

Telecommunications - Taiwan

NCC approves Chunghwa's new fibre-to-the-home service rates

Contributed by [Shay & Partners](#)

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Between January 20 2011 and March 3 2011 Chunghwa Telecom offered a startling promotional rate on its fibre-to-the-home (FTTx) high-speed internet service which enabled customers to subscribe to a plan which provided download speeds of 50 megabytes per second (Mbps) and upload speeds of 3 Mbps at a reduced rate. Chunghwa reduced the rate of NT\$1,700 per month (including an electric circuit fee of NT\$850 and a monthly of fee NT\$850) to NT\$1,199 per month. This made Chunghwa's 50Mbps/3Mbps service cheaper than its 20Mbps/2Mbps service, which cost NT\$1,320 per month. Under the promotional clause, subscribers had to sign a non-termination contract which would apply for one year, after which the rate would revert to its original level. However, the promotional rate was not approved by the National Communications Commission (NCC) before Chunghwa launched it.

On April 18 2011 the NCC indicated that it would penalise Chunghwa within two weeks if the alleged promotional price was found to be accurate following an investigation. Chunghwa clarified that the plan had been introduced on a trial basis only (ie, it was not a formal promotional plan) for a few high-volume Internet users, in order to collect statistics relating to the burden on the backbone network. On May 3 2011 the NCC approved Chunghwa's promotional plans, including the wholesale and retail prices.

Under the new promotional plans, Chunghwa lowered its retail prices for both its 50Mbps/3Mbps and 20Mbps/2Mbps FTTx broadband services.

Plan	Listed price	Promotional price	Discount
50Mbps/3Mbps	NT\$1,700	NT\$1,199	29.5%
20Mbps/2Mbps	NT\$1,320	NT\$1,039	21.3%

According to Chunghwa, it has around 3.59 million broadband subscribers (including asymmetric digital subscriber line (ADSL) and FTTx subscribers), and in the fourth quarter of 2010 there were more FTTx subscribers than ADSL subscribers. Subscribers to the 10Mbps/2Mbps FTTx service made up 48% of total users. Chunghwa expected the promotional plan to enable most broadband users to upgrade to the 20Mbps/2Mbps or 50Mbps/3Mbps plans.

Considering that Chunghwa has acquired a greater than 99% market share of broadband circuit leasing services, most other broadband service providers cannot provide FTTx services without leasing Chunghwa's network and the low retail price of FTTx services is likely to squeeze other broadband service providers out of the market and cause harm to consumers in the long run, the NCC urged Chunghwa to lower its wholesale prices for FTTx services. Chunghwa lowered those prices by between 1% and 2.5% only. The NCC reiterated its stance regarding the tariff regulation – that is, that any primary and non-primary tariffs (including the promotional rate) of Type I telecommunications operators with significant market power should be approved in advance. The NCC will look into issues of market order and consumer protection according to Article 9 of Regulation Governing Tariffs of Type I Telecommunications Businesses.

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