

FTTH COUNCIL EUROPE

RESPONSE TO THE CONSULTATION ON THE 'DRAFT
BEREC GUIDELINES ON GEOGRAPHICAL SURVEYS.
VERIFICATION OF INFORMATION'

25/01/2021



Comment:

The FTTH Council Europe welcomes the chance to comment on the “Draft BEREC Guidelines on Geographical surveys. Verification of information”. The Council continues to appreciate the ongoing and active consultation process underway for more than a year on different aspects of the Geographical Markets designation.

The Council notes that these guidelines again relate to verification of the BEREC Guidelines on Geographical surveys of network deployments issued in March 2020 (BoR (20) 42).


The FTTH Council Europe advocates a geographically differentiated approach to regulation with a strong preference for infrastructure-based competition in urban areas and open fibre networks beyond that area, either relying on private investment for commercially sustainable areas or, if commercially necessary, public financing. Regulation, existing and signalled, has a profound impact on market operations. Credible, predictable and stable policies create a framework in which capital can make strategic choices over the longer term. In a previous consultation (BoR (20) 168), BEREC placed considerable emphasis on the need for accurate forecasting on future network intentions. There are references in that document to the need to validate (ex-post and ex-ante) the data submitted. Nevertheless, there is little detail on how such verification might be undertaken or how an assessment ought to be made. This looks like an area where more guidance could be issued.

It is in everyone’s interests to have market boundaries that are stable, not for the administrative burden it might impose on Regulators but rather because of the uncertainty it can create in a context where returns may take 20 years to be realised. It is better if investors understand what rules will play where and over time. The granular nature of the current proposal suggests a very refined and interactive process which in turn suggests that the boundaries of geographic markets may not be stable over time. This is not consistent with geographic market delineation which should be conducted in the context of either a market review or indeed for indicating where public funds might be directed.

Questions of verification of data, particularly in the context of forecasting can be mitigated through the use of objective and durable data such as population density and topology (as well as experience) in the ex-ante assessment. Population density is a major indicator of network build cost (as well as derived indicators such as cable routes lengths per household) which in turn has a major impact on the scope of commercial network deployment. The FTTH Council also recognises the need to see and understand the scope of current and future deployments in order for NRA and OCAs to perform their various functions under Article 22(5).

Furthermore, the fact that network theoretical capability is the threshold in QoS-1 (rather than actual performance) suggests that in a fixed context, NRAs and OCAs ought to rely on the fundamental VHCN designation which is Fibre to the Home or Fibre to the Building (FTTH/B) rather than second guessing whether there is a possible equivalence from another infrastructure. Therefore, in terms of actual network performance or future network availability in the context of QoS-1, only FTTH/B ought to be considered (so measurement ought to be limited for QoS-1 to section 2.4.1.3 in Core Guidelines).

Even in the context of an exclusively FTTH/B network scope, the challenges of identifying and verifying reliable data is significant. The FTTH Council has extensive experience collecting data on network deployments and is happy to share that experience with BEREC. The FTTH Council has itself faced



challenges in collecting data and establishing verifiable data. For instance ‘Homes Passed’ had multiple designations ten years ago with some operators simply requiring a fibre passing a building which did not indicate the extent to which parties might be in a position to actually obtain an access line. The FTTH Council requirement has since been standardised to a more practical and operational aspect – new service activation will require the installation and/or connection of a drop cable from the homes passed point (e.g. fibre-pedestal, manhole, chamber, utility-pole) to the Premises, and the installation of subscriber Premises equipment at the Premises. This definition excludes Premises that cannot be connected without further installation of substantial fibre plant such as feeder and distribution cables (fibre) to reach the area in which a potential new subscriber is located.


A full list of definitions and specifications developed by the Council (as part of a global alliance of FTTH Councils – FCGA) can be found [here](#).

In the FTTH Council’s experience, what needs to be measured to determine the extent of network deployment may also shift over time - the tendency in recent years has been to move to measuring sockets deployed rather than solely homes passed. Total sockets deployed captures the fact that multiple operators may have built out to the same premises in an overbuild scenario, measuring both sockets and homes passed allows a better assessment of the extent of deployment. Total sockets deployed will therefore be higher than the total Homes-Passed since one household can be reached by one or more players (overbuild).

The verification of data is especially challenging in a QoS-1 context – the rationale for these measurements must be to ensure that private investors are not disadvantaged by having to compete with public finance and that citizens are not disadvantaged by being denied the benefits of VHCN. The list of reasons in the consultation document for poor or misleading data omits a deliberate commercial incentive to mislead and indicate areas as being available so as to deny public interventions in the short term. Areas that can support competitive entry in physical VHCN networks (i.e. FTTH/B) should rely principally on operator independent data that are stable over time (for instance population density and derivatives) and this should be flagged as a means to verify data in Steps 3 and 4 of the verification procedure (at a minimum as a means to identify potential anomalies). While innovation on construction methods may move the cost function and make former marginal areas accessible to private investment, such an assessment ought to allow a broad assessment of the data submitted in the period under consideration.

The detailed data identified for verification and the manner of that verification outlined in section 5.1.1 would allow such a forward looking assessment to be made for the areas which are likely to support private entry (even if the threshold may shift over time as innovations in deployment adjust the cost curve). This verification assessment identified for QoS1 indicators have equal application in the context assessing forecast calculations.

The FTTH Council believes that the verification of QoS2 and QoS3 data should be easier to determine as suggested by BEREC. The verification mechanism and the sampling mechanism proposed seeks to address the administrative burden faced by operators in such an assessment. There is no indication of the frequency of verification assessments, these should be linked to specific data gatherings only (which themselves are likely to be linked to the market analysis procedure). BEREC notes that the main purpose of designating areas is to signal to potential investors where opportunities might exist. The FTTH Council



would note that long term investors in FTTH need continuity and stability in order to make rationale business investment decisions.

With respect to the data that is gathered on the QoS-1, the FTTH Council believes that NRAs and OCAs must balance their obligation to ensure a consistent and accurate analysis of data on geographic markets with the administrative and operational burden placed on operators with network deployments. Only with verifiable and trusted data will NRAs and OCAs be in a position to utilise Article 22 delineations with confidence. Nevertheless, the five step process that is outlined in these guidelines (four of which are covered) may lead to a significant administrative burden for all parties concerned and BEREC should advise NRAs and OCAs to ensure that this is minimised as much as possible.