

V. MARKET REGULATION

The regulation of telecommunications market relates to the development and application of the CRC regulatory and tariff policy under conditions of a liberalizing market. A basis for efficient and adequate regulation is the systematic study, observation and analysis of the market as a whole and its separate segments. CRC supervises the presence of effective competition in licensed telecommunications activities and provision of services, studies the market relations of the telecommunications operators and takes up a position on disputes which may arise between them, develops the minimal required elements which can be included in the general terms and conditions regulating the relations with the consumers of services provided through licensed public telecommunications networks.

A key role of the regulatory authority is to protect the consumers' interests. One of the mechanisms applied by CRC is to coordinate the General Terms and Conditions which regulate the relations between service consumers and operators of licensed public telecommunications networks. This mechanism aims at making the licensed operators undertake both obligations for quality of the services provided and commitments to compensate the users if they fail to meet such quality. CRC prepared "Model General Terms and Conditions which Should Regulate the Relations Between the Operators of Public Telecommunications Cable Networks for Distribution of Radio and TV Signals and the Users of/Subscribers to the Services Provided" reflecting all the amendments underlying the Telecommunications Act and the Radio and Television Act, which came into force on 5 February 2002.

With a view to guarantee the affordability of the plain telephone service for users, CRC made a check-up and approved the changes of prices for this service proposed by BTC in accordance with "Price regulation methods for the fixed voice service provided over the fixed telephone network of BTC and methods of line leasing under publicly known conditions" (Decree by the Council of Ministers Nr. 241, promulgated in State Gazette No12/1998). The prices so adjusted came into force on 1 May 2002. In order to further rebalance the rates, bring them closer to the European norms and prepare the company for work under the conditions of a liberalized market and increasing competition, CRC proposed to the Minister of Transport and Communications to specify a particular amount of the price correction factor in accordance with the Methodology and applicable in case of a second adjustment of prices in 2002. Until the end of the year BTC could not apply the planned second adjustment of prices of the fixed voice services provided by the company thus taking an unfavorable stance after expiry of its monopolistic position.

In order to carry out its regulatory functions CRC systematically gathers and processes information furnished by the telecommunications operators. The data so collected lies in the basis for making an analysis of market condition and drawing conclusions of its development. In such a way CRC receives feedback information how the market responded to the applied regulatory mechanisms and measures and whether the imposed limitations had been effective and expedient thus enabling the adjustment of its regulation in future.

With a view to a report on the state and analysis of the telecommunications market and the annual report on the work done by CRC in 2002, particular forms for accounting the 2001 activities on issued individual licenses were prepared and sent to 568 operators of licensed telecommunications networks and providing telecommunications services over them as well as to 200 providers of Internet services operating under free license regime. The forms are published at the CRC web site.

A monitoring set of parameters concerning the state of the telecommunications market is also necessary in connection with the current monitoring of the state of competition, including the presence of any operators and service providers with significant market power in the separate segments. In 2002 CRC actively cooperated with the Commission for Protection of Competition and supported its work in many cases concerning the competition on the market of cable networks and services.

With a view to monitoring the Internet networks and services as a rapidly developing market segment with high potential (outside the regulation scope), CRC conducted a study of the telecommunications networks of the leading Internet providers in the country as well as an economic analysis of their activities related to data transmission and VoIP.

Together with the Ministry of Transport and Communications, CRC took part in the first two stages of the EC project "Monitoring Telecommunications Markets of EU Candidate Countries" by preparing and presenting information about the state of the telecommunications market in Bulgaria (respectively at the end of 2001 and the first half of 2002) by a set of 200 parameters and indicators. The European Commission assigned this project to IBM Business Consulting Services. This project aims at following the development of the telecommunications sector in the EU candidate countries.

In order to make a comparative analysis on the condition of this sector in Bulgaria and its position within the general development of the European telecommunications market, CRC regularly studies and keeps abreast of the practices both in the European Union and the CEECs with respect to legislative, regulatory and tariff policy, especially the cost-orientation, so as to apply the best practice in accordance with the specificities of the Bulgarian telecommunications market.

CRC takes a position on any disputes, which may arise between the telecommunications operators when approached by any of the parties concerned. In 2002 CRC gave assistance, following the respective examination, by delivering an opinion on a dispute between RTC and BTC related to the prices of leased lines and on another dispute on the conditions of an agreement for interconnection of the networks of BTC and Internet Bulgaria.

Following CRC initiative a meeting was held in 2002 with the management representatives of BTC, MobilTel, RTC and Cosmo Bulgaria Mobile on the topic "Consumer and basic prices in the interconnection between the BTC network and the mobile cellular networks". The views and mechanisms were presented there how to reach a consensus between the telecommunications operators in determination of the consumer and basic prices of interconnection and how price levels which commensurate with those in the CEECs and the EU candidate countries can be attained. Despite not being in the position to impose specific obligations on the operators with respect to the price levels, CRC tries to mediate when the optimal ratio between the consumer prices and basic prices is determined in order to protect the consumers' interests.

CRC representatives took part in the international meetings under the project "APRII" (Accounting Principles and Regulatory Interconnection Issues) of ECC (Electronic Communications Committee). The APRII project deals with the economic aspects of interconnection among the telecommunications networks in the CEPT member countries (European Conference of Postal and Telecommunications Administrations) with respect to liberalization of the telecommunications market and application of the cost-oriented principle to the basic price system in interconnection. CRC hosted the meeting on this project held in September 2002. The information exchanged on many problems and tendencies outlined in an European and world scale as well as the shared experience of lots of leading European regulatory bodies was of great benefit to forthcoming development of cost-oriented pricing models (LRAIC models), reviewing and resolving on complaints against and disputes between operators, drafting secondary legislation instruments, aspects of IP telephony regulation as well as harmonization of the CRC practices in general with those of the regulatory authorities in the EU Member States in relation with our future accession to the European Union and introduction of EU requirements in this area.

Within the framework of the plan under the "Program of the Bulgarian Government for implementation of third-generation mobile networks (UTMS) in the Republic of Bulgaria" and Decision ERC/DEC/(99)25 of European Radiocommunications Committee (ERC) as at the end of 2002, CRC started working on establishment of criteria and making an analysis on the possible market for UMTS services in the Republic of Bulgaria.

The tariff of fees collectable by the Communications Regulation Commission was updated in 2002 in compliance with the change in the licensing regimes for separate telecommunications activities by virtue of [Ordinance No 13 / 2 July 2002 on Specification of Telecommunications Activities Subject to Individual Licensing, Registration under General Licence and Free Regime](#). The adoption of the Electronic Document and Electronic Signature Act, the amendments to the Postal Services Act and the modification of the Telecommunications Act legalizing the extension of CRC regulatory functions gave rise to development and inclusion in the Tariff the respective fees for processing of registration applications and issuance of certificate of registration of certification service providers as well as initial and annual fees for provision of universal postal service and fee for issuance of certificate of registration of non-universal postal service provider.

CRC experts also took part in preparation of the draft of a new Telecommunications Act and setting mechanisms for regulation of a market operating in full liberalization after the expiry of the monopoly of BTC after 1 January 2003. The more important problems in the field of market regulation CRC is facing are related to determination and study of the respective markets and operators with significant market power (SMP), imposing specific obligations on the SMP operators, establishment of cost accounting systems to determine cost-oriented prices of the services, approval of reference interconnection offers, unbundled access to the local loop and for provision of leased lines, activities of universal service provision.