

# Recent measures to support European broadband

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# Outline

- The Broadband targets
- Commission Recommendation on regulated access to Next Generation Networks (NGA)
- Commission Proposal for establishing a Radio Spectrum Policy Programme (RSPP)
- Commission Communication on European Broadband: investing in digitally driven growth

# The broadband targets (1)

- By 2013 universal broadband coverage
- By 2020, (1) all Europeans to have access to internet of above 30 Mbps, and (2) 50% or more of European households to have subscription above 100 Mbps (DAE)
- Fast and ultra-fast internet access has a central role in economic recovery and support to innovation
- Stimulating investment in fast internet access: between €38 bn euros and €58bn for achieving first target (mix of VDSL and wireless), and between €181bn and €268 for reaching second target

## The broadband target (2)

- NGA Recommendation and application of the revised framework: to provide regulatory guidance to NRAs, promote investment and competition.
- The RSPP: to improve coordination and management of spectrum, and facilitate the growth of wireless broadband

# The broadband targets (3)

- EU Broadband policy: to coordinate national broadband plans, incl actions from national and local authorities to promote investment and reduce costs
- The net neutrality debate: preserve open and neutral internet, while allowing for efficient management of network resources

# NGA Recommendation of 20.9.2010 (1)

- ensure consistency across Member States, so as to accelerate timely and efficient investment and innovation in new enhanced fixed high-speed infrastructures.
- fostering investment in next generation access (NGA) networks while safeguarding competition across the EU, by providing guidance to national regulatory authorities on the selection of appropriate regulatory remedies

# NGA Recommendation of 20.9.2010 (2)

- After almost 3 years of constructive collaboration, the text is considered as a good balance between the need to create incentives for investment and the need to safeguard effective competition.

## The NGA Recommendation is based on:

- **no regulatory holidays for NGA deployment** (balance between the need to promote efficient investment and innovation in new and enhanced infrastructures, on the one hand, and European consumers' interest, on the other hand).
- **Remedies imposed on operators with significant market power** within the framework of the Article 7 procedure (**Market 4 and Market 5**)
- **Infrastructure competition**, which should be promoted wherever efficient
- **Risk-reducing mechanisms** to ensure a timely roll-out, ranging from co-investment scenarios up to pricing issues
- **Migration issues:** appropriate migration path between SMP and alternative operator and transparent migration framework
- **Safeguarding the principle of non-discrimination** and of technological neutrality

# NGA Recommendation of 20.9.2010 (3)

## key provisions focus on:

- **the "ladder of investment" principle** and the need for third party access to spur competition.
- **access to wholesale physical network infrastructure (Market 4):**
  - Access to civil engineering infrastructure of the SMP operator in accordance with **principle of equivalence (Annex II) and at cost oriented price (Annex I)**
  - Access to the terminating segment in case of FTTH (distribution point, incl fiber inside building)
  - Unbundled access to the fiber loop in case of FTTH at cost oriented price, incl premium risk
  - Unbundled access to the fiber loop not mandated if alternative infrastructures available
  - copper sub-loop unbundling in case of FTTN at cost oriented price
- **wholesale broadband access (Market 5):**
  - **WBA remedies to be maintained (WBA over VDSL as a chain substitute)**
  - Product available 6 months before SMP markets its own retail services (guarantees of non discrimination)
  - Cost orientation principle (but lower risk premium for WBA products over FTTN)
  - WBA not mandated if unbundling available

# NGA Recommendation of 20.9.2010 (4)

- due account of investment risk by means of a **risk premium for regulated access prices (Annex I section 6)**.
- **Co-investments and risk-sharing mechanisms** are promoted.
- We give national regulators the tools to take due account of **diverging competitive conditions in different geographic areas**. Furthermore national regulators are now able to allow forms of price flexibility by means of **term and/or volume discounts** satisfying a properly specified margin-squeeze test.
- We give a clear signal regarding the important **contribution that cable upgrades are bringing in terms of infrastructure competition**, which stimulates investment and broadband growth.

# Multiannual Radio Spectrum Policy Programme (RSPP) (1)

- The general objective of the RSPP is stated in Article 8a(3) of the 2009 Better Regulation Directive 2009/140/EC: to "set out the policy orientations and objectives for the strategic planning and harmonisation of the use of radio spectrum (...)."
- The RSPP should encompass spectrum issues beyond electronic communications and cover any Union internal market issues relying on spectrum:

# Multiannual Radio Spectrum Policy Programme (RSPP) (2)

- **"Broadband for all"** will be a key topic of the RSPP so as to make sufficient spectrum available to allow access to broadband to all EU citizens
  - the RSPP will also call for the timely authorisation of all existing spectrum bands, which has so far not been done to the full extent at national level. This will also include an opening of the 800 MHz band, which is part of the digital dividend.
  - On 6 May, the Commission adopted a decision harmonising the technical conditions for the use of the 800 MHz band by new broadband services in replacement of high power broadcasting.
  - This will become applicable only where a Member State decides to open the band for wireless broadband. However, given the importance to open the band in all Member States, the Commission proposes a common deadline of 2013 in the Radio Spectrum Policy Programme.

# Multiannual Radio Spectrum Policy Programme (RSPP) (3)

- **Facilitate easy and equal access to spectrum** by promoting effective competition and removing unnecessary regulatory barriers applicable to general authorisations and individual rights to use spectrum.
- **Enhancing efficient use of spectrum** in particular by making an inventory and review of spectrum use with the aim of identifying inefficient use, old technologies and underutilised parts. This will make room for new services such as public protection and disaster relief (PPDR).

# Multiannual Radio Spectrum Policy Programme (RSPP) (4)

- **Identify harmonisation measures to combat climate change**, for example EU-wide smart grids and smart meters for optimising electricity consumption.
- **Improve external relations and protect European interests at global level**, in particular in negotiations at the 2012 International telecommunications Union World Radio Conference.

# EU Broadband Policy (1)

- Promoting investment and reduce investment costs
- Promoting wireless broadband
- Guidance for local and regional authorities to use structural and rural development funds
- Develop broadband finance instruments
- Operational broadband plans at national level

## EU Broadband Policy (2)

- Promoting investment and reduce investment costs:
  - Proper coordination by national and local authorities using town planning rules, and remedies mandating access to passive infrastructure (co-location and facility sharing/amended Art 12 of FD), incl provision of the necessary information
  - Direct public financing in line with State aid rules

# EU Broadband Policy (3)

- Promoting wireless broadband:
  - Made effectively available large bands of spectrum (opening new spectrum/ 2.6GHz and 800 MHz and liberalising the use of existing spectrum 900/1800 MHz)
  - Award rights of use quickly
  - Increase flexibility and competition
- Expand and rationalise use of structural and rural funds
  - Guidance on broadband investment for local and regional authorities

## EU Broadband policy (4)

- EU and EIB to explore alternative financing arrangements, incl PPPs at regional level, for financing higher risk broadband infrastructure projects.
- Operational national broadband plans:
  - A balance set of policy actions to incentivise and supplement private sector actions
  - Digital agenda scoreboard to monitor broadband plans