



GEODE POSITION ON ERGEG GUIDELINES FOR GOOD PRACTICE ON REGULATORY ACCOUNTS UNBUNDLING

ERGEG QUESTIONS TO GEODE IN RELATION TO THE GUIDELINES:

1. General: Are there any other general guidelines you would like to propose in order to improve cost separation between integrated no network companies and other services provided within the group or even within the network company (e.g. for "multi-network companies)?

No there are not.

2. G1: Are the mentioned transactions sufficient to cover economic relations between network and affiliated companies?

No they are not sufficient. At the same time it should be clarify "who" has to publish those "major transactions". Is it only a requirement for the network operator? and are only those "major transactions" with affiliated companies, the ones that should be published?

On the other hand, ERGEG Guidelines points out that information on transactions could be kept as confidential. **GEODE** considers that the disclosure of this confidential information can lead to disadvantages in competition. Therefore this information should also be disclosed only to regulatory authorities. The national regulatory authority should decide the form of the information to be made public.

3. G2: Do you agree that these pieces of information should not be published but only made available to the regulators?

GEODE agrees that this information should only be made available to regulators.

4. G4: A clear definition of necessary network services is supposed to be the basis for cost allocation. Do you agree that in order to treat economies it is proposed to use the method of "stand alone cost".

GEODE agrees.

5. G5: Working competition via public tendering should guarantee market based prices. Do you agree that these prices should be accepted as market based and do you have proposals on how to calculate cost in case of non-market based procurement (for instance in case of specific services which are only provided by the affiliated company)?

GEODE agrees. The problem is that, the costs for services received will probably not be market based, as the practice shows that services are much different form each other. Therefore a cost based calculation of the cost allocation will remain.



GEODE rejects any kind of approval procedure by regulatory authorities with regard to service agreements as these kind of contracts need to have a quick approval and they involve different legal and economical aspects that Regulatory authorities are not always in the condition to deal with quickly.

6. Do you agree that ownership (financing) of assets should not have any impact on capital cost?

GEODE agrees.

Barcelona 15th July 2006