

FTTH COUNCIL EUROPE

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

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Introduction

The FTTH Council Europe welcomes the opportunity to give initial input on the draft BEREC work programme 2021.

The FTTH Council Europe is an industry organisation with a mission is to accelerate ubiquitous full fibre-based connectivity empowering a leading Digital Society throughout Europe and as such it shares many of the same objectives as European NRAs and policy makers.

The FTTH Council's top priorities are concerning the first and third of the high-level strategic priorities namely promoting connectivity and empowering end-users. The FTTH Council sees the work proposed under the second chapter, cooperation with EU institutions and institutional groups as being important to achieving those first objectives.

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 our 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.

Comments

Strategic priority 1: Promoting connectivity

Promotion of adequate investment in VHCN

There remains a need now more than ever to ensure that adequate fibre is in place throughout Europe and the FTTH Council notes the objective for European NRAs is to ensure adequate investment in VHCN, which in effect is to ensure that there is investment in fibre very deep in the network.

There are several methods to achieve this, most importantly via a correct application of the EECC and also by using other methods to lower costs and speed up deployment such as the revision of the Broadband Cost Reduction Directive (as well as measures on geographic market delineation).

Recommendation: The Council believe that these measures should be augmented by significant work on identifying best practice in the EU in terms of measures that have driven VHCN and promotion of measures to meet that end.

BEREC has already done significant work on identifying the drivers of those investments with the study published at the end of 2019, BOR(19) 246 "Study on the determinants of investment in VHCN – a System Dynamics approach".

Recommendation: This should be followed up with a toolkit that individual NRAs can apply to the specifics of their markets.

The transition from copper to fibre networks

BEREC had initiated an internal workshop and summary report on the migration from legacy infrastructures to fibre-based networks in 2019.

The FTTH Council would strongly encourage BEREC to resume its work to ensure that there is a smooth transition from Copper based networks to fully fibred networks in Europe.

Recommendation: There are many operational and service issues that need to be addressed and where BEREC's guidance would be needed.

Measures to stimulate demand for VHCN are also an important tool that needs to be deployed. Some interventions, notably around the voucher scheme have been successful in stimulating demand for new services. Demand side measures to stimulate take up and usage of fibre networks when the market is not able to generate enough demand by itself can be very effective. Today, inertia or rigidity on the demand side seems to be a problem for the development of VHCN.

Recommendation: the Council believes that BEREC should collect data about current schemes to stimulate demand for VHCN and identify best practices to make sure that such national initiatives can effectively help to the development of VHCN.

Benefits deriving from a co-ordinated 5G/FTTH deployment

This network transition to fibre is also relevant in a 5G context. A study¹ by the FTTH Council to examine the savings from a co-ordinated 5G/FTTH deployment found that those savings would be substantial. 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.

That FTTH Council cost model demonstrates that a co-ordinated FTTH/5G network deployment can be done in a way that creates very significant savings and is likely to accelerate the deployment of both networks. A co-ordinated network build may also create significant regulatory risks for network operators that build their networks with significant excess fibres to support 5G networks and a fear that access obligations may undermine their ability to support 5G and create entry.

Recommendation: BEREC should explore methods to encourage such a co-ordinated network build and ways to mitigate these concerns ahead of investments being made.

Strategic priority 3: Empowered end-users


The third high-level strategic priority set out in BEREC's work programme deals with the empowerment of end-users. From the FTTH Council Europe's perspective, the most important aspects mentioned is consumer protection which includes network performance.

Misleading Advertising that Suppresses Fibre Demand

Advertising in European markets is regulated by National Advertising Bodies (NABs) which look across all economic sectors and activities. NABs are reactive and normally take action on foot of large-scale complaints. Due to various aspects of the retail broadband market, misleading or false advertising has become endemic in the sector with the effect that many consumers think they have FTTH/FTTB when in fact they do not. One problem is that many consumers remain too ill-informed to recognise that there is a problem.

In many markets, FTTH/B has not reached sufficient coverage such that NABs believe there is insufficient evidence of a problem (if FTTH/B is only available to 10% - they ask what the problem is and whether

¹ 5G and FTTH: The Value of Convergence available here: <https://www.ftthcouncil.eu/documents/COM-190313-FibreFor5G-ConvergenceStudy-Presentation-RafMeersman%20-%20v4%20-%20publish.pdf>



demand can be suppressed with such low availability). NABs are not responsible for telecom policy and might not be incentivised to promote industrial or telecom policy.

National regulators and other national bodies, on the other hand, are responsible for policy in this sector and those bodies may be better placed to identify and address these issues. Recognising that the subtleties of difference between partial fibre networks and FTTH/B may not be obvious to NABs and that a more specific intervention may be needed, certain European countries² have taken measures to ensure accurate advertising for fibre networks, prevent fibre demand suppression through misleading advertising and identify the most effective measures. Ensuring that demand suppression of fibre products is stopped is an important issue for regulators and policy makers.

The FTTH Council is finalising a study into the effects of misleading advertising and the preliminary findings support 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 strongly recommended that the list of partner regulators be extended to include national advertising authorities.

Improving the information provided to customers as proposed by BEREC is an obvious way of removing distortions in consumers' valuation of different propositions.

Recommendation: The FTTH Council would recommend that this entails, for example, provisions that stipulate what information has to be provided to customers, and in what form. Information about maximum available speed, for example, might be misleading, and operators could be required, for example, to inform customers about the speed they should be expecting to get most of the time, taking account of the quality of the line, distance from the exchange, contention ratio used by the operator etc.

From a broader policy perspective, a migration to full fibre networks will ensure a greater degree of resilience and higher network capacity which in the current environment is likely to be a priority in the coming year(s).

Need for cooperation between EU institutions and stakeholders

This, in turn, highlights the need for strong cooperation with EU institutions and institutional groups as being important to achieving these objectives. In particular city councils/transport and energy agencies will have an important role to play in implementing several aspects of broadband cost reduction measures as well as in the domain of 5G/FTTH role out co-ordination. Liaison with National Advertising Authorities has been shown to be the most effective mechanism to achieve real change in advertising standards.

² E.g. France and Italy