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FTTH COUNCIL EUROPE

RESPONSE TO THE CALL FOR INPUT ON THE DRAFT BEREC WORK PROGRAMME 2021

05/11/2020

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Introduction and comment

The FTTH Council welcomes this Draft Work Programme document and the opportunity to give further comments.

The FTTH Council Europe will participate fully in the various consultations underway and appreciates the level of consultation being undertaken in determining the work programme for 2021.

Copper Switch-off

The FTTH Council is pleased to see that there will be a report on Copper Switch off and that this report will be a matter for public consultation.

The FTTH Council noted that the EECC requires a start to work on considerations relating to copper network switch off under Article 81 of the EECC and while a specific set of Guidelines is not required, in practice significant guidance is necessary so BEREC's work in this area is important and justified. Such a transition involves significant co-ordination and complexity, even factors such as the length of time to switch copper networks services to fibre-based service delivery will need to be reviewed in other legislative instruments. While the FTTH Council Europe believes only competitive markets will drive take up (and investment) where sufficient wholesale access is available over fibre, operators should be in a position to switch off their copper networks in a planned and orderly fashion and this should not act as a barrier to a transition to VHCN.

A recent study[1] prepared for the FTTH Council by WIK concluded that Member States and Regulators could usefully act to enable copper and PSTN switch-off, and support consumer migration to FTTH and found that the key steps would be to:

1. Incentivise FTTH deployment and/or use of FTTH access by incumbents and avoid promoting continued reliance on copper and copper upgrades such as FTTC

2. Facilitate PSTN switch-off as a precursor to copper switch-off inter alia by encouraging operators to find solutions that support legacy equipment or inform consumers of alternatives

3. Review conditions (notice periods and wholesale obligations) for copper exchange closure

4. Improve customer awareness by clearly distinguishing FTTH from FTTC or other technologies in advertising

5. Improve processes for switching between the incumbent and alternative FTTH platforms

An update of this report will be presented at the FTTH Council Conference[2] (2-3 December). It is clear that copper switch-off requires the ability and incentive to switch by the incumbent, challenger operators and customers. The availability of FTTH access for access seekers and a willingness to migrate, or own FTTH (co-)investment is critical as well as an understanding of the benefits of FTTH. In addition it requires a willingness and ability of residential and business customers to migrate, which in turn is linked to awareness and the terms of switching. The incentives for operators and consumers to migrate can in turn be influenced by regulatory approaches to access regulation and pricing, migration and advertising standards

[1] https://www.ftthcouncil.eu/documents/Reports/2019/Copper_switch-off_analysis_12032019_short.pdf
[2] https://ftthconference.eu/

Switch-off also necessitates the removal of legal and regulatory barriers, which might unduly delay or prevent switch-off. Examples of regulatory conditions which could impede migration from copper to fibre amongst otherwise willing parties include (a) Unduly restrictive conditions for closing copper exchanges or shutting down PSTN such as long notice periods and/or onerous wholesaling requirements (b) Obligations to continue to supply copper-based/analogue wholesale products (through a market analysis) or retail products (through USO conditions) (c) Obligations for line powering to ensure service continuity in the event of a power cut.

Some Member States are much further along on dealing with this issue, the leading country for copper switch-off today is Estonia, which has incumbent FTTH deployment, absence of regulatory barriers and limited wholesale copper reliance.

Voluntary migration by customers from copper to fibre is influenced by the relative pricing of the products in relation to their perceived value. The perceived value is in turn affected by how broadband is marketed to customers and how they are made aware of the difference between copper, partial fibre, and full fibre. The use of pricing and other mechanisms to accelerate a switch off will be important but will face significant obstacles where the owner of the copper and fibre networks are different (for instance only maximum prices can be set but *ad valorem* taxes on environmental grounds might be considered).

Customers also need to be able to switch easily from a practical perspective. This includes switching platforms, when fibre is deployed by alternative operators and customers may be deterred from switching by the need for a site visit or requirements to replace their legacy equipment. Solutions, which provide a "plug and play" option for consumers and support legacy equipment could help alleviate these concerns. As legacy equipment issues are related to the move from PSTN to IP – pursuing PSTN switch-off could also be a helpful precursor to copper switch-off.

Networks which are fully fibre will have more capacity, greater resilience and flexibility as well as being easier to maintain and having much lower fault rates. As more of Europe's economy relies on telecom networks a structured and orderly transition to fully fibre networks has never been more important. In that context, the issues of copper switch off and a regime that facilitates the transition and the problem of fake advertising which suppresses fibre demand need to be addressed.

The FTTH Council Europe looks forward to participating in this initiative which is important both to facilitate economic and societal development but which also needs to be considered under environmental heading and the greening of Europe's economy.

Report on regulatory treatment for backhaul and 5G Regulation

The FTTH Council believes these are important workstreams and looks forward to contributing to these reports. It was already clear by the time the European Commission published the Gigabit Society Communication that there was a symbiotic relationship between advanced wireless and fibre networks. In determining the reasons that Sweden led in the deployment of 4G networks in Europe for instance, the availability of fibre for backhaul purposes was deemed more important than spectrum policy[3]. With the advance of 5G technology solutions, policy makers in Europe realised the importance of this relationship and the Gigabit Society Communication was reinforced with the publication and ultimate adoption of the new regulatory framework in Europe (the EECC). The EECC focuses on VHCN which in our

[3] http://www.pts.se/upload/Rapporter/Internet/2015/Uppfoljningen-regeringens-bredbandsstrategi-2015_PTS_ER_2015_16.pdf

understanding makes the deployment of fibre to every building and base station a fundamental objective for European regulators. Other regions of the world have also been advancing with North America and parts of Asia deploying prototype 5G networks and the reality of the dependence on fibre does not need a policy endorsement.

Against this background the FTTH Council Europe sought to quantify the benefits of a holistic approach to fibre network rollout for both fixed and wireless purposes and has conducted research into how a co-ordinated deployment can save time and money for operators.

The results of the cost model[4] undertaken identify either how much of the 5G costs attributed to the fixed network can be saved by having a combined and inclusive roll-out of fibre at the start or the results can tell us what the additional FTTH network costs would be to be ready to supply 5G whenever it is deployed. In the case of low cell density deployments, the savings are very dramatic since the cost of deploying additional fibres to the selected sites can be quite low. While not as dramatic for High Cell Density, the savings are still impressive and all parties are provided with tangible evidence to consider on how such savings might be achieved.

Looked at from a public policy consideration, it is clear that measures that encourage FTTH deployments to anticipate future 5G network support would yield significant savings to all parties concerned. To those savings can be added the speed of deployment and speed of network/market development.

What those specific measures might be cannot be anticipated and will depend on the networks being deployed. However, many network operators have expressed concerns that in the event that they deploy large amounts of unused fibres with the intention to support future 5G networks, that future regulation might oblige them to make that dark fibre available to competitors potentially undermining their incentive to make those upfront investments. Whether such concerns are well founded or not, those fears could be usefully be addressed in any report from BEREC. A follow-up report of the above-mentioned study will be launched in December 2020 and will provide more information on the importance of spare capacity in networks.

The FTTH Council is happy to make its resources available and looks forward to participating in these projects.

Broadband Cost Reduction Directive (Revision and Input).

NRAs have a very important role in lowering barriers to entry in VHC Networks and particularly barriers to entry in the potentially competitive urban areas – ensuring appropriate access to passive infrastructures, especially in-building wiring could lead to a significant lowering of deployment costs and a higher level of market entry. A consistent EU wide approach that relies on best practices could deliver enormous benefits to the market. Since the original work programme has been launched it is clear that this is a priority for the European Commission and that a revised version of the BCRD will be delivered in 2020.

The FTTH Council believes that the public sector can act as a vital catalyst to accelerate the roll out of infrastructure by lowering entry barriers and facilitating competition. This can be developed based on

4 https://www.ftthcouncil.eu/documents/PressReleases/2019/PR%20Fibre%205G%20Convergence%2013%20March%202019%20FINAL_2.pdf?_cldee=c2VyZ2Vqcy5taWthZWxqYW5zQGZ0dGhjb3VuY2lsLmV1&recipientid=contact-d5d9f6a4bf62ea11a811000d3ab8d09b-2324de088d3d4f8ab3bd927ee65fef74&esid=767a1074-3418-eb11-a813-000d3ab8d09b

access to passive infrastructures and the ability to pursue independent deployment strategies. Investments in passive infrastructures lower entry barriers for all operators and provides for any operator to move first which in turn may create its own dynamic. Even if the first operator to deploy in a given area does not ultimately engage in a large scale deployment, the real possibility that it could happen may, of itself, stimulate other operators to accelerate their investments in VHCN. The FTTH Council believes that this competitive race can be the best mechanism for ensuring mass market deployment in an appropriate and timely manner.

NRAs have had some time to implement the measures contained in the BCRD and we believe that the Commission and NRAs could learn from best practice developed in Europe by the leading NRAs.

Misleading Advertising

The FTTH Council Europe notes that BEREC has not taken up the suggestion to do more to promote accurate advertising for FTTH products and would strongly encourage BEREC to include this issue in its work programme. The FTTH Council is finalising a study (by WiK) into the effects of misleading advertising and the preliminary findings support the proposition that misleading advertising is widespread and has negative consequences for fibre demand. One of the main issues noted is that Member States that had the greatest impact on advertising standards to address this issue were Member States where the NRA (or ministry) took the lead on this issue.

The FTTH Council would strongly recommend that BEREC works with national advertising authorities to address this issue.