

FTTH COUNCIL EUROPE

RESPONSE TO THE CONSULTATION ON THE
'DRAFT BEREC WORK PROGRAMME 2020'

6 NOVEMBER 2019



Introduction and comment

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

The FTTH Council Europe notes that there is a considerable regulatory evolution underway and that there are a number of broad trends taking place today which are driven by market dynamics and which will evolve independently of the change in the regulatory environment but which have significant impacts on regulation. The first is a very strong push towards FTTH in Europe – this is driven by a number of factors over and above the inherently superior performance characteristics of these networks (for instance much lower operational costs, growing demand for higher bandwidth and the evolution of higher bandwidth services). This transition is driving a significant change to the market structure as investors in FTTH are often new entrant operators (not existing smaller operators but genuinely new entrants) in the market. These new entrants do not suffer from the replacement effects of existing operators and so, very often what is seen in the market is the existing operator, a new FTTH operator plus (normally at least) a CATV operator in the urban areas but perhaps no investor in the rural areas. This in turn leads to very significant challenges for NRAs and BEREC with regard to appropriate regulation, which may vary by geography. The FTTH Council Europe believes the Guidelines on Article 22 will have particular importance in that context and will participate fully in that consultation.

In terms of the first item, which is perhaps the most important in the work programme – the Guidelines on VHCN, the FTTH Council appreciates the consultation process to date and looks forward to the formal public consultation and report. Those Guidelines may set the scope for Europe's network ambitions for the next 10 years and the Council would stress its importance.

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

Copper Switch-off

While the FTTH Council Europe is pleased that the issue of copper switch off is listed as a work item under '6.21. Possible work for 2021 and beyond', the FTTH Council believes that this is an issue, which needs considerable time for development and believes that the work should start already in 2020.

The FTTH Council notes that the EECC requires a start to work on considerations relating to the 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. Such a transition involves significant co-ordination and complexity, even just 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 study¹ 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 in advertising
5. Improve processes for switching between the incumbent and alternative FTTH platforms


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

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. 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.

¹ https://www.ftthcouncil.eu/documents/Reports/2019/Copper_switch-off_analysis_12032019_short.pdf



These are just some of the observations that the FTTH Council Europe would make on this issue but feel that BEREC has a role in taking a lead and driving the agenda on this topic in 2020 given the complexity of the issues and the long lead times currently foreseen in the legislation.

Protecting end-users from misleading advertising (demand suppression and end-user protection).

The FTTH Council Europe urges BEREC to take action with regard to misleading fibre advertising as it risks undermining one of the new legislative framework and National Regulators' key objectives; incentivising Very High Capacity Network investments and empowering consumers in a transparent manner.

According to the new Code, National Regulatory Authorities will have to consider 4 objectives when implementing the legislation: promoting competition, the internal market, end-users' benefits as well as connectivity, access to and take-up of Very High Capacity Networks by all EU citizens and businesses.

We are witnessing “fake fibre” advertising practices in the several Member States where firms are using “fibre” or “fibre speeds” in advertisements for copper-based broadband, when the advertised product is not genuinely based on a full fibre connection.

First of all, a consumer thinking they already have full fibre will never switch to an FTTH connection. Misusing the word fibre in advertisements prevents the consumers from making an informed choice about the products which are available to them and risks hindering fibre take-up.


There is growing evidence that consumers are largely unaware of the form of internet connectivity they have bought, oftentimes due to the associated advertising. A survey conducted in the UK has shown that almost a quarter (24%) of the respondents think they already have fibre cables running all the way to their home (fibre-to-the-premises), despite the fact that these networks at the time of the survey were only available to 3% of UK properties.

Where consumers know what they can choose from and understand the difference in performance between fibre and copper-based connections, they consciously choose fibre: the degree of satisfaction of FTTH end-users is substantially higher than recorded for any other Internet access technology in Sweden and 94% of non-FTTH users would consider subscribing to FTTH if it was made available in their area .

Secondly, another study³ found that “such 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”. Selling inferior copper-based connections as fibre undermines the value proposition of real fibre and undercuts the investment case for full fibre deployment.

The FTTH Council Europe is firmly convinced that the proper use of the word fibre in advertisements would empower consumers to make an informed choice and in turn have a beneficial effect on the take-up of Very High Capacity Networks, which is vital for investments in new fibre networks.

This issue has already been identified in several Member States and as the problems of FTTH demand suppression continues, a number of individual countries are leading the way by moving



specific legislation to limit the use of terms such as ‘FTTH’, ‘Full-Fibre’ and other fibre related terms in advertising. In Italy for example, legislation requires that the term fibre is only used when marketing fibre to the home (FTTH) or fibre to the building (FTTB) services and requires operators to use an easily understandable traffic light system in their communications to consumers. The FTTH Council Europe is convinced that this action will prove to be a very powerful tool in unlocking investment in full fibre rollout and advocate for a more consistent and European approach to this issue.

Therefore, the FTTH Council Europe urges BEREC to take the initiative and initiate action to prevent misleading fibre advertising. This will contribute to unlocking the investment potential in fibre across Europe as well as to ensuring that consumers can make well-informed choices based on genuine, transparent information.

Well informed consumers with a choice of suppliers will enable a more dynamic and responsive market to the benefit of consumers and industry.

- The FTTH Council believes that there should be a review of best practice in advertising VHCN and recommendations from BEREC on the issue of advertising for the industry.

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 access to passive infrastructures and the ability to pursue independent deployment strategies. Investments in passive infrastructures lower entry barriers for all operators and provide 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 practices developed in Europe by the leading NRAs.