Video offer, access to broadband networks and NGN development

AGCM – IIC Workshop
“Convergence in electronic communications markets. Competitive scenarios for networks, services and contents in an international perspective”
Rome, 21.01.2010

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Overview

- The regulatory problem
- The legacy solution
- The NGA disruption
- The regulatory options for NGA
- The current approach to NGA
- Critical issues

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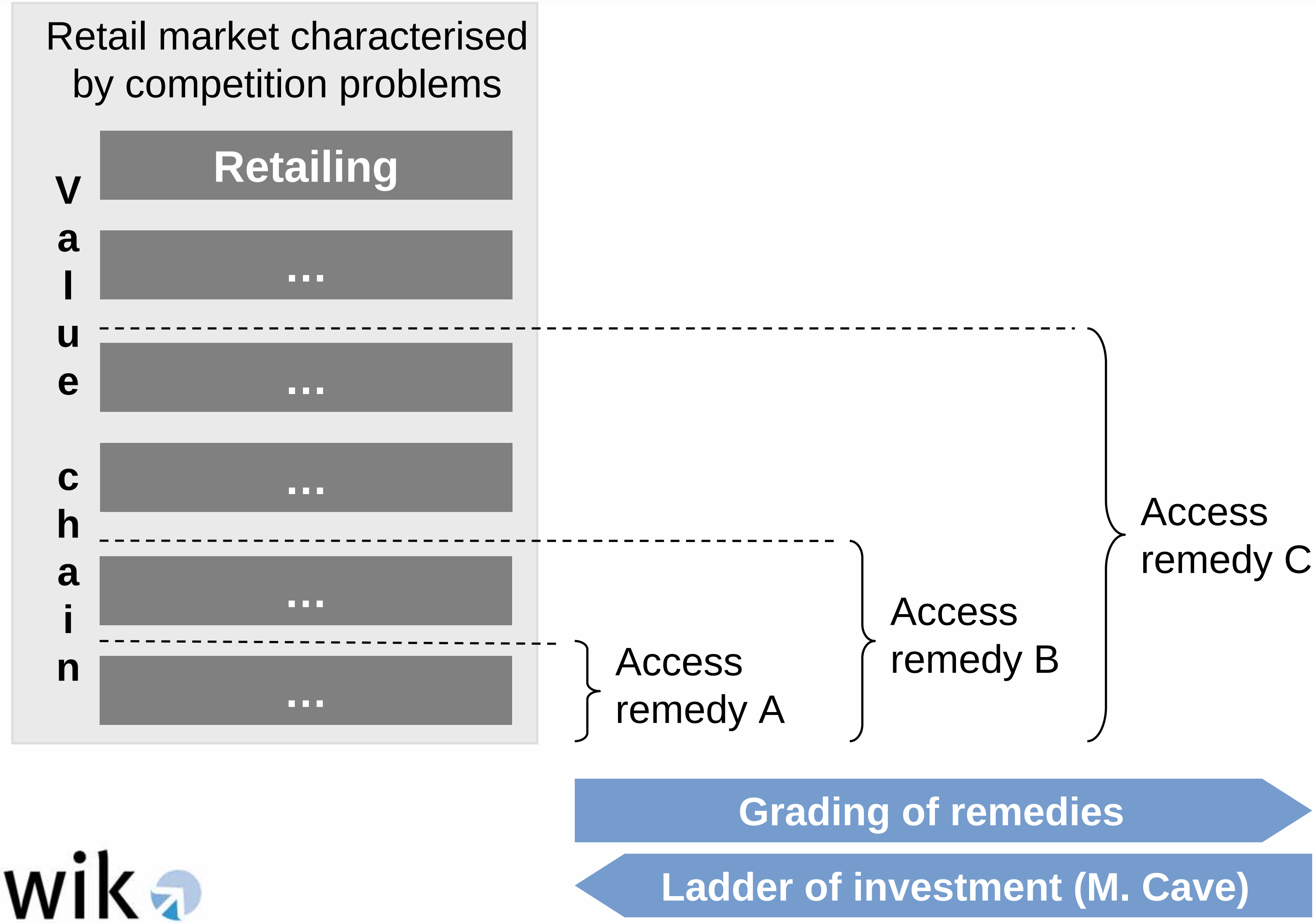
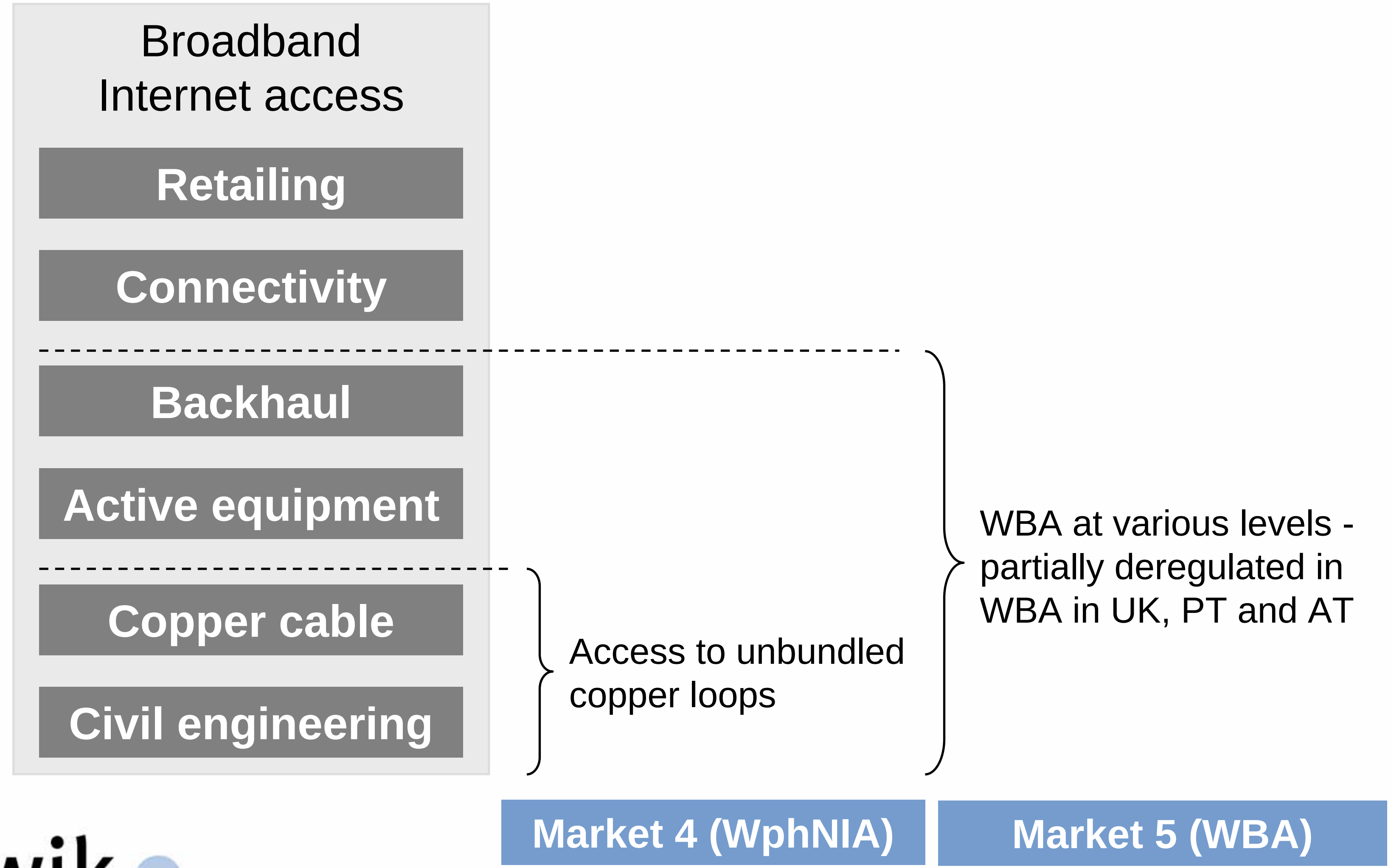
The regulatory problem

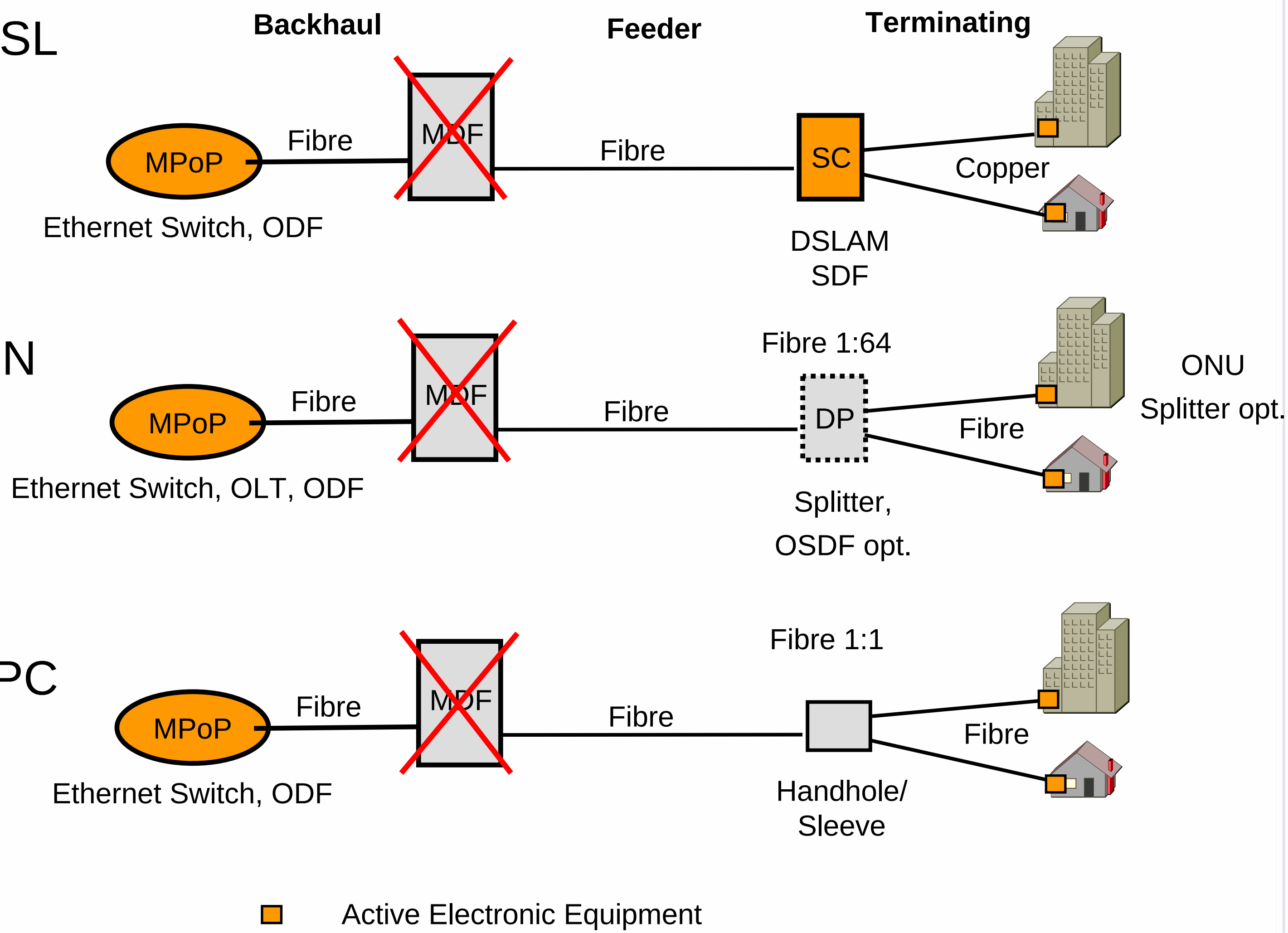


The legacy solution



The NGA disruption

- FTTN VDSL
- FTTH PON
- FTTH P2PC



The NGA disruption

- NGA requires substantial investment
- First-over advantages of incumbent
- NGA roll-out by a first-mover (incumbent) usually not viable on a nationwide basis

Network Type	Country					
	DE	FR	SE	PT	ES	IT
VDSL	71.5%	n.r.	18.3%	39.0%	67.4%	100.0%
PON	25.1%	25.2%	18.3%	19.2%	12.2%	17.6%
P2P	13.7%	18.6%	18.3%	19.2%	12.2%	12.6%

Source: WIK, n.r. – not realisable

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The NGA disruption

- NGA roll-out by a second-mover (replicability) not viable outside limited high-density areas
  - FTTN VDSL: SLU business case much weaker than for ULL, even assuming 80% duct access
  - FTTH: Limited viability only in France, even with access to ducts/dark fibre

Network Type	Country					
	DE	FR	SE	PT	ES	IT
VDSL	18.5%	n.r.	n.v.	39.0%	n.r.	17.6%
PON	0.3%	6.8%	n.v.	n.v.	n.v.	1.6%
P2P	0.0%	6.8%	n.v.	n.v.	n.v.	0.2%

Source: WIK, n.v. – not viable n.r. – not replicable

The regulatory options for NGA

Very high-speed broadband + anything that is bundled with it (HD audiovisual content, high bandwidth symmetric access, …)

Retailing

Connectivity

Backhaul

Active equipment

Cables

Civil engineering

Duct access

Access to (i) terminating segments & unbundled FTTH loops; (ii) un-bundled copper subloops

WBA to VDSL and FTTH connections

Relevant Markets Recommendation — **Market 4 (WphNIA)** | **Market 5 (WBA)**

NGA Recommendation — **Grading of remedies**

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The current approach to NGA

	Access	FR	NL	DE	ES	IT
Market 4 (WphNIA)	Ducts		n.r.			
	Access to in-building wiring	SYM		n.r.	SYM	
	Access to fibre loop of FTTH networks (P2P)			n.r.		
	Access to copper subloop of VDSL networks	n.r.				
Market 5 (WBA)	WBA to FTTH connections		High qual / Low qual	n.r.		
	WBA to VDSL connections		High qual / Low qual			

n.r. = not relevant = regulated = not regulated

Critical issues

- Regulation of WphNIA (Market 4)
  - Access to civil infrastructure and dark fibre alone not sufficient (except France?)
  - Subloop unbundling (where VDSL is relevant) indispensable - FTTH loop unbundling may also be required
  - No (?) subloop unbundling / FTTH loop unbundling in lower-density areas where …
    - incumbent and ANOs compete in FTTH/B roll-out
    - there is effective provision of duct access/dark fibre
    - there is co-investment in multiple fibre
    - there is cable

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Critical issues

- Regulation of WBA (Market 5)
  - WBA to FTTH connections also required, besides WBA to VDSL connections (technological neutrality)
  - WBA with multicast functionality?
  - No (?) WBA regulation in subnational markets where …
    - incumbent and ANOs compete in FTTH/B roll-out
    - ANOs compete on the basis of unbundled subloops / FTTH loops, in particular, where there is functional separation and full equivalence in inputs
    - there is co-investment in multiple fibre
    - there is cable and mobile broadband
  - Instead of partially deregulated markets, regionalised remedies?

Critical issues

- Transition from legacy regulation to NGA regulation
  - Transparent plans for phasing out legacy remedies / phasing in NGA remedies
  - Effective implementation of NGA remedies
    - Reference offers
    - Cost-based prices
    - Ensure ANOs can launch new retail services based on NGA wholesale offers at the same time as incumbent

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