, were published in the Official Journal. This is a revision of the rules on the same issue no. 265/2001.

an opportunity for competition in telecommunications activities that previously were subject to a government monopoly. The monitoring provided by the Post and Telecommunication Administration according to these rules has therefore mostly taken the form of forward-looking market shaping, i.e. the defining of the extent of universal service, approval of tariffs and, with regard to telecommunications, identifying the various telecommunications submarkets to determine whether there is a need to impose restrictions on telecommunications companies with considerable market power for the purpose of promoting active competition. The legal term for such forward-looking regulation is ex ante regulation.

The aforesaid monitoring is different from the monitoring that is mainly intended to prevent violations of the Competition Act, which is called ex post monitoring. In many parts of Europe these different forms of monitoring is assigned to separate monitoring bodies, and in this country the Post and Telecommunication Administration therefore provides ex ante monitoring whereas the Competition Authority is in charge of ex post monitoring and dealing with individual violations.

When the nature of monitoring is examined with regard to the aforesaid points of view, it is rare to find incidents of uncertainty about which institution shall receive a given issue for treatment.



There are specific rules that apply to competition in telecommunications and postal service markets. In the postal service market the focus of monitoring has in particular been on the delimitation of universal service and the implementation of exclusive rights to postal distribution that has an effect on the competitive environment, while rules that apply to competition in the field of telecommunications have been made for the purpose of providing

Marketing analyses and imposition of restrictions, which are among the most important regulatory tasks of the Post and Telecommunication Administration in the field of competition, are intended to form the grounds for ex officio cases that are conducted in accordance with the detailed provisions of the Regulation and the applicable guidelines. Interventions on the part of the Competition Authority in the telecommunications market on the other

hand are mostly the result of submitted complaints regarding specific violations of the Competition Act.

In order to remove all doubt about potentially unclear delimitation of competences between the Post and Telecommunication Administration and the Competition Authority, these two institutions have established guiding rules for themselves regarding the division of tasks, which should be sufficient to resolve individual borderline cases. As aforesaid,

these rules were first established in 2001. They have proven to be effective, and in general they have held up against the passage of time. Nevertheless it was considered that it was time to review these rules, among other things in light of the experience gained and the developments that have occurred with regard to the working procedures of the two institutions for the handling of cases in the last two decades or so.

## Various key figures 2019

### Frequencies allocated

Radio and television stations . . . . .	230
Backbone links (number of links) . . . . .	95
Mobile station systems on VHF and UHF 50 . . . . .	55
MF and HF . . . . .	1
Short-term radio broadcasting . . . . .	55
Other temporary licences for Icelandic parties . . . . .	30
Temporary licences for foreign parties . . . . .	200

### Codes allocated

Number of allocated codes . . . . .	2,843,440
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### Disruption complaints

Disruption complaints . . . . .	424
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### Issues of radio equipment permits

Aircraft . . . . .	86
Marine vessels. . . . .	397
VHF mobile surface stations . . . . .	216
UHF mobile surface stations. . . . .	1
Medium-frequency mobile surface stations - MF. . . . .	0
VHF Handheld stations - . . . . .	187
UHF handheld stations . . . . .	111
VHF land-based master stations . . . . .	0
UHF land-based master stations . . . . .	0
Emergency locator transmitter (PLB) . . . . .	10
Paging devices . . . . .	0

### Issues of user licences

Radiocommunications licences, marine vessels (GOC) . . . . .	97
Radiocommunications licences, marine vessels (ROC) . . . . .	38
Amateurs, Icelandic . . . . .	10
Amateurs, international. . . . .	0
Amateurs, miscellaneous. . . . .	10
Inspections of boats and ships – by region	
Reykjavík . . . . .	36
North West. . . . .	32
North East . . . . .	33
South . . . . .	41
South West . . . . .	18
Ships registered abroad. . . . .	27
Ships inspected abroad/not by the PTA. . . . .	11

### Inspections of radio equipment on ships and open motorboats

Boats shorter than 24 m inspected by inspection agencies and the Icelandic Transport Authority. . . . .	1,207
Boats longer than 24 m and ships . . . . .	187
Pleasure craft inspected by owners . . . . .	80

### Registered land stations

#### Fixed stations

VHF stations . . . . .	344
UHF stations . . . . .	53
MF-SSB stations . . . . .	23
Paging devices . . . . .	15

#### Vehicle-mounted mobile stations

MF-SSB stations . . . . .	457
VHF stations . . . . .	6,734
UHF stations . . . . .	124

#### Handheld stations and beacons

VHF stations . . . . .	7,159
UHF stations . . . . .	1,795
Markers (beacons) . . . . .	44
PLB emergency buoys (406 MHz) . . . . .	96
Miscellaneous equipment . . . . .	166

#### Ship stations

MF-SSB stations . . . . .	11
MF/HF-SSB stations(Combined MF/HF) . . . . .	180
VHF stations . . . . .	3,068
Emergency radios . . . . .	607
Transponders (X-band) . . . . .	183
Transponders AIS (VHF). . . . .	63
Navtex . . . . .	208
Emergency buoys, free-floating (406 MHz) . . . . .	374
Emergency buoys in lifeboats and inside (406 MHz) . . . . .	2,460
Inmarsat B . . . . .	0
Inmarsat C . . . . .	217
Inmarsat M. . . . .	5
Automatic identification systems (AIS) . . . . .	1,837

#### Allocations of registration numbers

Numbers for marine vessels . . . . .	300
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# Publications

- Overview of various surcharges which Íslandspóstur ohf. applies for the postal service provided by the PTA(19)14 – December 2019
- Universal service compensation fund – report for the year 2018 PTA(19)13 – December 2019
- Memorandum on charges for sending foreign postal consignments PTA(19)11 – December 2019
- Consultation regarding the intended allocation of frequency authorisations for 5G PTA(19)10 – December 2019
- Findings from the consultation regarding mobile network service and the allocation of the corresponding frequency bands 2019–2025 PTA(19)09 – December 2019
- Telecommunications market – Statistical report PTA 1-6 2019 PTA(19)08 – November 2019
- Consultation document on the PTA policy regarding the security and functionality of telecommunications infrastructure PTA(19)07 – November 2019
- New statistical report for 2018 on telecoms use in the Nordic and Baltic Countries, – September 2019
- Co-operation and pooling of telecommunications infrastructure PTA(19)-04 – September 2019
- Guidelines on the interpretation of conditions for the registration of telecommunications companies PTA(19)06 – July 2019
- Statistical report on the Icelandic telecommunications market 2018 PTA(19)-03 – June 2019
- Consultation regarding the application from Míla for the universal service contribution PTA(19)-02 – May 2019
- Universal service compensation fund – report for the year 2017 PTA(19)-05 – March 2019
- Discussion document on the PTA policy regarding specific frequency bands 2019–2025 PTA(19)-01 – February 2019

## Guidelines on the interpretation of conditions for the registration of telecommunications companies

According to the Electronic Communications Act, companies that intend to provide telecommunications service or operate a public telecommunications network are obligated to report this intended activity to the PTA. Upon the registration of a company in the Administration's register of active telecommunications companies, the relevant company acquires certain rights and obligations in accordance with the Electronic Communications Act. The definitions of the aforesaid concepts, i.e. telecommunication service and public telecommunications network, are therefore delimiting factors with regard to the scope of application of the Electronic Communications Act.

For that reason it is important to have a clear understanding of the meaning of these concepts, and that they are taken fully into consideration in the process of registration of telecommunications companies. Last year, the PTA began a review of its implementation with regard to the interpretation of these concepts in connection with the registration of telecommunications companies. In that context, the PTA found it proper to issue guidelines regarding the conditions that a company must meet in order to be considered a telecommunications company and registered as such.

The guidelines address changes in emphasis with regard to the interpretation of what shall be considered a public telecommunications network that is offered to users as an option for telecommunications service. Telecommunications activities or the operation of a telecommunications network by parties for internal use would not be consid-

ered telecommunication service in the sense of the Electronic Communications Act, nor would such a network be considered a public telecommunications network. Examples of such parties would be the Icelandic Meteorological Office operating a telecommunications network for meteorological measurements, or the National Power Company using a telecommunications network for controlling electric power. Such parties would not be required to report their activities and the PTA would not be obligated to register such parties.

One of the criteria that would have to be considered is whether the telecommunication service is offered for a fee. Even though the meaning of the concept of telecommunication service would not be specified as a requirement with regard to concepts, it would usually be assumed that the relevant service was offered for a fee, i.e. on a commercial basis, and that it was available to everyone, not only to a limited group. If this was not the case with regard to a specific telecommunications service, a more detailed examination would have to take place to ascertain whether the relevant service should be considered a telecommunications service in the sense of the Electronic Communications Act or not.

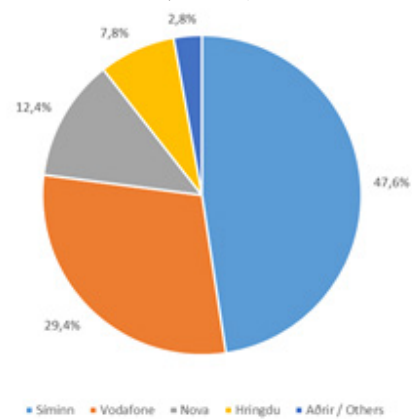
## PTA statistical reports

Twice a year, the PTA gathers data from telecoms companies registered in Iceland on various metrics relating to telecoms operations and services. The Administration processes this data into statistical reports that summarise the main metrics and companies operating on the Icelandic telecoms market. The reports are published twice a year: in the second quarter for the whole preceding year and in the fourth quarter a mid-year status update. The aim is to improve information provision and increase transparency on this market. The PTA's reports are equivalent to those published by sister institutions in neighbouring countries. The reports can be found on the PTA's website at: <https://www.pfs.is/Varaskipti/gagnatorg-pfs-og-tolfraedi/tolfraediskyrslur-pfs/>.

The statistical report for the year 2019 indicates among other things that subscribers with a landline keep getting fewer compared to the previous year, i.e. by just over 7%, and the number of minutes drops by just under 15%. The number of VoIP phone subscribers increases by 5% compared to last year, among other things due to more installation of fiber optic cable and the discontinuation of Síminn's older landline system (PSTN-system). Síminn and Vodafone are the biggest companies on the landline market, with a combined share of around 92% at the end of 2019.

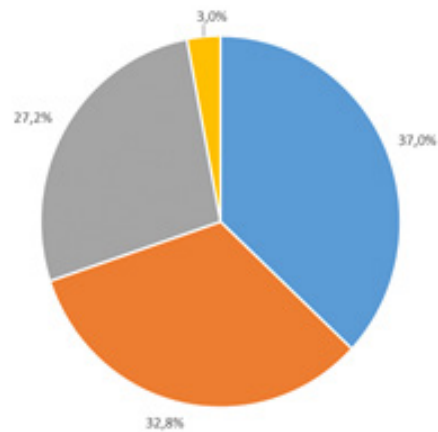
### Fjöldi Internettenginga

Markaðshlutdeild eftir fyrirtækjum



### Farsímaáskriftir

Markaðshlutdeild eftir fyrirtækjum



## Comparative statistics on use of electronic communications in eight countries

A statistical report is published annually in cooperation with the PTA and its sister institutions in the Nordic and the Baltic countries. The report gathers comparative data on the use of the main electronic communications services and on developments over recent years in the eight countries. On the whole, the use of electronic communications is very similar in these countries and their citizens use comparable technologies in a similar way. Despite this, there are nonetheless variations in the usage and development of specific services.

The Nordic comparative report can be accessed on the PTA website at: <https://www.pfs.is/Varaskipti/gagnatorg-pfs-og-tolfraedi/norraenn-samanburdur-a-Varaskiptanotkun/>

Annual reports and other PTA publications can be found on the Administration's website in PDF-form. <https://www.pfs.is/um-pfs/utgefid-efni/>

# The Electronics Communications Market

The electronics communications market is constantly changing in step with technological developments and changes in the legal environment, both in Iceland and on an international level.

## Monitoring of the financial separation between Reykjavik Fibre Network and Reykjavík Energy.

In accordance with Article 36 of the Electronic Communications Act, telecommunications companies that operate public telecommunications networks or provide general telecommunications service, as well as having exclusive or special rights in a field other than telecommunications, shall keep their telecommunications activities financially separate from other activities as if they were conducted by companies with no connection to each other. It shall furthermore be ensured that the operation in competition is not subsidized by the operation conducted under exclusive rights or protection granted by the authorities.

As regards Reykjavik Fibre Network, the monitoring of the financial separation between that company and the operation and other activities of Reykjavik Energy has been continuous. Ever since the utility company founded a special subsidiary for its activities, which began operations in the beginning of 2007, the PTA has made many decisions regarding more elaborate arrangements for the implementation of financial separation within the consolidated group.

In the first half of 2019 the PTA completed an extensive audit of the financial separation within Reykjavik Fibre Network for the business years 2016–2017, cf. the PTA's decision no. 3/2019. The main conclusion reached by the PTA was that the financial separation between Reykjavík Energy and Reykjavik Fibre Network was consistent with the provisions of Article 36 of the Electronic Communications Act, except with regard to the loans granted to Reykjavik Fibre Network in connection with the cash pooling of the Reykjavík Energy consolidated group. The PTA also made a note regarding the conditions set

by credit institutions in the Reykjavik Fibre Network loan agreement regarding Reykjavík Energy ownership of Reykjavik Fibre Network. The PTA therefore was of the opinion that it was necessary to impose restrictions on Reykjavik Fibre Network regarding the implementation of the financial separation between Reykjavík Energy and Reykjavik Fibre Network as concerns the aforesaid matters.

It was the opinion of the PTA that the arrangement for Reykjavik Fibre Network's funding with regard to Reykjavík Energy was a fundamental feature of the objective with Article 36 of the Electronic Communications Act in connection with ensuring financial separation between the companies. Therefore it was necessary to impose strict requirements for the companies with regard to the arrangement of Reykjavík Energy's credit facilities where Reykjavik Fibre Network is concerned.

In accordance with the PTA's current restrictions, all loans from Reykjavík Energy to Reykjavik Fibre Network must meet the same kind of conditions that would apply to credit agreements between unrelated credit institutions and are generally imposed in the market. The PTA considered that Reykjavik Fibre Network's debts to related companies in connection with activities in the period of January to November 2017 constituted a violation of the PTA's decision of 13 November 2006 and the PTA's decision no. 25/2010 of 7 September 2010. The PTA made a note regarding Reykjavík Energy's lending to Reykjavik Fibre Network and the extent thereof in the absence of a specific credit agreement being made in accordance with the conditions that applied in general to such lending in the market. It was vital to ensure that such a situation could not arise again between Reykjavik Fibre Network and the Reykjavík Energy consolidated group.

The Administration also made a note regarding the provision in the company's credit agreements with lenders regarding the repeal and cancellation of agreements due to alterations in Reykjavík Energy's control over Reykjavik Fibre Network. According to the credit agreements, lenders would be entitled to demand advance payment, terminate the agree-

ment or demand payment of the debt if Reykjavík Energy's ownership in Reykjavík Fibre Network became less than 50%. In the opinion of the PTA, including a provision of this kind in a credit agreement was not compatible with Article 36 of the Electronic Communications Act, i.e. Reykjavík Energy's obligation to keep its telecommunications activities financially separate from its other activities, as if they were conducted by companies with no connection to each other. The Administration therefore considered it proper to exclude the aforesaid provision regarding Reykjavík Energy's majority ownership in Reykjavík Fibre Network from any new credit agreements concluded by the company.

Reykjavík Fibre Network referred this decision to the Rulings Committee for Electronic Communications and Postal Affairs, which confirmed the PTA's decision, cf. the decision in case no. 2/2019.

## Efficient use of frequencies – Cancellation of the frequency authorisation of Yellow Mobile B.V.

The arrangement of the frequency spectrum and the allocation of telecommunications frequencies on that spectrum is based on two main conditions, i.e. that use of those frequencies is efficient and does not cause harmful disruption to telecommunications. The former condition tends to relate to requirements which the PTA establishes as part of frequency authorisations regarding the installation of telecommunications networks and the proliferation of telecommunications service. Concomitantly with such requirements it is always specified in the terms and conditions for frequency authorisations that use of the frequency shall be efficient. This entails that the telecommunication service shall be available to users in a functional and accessible manner.

Following the auction of the frequency authorisations for the provision of telecommunications service, held by the PTA in May of 2017, the Dutch telecommunications company Yellow Mobile B.V. (Yellow) was allocated a frequency authorisation for 2x10 MHz on the 2600 MHz frequency band. This frequency authorisation was granted on 7 July 2017. In accordance with the conditions for the frequency authorisation, the authorization holder had an obligation to begin using the frequency within 12 months after the granting thereof, i.e. by 7 July 2018 at the latest. The term "use" was specifically stated to refer to telecommunication service that was functional and available for the use of the general public in an accessible manner by subscription and/or account.

After Yellow had been granted an extension of the time limit to begin offering the service and the PTA had repeatedly demanded that the company meet its obligations, the company's frequency authorisation was finally cancelled last year, cf. PTA decision no. 18/2019.

However, Yellow considered that the company had met its obligations by activating one mobile network transmitter that transmitted on the company's frequency band along with its telephone exchange code. Thereby, the service was available for users. In light of this and other matters, the company referred the aforesaid PTA decision to the Rulings Committee for Electronic Communications and Postal Affairs.

The Committee's decision in case no. 5/2019 was that the meaning of the concepts used in the frequency authorisation had been unambiguous. The fact that the company had activated one transmitter as the entire extent of its operations in nearly two years could not be considered to constitute a functional or accessible service. Therefore the Rulings Committee was of the opinion that the frequencies allocated according to the frequency authorisation had not been taken into use at the time when the appealed decision was made. The Rulings Committee considered that more was required and in its opinion telecommunications companies were required to respond to notes from monitoring bodies in a credible manner. According to the Committee, Yellow's behavior and actions suggested that the company had been aware that it was acting in a manner contrary to the legitimate instructions and notes from the PTA in this matter.

The Rulings Committee also found that the PTA had given Yellow a reasonable amount of time to meet the requirements for the frequency authorisation. The objective with the interactions between the two parties over the aforesaid two year period had been to enable the company to use the frequency authorisation. The Rulings Committee also stated with regard to the delays and alterations to the company's plans that the Committee had nothing to note about the PTA reaching the conclusion that Yellow's promises and plans were neither credible nor compatible with the company's obligations.

Cancellation of Yellow's frequency authorisation due to the lack of efficient use and/or failure to meet requirements regarding establishment and proliferation according to the frequency authorisation terms is in accordance with the administrative practices of the PTA that have been firmly in place for many years, cf. the Administration's previous decisions nos. 26/2008, 28/2008 and 5/2010. From these adminis-



trative practices it follows that frequency authorisation holders that do not use frequencies in an efficient manner and/or significantly neglect to meet their obligations with regard to the establishment of telecommunications networks and proliferation of service may expect, after having received appropriate time limits and warnings, that the PTA will cancel the frequency authorisation without any compensation.

## **Important infrastructure – The PTA's decision regarding the audit of the Míla technical equipment storage space in Öräfajökull**

In December of 2019 the Post and Telecommunication Administration published its decision no. 28/2019 regarding the audit of Mílu ehf's technical equipment storage space in the natural hazard area of the glacier Öräfajökull.

The Administration found that the physical protection of the technical equipment storage space was in accordance with the safety measures which the company had opted for, and with the minimum requirements of Article 10 of Rules no. 1222/2007 on the functionality of public telecommunications networks, cf. paragraphs 2 and 3 of Article 47 of the Electronic Communications Act no. 81/2003. Míla was nevertheless required to respond to the Administration's notes with regard to deviations, cf. the Post and Telecommunication Administration's audit report that was appended to the decision, within four months from the date of the decision.

The audit was part of the Administration's preventive monitoring of the physical protection of telecommunications infrastructure. The Administration previously carried out audits of Míla's other important technical equipment storage spaces, the technical equipment storage spaces at the places where the sea cables of Farice ehf. arrive on shore, and the back-up power for transmitter locations in the natural hazard areas of Katla and Öräfajökull.

## **Establishment of 5G-networks and the introduction of IoT**

5G services are set to be launched in Iceland in the near future. The build-out of 5G mobile networks is an area of special focus in the EU's new telecoms regulatory framework, as well as in the draft of the new Electronic Communications Plan for Iceland, which states that Iceland will be a leading nation for the rollout of 5G. The long-term impact of these

networks is believed to be immense. This is due in part to the fact that 5G networks will be used to bring all manner of tools and devices online. Some of these devices will use AI and have the potential to significantly impact their environment. The technical capacity of these networks is very high and is comparable to that of powerful fixed-line networks in many regards. Society will increasingly rely on 5G-enabled devices. A nation's ability to compete will be determined in part by how they react to this transformation and utilise new technology for the benefit of society.

Everything indicates that the importance of considering the impact on society will be greater than ever before during the rollout of 5G. This applies in particular to the construction of network infrastructure, the pooling of that infrastructure and the role of public bodies, such as highway maintenance, in the development and operation of this infrastructure. Communication between market players and the public sector in this regard needs to be enhanced.

## **Development of a database for general telecoms systems (GAF) and the establishment of mobile networks.**

Work on the development of a database for general telecoms systems is well underway. Open standards have been used, ensuring greater flexibility for integration with other systems and services that the PTA will be able to provide to various stakeholders in the future. A new web coverage server connected to the database is being developed. The first version is scheduled to launch in late 2020.

## **Monitoring the airwaves – PTA interference monitoring**

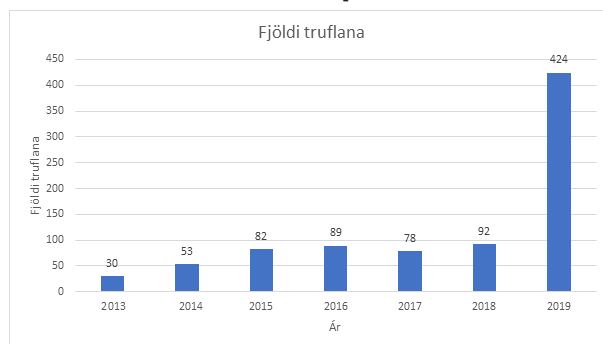
The frequency spectrum is a limited resource determined by nature, and it must be used in an efficient manner in order to have a telecommunications network that can function without interference. Technologically, communications devices are rapidly advancing and it is therefore necessary to manage the frequency spectrum effectively. This is a key point in ensuring the interoperability of various radio systems without them interfering with each other. Spectrum monitoring serves as the eyes and ears when it comes to the organisation and allocation of frequencies. Permission to use a frequency under a frequency authorisation is not a guarantee that the frequency will be used as described in the PTA's authorisation. Frequencies are used 24 hours a day, seven days a week, all year round. Most tel-



ecomms companies that provide services on an allocated frequency range maintain 24-hour monitoring of the services. Reports of disruptions continued to increase in number in 2019, as had been the case in the years prior.

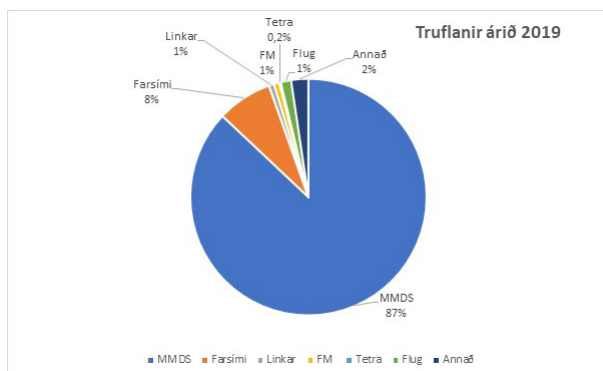
In 2019 the number of disruptions more than tripled in number. A total of 424 notification and disruptions were dealt with, which is considerable greater than for the year 2018. It may be expected that the number of disruptions will remain high until the many malfunctioning microwave antennae have been shut off.

### Overview of radio disruptions in 2019



Notifications about disruptions caused by microwave antennae (MMDS) account for about 87% of disruptions, as the cause of the disruptions can be traced to obsolete but still functioning microwave antennae. Other disruptions to mobile phones account for 8% whereas disruptions to other systems is about 5%.

It is clear that the PTA has a lot of work to do in order to resolve the considerable difficulties caused by disruptions from microwave antennae. The disruptions are caused by malfunctions in obsolete receivers of microwave antennae installed by many households for the purpose of receiving broadcasts from the subscription television service provided by Fjölvarpið at the time. Fjölvarpið went out of business in 2017, but thousands of antennae remain installed and functioning in the Greater Reykjavík Area. The only way to eliminate the disruptions is to disconnect the antennae or disconnect them from electricity.



### Access to telecommunication services

The authorities emphasize the importance of achieving a level of access to telecommunication services that is among the best available in the world. This is reflected in the goals of the authorities that are stated in both the budget for 2020–2024 and in the proposed parliamentary resolution for an Electronic Communications Plan for 2019–2023.

Access to broadband keeps increasing, and this is especially due to the effects of the Telecommunications Fund project for providing fibre-optic connection to the rural areas of the country. The goal is to complete this project in 2021, by achieving broadband access for 99.9% of the households in the country. The remainder would then be rural areas with a high population density. Today, nearly all of these places have high-speed connections based on xDSL technology. The government considers that evidence of market failure has not been demonstrated with regard to the rollout of fibre broadband in rural population centres. Pressure from local authorities and residents is likely to result in market-driven efforts to improve high-speed connections in these areas over the next years, either through the installation of fibre broadband cables, the development of powerful 5G services or a combination of these solutions.

Nearly all homes and workplaces in Iceland have access to mobile network services with voice communications and high-speed internet. High-speed internet can certainly vary in quality, and it is likely that quality will be different in urban and rural areas. This difference in quality will be assessed through planned quality measurements that are intended to take place once net neutrality laws are on the statute book.

The situation is somewhat different when it comes to access to mobile network services along Iceland's highways. Accessibility goals have not been fully realised there. It is clear that market participants and the authorities face the challenge of improving mobile network access in Iceland along the country's highways. This is also of particular importance in connection with the development of 5G mobile network services in the long term.

# PTA market analyses of the telecommunications market, 2019

Market analyses of the electronic communications market form a significant part of the PTA's operations. They constitute the most important policy instrument for the PTA to safeguard competition and support fair pricing, innovation and improved access to services across the country. They are used to strengthen competition by analysing the position of players on the market and by applying appropriate measures where competition is not considered adequate. Market analyses are the basis for decisions on whether to impose, maintain, change or lift specific regulatory obligations on electronic communications companies that have been designated as having significant market power.

## The production of a market analysis report can be divided into three phases:

1. Defining the relevant service markets and geographical markets.
2. Analysing all markets, determining whether there is active competition on these markets and making a decision as to whether there are one or more companies with significant market power.
3. Making a decision as to whether restrictions should be imposed, amended or withdrawn with regard to companies with significant market power.

The PTA produces analyses of markets specified a Recommendation from the EFTA Surveillance Authority (ESA) in accordance with the Icelandic Electronic Communications Act and with Iceland's obli-

gations under the EEA Agreement. Furthermore, the Icelandic Electronic Communications Act requires the PTA to define these markets in accordance with circumstances specific to Iceland. The PTA's market definitions may therefore be expected to vary from those in the Recommendation. In addition, the PTA is permitted to review additional telecoms markets over and above those specified in the Recommendation. The ESA Recommendation currently in force was issued on 11 May 2016 and lists fewer markets than in previous ESA recommendations on the same subject, published in 2004 and 2008 respectively. Few markets in the Recommendation from 2008 were considered to still satisfy the requirements for imposing advance restrictions. The markets that must be reviewed under the current ESA Recommendation from 2016 are the following wholesale markets:

**Market 1:** Call termination on individual public telephone networks provided at a fixed location

**Market 2:** Voice call termination on individual mobile networks

**Market 3:**

- a) Local access provided at a fixed location
- b) Central access provided at a fixed location for mass-market products

**Market 4:** High-quality access provided at a fixed location

The PTA's analyses of the following wholesale markets based on the ESA Recommendation from 2008 remain in effect:

**Market 4:** Network infrastructure access (including shared or fully unbundled access) at a fixed location (PTA Decision no. 21/2014)

**Market 5:** Broadband access (PTA Decision no. 21/2014)

**Market 6:** Terminating segments of leased lines (PTA Decision no. 8/2014)

**Market 7:** Voice call termination on individual mobile networks (PTA Decision no. 20/2015)

In addition to this, the analysis of the following wholesale market based on the ESA Recommendation from 2004 remains in effect:

Trunk line segments of leased lines, previously market 14 (PTA Decision no. 21/2015)

## Main PTA tasks in the field of market analysis in 2019

During the year, work was done on analysing the following wholesale markets in accordance with the Administration's annual plan and the analyses on these markets are scheduled to be completed in 2021.

### **Market 3:**

**a)** Wholesale local access provided at a fixed location (previously Market 4/2008)

**b)** Central access provided at a fixed location for mass-market products (previously Market 5/2008)

**Market 4:** High-quality access provided at a fixed location (previously Market 6/2008)

Market 14/2004: Trunk line segments of leased lines

Furthermore, continued emphasis will be placed on enforcing the obligations that have been imposed as a result of market analyses, particularly on cost analyses of wholesale prices and reviews of reference offers.

## Main tasks related to monitoring obligations in 2019

### *Cost analyses and price rulings*

The principal projects concerning price rulings and cost analyses in 2019 were as follows:

- 26/2019 - Míla tærfé for 100 Gb/s Metropolitan Data Highway connections – 19 November 2019
- 23/20189 – Wholesale rate for call termination in individual mobile networks – 24 October 2019
- 22/2019 – Wholesale rate for call termination in public telephone networks provided at a fixed location – 24. October 2019
- 11/2019 - Review of Míla wholesale tærfé for fibre-optic in street cabinets and fibre-optic in access network – 16 April 2019
- 10/2019 - Review of Míla wholesale tærfé for terminating segments of leased lines – 16 April 2019
- 9/2019 - Review of Míla wholesale tærfé for bitstream access – 16 April 2019
- 8/2019 - Review of Míla wholesale tærfé for copper local loops – 16 April 2019

# The postal market

## Monopoly and universal service

2019 was the last year in which the government monopoly on the delivery of 50-gram letters was in effect because Act no. 98/2019 abolished this monopoly. With the abolishment of the monopoly, Íslandspóstur ohf's operating licence also expired, as it was granted on the condition that it would remain in effect while the government monopoly was in place.

The government therefore had to decide how to ensure universal service according to Article 9 of the Postal Services Act no. 98/2019.

In its letter dated 11 November 2019, the Ministry of Transport entrusted the Post and Telecom Administration, in accordance with Paragraph 1 of Article 11 of the Postal Services Act no. 98/2019, with nominating a universal service provider, effective from 1 January 2020.

Due to the short notice and the Administration's assessment that a preliminary determination would be necessary, Íslandspóstur was charged with carrying out services defined as universal service, as well as Iceland's international obligations, as there is no other party capable of undertaking these obligations with such a short notice, according to the Post and Telecom Administration's assessment. The decision places the following obligations on Íslandspóstur ohf.

According to the provisions of Paragraph 2 of Article 9, Íslandspóstur ohf. is to carry out the following services:

1. Access to access points and mailboxes.
2. Delivery of the following postal items, domestically and internationally, is part of universal service:
  - a. Letters up to 2 kg,
  - b. parcels up to 10 kg domestically,
  - c. parcels up to 20 kg internationally,
  - d. shipments for the blind and visually impaired up to 2 kg,
  - e. registered and insured items.
3. Postal items that fall under universal service are expected to be delivered two days a week to persons with permanent residence. The delivery obligation is limited to the persons who have registered their domicile or residence at the place in question, cf. Article 2 of Act no. 80/2018 on legal domicile and residence. In the same way, postal items shall be delivered to legal entities with permanent professional activities in the relevant premises.

Íslandspóstur may, under special circumstances, cancel individual delivery trips or suspend delivery for a specified period. Special circumstances include impassable roads and other instances of force majeure that prevent delivery except with major additional expenses that would be unreasonable for the company to incur.
4. Mailboxes that fall under universal service shall be emptied at least twice a week.
5. The company's list of tariffs shall take into account the rules set out in Article 17 of the Postal Services Act no. 98/2019.
6. International obligations.

Íslandspóstur shall conduct its operations according to the obligations that Iceland has undertaken pursuant to international postal agreements, provided that they are not in conflict with the Postal Services Act no. 98/2019. Íslandspóstur shall take part, as a designated operator, in international cooperation with the Universal Postal Union (UPU) in relation to international postal commitments.

The decision will remain in effect until proceedings have been carried out according to Paragraph 2 of Article 11 of the Postal Services Act no. 98/2019, wherein it is stated that the selection of universal service provider should be by means of an open, transparent and objective process where equality is observed. Pursuant to this legal provision, a consultation paper will be published and all proceedings completed in 2020. The consultation will include a discussion of the necessity of nominating an undertaking with universal service obligations and how extensive the nomination should be. Also under discussion are the quality of services, potential service changes and grounds for government payment of costs relating to universal service, cf. Paragraph 6 of Article 12 of the Postal Services Act no. 98/2019,

The Administration's decision, in accordance with the Ministry's decision, also provides for a contribution of ISK 250 million to Íslandspóstur for the company's universal service in the 2020, to be disbursed at the start of 2020. The contribution is dispersed on the condition that if the universal service burden is evaluated as being lower, Íslandspóstur will repay the difference.

## Íslandspóstur ohf.'s various surcharges

The Post and Telecom Administration published its consideration of the various additional fees currently charged by Íslandspóstur ohf. for services provided as universal service provider. One of the objectives was to make these fees more transparent for the consumer, as well as to determine the legal and/or contractual basis for these fees.

The validity of these charges was investigated because of the numerous comments received from individuals and enterprises suggesting that the fees charged by Íslandspóstur are too high and/or, as the case may be, not unjustified. These are mostly various additional charges for services other than the standard postage rates that senders pay for postal items to be delivered to recipients.

Fees frequently mentioned as being objectionable in some way include the handling fee (customs clearance fee), storage fee and various fees relating to the customs clearance of shipments.

As indicated by this list, these fees have different origins so different considerations may apply, e.g. authorisation for fee collection and/or how high fee amounts may be. In some instances it can also be considered whether the services paid for should be included in the postage rate already paid by the sender/recipient when the shipment was delivered for posting.

It can therefore be difficult, especially for the consumer, to understand the rationale and validity of these charges.

The Administration therefore decided, with regard to items b and d in point 4 of Article 3 of the Act on the Post and Telecom Administration no. 69/2003, to initiate an investigation of whether these fees, as well as the terms and conditions related to them, are in accordance with the provisions of the Postal Services Act and the international obligations that Iceland has undertaken and which Íslandspóstur is obliged to fulfil.

The PTA believes that these charges have a basis in the Postal Services Act and/or are based on an authorisation in the UPU Convention. However, the Administration's review does not mean that a position is taken on the cost criteria for individual fees as there are, at present, no reasons for the PTA to carry out such an investigation. See <https://www.pfs.is/um-pfs/frettir/frett/2019/12/30/Yfirlit-yfir-ymiss-vid-botargjold-sem-logd-eru-a-postsendingar/>

## Accounting separation and cost of universal service

The Administration completed its review of accounting separation at Íslandspóstur for the operational year 2018 with a statement published on 13 December 2019 on the Administration's website. Íslandspóstur is obliged, in accordance with the Postal Services Act and Regulation no. 313/2005 on separation of accountancy and financial separation in operations of postal service operators, to provide the PTA with a breakdown of bookkeeping and financial information.

The conclusion of the Administration was that Íslandspóstur's cost accounting and accounting separation complied with recognised practice and the provisions of the Icelandic Postal Services Act and of the Regulation on Accounting and Financial Separation of Postal Service Providers' Operations.

The negative performance shown in the company's 2018 summary of operating segments for competitive universal services can be mostly explained by the distribution of international post, which ac-



counted for ISK 818 million according to the annuity method. This loss can mainly be attributed to the international endpoint agreements by which Íslandspóstur is bound.

With Decision no. 13/2019, the Administration partly rejected Íslandspóstur's application for a contribution from the universal service compensation fund. These are, more specifically, the following items:

- Delivery speed and frequency
- Delivery in rural areas
- Deliveries for blind people

According to the Administration's conclusion, the cost for these items were included in the company's tariff under the monopoly, as indicated in the PTA's review of the company's accounting separation, upon the approval of the monopoly tariff and in relation to changes to the company's service offering.

It was also pointed out that if the company's total claim for the above-mentioned period would be accepted, the company would be compensated for damage that was far in excess of what could be considered reasonable in the sense of Paragraph 1 of Act 27 of the Postal Services Act.

Furthermore, a comparison between the PTA's conclusion in Decision no. 17/2015, the University of Iceland Institute of Economic Studies' evaluation for the Ministry of Transport and Local Government (formerly the Ministry of the Interior), dated June 2017, and the report by Copenhagen Economics for Íslandspóstur, dated 22 March 2018, on which the company's application was based, showed that their conclusions were in many ways comparable as regards "traditional" universal burden (i.e. without overseas shipments).

As Íslandspóstur failed to show any change in the criteria for calculating the universal service burden for the above-mentioned factors, the Administration was in fact being asked to make a new decision on the same basis as its previous decision. This resulted in the dismissal of Íslandspóstur's application as regards this part of the matter.

With the PTA's Decision no. 14/2019, the Administration agreed to Íslandspóstur's application for a contribution from the compensation fund for cross-border mail. In its decision, the Administration referred to Íslandspóstur's duty to carry out Iceland's international obligations due to the country's UPU membership, as well as to Article 6 of the Postal Services Act and the company's operating licence.

The Administration concluded that Íslandspóstur's unfunded burden due to foreign shipments was ISK 1,463 million in the period 30 October 2014 to 31 December 2018, i.e. an annual average of ISK 350 million, which the universal service compensation fund may reimburse. This takes into account the expiry of claims from 2013–2014, plus the year 2018. Furthermore, the company's claim amount was lowered due to the prohibition in Paragraph 1 of Article 27 on applying for a universal service contribution for monopoly services, as the delivery of overseas mail under 50 grams is part of the company's exclusive rights.

Based on these premises, Íslandspóstur's unfunded losses due to overseas shipments in 2013–2018 amounted to a total of ISK 1,463 million, itemised as follows:

Previous laws on postal services assumed that there would be compensation fund that paid for the universal service provider's universal service costs, and that a compensation charge would be collected from operating licence holders in proportion to the recorded turnover. However, no such fund was established and the current laws assume that costs for universal service will be paid from the State Treasury, cf. Paragraph 6 of Article 12 of the Act.

With the ruling of the Rulings Committee no. 3/2019, Póstmarkaðurinn's appeal of the PTA's decision no. 14/2009 on the grounds that the company did not have any legally protected interests in the resolution of the case.

<b>Net impact</b>	<b>2013*</b>	<b>2014*</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
Íslandspóstur's claim – Cross-border mail		38	295	475	510	365	1.683
Adjusted for monopoly		-7	-41	-29	-51	-40	-168
Intangible benefits		-1	-9	-12	-15	-14	-51
<b>Total</b>		<b>29</b>	<b>245</b>	<b>434</b>	<b>444</b>	<b>311</b>	<b>1.463</b>

\*Claims from 30. Okt. 2014 and before are expired

Source: Íslandspóstur/PTA, amounts in ISK million.

# PTA market analyses of the postal market, 2019

## Fee for cross-border mail

Act no. 23/2019 added a new authorisation to the Postal Services Act no. 19/2002 for a special charge for the recipients of cross-border mail. The provision was then incorporated unamended into the new Act on Postal Services no. 98/2019.

The notes accompanying the bill said the following about the reasons and motives for the new fee:

“The changes proposed by the bill include allowing the operator to establish a tariff for cross-border mail to meet the actual costs of the shipments. There has been a great deal of disagreement about terminal dues at the international level, especially between exporting and importing countries of mail, with many universal service providers experiencing considerable operational difficulties.” It was also noted that the changes were necessary to make clear that Icelandic postal laws superseded international postal obligations, and that fees for cross-border parcel shipments should take uncompensated actual costs into account, regardless of the provisions on terminal agreements.

Íslandspóstur (ÍSP) notified the Administration, in a letter dated 16 May 2019, that the company intended to impose the new fee on all deliveries subject to import charges, divided as follows:

- Deliveries from European countries ISK 400
- Deliveries from non-European countries ISK 600

The Post and Telecom Administration reviewed the cost criteria and the company’s arguments for dividing the fee for parcels from European and non-European countries. The company’s grounds for only imposing the fee on dutiable goods were also reviewed.

The PTA concluded that the delivery fees imposed by Íslandspóstur on the recipients of postal items is within the criteria established in Paragraph 4 of Article 16 (now Paragraph 4 of Article 17 of the current Act), as explained in the notes to the provision.

Íslandspóstur shall send the Post and Telecom Administration regular information on overseas shipments according to the PTA’s further instructions. The PTA intends to initiate another review of these fees in the first half of 2021, or earlier if considered necessary. However, this intention does not change the obligation of Íslandspóstur to adjust the fee according to the underlying operations of the company at each time if the criteria for the fee have changed significantly during the period, e.g. an increase in terminal dues, or other changes in the company’s operations that will cause the company’s cost of distributing foreign post to change from what it is today.

# Internet and information security

Cyber and data security are becoming an increasingly important part of offensive and defensive issues for society as a whole, and the PTA plays a key role in this regard. The Administration operates the Computer Security Incident Response Team (CERT-IS), monitors physical security of electronic communications networks and is a party to the Cyber Security Council, which is the platform for cooperation with the official body and has the role of implementing government policy on cyber and data security. The Administration also maintains a website with information for the public on cyber security, [www.netöryggi.is](http://www.netöryggi.is), and cooperates with parties who work on cyber security issues.

The spring session of Parliament passed Act no. 78/2019 on the cyber and data security of critical infrastructure. The Act enters into force on 1 September 2020, and the Post and Telecom Administration will play an important part in this legislation. The Administration will act as administrative authority towards digital infrastructures and providers of digital services, as well as overseeing the harmonisation of authorities in other sectors. The activities of the CERT-IS cyber security incident response team will be increased considerably in order to take over services to the parties that will be defined as operators of essential services.

## Activities of the CERT-IS cyber security incident response team

The CERT-IS cyber security incident response team operates under the Post and Telecom Administration pursuant to the Icelandic Electronic Communications Act and Regulation no. 475/2013. The team maintains the website [www.cert.is](http://www.cert.is) and its role is to prevent and mitigate the risk of cyber terrorism and other security incidents within its online jurisdiction and to counteract and minimise damage from such events to the community's critical information infrastructure. The CERT-IS service team will be expanded considerably with the entry into force of Act no. 78/2019, and will subsequently be able to better serve Iceland's most important infrastructures. CERT-IS also has the role of national point-of-contact with regard to cyber security incidents within Iceland's online jurisdiction. In February, CERT-IS became a formal member of the FIRST organisation, the global Forum of Incident Response and Security Teams.

# Consumer affairs

Each year, the Post and Telecom Administration takes various complaints from consumers under consideration. One complaint received by the PTA in 2019 concerned the written (electronic) consent of right holders as a condition for service porting.

## Mobility of consumers on the telecom market and binding agreements

One of the main tasks of the PTA is to safeguard the interests of consumers in the telecom and postal markets, as consumers are often faced with various complex options, not least in the telecom market, both in terms of the choice and arrangement of services.

Consumer mobility includes the extent to which consumers switch between companies in a particular market. High mobility is believed to lead to increased competition, which is generally to the benefit of consumers. On the other hand, low market mobility can have a negative effect on competition, as it can be both difficult and risky for new entities on the market to attract a sufficient number of customers. A number of factors may prevent consumers from wanting to switch from one service provider to another. These include the fact that the transfer is complex and time-consuming, that products and services are integrated to some extent or that switching entails high costs. It is therefore important for consumers that options are presented in a clear and accessible way so that they can make an informed and sensible decision when choosing a service provider.

In the PTA Decision no. 27/2018, the Administration considered the above perspectives on consumer protection. The case concerned Nova's discount on

Apple TVs, but the final price of the product was determined by the length of a subscription to a specific telecommunications service from the company. The highest discount was provided for a 12-month subscription but if consumers cancelled their subscription within that period, they were made to pay a proportionally higher price for the product. The PTA concluded that this was contrary to Item 1, Paragraph 2 of Article 37 of the Electronic Communications Act, which stipulates that a contract may not enforce a binding subscription period of longer than six months.

One of the Administration's main considerations was that such offers could discourage consumers from switching providers, particularly if the cost is high. In the telecommunications market, one can easily imagine offers that entail high discounts on electrical appliances, such as computers, telephones or televisions, on the condition that the consumer subscribes to a service from a particular provider. According to the PTA, such activities are in conflict with the purpose of the provision, which is intended to promote competition, make pricing more visible and encourage consumer mobility in the telecommunications market.

The Rulings Committee for Electronic Communications and Postal Affairs did not agree with the PTA's conclusion, and in its verdict no. 1/2019, the Committee referred to the fact that although Nova's terms and conditions were certainly linked to some extent to the buyer's subscription agreement, they were due to the purchase of a particular product. In the opinion of the Committee, the wording of the provision of Article 37, Paragraph 2, of the Electronic Communications Act only applies to instances of a longer binding period than six months in the subscription agreement.

# Legal environment

## New Act on the cyber and data security of critical infrastructure

At the end of June last year, Parliament passed a new law in the field of cyber and data security, Act no. 78/2019 on the cyber and data security of critical infrastructure, with effect from 1 September 2020. The Act transposed into national law the EU's Directive on security of network and information systems, often referred to as the "NIS Directive". The Directive has not yet been transposed into the EEA Agreement, but work on the implementation is underway at the European Free Trade Association (EFTA).

The NIS Directive is intended to ensure the minimum security of network and information systems of parties who provide services that are particularly important for national infrastructures, i.e. "critical infrastructure". Critical infrastructure is defined as, on the one hand, operators of essential services in banking and financial market infrastructures, logistics, health services, energy, hot water and fresh-water supply and digital infrastructures and, on the other hand, providers of digital services.

The NIS Directive does not provide an exhaustive definition of which parties provide essential services. Instead, the relevant Minister is tasked with further defining which services are considered essential in the sense of the law. The Minister is also tasked with maintaining a public record of operators of essential services, to be published in the B-series of the Government Gazette. However, providers of digital services are defined in the law as parties who operate online marketplaces, internet search engines

or cloud services. Parties defined as micro-undertakings according to the Act on Annual Accounts are excluded, however.

The objective of the NIS Directive is to boost the security and resilience of network and information systems of critical infrastructure, i.e. making the parties in question better equipped to prevent and deal with threats to their systems. This is done both by outlining certain minimum safety requirements that important infrastructure must implement and how to respond in the event of an incident or risk. It should be borne in mind, however, that in the case of minimum requirements, there may be a strong need, or obligation under special law, to go further in security measures than provided for by law.

The legislation is also intended to provide a clear framework for government implementation and monitoring of the security of network and information systems. As the Act applies to parties in different areas of society, a group of supervisory authorities is given a new role to be carried out in each area. The Post and Telecom Administration will act as an administrative authority towards digital infrastructures and providers of digital services.

The Act also establishes a so-called "coordination authority", which is also the responsibility of the Post and Telecom Administration. This arrangement is intended to coordinate the activities of surveillance authorities and ensure equality in the enforcement of the law.



## Administrative determinations of the PTA in 2019

The Post and Telecom Administration passed 31 formal administrative determinations in 2019. The Rulings Committee for Electronic Communications and Postal Affairs ruled on four cases where PTA decisions had been appealed to the committee. See the overview of all published PTA decisions below.

Decisions during the year include the outcome of an audit of the financial separation of Reykjavik Fibre Network within the Reykjavik Energy consolidated group:

With Decision no. 3/2019, the Post and Telecom Administration (PTA) published its conclusion regarding the implementation of the financial separation of Reykjavik Fibre Network (GR) within the Reykjavik Energy consolidated group (OR). The audit covered the period 2016–2017 and was based on accounting and operating data for these years. The supervision of financial separation between the above group parties covered by Article 36 of the Electronic Communications Act is an ongoing task of the Administration.

The main conclusion reached by the PTA is that the financial separation between Reykjavik Energy and Reykjavik Fibre Network was consistent with the provisions of Article 36 of the Electronic Communications Act, except with regard to the loans granted to Reykjavik Fibre Network in connection with the cash pooling of the Reykjavik Energy consolidated group. The PTA also makes a note regarding the conditions set by credit institutions in the Reykjavik Fibre Network loan agreement regarding Reykjavik Energy ownership of Reykjavik Fibre Network. The PTA therefore is of the opinion that it was necessary to impose restrictions on Reykjavik Fibre Network regarding the implementation of the financial separation between Reykjavik Energy and Reykjavik Fibre Network as concerns the aforesaid matters.

It is the opinion of the PTA that the arrangement for Reykjavik Fibre Network's funding with regard to Reykjavik Energy was a fundamental feature of the objective with Article 36 of the Electronic Communications Act in connection with ensuring financial separation between the companies. Therefore it is necessary to impose strict requirements for the companies with regard to the arrangement of Reykjavik Energy's credit facilities where Reykjavik Fibre Network is concerned.

In accordance with the PTA's current restrictions, all loans from Reykjavik Energy to Reykjavik Fibre Network must meet the same kind of conditions that

apply to credit agreements between unrelated credit institutions and are generally imposed in the market. The PTA considers that Reykjavik Fibre Network's debts to related companies in connection with activities in the period of January to November 2017 constitutes a violation of the PTA's decision of 13 November 2006 and the PTA's decision no. 25/2010 of 7 September 2010. The PTA makes a note regarding Reykjavik Energy's lending to Reykjavik Fibre Network and the extent thereof in the absence of a specific credit agreement being made in accordance with the conditions that applied in general to such lending in the market. It is vital to ensure that such a situation could not arise again between Reykjavik Fibre Network and the Reykjavik Energy consolidated group.

The Administration also makes a note regarding the provision in the company's credit agreements with lenders regarding the repeal and cancellation of agreements due to alterations in Reykjavik Energy's control over Reykjavik Fibre Network. According to the credit agreements, lenders are entitled to demand advance payment, terminate the agreement or demand payment of the debt if Reykjavik Energy's ownership in Reykjavik Fibre Network becomes less than 50%. In the opinion of the PTA, including a provision of this kind in a credit agreement was not compatible with Article 36 of the Electronic Communications Act, i.e. Reykjavik Energy's obligation to keep its telecommunications activities financially separate from its other activities, as if they were conducted by companies with no connection to each other. The Administration therefore considers it proper to exclude the aforesaid provision regarding Reykjavik Energy's majority ownership in Reykjavik Fibre Network from any new credit agreements concluded by the company.

Another major decision published by the PTA in 2019 was that Síminn had violated the Icelandic Media Act by directing Síminn's customers to an affiliated telecoms company

In the PTA's Decision no. 27/2019, the Administration comes to the conclusion that Síminn has repeated its violation of Paragraph 5 of Article 45 of the Media Act, as determined by the PTA in Decision no. 10/2018. Based on Paragraph 4 of Article 54 of the Media Act, the PTA levies an administrative fine of ISK 9,000,000 against Síminn, to be paid to the State Treasury, the maximum fine being ISK 10,000,000.

In the ruling, the Administration concluded that Síminn hf. (Síminn) had reiterated its violation of the prohibitive provision of Paragraph 5, Article 45 of the Icelandic Media Act no. 38/2011, which states that

it is prohibited for a media distribution system to direct their customers' business to an affiliated telecoms company.

There are five parties to the case, i.e. Sýn hf. (Vodafone), Reykjavik Fibre Network (GR) and Nova, who complained to the PTA about Síminn's alleged repeated violations, and Síminn and its subsidiary, Míla ehf.

The dispute in the first case concerned whether Síminn was considered to be in breach of Paragraph 5 of Article 45 of the Media Act, cf. PTA Decision no. 10/2018. The origins of the case can be traced to the autumn of 2015, when Síminn made the television station Skjár Einn free-to-air while establishing its non-linear content provider Sjónvarp Símans Premium. The PTA concluded that as of 1 October 2015, the non-linear provision of television material by Síminn's media distribution system was, because of Síminn's decision to that effect, only available in Síminn's IPTV system but not Vodafone's IPTV system. Furthermore, the non-linear distribution of visual content was not available by other means of transmission, e.g. with an over-the-top (OTT) solution independent of telecommunication systems or networks. The same could be said for Síminn's content provider, Sjónvarp Símans Premium. Consequently, customers of Vodafone, Hringdu, Nova and other companies that used GR's fibre optic network were not able to access the video content in question. The PTA concluded that on 1 October 2015, Síminn had committed a full violation of the provisions of Paragraph 5 of Article 45 of the Media Act, which prohibits media distribution systems from directing their customers to an affiliated telecoms company. Síminn could have prevented this situation from arising at this time, e.g. by negotiating with Vodafone on distribution or offering an OTT solution independent of telecommunication systems or networks.

In August 2018, Síminn introduced an OTT solution, i.e. a television distribution system via the internet (streaming service), which the company claimed was independent of telecommunications networks. Sýn, Reykjavik Fibre Network and Nova complained to the PTA, arguing that Síminn's solution was unsatisfactory and that it did not free Síminn from the above-mentioned violation of Paragraph 5 of Article 45 of the Media Act, cf. PTA Decision no. 10/2018. The companies believed that the presentation, pricing and quality of the OTT solution still directed the business of customers to an affiliated telecoms company.

The notes accompanying the Icelandic Media Act stated that the provision was intended to enable users to choose both video content providers and telecoms service companies, without binding themselves to a single telecoms company, by preventing companies that offer video content and telecoms services from abusing their position. The objective was thus to break up vertical ownership of content and distribution networks, as there could be an incentive for individual telecoms service providers to try and direct their customers towards an affiliated related telecoms provider.

On the other hand, Síminn maintained that the OTT solution in question was a satisfactory solution, independent of a telecommunications network, that freed the company from the violation of Paragraph 5 of Article 45 of the Media Act, and Míla agreed with this argument.

The PTA's conclusion was that by making the OTT solution dependent a particular decoder sold by Síminn's telecoms department, Síminn's media distribution system was still directing customers to an affiliated telecoms company.

However, Síminn had been in negotiations in recent months with parties including Vodafone on the distribution of the material, thereby showing a certain willingness to reach an agreement, even though such agreements had not yet been finalised. The PTA believed that the situation in question could not be considered to be the sole responsibility of Síminn and concluded that as of 2 October 2019, Síminn had at least attempted to undo the violation to some degree so that as of that time, Síminn could not still be considered in violation.

Based on Paragraph 4 of Article 54 of the Media Act, the PTA levies an administrative fine of ISK 9,000,000 against Síminn, to be paid to the State Treasury.

The PTA has maintained statistics on the outcome of administrative rulings since 2007, when the current organisation of the Administration was adopted. This table shows the decisions up to and including 2019:

Year	PTA decisions	Appealed decisions	Appeal rate	Verdicts total	Rescinded decisions	Upheld decisions	Upheld– appealed ratio
2007	27	9	33%	9	1	8	89%
2008	33	7	21%	7	1	6	86%
2009	23	5	22%	5	0	5	100%
2010	41	10	24%	10	3	7	70%
2011	35	5	14%	5	2	3	60%
2012	40	7	18%	7	1	6	86%
2013	33	4	12%	4	0	4	100%
2014	42	5	12%	5	2	3	60%
2015	37	10	27%	10	2	8	80%
2016	24	6	25%	6	0	6	100%
2017	32	13	41%	13	1	12	92%
2018	28	4	14%	4	1	3	75%
2019	31	7	23%	6	2	4	67%
<b>Samtals</b>	<b>426</b>	<b>90</b>	<b>21%</b>	<b>89</b>	<b>16</b>	<b>73</b>	<b>82%</b>
<b>Of the total 100%</b>				<b>3,8%</b>			
*Using weighted mean				<b>Average percentage upheld*</b>			<b>82,0%</b>

## Overview of PTA decisions in 2019

### Decision 1/2019

#### Service porting to Nova without sufficient authorisation – 13 February 2019

The PTA received several complaints from consumers concerning unapproved service porting to Nova following a telephone call with a representative of the company.

Nova had been conducting a game where participants could win various prizes, including temporary use free of charge for several months. Participants registered their name and telephone number, after which Nova contacted them and the service porting was subsequently carried out.

When porting numbers and services between telecoms companies, Article 11 of the Statute for Number and Services Portability no. 617/2010 applies, wherein it is stipulated that telecoms companies may only initiate the process of porting a number or service with the written or electronic consent of the owner of the number/connection. Consent can be given by email or text message from the telephone number of the owner requesting the porting.

According to the PTA, Nova did not prove that such demonstrable approval was present in these grievances so the Administration concluded that the company had violated the aforementioned provision by initiating service and number porting without the written or electronic consent of the owner.

### Decision 2/2019

#### Completion of connections in telecoms connection points – 13 February 2019

Míla complained that Reykjavik Fibre Network had fusion-welded a local loop to an indoor telecoms installations at a connection point in certain buildings. The PTA had previously ruled on this dispute between the same parties, cf. Decision no. 16/2018. According to that decision, it is the homeowner's responsibility to install a "connection strip" at connection points. Telecommunications companies may not connect to buildings where there is no connection strip. The PTA concluded that the Administration's previous decision no. 16/2018 would be binding as to the dispute in the matter. Míla's complaint was therefore dismissed.

### Decision 3/2019

#### Implementation of financial separation at Reykjavik Fibre Network in the years 2016–2017 – 20 March 2019

The decision is part of the PTA's regular inspection of the implementation of Reykjavik Fibre Network's financial separation within the Reykjavik Energy group on the basis of Article 36 of the Electronic Communications Act. The audit covered the period 2016–2017 and was based on accounting and operating data for these years.

The main conclusion reached by the PTA is that the financial separation between Reykjavik Energy and Reykjavik Fibre Network was consistent with the

provisions of Article 36 of the Electronic Communications Act, except with regard to the loans granted to Reykjavik Fibre Network in connection with the cash pooling of the Reykjavik Energy consolidated group. The PTA also made a note regarding the conditions set by credit institutions in the Reykjavik Fibre Network loan agreement regarding Reykjavik Energy ownership of Reykjavik Fibre Network. The PTA therefore is of the opinion that it was necessary to impose restrictions on Reykjavik Fibre Network regarding the implementation of the financial separation between Reykjavik Energy and Reykjavik Fibre Network as concerns the aforesaid matters.

#### **Decision 4/2019**

##### **Íslandspóstur ohf.'s request to increase prices for monopoly services – 22 February 2019**

The Post and Telecom Administration approved Íslandspóstur ohf.'s request for an 8-11% increase of the company's tariffs for monopoly services. The decision is based on Íslandspóstur's estimate of a significant decrease in the volume of mail within monopoly services in 2019, or up to 17%. However, the increase will not be sufficient to offset the company's estimated loss of revenue, due to the reduction in volume in monopoly services, without further streamlining measures.

With PTA Decision no. 21/2018, the Administration rejected a similar request for an increase in tariffs for monopoly services, as other factors than quantity were also being examined so that it was not considered appropriate to approve the request as it stood at the time. However, the Administration stated that due to the fall in volume, a situation with the monopoly could soon arise whereby unit rates need to be increased if the cost model and assumptions that have been applied up to this point continue to be used. It is for Íslandspóstur to decide whether it is best to react to this situation by increasing the price of its monopoly services as volume falls, as the PTA remains bound by the provisions of paragraphs 4-6, article 16 of the Icelandic Postal Services Act no. 19/2002 when deciding whether to approve changes to lists of tariffs for monopoly services.

#### **Decision 5/2019**

##### **Connections in telecoms connection points – 11 March 2019**

Míla complained that Reykjavik Fibre Network had fusion-welded local loops to indoor telecoms installations at connection points in certain buildings where there was not an extra cable in the connection point for each apartment, alleging that it was not permitted to fusion-weld all cables of indoor telecoms installations at connection points. Reykja-

vik Fibre Network believed that this was permitted with the authorisation of the houseowner, and that there was furthermore a particular authorisation in PTA Statute no. 1111/2015 on indoor telecoms installation, established on the basis of Article 60 of the Electronic Communications Act. In one case, a connected Míla cable had been cut, without Reykjavik Fibre Network having used an available extra cable in the connection point. Reykjavik Fibre Network admitted that a mistake had been made so Míla's claim was subsequently dismissed. Regarding other buildings properties covered by the complaint, the PTA concluded that it was not possible to deviate from the requirements of the rules on the completion of installation of connection points with the authorisation of the houseowner. The authorisation rule referred to by Reykjavik Fibre Network would not apply in the cases in question. The main conclusion of the case was that since Reykjavik Fibre Network used fusion welding to connect local loops to indoor telecoms installations in the buildings in question, the houseowner was obliged to install a connection strip at connection points in accordance with the Reykjavik Fibre Network's suggestion and possible involvement. It did not make any difference that only one indoor telecoms installation cable was present. The connection method used by Reykjavik Fibre Network required another indoor telecoms installation cable to be installed in each apartment and made accessible in the connection point, as well as the installation of a connection strip.

#### **Decision 6/2019**

##### **Distribution of mail to certain farms in Arnarfjörður – 11 March 2019**

The PTA agreed to Íslandspóstur's claim that the company was not obliged to deliver mail to certain farms in Arnarfjörður, due to factors including costs. It was also considered that the solutions that the company intended to offer instead were in accordance with the provisions of the Postal Services Act.

#### **Decision 7/2019**

##### **Universal service contribution to Neyðarlínan ohf. for 2019 – 20 March 2019**

The PTA approved a contribution to Neyðarlínan ohf. from the universal service compensation fund in 2019 for emergency service call response services, amounting to ISK 78,289,112.



### **Decision 8/2019** **Review of Míla wholesale tariff for copper local loops – 16 April 2019**

The decision is based on previous PTA decisions no. 21/2014 and 5/2017. This is an update of Míla's cost model, approved with PTA Decision no. 5/2017 with figures from Míla's accounting for 2017. The PTA concluded that the monthly charge for access to copper local loops would increase from ISK 1,406 to ISK 1,558 excl. VAT. The initial fee for local loops would remain the same at ISK 3,166 while access to a distribution frame will be ISK 1,223 per month for each 100 lines.

### **Decision 9/2019** **Review of Míla wholesale tariff for bitstream access – 16 April 2019**

The decision is based on previous PTA decisions no. 21/2014 and 6/2017. This is an update of Míla's cost model, approved with PTA Decision no. 6/2017 with figures from Míla's accounting for 2017. The PTA concluded that the increase of the monthly charge for the ADSL, VDSL, ADSL+ og VDSL+ connections on access point 1 would be 5%. SHDSL + connections increase more, or by 10%, due to the increase for access to copper local loops, as well as the increase in the xDSL service. This increase in access route 1 also results in an increase in the monthly charge for access route 3, as the price for access route 3 is based on the price for access route 1, plus transport. The price for transport to access point 3 will remain virtually the same. The monthly charge for ADSL/VDSL on access route 1 increases from ISK 691 to ISK 725 and from ISK 1,205 to ISK 1,239 on access route 3. The complete wholesale tariff can be found in Appendix 1 to the Decision.

### **Decision 10/2019** **Review of Míla wholesale tariff for terminating segments of leased lines – 16 April 2019**

The decision is based on previous PTA decisions no. 21/2014 and 7/2017. This is an update of Míla's cost model, approved with PTA Decision no. 7/2017 with figures from Míla's accounting for 2017. The PTA concluded that the monthly charge for leased copper lines would increase by 8% on average. The complete wholesale tariff can be found in Appendix 1 to the Decision.

### **Decision 11/2019** **Review of Míla wholesale tariff for fibre-optic in street cabinets and fibre-optic in access network – 16 April 2019**

The decision is based on previous PTA decisions no. 8/2014, 21/2014 and 24/2017. This is an update of Míla's cost model, approved with PTA Decision no. 24/2017 with figures from Míla's accounting for 2017. The PTA concluded that the monthly charge for fibre-optic in access network and fibre-optic in street cabinets would increase by 0.4%. The wholesale prices are specified in the ruling. The initial fees will remain the same.

### **Decision 12/2019** **Complaint by Sýn hf. because of Míla ehf.'s disposal of its telecommunications infrastructure by taking part in Kópavogur's invitation to tender – 29 April 2019**

In December 2017, Kópavogur opened an invitation to tender for the development of fibre-optic connections for the municipality. The tender was in several parts and entailed that Kópavogur would acquire its own closed backbone network at the conclusion of the seven year contract period. There was also a provision authorising a contract award for network services for a period of 30 years, following the contract period. Tenderers were allowed to submit tenders for one or more related parts, and Míla bid on two items, i.e. backbone networks for larger institutions and core networks. Kópavogur entered into an agreement with Míla. When developing Kópavogur's network, Míla used part of its existing infrastructure.

Sýn lodged a complaint with the PTA, arguing that Míla had violated obligations imposed on the company on the basis of the Administration's Decision no. 8/2014 on the designation of an undertaking with significant market power and on the imposition of obligations on the wholesale market for terminating segments of leased lines (Market 6) and no. 21/2015 on the designation of an undertaking with significant market power and on the imposition of obligations on the wholesale market for trunk line segments of leased line (previously Market 14). A more general reference was also made to the Administration's Decision no. 21/2014 on the designation of an undertaking with significant market power and on the imposition of obligations on the wholesale market for access networks at a fixed location (M4) and wholesale broadband access (M5). More specifically, Sýn hf. believed that Míla had violated part of its access obligation, i.e. by not publishing a list of planned groundworks and infrastructure projects, and violated other obligations, e.g. by not



being equal and transparent in its conduct towards other telecom companies.

The PTA concluded that Míla's disposal of its own infrastructure to develop a telecommunications network for Kópavogur, and potential maintenance services on behalf of Míla, does not fall under Míla's access obligation in the sense of the Administration's aforementioned decisions. This conclusion is based primarily on the fact that it is not foreseen that Kópavogur's network will be open to access by other parties, i.e. neither at the wholesale nor retail level. The network will therefore not affect the wholesale or retail market in the field of electronic communications, which is a prerequisite for imposing obligations on enterprises that have been defined as having significant market power. It is clear that other obligations imposed to enforce the access obligation were not a subject for review in the case. The Administration also considered that the groundworks and infrastructure projects undertaken by Míla in the development of the network to be an independent project undertaken on the terms of and funded by another party.

**Decision 13/2019**  
**Application from Íslandspóstur ohf. for a contribution from the universal service compensation fund, rejected in part – 15 May 2019**

With its decision, the Administration partly rejected Íslandspóstur's application for a contribution from the universal service compensation fund. These are, more specifically, the following items:

- Delivery speed and frequency
- Delivery in rural areas
- Deliveries for blind people

According to the Administration's conclusion, the cost for these items were included in the company's tariff under the monopoly, as indicated in the PTA's review of the company's accounting separation, upon the approval of the monopoly tariff and in relation to changes to the company's service offering.

It was also pointed out that if the company's total claim for the above-mentioned period would be accepted, the company would be compensated for damage that was far in excess of what could be considered reasonable in the sense of Paragraph 1 of Act 27 of the Postal Services Act.

Furthermore, a comparison between the PTA's conclusion in Decision no. 17/2015, the University of Iceland Institute of Economic Studies' evaluation for the Ministry of Transport and Local Government (formerly the Ministry of the Interior), dated June

2017, and the report by Copenhagen Economics for Íslandspóstur, dated 22 March 2018, on which the company's application was based, showed that their conclusions were in many ways comparable as regards "traditional" universal burden (i.e. without overseas shipments).

As Íslandspóstur failed to show any change in the criteria for calculating the universal service burden for the above-mentioned factors, the PTA was in fact being asked to make a new decision on the same basis as its previous decision. This resulted in the dismissal of Íslandspóstur's application as regards this part of the matter. However, the Administration noted in its decision that it would process Íslandspóstur's application for a contribution from the universal service compensation fund for cross-border mail in a special case.

**Decision 14/2019**  
**Application from Íslandspóstur ohf. for a contribution from the universal service compensation fund, cross-border mail – 23 May 2019**

In its decision, the Administration accepted Íslandspóstur's application for a contribution from the universal compensation fund for delivery of cross-border mail. In its decision, the Administration referred to Íslandspóstur's duty to carry out Iceland's international obligations due to the country's UPU membership, as well as to Article 6 of the Postal Services Act and the company's operating licence.

The Administration concluded that Íslandspóstur's unfunded burden due to foreign shipments was ISK 1,463 million in the period 30 October 2014 to 31 December 2018, i.e. an annual average of ISK 350 million, which the universal service compensation fund may reimburse. This takes into account the expiry of claims from 2013–2014, plus the year 2018. Furthermore, the company's claim amount was lowered due to the prohibition in Paragraph 1 of Article 27 on applying for a universal service contribution for monopoly services, as the delivery of overseas mail under 50 grams is part of the company's exclusive rights.

**Decision 15/2019**  
**Demand for per diem fines for Reykjavik Fibre Network – 29. May 2019**

Míla lodged complaints against Reykjavik Fibre Network (GR) dated 4 and 5 April 2019. On the one hand, that Reykjavik Fibre Network had used local loops in a connection point where there was no connection strip and, on the other hand, that Reykjavik Fibre Network had connected the indoor telecoms installation cable of a specific apartment by bypassing the

connection strip in the fuse box, instead fuse-welding the wire directly to the company's local loop in its connection box. Míla demanded that Reykjavik Fibre Network take the connections in question out of use, subject to per diem fines.

The PTA concluded that the Administration's Decision no. 16/2018 was binding as regards part of the disputed matter, i.e. that a telecommunications organisation was not allowed to connect and activate local loops in a connection point that did not conform to finishing requirements according to Paragraph 3 of Article 7 of PTA Statute no. 1111/2015 on Indoor Telecoms Installations. However, the PTA considered it appropriate to give Reykjavik Fibre Network an opportunity to comply with the binding instructions to take the relevant local loops out of use before per diem fines would be considered. The conclusion regarding the other part of the case was that Reykjavik Fibre Network should have installed the available indoor telecoms installation cable in the relevant apartment by the connection strip in the connection point's fuse box. The houseowner was not authorised to approve any deviation from that requirement.

#### **Decision 16/2019** **Sýn's alleged violation of the Media Act –** **20 June 2019**

In its Decision no. 16/2019, the Post and Telecom Administration concluded that Sýn (Vodafone) had not violated the prohibitive provision of Paragraph 5, Article 45 of the Icelandic Media Act no. 38/2011. The provision prohibits content providers from directing their customers to an affiliated telecoms company.

There were four parties to the case, namely Síminn, who complained to the PTA about Sýn's alleged violation, and Sýn, the subject of the complaint. The dispute centred on Síminn's claim that according to PTA Decision no. 10/2018, it would be a violation of the Media Act if a company distributed video material solely through its own telecommunications system and that Sýn had violated this 5th paragraph of Article 45 of the Media Act, as the company had, at certain times, only provided access to its non-linear video material through its own IPTV system and Sýn had not taken the initiative to offer the content to other companies in the market. In Síminn's opinion, various marketing activities by Sýn also violate the above-mentioned Paragraph 5 of Article 45 of the Media Act, as does the IP distribution fee that seems only to be levied on customers of Sýn's media distribution system who use Síminn's IPTV system.

The PTA concluded, in Decision no. 10/2018, that as of 1 October 2015, the non-linear provision of televi-

sion material by Síminn's media distribution system was, because of Síminn's decision to that effect, only available in Síminn's IPTV system but not Sýn's IPTV system. According to Síminn, this distribution was not available by other transmission means and the same applied to Síminn's content provider, Sjóvarp Símans Premium. As a result of Síminn's decision, tens of thousands of customers of Sýn, Hringdu, Nova and other companies that use GR's fibre optic network were unable to access this video material, except by transferring to the underlying telecoms network of Síminn's subsidiary, Míla, or by purchasing local loop service from both Míla and GR. This was considered to constitute a serious difference in advantage between Síminn's and Sýn's IPTV television distribution systems and was believed to limit the options of those who purchased services from other service providers. This was also considered to have created a serious difference in advantage between Míla and Reykjavik Fibre Network on the competitive market for underlying telecoms networks. The PTA concluded that Síminn had violated the provisions of Paragraph 5 of Article 45 of the Media Act by only providing non-linear distribution of Síminn's content on Síminn's IPTV system, i.e. with an affiliated telecoms company.

However, the fundamental difference between the cases is that there is no refusal of access to content, as Síminn had never requested the content that was the subject of the complaint, nor did a third party do so. Paragraph 5 of Article 45 of the Media Act is intended to prevent material that cannot be accessed elsewhere, and its distribution, from being tied to the same closed telecoms network. Since this case did not entail any refusal to sell, it could not be determined conclusively that Sýn had violated Paragraph 5 of Article 45 of the Media Act, and it was the opinion of the PTA that Sýn had not directed customers of its content provider to an affiliated telecoms company and therefore did not violate Paragraph 5 of Article 45 of the Media Act.

#### **Decision 17/2019** **Telecommunication interference due to** **radio use – 16 July 2019**

The Post and Telecom Administration received a complaint from a consumer due to telecommunication interference. According to the complainant, the radio use of a neighbour, who was a radio amateur, disrupted the television reception and the quality of the complainant's internet connection. The complainant requested that an audit be carried out and a solution found. Following the PTA investigation, it was the unequivocal opinion of the Administration that radio broadcasts on certain frequency ranges

from the neighbour's transmitter caused telecommunication interference on the complainant's VDSL line. The radio amateur did not consider it to be proven that his equipment was faulty and believed that his broadcasts were within the frequency ranges that he was permitted according to his licence.

With this preliminary decision, the PTA restricts the radio amateurs permission to broadcast on specific frequency ranges. The Agency refers to the basic principle that a telecommunication infrastructure has priority when its use and the use of other equipment or things is incompatible in the same place at the same time. In such circumstances and in the case of harmful interference, appropriate measures must be taken regarding the other thing, i.e. the interfering force, so that it is changed, moved or removed, cf. Article 64 of the Electronic Communications Act.

The radio amateur was therefore made to limit the radiated power of his transmitter in certain frequency ranges. With reference to the principle of proportionality, the Administration considered it appropriate to apply this order for a fixed period of time so the transmission equipment could be used and the radio amateur had a chance to take measures to solve the disruption problem.

#### **Decision 18/2019 Cancellation of the frequency authorisation of Yellow Mobile B.V. – 23 August 2019**

Following the auction of the frequency authorisations for the provision of telecommunications service, held by the Post and Telecom Administration (PTA) in May of 2017, the Dutch telecommunications company Yellow Mobile B.V. (Yellow) was allocated a frequency authorisation for 2x10 MHz on the 2600 MHz frequency band. This frequency authorisation was granted on 7 July 2017. In accordance with the conditions for the frequency authorisation, the authorisation holder had an obligation to begin using the frequency within 12 months after the granting thereof, i.e. by 7 July 2018 at the latest. The term "use" was specifically stated to refer to telecommunication service that was functional and available for the use of the general public in an accessible manner by subscription and/or account.

Just over two years after the frequency authorisation was granted, Yellow had not started using it, i.e. as yet, no electronic communications services were available to consumers in an accessible manner according to defined service channels. The PTA had granted Yellow extended deadlines to fulfil its obligations, but without success. Based on the extended deadline and Yellow's failure to launch the electronic communications service, the PTA consid-

ered it clear that the company would not meet its obligations. For the above reasons, Yellow Mobile B.V.'s frequency authorisation was cancelled.

#### **Decision 19/2019 Application from Míla ehf. for a contribution from the universal service compensation fund, unfair burden – 11 September 2019**

In its Decision no. 25/2018, the Post and Telecom Administration concluded that Míla would potentially close a total of 97 telephone exchanges were it not for the obligation to provide connections according to the provisions of laws on universal service.

It was also the Administration's conclusion that the company's loss due to the universal service obligation was as follows:

Direct net costs	ISK 121,036,950
Market gains deducted	-ISK 54.289.967
Total net costs:	ISK 66,746,983

A precondition of loss being reimbursed from the Universal Services Compensation Fund is that the loss is deemed to be an unfair burden on Míla in the sense of Paragraph 1 of Article 21 of the Electronic Communications Act no. 81/2003.

With its Decision no. 19/2019, the PTA concluded that Míla's net costs, in the amount of ISK 66,746,983, were not an unfair burden on the group in the sense of Paragraph 1 of Article 21 of the Electronic Communications Act no. 81/2003. Cf. also Regulation regarding Universal Service no. 1356/2007, i.e. whether the loss has a significant effect on the company's operating capacity and competitive potential or endangers its finances.

The Administration's conclusion was partly based on a comparison with the net costs of several known financial measures, which was taken into account when assessing whether the group's universal service burden was unfair or not.

**Decision 20/2019**  
**Demand for per diem fines for Reykjavik Fibre Network for activating local loops in a connection point that does not fulfil requirements – 7 October 2019**

Míla filed complaints against Reykjavik Fibre Network (GR), dated 28 August and 6 September 2019, for having used a local loop in a connection point where there was no connection strip. Míla demanded that Reykjavik Fibre Network take the connections in question out of use, subject to per diem fines.

The PTA's conclusion was to reject part of Míla's claim as regards specific buildings that were part of the claim, as the same claim had been materially resolved between the same two parties with PTA Decision no. 16/2018. There was furthermore a connection strip present in part of the buildings that were the subject of the complaint. Míla's demand for Reykjavik Fibre Network's disconnection there was therefore rejected.

On the other hand, the PTA concluded that Reykjavik Fibre Network had, in violation of the applicable rules, cf. the conclusion of PTA Decision no. 15/2019, connected their local loops in certain buildings with finishing work in connection points that did not comply with the requirements of Paragraph 3 of Article 7 of Statute no. 1111/2015 on Indoor Telecoms Installations. It was proposed to Reykjavik Fibre Network to take the local loops in question out of use within a certain time limit.

Míla's demand for per diem fines for the local loops that Reykjavik Fibre Network was obliged to disconnect was, however, rejected at this time.

**Decision 21/2019**  
**Connected cables disconnected in a connection point and failure to observe notification requirement – 14 October 2019**

On 13 May 2019, Reykjavik Fibre Network lodged a complaint to the effect that Míla had disconnected a connected cable from Reykjavik Fibre Network in the connection point of certain buildings instead of using an available additional wire in the indoor telecoms installation. In addition, Míla had not observed its notification requirement when severing the connected cable. This was said to be a violation of Paragraph 4 and Paragraph 5 of PTA Statute no. 1111/2015, as the provision was amended with rules no. 421/2018.

The PTA's conclusion was to reject the claim as regards particular buildings. These were, on the one hand, the buildings that Míla had connected before

the entry into force of amendments no. 421/2018 on 1 July 2018 and, on the other hand, buildings where there had been individual accidents, incidental damage to an indoor telecoms installation or an unexplained incident in the connection point that the PTA did not deem to require further investigation.

The PTA concluded that Paragraph 3 of Article 7 of PTA Statute no. 1111/2015, as the provision was amended with rules no. 421/201, could not be interpreted to mean that there is an obligation to install an additional indoor telecoms installation cable in all apartments of an apartment building when individual apartments are connected with fusion welding. The lack of available indoor telecoms installation cables for all apartments in the buildings that were the subject of Reykjavik Fibre Network's complaint could therefore not establish a right for Míla to disconnect a connected cable from Reykjavik Fibre Network in the connection point.

The PTA noted that fusion-welding local loops to indoor telecoms installations was a legal and approved connection method, subject to certain conditions. In the case of apartment buildings, a requirement was made that an available additional cable be installed in the apartment that was being connected and made available in a connection strip. It would be the responsibility of the houseowner to fulfil this requirement. A houseowner's failure to fulfil that duty did not give Míla the right to disconnect Reykjavik Fibre Network's connected cable in the connection point.

Míla maintained that it had difficulty finding the right cable for the indoor telecoms installations when it was part of a bundle with other cables and that there is a risk of damaging other cables in the bundle when searching for the right cable. In the estimation of the PTA, it would be relatively simple to light up the correct cable and locate it in the bundle. There would be no greater risk of damage than is generally the case when working with fibre optic cables in a connection point. Even if there was an increased risk of damage, it would not justify cutting the connected cable, thus severing the connection and possibly damaging the cable.

The PTA could not agree with Míla's argument that an excessively short extra cable could justify disconnecting a connected indoor telecoms installation cable unless the cable was very short (less than 5 cm). Under such circumstances, it would be appropriate to notify Reykjavik Fibre Network to give it an opportunity to make improvements before the connected cable is disconnected.

The main conclusion of the case was that Míla had



violated Paragraph 4 and Paragraph 5 of PTA Statute no. 1111/2015, as the provision was amended with rules no. 421/2018, as regards part of the buildings that were the subject of the complaint.

#### **Decision 22/2019**

##### **Wholesale rate for call termination in public telephone networks provided at a fixed location – 24 October 2019**

This Decision is based on the Post and Telecom Administration (PTA) Decision no. 22/2016, dated 23 December 2016, on the designation of companies with significant market power and on the imposition of obligations on the wholesale market for call termination in public telephone networks provided at a fixed location. The new decision establishes a maximum wholesale rate of ISK 0.12/minute for call termination in public telephone networks provided at a fixed location for the period 1 January 2020 to 31 December 2020. The current termination rate is ISK 0.12. per minute so the rate for call termination in the fixed-line network will not change at the start of the next year.

From 9 August to 30 August, a domestic consultation was held on the PTA's conclusion on the wholesale rate for call termination in mobile networks and public telephone networks provided at a fixed location. No comments were received during the consultation. Drafts of the above decisions were submitted to the EFTA Surveillance Authority (ESA) and other surveillance authorities in the European Economic Area for consultation on 20 September of this year. ESA's opinion was received on 18 October, wherein ESA did not make any comments on the PTA's draft decision. ESA's opinion is attached in an annex to the above decisions.

#### **Decision 23/2019**

##### **Wholesale rate for call termination in individual mobile networks – 24 October 2019**

This Decision is based on the Post and Telecom Administration (PTA) Decision no. 20/2015, dated 31 July 2015, on the designation of companies with significant market power and on the imposition of obligations on the wholesale market for call termination in individual mobile networks. The new decision establishes a maximum wholesale rate of ISK 1.02/minute for call termination in individual mobile networks provided at a fixed location for the period 1 January 2020 to 31 December 2020. The current termination rate, ISK 0.96. per minute, will remain unchanged until 31 December 2019.

From 9 August to 30 August, a domestic consultation was held on the PTA's conclusion on the wholesale rate for call termination in mobile networks

and public telephone networks provided at a fixed location. No comments were received during the consultation. Drafts of the above decisions were submitted to the EFTA Surveillance Authority (ESA) and other surveillance authorities in the European Economic Area for consultation on 20 September of this year. ESA's opinion was received on 18 October, wherein ESA did not make any comments on the PTA's draft decision. ESA's opinion is attached in an annex to the above decisions.

#### **Decision 24/2019**

##### **Telecommunication interference due to radio use – 29 October 2019**

The PTA received a complaint from a consumer due to telecommunication interference in his home. According to the complainant, the radio use of a neighbour, who was a radio amateur, disrupted the television reception and the quality of the complainant's internet connection. Following the PTA investigation, it was the unequivocal opinion of the Administration that radio broadcasts on certain frequency ranges from the neighbour's transmitter caused telecommunication interference in the complainant's home. The radio amateur did not consider it to be proven that his equipment was faulty and believed that his broadcasts were within the frequency ranges that he was permitted according to his licence. With preliminary decision no. 17/2009, the PTA restricted the radio amateur's permission to broadcast on specific frequency ranges. According to the concluding section of the preliminary decision, this measure could become a permanent solution to the issue, i.e. if the radio amateur did not take other remedial measures during the term of the decision or if such measures were unsuccessful. Otherwise it would be unavoidable for the Administration to take further action. Following the entry into force of the preliminary decision, the PTA received further notifications from the complainant about telecommunication interference.

Following an on-site inspection, the PTA concluded that the measures prescribed in the preliminary decision had not been effective and that the interference was still present. The PTA was of the opinion that this was interference in the sense of Article 64 of the Electronic Communications Act, the provisions of which state that appropriate measures must be made regarding the interfering force in the case of harmful interference. The PTA believed it to be proven that telecommunications to the complainant's home would continue to be at risk if the radio amateur's transmissions continued in certain frequency ranges. In the Administration's opinion it was therefore necessary to limit the radio amateur's



authorisation to broadcast from his transmitter. The Administration therefore ordered him to stop broadcasting on certain frequency ranges until he had taken permanent measures regarding his equipment. The PTA considered it appropriate to have the order take effect after some time, thereby giving the radio amateur an opportunity to take such measures. The improvements would have to be submitted to the Administration for approval before broadcasts could resume in the relevant frequency ranges.

#### **Decision 25/2019**

##### **Nova's offer for limitless data usage for content provider Snapchat - 11 November 2019**

The PTA received a complaint from a consumer regarding the offer "Endless Snaps" from Nova, which entailed unlimited data volume for the social media app Snapchat.

The complainant believed that Nova's offer constituted discrimination in electronic communications traffic without significant benefits to consumers and was thus a breach of net neutrality rules.

This offer from Nova only extended to the social media app Snapchat and the offer was initiated by and at the expense of Nova.

This was a unilateral sales incentive, available to Nova's customers for a limited time and without additional costs.

In the opinion of the PTA, Nova did not give Snapchat an advantage over other content providers, as there was no agreement in place between Nova and Snapchat, nor was there any kind of refusal, obstacle or restriction for other comparable providers. The offer was therefore not likely to lead to a situation where the choice of end users had been significantly limited, and thus did not constitute a violation of Article 41. of the Electronic Communications Act, nor would the offer have been contrary to Paragraph 2 of Article 3 of the Regulation of the European Parliament and of the Council (EU) no. 1128, which became legally binding in Iceland with Minister's regulation no. 1128/2018.

#### **Decision 26/2019**

##### **Míla tariff for 100 Gb/s Metropolitan Data Highway connections – 19 November 2019**

With the PTA's Decision no. 26/2019, the Administration approves Míla's new wholesale tariff for 100 Gb/s Metropolitan Data Highway connections and a new connection point for a 100 Gb/s Metropolitan Data Highway connection to Blönduós. The monthly charge for 1 Gb/s and 10 Gb/s Metropolitan Data Highway connections, and the initial charge, will remain unchanged until the next review of Míla's trunk line tariff.

Míla's Metropolitan Data Highway connections have heretofore been limited to the Reykjavík area and a data centre in Reykjanesbær, i.e. within 50 km from Reykjavík. The longer distance to Blönduós than to the current connection points for Míla's 100 Gb/s Metropolitan Data Highway connection therefore had to be taken into account, as the underlying tariff for the connections is based on the number of kilometres. The tariff for 100 Gb/s Metropolitan Data Highway connections is currently divided into two categories according to distance: under 50 km and over 100 km.

The PTA has reviewed Míla's calculations of the wholesale rate for 100 Gb/s Metropolitan Data Highway connections. The conclusion is that the rate for a 100 Gb/s Metropolitan Data Highway connection to Keflavík (under 50 km) will be ISK 424,404 per month and the rate for a 100 Gb/s Metropolitan Data Highway connection to Blönduós (over 100 km) will be ISK 848,808 per month. The increase for a 100 Gb/s Metropolitan Data Highway connection to Keflavík amounts to just under 4%. The current rate for 100 Gb/s Metropolitan Data Highway connections is based on costs in 2016, so the increase is less than the increase in the construction cost index and consumer price index since that time. Therefore the PTA has no comments on this increase.

From 26 September to 10 October, a domestic consultation was held on these changes to Míla's tariff. Comments were received from Farice, and these are listed in Section 2 of the decision, along with Míla's responses and the PTA's position. The PTA sent a short notification to ESA for consultation in the EEA area on 16 October of this year, cf. Item c of Paragraph 6 of ESA's Recommendation on notifications, time limits and consultation of 2 December 2009, the provisions of Paragraph 7 of Article 7 of Act on the Post and Telecom Administration no. 69/2003, and Article 7 of the EU's Framework Directive. The consultation was concluded on 15 November of this year, and the PTA has received ESA's opinion, attached in Annex II to this decision. ESA made no comments on the PTA's plans in the draft decision sent by notification from the PTA to ESA.

### **Decision 27/2019**

#### **Síminn hf.'s repeated violations of the prohibitive provision of Paragraph 5, Article 45 of the Icelandic Media Act – 29 November 2019**

This ruling concerns a complaint from Síminn hf. to the PTA regarding Nova hf.'s special offer of Apple TV devices with fibre broadband from the latter company. Nova customers were given the option to purchase an Apple TV 4K for ISK 9,990 instead of ISK 24,990, an offer that included 12 months of fibre broadband from the company. If subscribers cancelled the service within that time, they were required to pay the difference between the offer price and the list price. Síminn considered Nova's terms and conditions for its special offer to be in violation of paragraph 2, article 37 of the Icelandic Electronic Communications Act, which stipulates that a contract may not enforce a binding subscription period of longer than six months. Síminn demanded that the PTA ban the special offer.

### **Decision 28/2019**

#### **Audit of Míla ehf.'s technical equipment storage space in the natural hazard area of the glacier Örafajökull - 5 December 2019**

The Post and Telecommunication Administration has published its decision no. 28/2019 regarding the audit of Míla ehf.'s technical equipment storage space in the natural hazard area of the glacier Örafajökull.

The Administration finds that the physical protection of the technical equipment storage space is in accordance with the safety measures which the company had opted for, and with the minimum requirements of Article 10 of Rules no. 1222/2007 on the functionality of public telecommunications networks, cf. paragraphs 2 and 3 of Article 47 of the Electronic Communications Act no. 81/2003. Míla is nevertheless required to respond to the Administration's notes with regard to deviations, cf. the Post and Telecommunication Administration's audit report that was appended to the decision, within four months from its date.

The audit was part of the Administration's preventive monitoring of the physical protection of telecommunications infrastructure. The Administration previously carried out audits of Míla's other important technical equipment storage spaces, the technical equipment storage spaces at the places where the sea cables of Farice ehf. arrive on shore, and the back-up power for transmitter locations in the natural hazard areas of Katla and Örafajökull.

### **Decision 29/2019**

#### **Íslandspóstur ehf.'s obligation to provide universal service in all Iceland – 11 December 2019**

The Ministry of Transport entrusted the Post and Telecom Administration, in accordance with Paragraph 1 of Article 11 of the Postal Services Act no. 98/2019, with nominating a universal service provider, effective from 1 January 2020.

Due to the short notice and the Administration's assessment that a preliminary determination would be necessary, Íslandspóstur was charged with carrying out services defined as universal service, as well as Iceland's international obligations, as there was no other party capable of undertaking these obligations with such a short notice.

The decision will remain in effect until proceedings have been carried out according to Paragraph 2 of Article 11 of the Postal Services Act no. 98/2019, wherein it is stated that the selection of universal service provider should be by means of an open, transparent and objective process where equality is observed. Pursuant to this legal provision, a consultation paper will be published and all proceedings completed in 2020. The consultation will include a discussion of the necessity of nominating an undertaking with universal service obligations and how extensive the nomination should be. Also under discussion are the quality of services, potential service changes and grounds for government payment of costs relating to universal service, cf. Paragraph 6 of Article 12 of the Postal Services Act no. 98/2019,

The Administration's decision, in accordance with the Ministry's decision, also provides for a contribution of ISK 250 million to Íslandspóstur for the company's universal service in the 2020, to be disbursed at the start of 2020. The contribution is dispersed on the condition that if the universal service burden is evaluated as being lower, Íslandspóstur will repay the difference.

### **Decision 30/2019**

#### **Restatement of Farice ehf. operating expenses for the business years 2015–2018 – 20 December 2019**

The PTA restated the operating expenses of Farice ehf. for the business years 2015–2018, and concluded that the company had not accounted for all dutiable turnover during the period in question. Farice maintained that the unaccounted turnover did not relate to telecommunications activities in activities, but the PTA disagreed with this assertion.

## **Decision 31/2019 Distribution of mail to a particular farm in Arnarþórður - 20 December 2019**

Íslandspóstur requested from the PTA that the company be allowed to stop delivering mail in winter to a particular farm in Arnarþórður.

Íslandspóstur, as a universal service provider, is obliged to deliver mail to all individuals who have permanent residence. However, Íslandspóstur argued that the exemptions listed in Article 10 of the Universal Service Regulation no. 364/2003 applied, i.e. limited winter service by the Icelandic Road and Coastal Administration, poor road connections and the cost of providing the service being a burden on the company. Íslandspóstur also stated that it could actually be life-threatening to drive on this route.

The PTA concluded that there were no special or geographical circumstances that justified stopping the distribution of mail to the farm in winter, nor did the PTA see that the cost of distribution was an excessive burden on the company. On the other hand, the PTA determined that Íslandspóstur's obligation to deliver post was not without exceptions and did not require the company to put its staff in harm's way to deliver mail. The PTA stated that it was assumed in the Universal Service Regulation that Íslandspóstur could assess at any given time whether conditions in the area were such that it was appropriate to cancel individual trips. Deliveries should then return to normal when such conditions are no longer present.

The PTA therefore considered that Íslandspóstur was obliged, according to the Postal Act and Universal Service Regulation, to deliver mail to the farm when conditions allow. The PTA therefore rejected Íslandspóstur request.

## **Verdicts by the Rulings Committee for Electronic Communications and Postal Affairs**

### **Ruling on case no. 2/2018 – Appeal of PTA Decision no. 5/2018 on Míla ehf.s groundworks – 21 June 2019**

The Rulings Committee for Electronic Communications and Postal Affairs has ruled in case no. 2/2018, partly repealing PTA Decision no. 5/2018.

Míla ehf. appealed PTA Decision no. 5/2018 where the Administration concluded that the company had violated its access and equality obligations according to Decision no. 21/2004 in a three-fold manner in relation to the company's activities in Setberg in Hafnarþórður.

First, the company violated the obligation to publish a list of planned groundworks and infrastructure projects, which constitutes part of the access obligation, before beginning construction in Lindarberg in Hafnarþórður, cf. Paragraph 1 of the PTA's decision. Second, Míla ehf. violated the same obligation by only issuing notification of the company's trenches in the company's advertisements, on the one hand in the streets Lækjarberg, Móberg, Skálaberg and Sólberg and, on the other hand, in Úthlíð, Steinahlíð, Brekkuhlíð and Stekkjarberg in Hafnarþórður, and for not providing more detailed information on construction in the above-mentioned streets, cf. Paragraph 2 of the PTA's decision. Third, Míla violated the provisions of the access and equality obligation by not giving Reykjavík Fibre Network access to its local loop conduits in Lækjarberg, Móberg, Skálaberg and Sólberg and not observing equality between related and unrelated parties, cf. Paragraph 3 of the PTA's decision.

The Rulings Committee confirmed the first paragraph of the Administration's decision but repealed the second and third paragraph.

As to Item 1 of Paragraph 2, the Committee believed that the wording of the obligation to publish a list of planned groundworks and infrastructure projects according to PTA Decision no. 21/2014, could not be interpreted in a more onerous manner than implied by the wording itself. The decision in question does not state how precise the information should be in Míla's notifications. The Rulings Committee therefore considers it satisfactory for Míla ehf. to notify that certain groundworks and infrastructure projects are planned at a certain time and in certain areas.

As to Item 2 of Paragraph 2 and Paragraph 3 of the PTA decision, the Rulings Committee believed that the communications of both parties, i.e. Míla and Reykjavík Fibre Network, regarding this project had been so unclear that it could not be determined that Míla had actually refused and/or deliberately not provided more detailed information on the planned construction in Lækjarberg, Móberg, Skálaberg and Sólberg.

### **Ruling on case no. 1/2019 – Appeal of PTA Decision no. 27/2018 on Nova's offer of an Apple TV 4k with fibre optic cable – 21 June 2019**

The Rulings Committee for Electronic Communications and Postal Affairs has ruled in case no. 1/2019, repealing PTA decision no. 27/2018 on Nova hf.'s offer of an Apple TV with fibre optic cable.

Nova's offer entailed that buyers of Apple TVs got a discount if they subscribed to Nova's fibre optic service. This discount was higher the longer the buyer

subscribed, and the greatest discount was for buyers with a 12-month subscription. Buyers who wanted to cancel the subscription within 12 months would have to repay part of the discount on the device in proportion to the months that remained of the subscription period.

Nova appealed the PTA's decision that this offer from Nova was a violation of Paragraph 2 of Article 37 of the Icelandic Electronic Communications Act, which stipulates that a contract may not enforce a binding subscription period of longer than six months. The conclusion of the PTA in the appealed decision was mainly due to the Administration's assessment that the charge (proportional repayment of the discount) incurred due to the service porting was a definite barrier to consumers switching between service providers. In the opinion of the PTA, Nova's offer went against the objective of Paragraph 2 of Article 37, on consumer mobility.

The Committee did not agree to the PTA's broad interpretation of the provision, referring to the fact that although Nova's terms and conditions were certainly linked to some extent to the buyer's subscription agreement, they were due to the purchase of a particular product. In the opinion of the Committee, the wording of the provision of Article 37, Paragraph 2, of the Electronic Communications Act only applies to instances of a longer binding period than six months in the subscription agreement.

#### **Ruling on case no. 2/2019 – Appeal of PTA Decision no. 3/2019 on the implementation of the financial separation at Reykjavik Fibre Network 2016-2017 – 4 October 2019**

The Rulings Committee for Electronic Communications and Postal Affairs confirmed PTA Decision no. 3/2019 regarding the audit of the financial separation of Reykjavik Fibre Network (GR) within the Reykjavik Energy consolidated group (OR), cf. the ruling in Appeal no. 2/2019. The audit covered the period 2016–2017 and was based on accounting and operating data for these years. The supervision of financial separation between the above group parties covered by Article 36 of the Electronic Communications Act is an ongoing task of the Administration.

The main conclusion in the PTA's decision is that the financial separation between Reykjavik Energy and Reykjavik Fibre Network was consistent with the provisions of Article 36 of the Electronic Communications Act, except with regard to the loans granted to Reykjavik Fibre Network in connection with the cash pooling of the Reykjavik Energy consolidated group. The PTA also made a note regarding the conditions set by credit institutions in the Reykjavik

Fibre Network loan agreement regarding Reykjavik Energy ownership of Reykjavik Fibre Network. The PTA therefore was of the opinion that it was necessary to impose restrictions on Reykjavik Fibre Network regarding the implementation of the financial separation between Reykjavik Energy and Reykjavik Fibre Network as concerns these matters.

Reykjavik Fibre Network did not accept the obligation to remove conditions for Reykjavik Energy's ownership of Reykjavik Fibre Network in the company's new loan agreements. The company believed that this exceeded the PTA's authorisation in Article 36 of the Electronic Communications Act for the PTA to set conditions for the implementation of financial separation. The company argued that the provision only applied to legal proceedings between the parent company and subsidiary, but not to independent decisions by Reykjavik Fibre Network, taken without the involvement of the mother company Reykjavik Energy. In addition, Reykjavik Fibre Network considered this to be a standard condition of financial institutions, common in loan agreements of this kind.

The Committee concluded that the provision of Paragraph 1 of Article 36 of the Electronic Communications Act was clear and that there was no reason to interpret it as narrowly as Reykjavik Fibre Network did. The PTA's decision was confirmed.

#### **Ruling in case no. 3/2019 - Appeal of PTA Decision 14/2009 on Íslandspóstur ohf's application for a contribution from the universal service compensation fund, cross-border mail – 14 November 2019**

Póstmarkaðurinn appealed PTA Decision no. 14/2019, wherein the Administration agreed that Íslandspóstur had a right to a contribution from the universal service compensation fund.

The Committee dismissed the company's complaint as it was deemed that it did not have legitimate interests in the outcome of the case.

# Registered providers of electronic communications networks and service at end of year 2019

Licence	Issued/ registered	Services
1819 – Nýr valkostur ehf.	20.6.2014	Directory enquiries services
Ábótinn ehf.	28.3.2003	Data transmission network and services
Advania Iceland ehf.	17.4.2002	Data transmission services
Althingi (Icelandic parliament)	23.3.2015	Transmission of radio and television signals
Alza ehf.	1.9.2017	Data transmission services via wireless and fixed networks
Árvakur hf.	26.1.2015	Directory enquiries services
Ásaljós	18.8.2015	Operation of fixed-line electronic communications network
Austurljós ehf.	5.3.2015	Data transmission network and services
Backbone ehf.	25.8.2010	Data transmission network and services
Bloomberg Finance L.P.	19.7.2007	Line rental services and general network
Boðleið Þjónusta ehf.	1.12.2015	Voice telephony services, mobile telephone services and operation of a fixed-line communications network
Brimrún ehf.	3.4.2008	Data transmission services via satellite
BT Solutions Limited, Iceland oð ce	28.7.2014	Data transmission services
CenturyLink Iceland ehf.	1.12.2015	Operation of fixed-line electronic communications network and data transmission services
Colt Technology Services AB	29.9.2015	Data transmission services
Cronus ehf.	1.10.2019	Transmission of radio and television signals
Cubic Telecom Ltd.	9.8.2018	Operation of fixed-line and wireless electronic communications networks, data transmission via wireless electronic communications networks
Dalaveitur ehf.	14.2.2017	Operation of fixed-line electronic communications network
DataBox ehf.	13.12.2010	Voice telephony services and communications network
Davið og Golíat ehf.	3.5.2010	Voice telephony and data transmission services
DCN Hub ehf.	10.12.2012	Mobile and data transmission services
DIDWW Ireland Limited	19.12.2012	Data transmission and voice telephony services
Digriklettur ehf.	1.4.2019	Operation of fixed-line electronic communications network
DVD-Margmiðlun ehf.	6.2.2004	Operation of radio broadcasting broadband system
Municipality of Eyja- og Miklaholtshreppur	29.9.2015	Operation of fixed-line electronic communications network
Factor ehf.	30.5.2013	Data transmission network and services
Farice ehf.	2.9.2003	Submarine cable
Ferðaðþjónustan Húsafelli ehf.	23.4.2018	Operation of fixed-line electronic communications network
Feris ehf.	6.1.2014	Data transmission services
Fjarskiptafélag Mývatnssveitar ehf.	10.4.2017	Data transmission services via fixed-line electronic communications network
Fjarskiptafélag Reykhólahrepps	9.8.2018	Operation of fixed-line electronic communications network
Fjarskiptafélag Skagabyggðar	8.6.2016	Data transmission network
Fjarskiptafélag Skeiða- og Gnúpverjahrepps ehf.	8.3.2013	Data transmission network
Fjarskiptafélag Svalbarðshrepps ehf.	14.2.2017	Operation of fixed-line electronic communications network
Fjölnet ehf.	26.10.2001	Voice telephony, data transmission services and network
Gagnaveita Helgafellssveitar ehf.	18.8.2015	Operation of fixed-line electronic communications network



Gagnaveita Hornaáarðar ehf.	13.2.2013	Electronic communications network
Gagnaveita Reykjavíkur ehf.	23.3.2007	Data transmission network and services
Gagnaveita Suðurlands ehf.	9.12.2013	Data transmission services
Gagnaveitan ehf.	8.6.2011	Electronic communications services
GlobalCall ehf.	4.9.2008	Voice telephony services
Halló ehf.	23.5.2014	Directory enquiries services
Hátíðni hf.	24.1.2001	Voice telephony, data transmission services and network
Hitaveita Drangsness	28/3/2019	Operation of fixed-line electronic communications network
Hitaveita Egilsstaða/Fella ehf.	11.9.2018	Operation of fixed-line and wireless communications network, data transmission services via wireless and fixed-line networks and broadcasting of radio and television signals
Hitaveita Tálknaáarðarhrepps	24.6.2015	Data transmission services via fixed-line electronic communications network
Hljóðsmárin ehf.	24.10.2017	Transmission of radio and television signals
Hópkaup ehf.	28.4.2015	Directory enquiries services
Hótel Laki ehf.	10.4.2017	Operation of fixed-line electronic communications network
Hrafshóll ehf.	30.1.2019	Operation of fixed-line electronic communications network
Hringdu ehf.	9.11.2010	Voice telephony and data transmission service
Hringiðan ehf./Vortex Inc.	3.12.1998	Voice telephony, data transmission services and network
Húnanet ehf.	23.10.2017	Operation of fixed-line electronic communications network
Municipality of Hvaláarðarsveit	31.3.2014	Electronic communications network
Icelandair ehf.	14.2.2014	Electronic communications network
IMC Ísland ehf.	27.6.2000	Mobile DSC 1800
Internet á Íslandi hf.	3.2.1998	Electronic communications network, voice telephony and data transmission services
Isavia ohf.	30.12.2010	Voice transmission service for aircraft and operation of fixed-line electronic communications network
Já hf.	21.11.2007	Publication of telephone and address directories Directory enquiries services
Kukl ehf.	20.3.2009	Voice telephony, data transmission services and network
Icelandic Coast Guard	1.1.2011	Management and leasing of NATO fibre optic cable
Leiðarljós ehf.	14.2.2017	Operation of fixed-line electronic communications network
Líf í Mýrdal ehf.	15/09/2014	Operation of fixed-line electronic communications network
Lindin, kristið útvarp	26.1.2015	Transmission of radio and television signals
Ljós og gagnaleiðari ehf.	10/08/2009	Data transmission network
Ljósfesti ehf.	19.12.2016	Operation of fixed-line electronic communications network
Optical fibre for Borgarbyggð	18.10.2019	Operation of fixed-line electronic communications network
Ljóspunktur ehf.	24.10.2017	Operation of fixed-line electronic communications network
Loki Telecom ehf.	4.5.2015	Operation of fixed-line and wireless communications network, data transmission services via wireless and fixed-line networks and broadcasting of radio and television signals
Lýsir ehf.	20.12.2019	Operation of wireless electronic communications network
Magnavík ehf.	1.4.2004	Data transmission services
Martölvan ehf.	26.11.2007	Voice telephony, data transmission services and network
Míla ehf.	4.4.2007	Electronic communications network
Mobiweb Telecom Limited	19.12.2016	Mobile telephony services
Nepal hugbúnaður ehf.	21.2.2005	Data transmission services and wireless electronic communications networks
Netvarp og Sport ehf.	18.7.2017	Transmission of radio and television signals
Netvöktun ehf.	9.8.2018	Voice telephony services, operation of a fixed-line and wireless electronic communication network, data transmission services via fixed-line and wireless networks

Neyðarlínan ohf.	6.10.1999	Voice telephony/emergency service response line
Nordic Networks ehf.	24.11.2016	Submarine cable and data transmission services
Nova hf.	12.7.2006	Voice telephony and data transmission services
OnAir S.A.R.L.	29.4.2008	Mobile communication services on aircraft (MCA)
Opin kerfi hf.	25.2.2011	Data transmission services
Origo hf.	12.12.2011	Data transmission services
Orkuáskipti hf.	26.10.2001	Electronic communication network
Premis ehf.	24.10.2017	Voice telephony and mobile telephony services, operation of wireless and fixed-line telecommunications network and data transmission services via fixed-line and wireless networks
Protecion ehf.	5.3.2018	Operation of fixed-line electronic communications network
Rafey ehf.	18.8.2015	Operation of fixed-line electronic communications network
Rangárljós	29.8.2016	Operation of fixed-line electronic communications network
Refinitiv Norge A/S	1.9.2017	Data transmission services via fixed-line electronic communications network
Ríkisútvarpið ohf.	29.7.1997	Electronic communications services: radio and TV broadcasting
Sensa ehf.	19.12.2016	Data transmission services via fixed-line electronic communications network
Síminn hf.	30.7.1998	Voice telephony, mobile, data transmission and network, etc.
Sjónvarpsmiðstöðin ehf.	8.10.2009	Data transmission services
Snerpa ehf.	17.8.2000	Electronic communications network, voice telephony and data transmission services
Splitti ehf.	8.7.2019	Voice telephony and mobile services, data transmission via fixed and wireless electronic communications networks and telephone number information service
Stöð 5 ehf.	1.10.2019	Voice telephony and mobile services
Sumarsól ehf.	1.12.2015	Directory enquiries services
Sýn hf.	27.3.2007	Voice telephony services, mobile telephony services, data transmission services and electronic communications network
Tech Support á Íslandi ehf.	3.3.2017	Voice telephony, data transmission services via fixed-line and wireless networks
TELE Greenland A/S	24.6.2008	Submarine cable
Tengir hf.	20.9.2002	Optical fibre network
Tismi BV	5.3.2015	Voice and mobile telephony
TRS ehf.	29.3.2004	Data transmission services
Truphone Limited	22.11.2017	Mobile telephony and data transmission via wireless electronic communications networks
TSC ehf.	18/01/2002	Voice telephony, data transmission services and network
Twilio Ireland Limited	12.7.2019	Voice telephony and mobile services, data transmission via fixed and wireless electronic communications networks and operation of fixed and wireless electronic communications networks
Tölvun ehf.	25.4.2003	Data transmission network and services
Tölvustöð ehf.	15.4.2009	Data transmission services
Vengo ehf.	18.10.2019	Data transmission services via fixed-line electronic communications network
Yellow Mobile B.V.	18.7.2017	Voice and mobile telephony, operation of fixed and wireless electronic communications networks, data transmission via fixed-line and wireless electronic communications networks
Zendesk International Limited	9.8.2018	Cloud-based SMS and VoIP service
Þekking - Tristan hf.	16/01/2004	Data transmission and service
Þorvaldur Stefánsson	14.10.2014	Maritime data transmission services
Örugg afritun ehf.	18.10.2019	Data transmission services via fixed-line electronic communications network
Öryggisáskipti ehf.	6.10.2008	Telecommunications services and network/TETRA



