

POSITION PAPER

on the Draft BEREC Guidelines on Very High Capacity Networks

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The German Association of Local Public Utilities „Verband kommunaler Unternehmen“ (VKU) represents around 1,500 local public utilities in Germany, operating in the sectors of energy, water/waste water, waste management and telecommunication. In 2017 the members of VKU, with their 268,000 employees, generated a turnover of more than 116 billion Euros of which around 10 billion Euros were reinvested. In the end-customer segment, VKU's member companies have a market share of 61 percent in the electricity market, 67 percent in the natural gas market, 86 percent in the drinking water sector, 70 percent in heating supply market and 44 percent in the market of waste-water disposal. They also dispose of 31,500 tons of municipal waste each day and take a vital role in ensuring recycling rates of 68 percent, which rate the highest within the EU. Additionally, more and more local public companies are committed to the expansion of broadband networks. The number of public companies active in this field has more than doubled in the last four years: alone in 2017 around 180 companies invested over 375 million Euros. Since 2013 they have been increasing their investments by around 30 percent each year and expand future-proof infrastructures for the digital community (i. e. fiber optics or Wi-Fi) anywhere in Germany.

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I. Local Public Utilities as Supporting Pillar for the Gigabit Society

The digital transformation is one of the most important current social, political and economic challenges. Local public utilities, as pivotal infrastructure service providers, contribute substantially to the success of the digital transformation by providing services and infrastructure that are indispensable in the digital age, not only for the individual citizen but also for economic value creation. They already make significant contributions by encouraging the deployment of full-fibre networks, often beyond metropolitan areas. Especially in sparsely populated, rural regions with low customer density the high civil engineering costs of such projects and the resulting long payback periods tend to considerably reduce their attractiveness for exclusively profit-oriented operators. Local public utilities, on the other hand, take responsibility for their respective region as modern public service providers – within a competitive framework, but striving for more than an economic advantage. In the light of the Corona crisis, their significant and comprehensive commitment is once again gaining in importance. Among VKU's members, more than one in ten local public utilities are active in the broadband roll-out, even more are planning to enter the market.

VKU welcomes the European Commission's aim to equip all private households in Europe with connectivity of at least 100 Mbit/second by 2025 and provide the most important points of economic and social life with gigabit speeds. To achieve that aim, the European Electronic Communications Code's (EECC) objective to 'promote connectivity and access to, and take-up of, very high capacity networks' is essential. Consequently, it is central that the guidelines establishing criteria for the identification of such very high capacity networks, with which the Body of European Regulators for Electronic Communications (BEREC) has been entrusted by the EECC, reflect the EU's ambition to pave the way towards a gigabit society.

II. Comments on the Draft BEREC Guidelines for the Definition of Very High Capacity Networks

Overall, VKU welcomes the approach taken by BEREC in setting out such high quality-of-service parameters as proposed in the draft guidelines. Taking into account the German telecoms market and diverse landscape of broadband networks, existing copper-wire networks, regardless of the type of DSL technology, will not be able to meet the performance measures and rightly cannot be considered a very high capacity network. Similarly, VKU welcomes that German HFC networks, even with a complete roll-out of DOCSIS 3.1, will justly not be considered a VHC-network, due to the vast number of customers that are often located within one cluster and the distance between the fibre optic cables and the end customer. In order to motivate investments in true high capacity

networks, it is of utmost importance that the guidelines and parameters as proposed in BEREC's draft are established in that same manner and are not watered down. Once the guidelines enter into force, it must be ensured that they are consistently followed and strictly observed by the national regulator and that there is no leeway or potential room for dilution in their application.

Building on the definition of the EECC in Article 2(2), the published draft guidelines by BEREC set out criteria to identify fixed-line connections as very high capacity networks. The EECC states that *'Very high capacity network means either an electronic communications network which consists wholly of optical fibre elements at least up to the distribution point at the serving location, or an electronic communications network which is capable of delivering, under usual peak-time conditions, similar network performance in terms of available downlink and uplink bandwidth, resilience, error-related parameters, and latency and its variation'*. VKU concludes from the EECC's definition and the draft guidelines that the mean or typical quality of service parameters measured at peak-time for an FttB network (which either uses coax, twisted pair with DSL technology or cable with Ethernet technology within the building) constitute a baseline scenario against which other technologies need to be judged in order to be deemed a very high capacity network (criterion 3). Optionally, a network is automatically a very high capacity network, if fibre optic cables are deployed up to the building (performance threshold 1 or criterion 1) – the network is based on FttB or FttH. From VKU's point of view, these quality of service parameters are well-chosen and rightly include down- and uplink data rate, IP packet error rate, IP packet loss ratio, round-trip IP packet delay, IP packet delay variation and IP service availability.