



REGULATORY TRAINING
(Mongolia, 4-7 July 2003)

SUMMARY REPORT

Name of Session:	Interconnection 2: Mongolian scenarios (6 July 2003: p.m.)
Name of Rapporteur:	Wan Faizal Wan Hassan, MCMC, Malaysia
Name of Speaker:	Mr. Mohd Sharil Tarmizi, Senior Manager, MCMC, Malaysia
Summary of Presentation:	<p><u>Interconnection Scenario in Mongolia</u></p> <p>Facts on Mongolia were discussed in terms of interconnection arrangements for e.g. the relationship between Micom and MTC. In summary, more issues exist on the commercial and economic side, less on technical issues.</p> <p>From the issues, it can be concluded that the regulatory instruments on interconnection needs to be beefed up, for e.g. the fact that licensing framework establishes facilities-based and service-based licensing, the need to develop the types for facilities and services to be included on the "Access List" may be necessary although the incumbent might resist. The development of standard access obligation in the form of "access code" is also necessary.</p> <p>On costing, significant care may need to be applied in implementing cost-based access pricing, preceded by a costing study to develop benchmark access prices. It is crucial for regulator to know the cost of services for essential services in order to regulate effectively. The appropriate costing methodology must also be determined. Key concepts and benefits and disadvantages on Fully Allocated Cost and Long Run Incremental Cost were also explained and discussed as options.</p> <p>Principles for efficient interconnection price structures are elaborated, primarily cost-based pricing, particularly based on current replacement cost, cost of service sufficiently unbundled, no hidden cost and subsidies, cost causation should also be observed.</p>
Highlights of Question & Answer period:	There were numerous practical examples of interconnection problems that were highlighted by the Mongolian participants during the Q&A session. Both Mr Tarmizi and Mr Singh took turns to explain the various options and models for consideration and concluded that notwithstanding the possible answers provided by Mr Singh and Mr Tarmizi, ultimately it is up to the Mongolian participants to work out for themselves what they needed to do.
Recommendations (if any):	<p><u>Recommendations</u></p> <p>The formation of an Access Forum, an industry forum to discuss interconnection related matters, may be considered.</p> <p>Similarly, an Access Code, which provides for a standard terms and conditions for interconnection or to a lesser extent, benchmarks terms, is highly recommended.</p> <p>It might be useful also to develop a framework on Access Undertaking, in which operators might undertake to offer certain terms and conditions to the regulator</p>

	<p>and other operators.</p> <p>Access Agreements, similar to RIOs, are already in the pipeline and should be completed soonest possible.</p> <p>Access Dispute mechanism needs to be developed so that disputes can be resolved by an independent regulator, CRC is already there and there is a question whether license condition can be applied to the interconnection arrangement in the Mongolian scenario.</p> <p>Further, it is recommended that CRC establishes guidelines in advance of negotiations, setting default interconnection arrangements in advance of negotiations (RIO is one example), so people know what the worst can be expected, establish deadlines for various stages of the negotiations, in promoting self regulation & capacity building (by establishing Industry Technical Committees), to provide incentives to complete interconnection arrangements and appointment of mediators/arbitrators.</p> <p>It is further recommended that CRC conduct a preliminary and simplified pricing study, provide a reference to ensure that incumbent is not charging for inefficiencies (based on Forward Looking LRIC, FAC historical, bill and keep, revenue sharing, retail-based (such as retail minus) prices or other formula as cost/pricing is a major aspect to interconnection.</p>
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