

## INTRODUCTION

The Annual Report of the Communications Regulation Commission (CRC, the Commission) presents the regulator's independent view of the development and progress in the electronic communications sector in 2012, and is prepared in compliance with the provision of Art. 38 of the Law on Electronic Communications (LEC).

In 2012, the regulator continued to focus its mission and main goal on improving the conditions for development of effective competition on the market, as well as on ensuring a maximum protection for the interests of end users. In the past year, CRC continued to work in conditions of publicity and transparency, maintaining an active dialogue with undertakings, institutions, civil and user organizations.

In 2012, the Commission focused its work on definition, analysis and assessment of the electronic communications market, in accordance with the Recommendation of the European Commission (EC) concerning the relevant product markets in the electronic communications sector susceptible to ex-ante regulation. As a result, notified and adopted were the second round of the analyses of the markets for call origination on the public telephone networks at a fixed location, and for call termination on individual public telephone networks at a fixed location, and the market for voice call termination on individual mobile networks. The first round of market analyses was successfully completed with the definition, analysis and assessment of the markets for retail leased lines, as well as the wholesale trunk and terminating segments of leased lines.

They were used to impose a series of specific obligations on undertakings with significant power on the relevant markets with the purpose to create better conditions to encourage competition. The package of measures includes access and use of necessary network devices and equipment, transparency, non-discrimination, obligation for accounting separation, application of cost-oriented prices. As a result of market analyses, wholesale prices of mobile and fixed telephone services are gradually falling, as the reduction started on 01.07.2012 and takes place at two steps of 6 months.

An important step to ensure that the obligations for non-discrimination and transparency are fulfilled, is the adopted by the regulator "Form and Methodology for introduction and application of accounting separation", which specifies the requirements related to the specific obligations imposed on BULGARIAN TELECOMMUNICATIONS COMPANY AD, COSMO BULGARIA MOBILE EAD and MOBILTEL EAD. The document sets out the contents and form of regulatory accounting reports which must be prepared by the incumbent undertakings in a way that the costs, revenues, assets and liabilities in their annual financial statements must be allocated by activities and types of electronic communications services provided. The purpose is to create an effective competition on the relevant wholesale markets and related retail markets in order to protect the interests of end users.

In exercising its legal powers, in 2012, CRC continued to work for solving any issues occurring in the sector by creating an optimal competitive environment. In this respect, the Reference offer for access to a passive infrastructure, adopted by the Commission, facilitated significantly the conditions and procedures for use of the underground duct network. The reduction of prices of services provided by the incumbent operator, prices for access, as well as the introduction of additional types of protective ducts of smaller diameter, provide opportunity to enter the market, stimulate the effective use of the existing infrastructure and, respectively, intensify the competition. In this way, alternative operators are given the opportunity to develop their networks and provide services of higher quality to the Bulgarian user.

At the end of December 2011, the Law on Electronic Communications was amended with a view to transpose Directive 2009/136/EC and Directive 2000/140/EC for amendment of the European regulatory framework for electronic communications networks and services. The implementation of amendments began in 2012, as CRC amended the secondary legislations within the prescribed terms in order to bring them into compliance with the legislative amendments.

In August 2012, CRC also adopted amendments to the functional specifications for number portability to ensure greater protection of the users' rights and to facilitate the process. The new amendments envisage shortening the porting time in mobile and fixed networks, and removing a series of obligations for the subscriber who has requested to change their operator.

The user is also given the opportunity to make an explicit written statement to start the porting procedure 7 days after submitting the request for porting, as the contract between the receiving operator and the subscriber enters into force on the date when the number has been successfully ported into the network of the selected operator.

CRC organized and held 26 receptions for citizens with the purpose to solve the difficulties of the users of electronic communications services and to raise the consumer culture.

Another priority of the regulator was the structural and functional development of the National system for radio frequency spectrum monitoring to ensure the continuous and productive monitoring of the frequency spectrum on the entire national territory.

During the year, the construction of the last station from the monitoring system continued, as main construction and fitting works were carried out for the construction of RMS "Pleven" near the village of Todorovo, district of Pleven. At the end of 2012, the National Monitoring System had at its disposal 15 functioning main fixed (manned and unmanned) stations.

The commissioning of the new station will expand the opportunities of CRC to exercise an effective control of the radio frequency spectrum in the central part of North Bulgaria.

With relation to execution of the 2012 Plan for digital broadcasting transition, special attention was paid to monitoring in frequency bands for television broadcasting with the purpose to create conditions for trouble-free transition from analogue to digital television and completion of the digitization process in 2013.

As for cross-border harmful interferences, CRC's policy was focused on developing the bilateral relations with the regulatory authorities of the neighbouring countries. Together with the Turkish regulator, active actions were taken to stop the cross-border harmful interferences in the bands for VHF/FM radio and television broadcasting, which is a pressing problem, especially in the summer season on the Bulgarian Black Sea coast.

In 2012, the international activity of the Commission was based on deepening the effective interaction with the European regulators, further developing the cooperation at a global, European and regional level, and affirming the CRC's active role in the international organizations working in the sphere of electronic communications.