



Decision no. xx/2021

**Wholesale rate for call termination in
individual mobile networks**

Case number: 2021070202

29 September 2021



Table of Contents

1	Introduction	3
2	National consultation.....	4
3	Grounds for the Decision	6
3.1	ESA recommendations with respect to termination rates in fixed and mobile networks.....	6
3.2	PTA Decision no. 20/2015	8
3.3	Prior PTA Decisions on call termination rates on Market 7/2008 (Market 2/2016) on the basis of benchmarking	10
4	Calculation of termination rates	11
5	The ECOI's conclusion	15



1 Introduction

(1) This Draft 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. Pursuant to the Recommendation of the EFTA Surveillance Authority (ESA)¹ from 2016 on the definition of wholesale markets for electronic communications services, call termination in individual mobile networks belongs to Market 2.

(2) Pursuant to PTA Decision no. 20/2015, the maximum rates for call termination in individual mobile networks shall be decided annually with benchmarking.

(3) On 1 July 2021, Act No. 75/2021 on the Electronic Communications Office of Iceland (ECOI) entered into force. According to the Act, the ECOI has assumed the statutory role of overseeing the implementation of the Electronic Communications Act No. 81/2003. This includes monitoring the tariffs of electronic communications companies for services on which obligations have been imposed with Decisions issued by the Post and Telecom Administration (PTA).

(4) The Electronic Communications Office of Iceland generally assumes that the PTA's prior rulings set a precedent for the Office's administrative practice, as they involve the implementation and interpretation of the same provisions of the Electronic Communications Act. ECOI Decisions should likewise be regarded as a continuation of the Decisions of the Post and Telecom Administration, e.g. due to obligations that have been imposed on electronic communications companies.

(5) There has been a change in the way in which maximum rates for call termination are determined within the European Union. The European Union issued Directive no. 2018/1972 (European Electronic Communications Code) on 11 December 2018. The Directive stipulates, among other things, that maximum rates for the termination of voice calls in the European Union will be set with a delegated act. The European Union subsequently issued the Delegated Regulation on 18 December 2020², setting a maximum call termination rate for the EU. However, the provisions of the Delegated Regulation have not entered into force in Iceland³ and it is uncertain when that will happen. Until otherwise stipulated by Icelandic law or regulation, the ECOI will therefore continue to decide the termination rates in individual mobile networks according to the PTA Decision no. 20/2015.

¹ EFTA Surveillance Authority Recommendation of 11 May 2016 on relevant product and service markets within the electronic communications sector susceptible to ex ante regulation in accordance with the Act referred to at point 5cl of Annex XI to the EEA Agreement (Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communication networks and services).

² Commission Delegated Regulation (EU) 2021/654 of 18 December 2020 supplementing Directive (EU) 2018/1972 of the European Parliament and of the Council by setting a single maximum Union-wide mobile voice termination rate and a single maximum Union-wide fixed voice termination rate.

³ See <https://gagnagrunnur.ees.is/index.php/32021r0654#32021R0654>.



(6) The ECOI conducted benchmarking to decide call termination rates in Iceland, effective from 1 January 2022 unless laws or regulations that provide otherwise enter into force before that time. The ECOI used the same methodology with this benchmarking as was used in the last benchmarking on this market, taking into account the changes resulting from the above Directive and Delegated Regulation. The ECOI uses the conclusion of the benchmarking to decide the wholesale rate in Iceland for call termination in individual mobile networks from 1 January to 31 December 2022.

(7) The following Sections cover the legal grounds, methodology and calculations that led to the ECOI conclusion. The text of the draft decision describes the ECOI's pending position, which may be amended before a final decision is made, e.g. as a result of comments from stakeholders. The language of the draft should be read in that context.

2 National consultation

(8) The PTA opened a national consultation on the Preliminary Draft of the PTA Decision on 10 August 2021 and this consultation ended on 31 August 2021. Comments were received from Sýn hf. (Sýn).

(9) The comments from Sýn refer to the harmonised termination rates that have entered into force in the EU countries but not been approved in Iceland. Sýn points out that Directive (EU) 2021/654 assumes that maximum rates within the EU will be 0.2 EUR cents no later than 2024. Sýn also notes that the Directive furthermore provides for transition in 3 stages:

1. The single maximum Union-wide mobile voice termination rate shall be EUR 0,2 cent per minute.
2. By derogation from paragraph 1, providers of mobile voice termination services may apply the following maximum mobile voice termination rates:
 - (a) from 1 July 2021 to 31 December 2021, in Member States other than those mentioned in paragraph 3: EUR 0,7 cent per minute;
 - (b) from 1 January 2022 to 31 December 2022, in Member States other than those mentioned in paragraph 4: EUR 0,55 cent per minute;
 - (c) from 1 January 2023 to 31 December 2023, in Member States other than those mentioned in paragraph 5: EUR 0,4 cent per minute.

(10) In the comparison table used by the ECOI, 20 out of 28 countries are in transitional stage b): ISK 0.819, which corresponds to approximately 0.55 EUR cents. It could be assumed that these 20 countries did not apply the pure BU-LRIC methodology to calculate termination rates in mobile networks, like the ECOI believes is a main prerequisite in the selection of reference countries (Chapter 3 in the consultation document, *Calculation of Termination Rates*):

In accordance with the PTA Decision no. 20/2015, the following main criteria should be used when selecting reference countries and calculating termination rates:

1. *Reference should be made to those EEA states where the termination rates of operators with significant market power on the markets in question are subject to price control by the National Regulatory Authority of the state in question, on the basis of cost analysis where the pure BU-LRIC methodology is applied.*
2. *Comparison of rates should be based on the conclusion on call termination rates according to calculations based on pure BU-LRIC model available in April 2021. In*



the benchmarking, only rates according to a formal decision made by the Regulatory Authority in question were included.

3. *For the decision on termination rates in this country, the arithmetic mean of termination rates that fulfilled the above specified conditions should be calculated.*

(11) In light of this, Sýn believes that it's right to initiate a transitional process in accordance with the EU Directive rather than apply benchmarking as has been done in the last few years. Sýn therefore suggests that as of 1 January 2022 and up to and including 31 December 2022, termination rates shall be ISK 0.81/minute (0.55 EUR cents). Sýn believes that this would better ensure proportionality, and that such an approach would be more consistent with Article 3 of Act No. 2/1993 on the European Economic Area, in light of the fact that statutory law and regulations shall be construed, as appropriate, in accordance with the EEA Agreement and the rules based on the EEA Agreement.

(12) The ECOI does not agree with the views presented by Sýn.

(13) *First*, termination rates according to the Commission Delegated Regulation are based on a pure BU-LRIC model, meaning that these rates fulfil the conditions of PTA Decision no. 20/2015. It is not a condition that the relevant regulatory bodies themselves create the cost models used to determine the rates, as most of these regulatory bodies had enlisted professional entities to prepare such models for them before preparations for a single model for the European Economic Area began. It is therefore clear that the termination rates decided for the states in question are decided "*on the basis of cost analysis where the pure BU-LRIC methodology is applied*", cf. Condition 1.

(14) *Second*, there is no legal basis for the ECOI to initiate a transitional process in accordance with the Commission Delegated Regulation (EU) 2021/654 as the provisions of the Directive have not entered into force in Iceland. New electronic communications legislation based on EU Directive no. 2018/1972 (the European Electronic Communications Code), which is a prerequisite for issuing a regulation to implement the harmonised termination rates in Iceland, has not entered into force either, nor has the Delegated Regulation been incorporated into the EEA Agreement. While there are no laws or regulations in force to provide otherwise, the ECOI does not have any legal grounds to abandon the arrangement decided with PTA Decision no. 20/2015. The legal interpretation referred to by Sýn, cf. Article 3 of Act No. 2/1993 on the European Economic Area, does therefore not apply. As regards Sýn's views on proportionality with regard to electronic communications companies, it should be noted that these views may be counterbalanced by the interests of consumers, who should reap the benefits of lower termination rates.

(15) In view of the above perspectives, the ECOI cannot accept Sýn's proposal that as of 1 January 2022 and up to and including 31 December 2022, termination rates in mobile networks should be ISK 0.81/minute rather than ISK 0.74/minute as suggested in the ECOI's Draft Proposal in the national consultation. The ECOI concludes that the wholesale tariff for call termination in individual mobile networks in Iceland should be determined on the basis of benchmarking and be set at ISK 0.74/minute for the period 1 January 2022 to 31 December 2022.



3 Grounds for the Decision

(16) The ECOI bases its Decision on the Electronic Communications Act, on prior decisions made by the Administration and on the Recommendations of ESA on the regulatory treatment of fixed and mobile termination rates from 13 April 2011⁴.

(17) According to Paragraph 4 of Article 32 of the Electronic Communications Act, the Electronic Communications Office of Iceland (formerly the Post and Telecom Administration) can, when calculating costs, use as a reference the operation of analogous service that is considered efficiently run. It can also take into account tariffs in analogous competition markets and it may use cost analysis methodologies that are not related to methodologies employed by an electronic communications company.

(18) In Item 12 of the Recommendations of ESA on regulatory treatment of fixed and mobile termination rates it was authorised for regulators such as the ECOI to apply benchmarking to decide termination rates, where specific conditions are fulfilled.

(19) In the PTA Decision no. 20/2015, it is prescribed that the PTA (now the ECOI) shall annually determine the maximum termination rates for Icelandic electronic communications companies subsequent to benchmarking with EEA states pursuant to a more specifically defined methodology, no later than 1 November each year which shall apply from and including 1 January of the following year.

(20) The grounds underlying this decision are described in more detail in the following subsections.

3.1 ESA recommendations with respect to termination rates in fixed and mobile networks

(21) The EU Commission issued a Recommendation with respect to the regulatory treatment of fixed and mobile termination rates in May 2009⁵. The Commission considered that obligations with respect to termination rates were not sufficiently homogeneous in member states of the Union and decided to issue a recommendation to support harmonisation. ESA issued an analogous recommendation on 13 April 2011.

(22) The main rule according to the Recommendations is that the National Regulatory Authorities should prescribe termination rates that take into account the cost of mobile and fixed call termination in efficiently designed electronic communication networks, in accordance with a cost model based on the Long-Run Average Incremental Cost (LRIC) methodology⁶. Projections are made of future developments based on current costs where

⁴ EFTA Surveillance Authority Recommendation of 13 April 2011 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EFTA States.

⁵ COMMISSION RECOMMENDATION of 7.5.2009 on the Regulatory Treatment of Fixed and Mobile Termination Rates in the EU.

⁶ Long-run incremental cost is the cost that is added or is saved when a specific service or operation is added or discontinued, on the assumption that all costs are variable.



the assumption is the use of the most efficient technological solutions, such as next generation networks (NGN). This is a pure bottom-up⁷ LRIC cost model, known as the pure BU-LRIC.

(23) According to the above specified ESA Recommendation, National Regulatory Authorities were granted a general period of notice until 31 December 2012 to prepare and introduce the pure BU-LRIC cost model.

(24) National Regulatory Authorities with limited resources were pursuant to Article 12 of the Recommendation granted longer notice, that is to say until 1 July 2014. In this Article, it is specified that if it would be objectively disproportionate for those Regulatory Authorities with limited resources to apply the recommended cost methodology after this date, then such Authorities may continue to apply an alternative methodology up to the date for review of the Recommendation, unless BEREC⁸ provides sufficient practical support and guidance to overcome this limitation of resources and, in particular, the cost of implementing the recommended methodology.

(25) The ECOI is considered to be one of the less well-resourced Regulatory Authorities. Such Authorities are authorised to use, e.g. benchmarking, instead of the above-mentioned cost analysis methodology if it can be shown that this will return a result that harmonises with the objectives of the Recommendation. The results returned by methods other than pure BU-LRIC should not be higher than the average rates in the EEA states that apply the pure BU-LRIC methodology when calculating call termination tariffs.

(26) After a review of the Commission's Recommendation it was decided to set maximum Union-wide voice call termination rates. The European Union has issued a Directive no. 2018/1972 (European Electronic Communications Code), dated 11 December 2018. The directive entailed a comprehensive review of the regulatory framework for the electronic communications sector and stipulates, among other things, that maximum rates for the termination of voice calls in the European Union will be set with a delegated act.

(27) The European Union subsequently issued the Delegated Regulation on 18 December 2020⁹. According to the Delegated Regulation, the maximum rate for call termination in mobile networks shall be 0.2 € cent/minute as of 1 January 2024. Until then, particular transitional rates apply as maximum rates. The general transitional rates from 1 January 2022 to 31 December 2022 is €0.55 cents/minute and €0.40 € cents/minute from 1 January 2023 to 31 December 2023. Electronic communications companies within Member States may collect

⁷ One speaks of the "bottom-up" model in the case of calculations made on the basis of an engineering model of electronic communications networks in the relevant electronic communications market. The model is based on a hypothetical network system which is efficiently designed and which uses the most efficient technical solutions on offer at any given time.

⁸ Body of European Regulators for Electronic Communications.

⁹ Commission Delegated Regulation (EU) 2021/654 of 18 December 2020 supplementing Directive (EU) 2018/1972 of the European Parliament and of the Council by setting a single maximum Union-wide mobile voice termination rate and a single maximum Union-wide fixed voice termination rate.



these transitional rates until 1 January 2024, but in some states, maximum rates that are lower than the general transitional rates will continue to apply.

(28) A bill on the Electronic Communications Act submitted to the 151th Legislative Assembly assumed that the Minister would issue a regulation on maximum rates for call termination in Iceland. Parliament did not pass the bill, however, and the aforementioned Delegated Regulation has not been incorporated into the EEA Agreement, meaning that the provisions on these harmonised maximum rates for call terminations in fixed networks have not entered into force in Iceland, nor in Norway or Liechtenstein.

(29) Until otherwise stipulated by Icelandic law or regulation, the ECOI will continue to decide the termination rates according to the PTA Decision no. 20/2015.

3.2 PTA Decision no. 20/2015

(30) With respect to the implementation of benchmarking under discussion here, the EICO refers to 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. Decision no. 20/2015 is based on market analysis made by the Administration. The wholesale market for call termination in individual mobile networks is no. 2, pursuant to the ESA Recommendation¹⁰ on the definition of wholesale markets for electronic communications services and was previously no. 7 pursuant to the older ESA definition from 2008.

(31) In the Decision, Síminn hf. (Síminn), Fjarskipti hf., now Sýn hf. (Vodafone), Nova ehf. (Nova), IMC Ísland ehf. (IMC/Alterna) and 365 miðlar ehf.¹¹ (365) were deemed to have significant market power in the following markets:

- Call termination in the Síminn GSM/UMTS/LTE mobile network.
- Call termination in the Vodafone GSM/UMTS/LTE mobile network.
- Call termination in the Nova UMTS/LTE mobile network.
- Call termination in the IMC/Alterna GSM mobile network.
- Call termination in the 365 virtual mobile network.

(32) Obligations on access, non-discrimination and price control were imposed on these operators. The obligation for price control is pursuant to Article 32 of the Electronic Communications Act.

(33) Since the above decision was made, mobile network service on IMC Ísland ehf.'s network has ceased, cf. PTA Decision no. 6/2001. The affairs of the company have been under review

¹⁰ EFTA Surveillance Authority Recommendation of 11 May 2016 on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation in accordance with the Act referred to at point 5cl of Annex XI to the EEA Agreement (*Directive 2002/21/EC of the European Parliament and of the Council on a common regulatory framework for electronic communication networks and services*).

¹¹ Fjarskipti hf. purchased the assets and operation of 365 miðlar hf., excluding assets pertaining to the publication of Fréttablaðið, and the name Fjarskipti hf. was subsequently changed to Sýn hf.



by the ECOI. All discussion of IMC Ísland ehf.'s termination rates must therefore be viewed in that context and with the provision that the company may have discontinued telecommunications activities in Iceland.

(34) In the above specified Decision, it was stated that in the PTA Decision no. 3/2012¹² the methodology had been discontinued of deciding termination rates for Icelandic mobile operators on the basis of Siminn cost analysed rates (which were based on historical costs) and instead benchmarking was prescribed pursuant to Article 12 of the ESA Recommendation on regulatory treatment of fixed and mobile termination rates from 13 April 2011.

(35) Pursuant to the PTA Decision no. 20/2015, termination rates in this country shall be decided by benchmarking. It was the opinion of the PTA that the Authority, given its current status, would not be in a position to apply the BU-LRIC cost analysis methodology on the market in question in the coming years because of a lack of budget, staff and expert knowledge. The PTA considered it best to decide the termination rates with benchmarking and use termination rates in comparison states using a pure BU-LRIC model according to the aforementioned ESA Recommendation.

(36) In the opinion of the ECOI, a predictable procedure for deciding termination rates has been created with this methodology, which gives electronic communications companies a more stable and predictable operating environment. Benchmarking has also proven to be an economic and efficient way to achieve the objectives for termination rates set out in the above specified ESA Recommendation.

(37) The ECOI (formerly the PTA) shall conclude its annual benchmarking with a decision, subsequent to national consultation and consultation with ESA, no later than 1 November each year.

(38) The ECOI shall apply the following main criteria as a basis for calculations of termination rates when benchmarking is applied:

- Reference should be made to those EEA states where the termination rates of operators with significant market power on the markets in question are subject to price control by the National Regulatory Authority of the state in question, on the basis of cost analysis where the results are based on a pure BU-LRIC model.
- Comparison of rates should be based on decisions on termination rates according to calculations based on the pure BU-LRIC model which are available in April of the year when a benchmarking is made in each instance. When benchmarking, a formal Decision shall have been made by the regulatory authority in question.

¹²Decision no. 3/2012, on the designation of companies with significant market power and on the imposition of obligations on wholesale markets for call termination in individual mobile networks (Market 7).



- The resulting rate shall not be higher than the arithmetic mean of those states that fulfil the above conditions.

(39) The above specified methodology is in accordance with the procedures applied by the PTA in recent years when deciding termination rates with benchmarking on this market.

(40) The ECOI shall therefore conduct benchmarking in 2021 which shall be completed with a decision, no later than the coming 1 November, stipulating the maximum termination rate for the year 2022. This rate is a maximum wholesale rate per minute ex VAT and individual mobile operators can therefore offer lower termination rates should they so choose, provided that the non-discrimination obligation is met.

3.3 Prior PTA Decisions on call termination rates on Market 7/2008 (Market 2/2016) on the basis of benchmarking

(41) In the PTA Decision no. 3/2012 from 13 January 2012 the practice was discontinued of deciding termination rates for Icelandic mobile operators with reference to the Siminn cost analysed rates (which were based on historical costs) and benchmarking was prescribed instead in accordance with Article 12 of the ESA Recommendation of 13 April 2011 on the regulatory treatment of mobile and fixed termination rates from 13 April 2011. This change in methodology for deciding termination rates was neither appealed to the Appellate Committee Electronic Communications and Postal Affairs nor to the courts.

(42) Subsequently the PTA conducted benchmarking during the period 2012 to 2020 to decide call termination rates in mobile networks in Iceland. The conclusions of these benchmarking were published in PTA Decisions, most recently in Decision no. 11/2020 dated 22 October 2020, on wholesale tariff for call termination in individual mobile networks.

(43) In the implementation of the benchmarking the PTA took into account the above specified ESA Recommendation with respect to regulatory treatment of mobile and fixed call termination rates. The PTA selected comparison countries in accordance with Article 12 of the ESA Recommendation in question.

(44) In PTA Decision no. 11/2020, dated 22 October 2020, the PTA concluded that the wholesale tariff for call termination in individual mobile networks in Iceland should be ISK 1.01/minute for the period 1 January 2021 to 31 December 2021.

(45) The Decision here under discussion covers rates that shall apply in the year 2022.



4 Calculation of termination rates

(46) In accordance with the 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 ECOI has now gathered termination rates in wholesale markets for call termination in individual mobile networks of the EEA states to be used in benchmarking. In its gathering of data, the PTA has used the European Commission CIRCABC Information Resource Centre, the ESA ECOM database, reports from Cullen International and the Commission Delegated Regulation (EU) 2021/654.

(47) When selecting states for comparison the ECOI uses electronic communications markets in the EEA where there are now 30 states including Iceland.

(48) As rates that will be in effect in 2022 are being determined, the ECOI will reference call termination rates for that year when they are available, but will otherwise reference rates that come into force in the year 2021 or that were in force in April 2021. This is in accordance with the PTA's previous benchmarking practices in this market.

(49) As stated above, call termination rates in the EU States have been harmonised. However, different rates for call termination in mobile networks will apply until 2024, when a single harmonised rate for call termination enters into force, i.e. €cents 0.2/minute.

(50) The EEA States outside the European Union are Norway and Liechtenstein, in addition to Iceland.

(51) In accordance with the PTA Decision no. 20/2015, the following main criteria should be used when selecting reference countries and calculating termination rates that shall apply in the year 2022:

1. Reference should be made to those EEA states where the termination rates of operators with significant market power on the markets in question are subject to price control by the National Regulatory Authority of the state in question, on the basis of cost analysis where the pure BU-LRIC methodology is applied.
2. Comparison of rates should be based on the conclusion on call termination rates according to calculations based on pure BU-LRIC model available before the end of April 2021. In the benchmarking, only rates according to a formal decision made by the Regulatory Authority in question were included.
3. For the decision on termination rates in this country, the arithmetic mean of termination rates that fulfilled the above specified conditions should be calculated.

(52) The ECOI believes that the harmonised rates according to the Delegated EU Regulation meets the above conditions for the EU countries. The rates were determined and published before 30 April 2021¹³ and the calculations were based on a pure BU-LRIC model. As regards

¹³ The Delegated Regulation was published in the Official Journal of the European Union on 22 April 2021.



the condition for a formal decision from the relevant Regulatory Authority, the Delegated Regulation has the legal effect of replacing a decision of such regulatory authorities, meaning that this condition is met in the estimation of the ECOI. With regard to the last condition, on calculating the arithmetic mean of termination rates in the states, reference is being made to each state having the same weight, i.e. the number of connections in each country is not taken into account.

(53) Regarding Condition 2 above, i.e. using calculations of termination rates based on a pure BU-LRIC model, the PTA's benchmarking has been based on the final price from obtained from a cost model rather than referencing the transitional rates established by individual states. As previously noted, the results from the cost model to calculate call termination rates in a mobile network according to the Delegated Regulation were €cent 0.2/minute, which corresponds to ISK 0.30/minute. However, the rate according to the results of the cost model does not take effect in the EU Member States until 1 January 2024, and transitional rates will apply in the states until that date. The results of the model used were significantly lower than the average termination rate in EU States, it was therefore deemed right to use a transitional rate in line with the principle of proportionality. The ECOI therefore considers it appropriate to reference the rates that take effect in each state on 1 January 2022 rather than referencing the results from the joint cost model used to calculate termination rates for mobile calls according to the Delegated Regulation. The ECOI believes that the principle of proportionality must also be taken into account in Iceland when benchmarking is applied to determine termination rates, as the reduction would be huge according to the unadjusted results from the cost model. The ECOI also believes that Icelandic and EU electronic communications companies must enjoy equal status so Icelandic termination rates should not be significantly lower than those in Europe.

(54) In the case of the EEA countries outside the European Union, the conclusion of the regulatory body in Norway fulfils the above conditions but not Liechtenstein as a BU-LRIC model is not used to determine termination rates there. The current termination rate in Norway is NKR 0.032/minute, or ISK 0.47/minute. No decision on termination rates in Norway for 2022 had been made as of 30 April 2021 so the ECOI uses the current rate as its benchmark price.

(55) In accordance with the above, the ECOI's calculations are based on the termination rates that will apply on 1 January 2022 according to the information that was available on 30 April 2021.

(56) When calculating termination rates, the average exchange rate for EUR and NKR for the second quarter of 2021 was used¹⁴. In this respect, the ECOI has, among other things, taken into account the methods used by BEREC in its regular benchmarking of termination rates¹⁵.

(57) The comparison countries are specified in Table 3.1 along with corresponding termination rates in ISK, according to the pure BU-LRIC model.

¹⁴ The Central Bank of Iceland's middle rate.

¹⁵ Cf. BEREC BoR (11) 35 MTR Benchmark snapshot (as of July 2011).



Table 3.1 Overview of countries used in the benchmarking¹⁶

Country	MTR 2021	MTR 2022	Benchmark prices
	ISK/min.	ISK/min.	ISK/min.
AT Austria		0.819	0.819
BE Belgium		0.819	0.819
BG Bulgaria		0.819	0.819
DK Denmark		0.775	0.775
EE Estonia		0.819	0.819
FI Finland		0.819	0.819
FR France		0.819	0.819
GR Greece		0.819	0.819
NL Netherlands		0.819	0.819
IE Ireland		0.641	0.641
IT Italy		0.819	0.819
HR Croatia		0.819	0.819
CY Cyprus		0.298	0.298
LV Latvia		0.819	0.819
LT Lithuania		0.819	0.819
LU Luxembourg		0.819	0.819
MT Malta		0.596	0.596
NO Norway	0.472		0.472
PT Portugal		0.536	0.536
PL Poland		0.819	0.819
RO Romania		0.819	0.819
SK Slovakia		0.819	0.819
SI Slovenia		0.819	0.819
ES Spain		0.819	0.819
SE Sweden		0.313	0.313
CZ Czech Republic		0.819	0.819
HU Hungary		0.700	0.700
DE Germany		0.819	0.819
Average			0.740

(58) In the above table, the reference rates used by the ECOI are recorded in the last column. In deciding the rates for call termination in mobile networks in Iceland, the ECOI used the arithmetic mean of the above specified termination rates. The average is ISK 0.74/minute which is equivalent to €cent 0.50/minute.

(59) The conclusion is the minute rate for call termination without call setup charge or breakdown into day, night or weekend rates.

¹⁶ The EU rates in the table are in accordance with the EU Delegated Regulation Article 4(2)(b) and 4(4).





5 The ECOI's conclusion

(60) According to PTA Decision no. 20/2015, rates for call termination in individual mobile networks are decided on the basis of conclusions of the benchmarking conducted by the Office as described here above.

(61) The benchmarking provides an average rate per minute in those states covered by the benchmarking. The ECOI uses the conclusions of the benchmarking to decide the minute rate for call termination in mobile networks without call setup charge.

(62) In accordance with the conclusions of the above specified benchmarking it is the conclusion of the ECOI that the wholesale rate for call termination in individual mobile networks in Iceland shall be **ISK 0.74/minute** for the period 1 January 2022 to 31 December 2022. This is a maximum wholesale rate per minute ex VAT. In accordance with the PTA Decision no. 20/2015 the rate should be the same for all operators. The current termination rate, ISK 1.01/minute, shall remain unchanged for the rest of the year 2021.

(63) In the following table, one can see the operator's new mobile termination rates in comparison with rates now in force:

Table 4.1 Termination rates in mobile operators' networks

<i>Company</i>	<i>Unit</i>	<i>Rate until 31 Dec 2021</i>	<i>Rate 1 Jan - 31 Dec 2022</i>
Síminn	ISK/minute	1.01	0.74
Vodafone/365	ISK/minute	1.01	0.74
Nova	ISK/minute	1.01	0.74
IMC ¹⁷	ISK/minute	1.01	0.74

Source: The Electronic Communications Office of Iceland

(64) This represents a 27% decrease in termination rates between years.

(65) In accordance with PTA Decision no. 20/2015, the ECOI (formerly the PTA) shall review termination rates annually in accordance with results of the ECOI benchmarking, which shall be completed with a decision by 1 November each year.

(66) The way in which the maximum rates for call termination are determined in the European Economic Area is about to change. The European Union issued Directive no. 2018/1972 (European Electronic Communications Code) on 11 December 2018. The Directive stipulates, among other things, that maximum rates for the termination of voice calls in the European Union will be set with a Delegated Regulation which has entered into force in the European Union. The provisions of the Delegated Regulation have, however, not entered into

¹⁷Subject to the effect of PTA Decision no. 6/2021 on the operation of IMC.



force in Iceland. Until otherwise stipulated by Icelandic law or regulation, the ECOI will continue to decide the termination rates according to the PTA Decision no. 20/2015.



The Draft Decision

- 1. In accordance with the benchmarking results, the Electronic Communications Office of Iceland concludes that the tariff for call termination in individual mobile networks in Iceland, as they are specified in PTA Decision no. 20/2015, shall be ISK 0.74/minute for the period 1 January 2022 to 31 December 2022. The current termination rate, ISK 1.01 per minute, will remain unchanged until 31 December 2021.**
- 2. These are maximum wholesale rates per minute ex VAT.**
- 3. This Decision comes into force from the day that it is published and will be in force until a decision is made to the contrary by the Electronic Communications Office of Iceland.**
- 4. This Decision can be appealed to the Appellate Committee for Electronic Communications and Postal Affairs, cf. Article 20 of the Act on the Electronic Communications Office of Iceland No. 75/2021. The appeal shall have reached the Appellate Committee four weeks from the time that the party in question became aware of the ECOI's decision. Costs for an appeal are according to Paragraph 5 of Article 20 of the same Act, and in addition to this there is a special appeal charge to the amount of ISK 150,000, pursuant to Article 6 of Regulation no. 36/2009 on the Appellate Committee for Electronic Communications and Postal Affairs. Pursuant to the Act on the Electronic Communications Office of Iceland No. 75/2021, a party can also refer a decision of the ECOI directly to the courts without the case having been first referred to the Appellate Committee. Such a case shall be brought within 3 months from the time that the party in question received knowledge of the Office's decision. Referral of the case does not postpone the legal impact of the Decision of the Office. Referral of the case direct to the courts, prevents the Appellate Committee from being authorised to process an appeal.**

Reykjavík, xx October 2021

Hrafnkell V. Gíslason

Hulda Ástþórsdóttir