

ANNEX III

CRITERIA FOR THE DETERMINATION OF WHOLESALE VOICE TERMINATION RATES

Principles, criteria and parameters for the determination of rates for wholesale voice termination on fixed and mobile markets referred to in Article 75(1):

- (a) rates shall be based on the recovery of costs incurred by an efficient operator; the evaluation of efficient costs shall be based on current cost values; the cost methodology to calculate efficient costs shall be based on a bottom-up modelling approach using long-run incremental traffic-related costs of providing the wholesale voice termination service to third parties;
- (b) the relevant incremental costs of the wholesale voice termination service shall be determined by the difference between the total long-run costs of an operator providing its full range of services and the total long-run costs of that operator not providing a wholesale voice termination service to third parties;
- (c) only those traffic-related costs which would be avoided in the absence of a wholesale voice termination service being provided shall be allocated to the relevant termination increment;
- (d) costs related to additional network capacity shall be included only to the extent that they are driven by the need to increase capacity for the purpose of carrying additional wholesale voice termination traffic;
- (e) radio spectrum fees shall be excluded from the mobile voice termination increment;
- (f) only those wholesale commercial costs shall be included which are directly related to the provision of the wholesale voice termination service to third parties;
- (g) all fixed network operators shall be considered to provide voice termination services at the same unit costs as the efficient operator, regardless of their size;
- (h) for mobile network operators, the minimum efficient scale shall be set at a market share not below 20 %;
- (i) the relevant approach for asset depreciation shall be economic depreciation; and
- (j) the technology choice of the modelled networks shall be forward looking, based on an IP core network, taking into account the various technologies likely to be used over the period of validity of the maximum rate; in the case of fixed networks, calls shall be considered to be exclusively packet switched.