

# FTTH COUNCIL EUROPE

RESPONSE TO THE PUBLIC CONSULTATION ON THE  
BEREC STRATEGY 2021-2025

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## Response to the public consultation on the BEREC Strategy 2021-2025

### Introduction

The FTTH Council welcomes this new Draft Medium Terms Strategy document and the opportunity to give further comments.

The FTTH Council Europe believes that it makes sense to align the time period of the medium-term strategy to the legislative cycle but notes that 2021-2025 period is out of step with a legislature that has its mandate running from November 2019 to November 2024. From the FTTH Council's perspective, there are two possibilities which are to either align the time cycles perfectly (with the BEREC medium-term Strategy ending 2024) or where the current strategy document ends before the end of the legislative cycle (Dec 2023) as this would allow a new medium strategy to run from 2024 to 2029 and allow BEREC to set their priorities ahead of the next Commission taking office. However, the FTTH Council is convinced that a cycle better aligned with the legislative cycle makes more sense.

### Connectivity

On the first priority identified by BEREC on Connectivity, the FTTH Council notes the significant emphasis on 5G in the draft medium strategy dealing with Connectivity. While this is very appropriate and a lot of work will have to be done on spectrum investment and allocation to enable that deployment, there are a couple of omissions in the FTTH Council's view.

#### Measures to promote investments in fibre

One omission is that there remains a need to ensure that adequate fibre is in place and the FTTH Council notes that the objective for 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. While the proposed support and implementation of the revised Broadband Cost Reduction Directive mentioned in this strategy document is welcome, it is a fairly limited intervention. This 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". These should be followed up with a toolkit that individual NRAs can apply to the specifics of their markets.

#### Convergence between 5G and fibre networks

While the document recognises the importance of fibre backhaul availability for the deployment of 5G, the second omission in the Council's view is that there is an even more important symbiotic relationship between 5G and fibre networks. The FTTH Council Europe believes that there are enormous advantages in terms of speed and cost to having a co-ordinated 5G/FTTH network rollout. As one of five members of the FTTH Council Global Alliance (FCGA), the FTTH Council Europe has developed a methodology to assess the value that can be generated by taking a converged approach to fibre network rollout, specifically with 5G network deployment in mind.

It was already clear by the time Europe 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, the availability of fibre for backhaul purposes was deemed more important than spectrum policy<sup>1</sup>.

With the advance of 5G technology solutions, policy makers in Europe realised the importance of this relationship and the Gigabit Society Communication was reinforced by the publication and ultimate adoption of the new regulatory framework in Europe (the EECC). The EECC 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 highlighting the reality of the dependence on fibre.

Against this background, the FTTH Council Europe and the FCGA sought to quantify the benefits of a holistic approach to fibre network rollout for both fixed and wireless purposes.

The results of the cost model<sup>2</sup> tell us 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 very impressive and should give all parties serious pause to consider how such savings might be achieved.

The overall results can be seen in the table below:

	High Cell Density	Medium Cell Density	Low Cell Density
High Dense Area	74% -- 5,6%	75% -- 3,8%	96% -- 0,4%
Medium Dense Area	75% -- 7,2%	83% -- 3,2%	93% -- 0,8%
Low Dense Area	65% -- 6,6%	81% -- 2,7%	85% -- 1,9%

For instance, this means that the cost of the fixed network to support a 5G deployment in a high density urban centre with a high cell density can be reduced by 74% if it is done as part of the initial FTTH deployment rather than as a stand-alone project. Put another way, in this scenario, the cost of anticipating a 5G support solution would only add 5.6% to the FTTH network cost whether it was ultimately used or not.

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.

The 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 and network operators that build their networks with significant excess fibres to support 5G networks may fear access obligations may undermine their ability to support 5G and create entry.

<sup>1</sup> [http://www.pts.se/upload/Rapporter/Internet/2015/Uppfoljningen-regeringens-bredbandsstrategi-2015\\_PTS\\_ER\\_2015\\_16.pdf](http://www.pts.se/upload/Rapporter/Internet/2015/Uppfoljningen-regeringens-bredbandsstrategi-2015_PTS_ER_2015_16.pdf)

<sup>2</sup> <https://www.ftthcouncil.eu/documents/COM-190313-FibreFor5G-ConvergenceStudy-Presentation-RafMeersman%20-%20v4%20-%20publish.pdf>

**Recommendation:** BEREC should explore methods to encourage co-ordinated builds between 5G and fibre networks and explore ways to mitigate these concerns ahead of investments being made.

## **Empowering Consumers**

The FTTH Council welcomes very much Strategic Priority 3 on empowering consumers and the subsequent explanation. From the FTTH Council Europe's perspective, the most important aspect mentioned is consumer protection which includes network performance.

Users are not properly informed about the services they receive or are likely to receive when signing up for a broadband connection. As noted by Dotecon in a report for the FTTH Council<sup>3</sup> '... large differences between what is being promised and what is being delivered could actively suppress the demand for fibre as copper-based access may be wrongly perceived to provide similar services. Combined with the fact that many customers may not be able to establish the speeds they are actually obtaining, and even if they might not be in a position to identify their connection as the main source of poor service quality (which may for example also be the result of congestion at the server end when downloading popular content), such advertising could artificially depress the fibre premium.'

### Misleading fibre advertising

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 collaboration with advertising standards agencies in each Member State.

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 years.

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<sup>3</sup> Available here: [https://www.dotecon.com/assets/images/Dot-econ\\_Regulatory\\_Report-2.pdf](https://www.dotecon.com/assets/images/Dot-econ_Regulatory_Report-2.pdf)