

# **Benchmarking**

## **as solution for determination of tariffs**

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# What is Benchmarking?

Benchmarking – using of the best practice, analytic comparison of tariffs in internal or similar markets or across countries



# Why Tariff Benchmarking?

- Suitable both for retail and wholesale services
- Tariffs usually reflect level of costs of different services
- Could be used by regulators, policy makers and operators



# Benefits of Tariff Benchmarking

- Affordable
- Non-complicated
- Easy to obtain information for comparison



# Benchmarking Methodology

Analytic comparison could be based on:

- Simple average values of tariffs
- Simple average excluding excesses
- Weighted average (using PPP or other factor)
- Tariff baskets

Results of comparison could be applied in direct way as price cap on regulated tariffs or indirect way as tool for policy makers, regulators and operators



# Available Data Sources

- Reports and publications of international institutions (ITU, EC, OESD, EUROSTAT...)
- Reports and publications of consultant firms
- Questionnaires distributed between NRAs, associations of regulators or operators
- Direct contacts with colleagues in other countries
- Internet resources



# Disadvantages of Benchmarking/ Common mistakes

- Based on historical data
- Possible inaccuracy of data
- Comparison of non-comparable data
- Average values don't reflect real situation, i.e., social and political reasons



**Q&A?**

**Thank You for attention!**

