Government Initiatives to Increase Supply

CITI: Annual State of Telecom 2010
New York, October 15, 2010
Matthias Kurth
President Federal Network Agency, Germany

Diversity in broadband deployment

- Broadband development projects are under discussion in many countries
- The issues are the same:
  - Different profitability in different regions (e.g. population density, topography, demand potential)
  - Network design features
  - Regulatory aspects such as cost- and financing parameters
  - In competitive markets there are alternative carriers
- Different approaches, e.g.:
  - Granting public funds or advantageous credit terms
  - Encourage companies to invest through a proper regulatory framework

European Commission NGA Recommendation

- European Commission has issued recommendation on regulated access to NGA networks
- Aim: Foster single market in the transition to NGAs
- 40 recitals
- NRAs to examine differences in conditions of competition in different geographical areas
- Access to wholesale physical network infrastructure
  - Access to civil engineering infrastructure of SMP operator
  - Access to terminating segment in the case of FTTH
  - Unbundled access to the fibre loop in case of FTTH
- Wholesale broadband access

German Broadband Strategy

BNetzA’s tasks according to Federal Government’s Broadband Strategy

- Growth and innovation oriented regulation
  - Key elements on the regulatory framework for the development of modern telecommunications networks and the creation of high speed broadband infrastructures (published in March 2010)
  - Clarification of the fundamental regulatory and competition law issues related to cooperation projects (together with the Federal Cartel Office)
  - Considers risk adequate equity rate of return
  - Supporting spectrum policy/regulation (auctioning of the digital dividend)
  - Setting up of an (passive) infrastructure map (data base)

Frequency Auction - Results

- First auction in Europe to allocate digital dividend spectrum
- After six weeks the auction ended with about 4.4 billion € spent
- Successful bidders of digital dividend need to fulfill coverage obligation to provide services in “white spots” which are currently lacking broadband
- By auctioning the frequencies Bundesnetzagentur encourages continuous expansion of the broadband infrastructure and creates economic growth

Infrastructure Map

- Data base aggregating existing and planned infrastructure
- Infrastructure map Bundesnetzagentur interested municipalities and companies can get information on existing infrastructure which can be used for new infrastructure
- This way potential for synergies between different infrastructures can be used
- Many companies and organisations take an active part in the project and provide detailed data
- Framework and standard agreements are agreed between all relevant public and private organisations
- Started December 2009
NGA Forum

- NGA Forum chaired by Bundesnetzagentur
- Gathers key stakeholders representing all relevant groups of market actors
- Forum discusses concrete issues related to the erection of NGA networks with a special focus on improvements regarding broadband penetration
- Open Access
- Cooperation und Co-Investment
- Technical and operational aspects related to access to fibre networks and other NGA networks (interoperability)
- Infrastructure sharing (e.g. in-house cabling)
- Transparency is the most important working mode of the Forum

Status of Broadband Strategy in Germany

Achievements
- Spectrum for mobile Broadband has been doubled
- „White spots“ will be covered by coverage obligation in spectrum license
- Competition from cable (docias 3) forces incumbents to invest in FTTH, FTTB in densely populated areas (DT AG announced 10% households to be covered by 2012)
- Infrastructure data base is available
- Promising progress on interoperability standards regarding FTTH and FTTB

Remaining Issues
- Nearly all cooperation projects failed; players not ready to agree on economic conditions
- No common understanding on open access
- Regulated access prices might be too high for altnets because of low end consumer prices (€ 25 for triple play)
- Less willingness to invest in fixed networks than 10 years ago
- FTTH, FTTB will lead to patchwork of local networks; difficult to operate

Thank You for Your Attention!