

PRESS RELEASE

FTTH COUNCIL EUROPE PROPOSES IMPROVEMENTS TO EUROPEAN COMMISSION NGA REGULATORY PLANS

SUBMITS RESPONSE REGARDING PUBLIC CONSULTATION ON RECOMMENDATION FOR REGULATED ACCESS TO NEXT GENERATION ACCESS NETWORKS (NGA)

Brussels – 17th November 2008 –The FTTH Council Europe has today concluded its input into the European Commission's public consultation exercise on regulatory approaches to Next Generation Access (NGA) networks. The FTTH Council Europe's 27-page response is the result of several months' consideration and internal peer review among representatives of its extensive international membership of broadband technology companies. The full document is freely available to download now at the FTTH Council Europe's website www.ftthcouncil.eu.

Joeri Van Bogaert, President of the FTTH Council Europe explains the guiding principles of the response: "The FTTH Council Europe believes that, where feasible, competition based on access to passive infrastructures offering all operators the ability to make NGA investments is the best mechanism for ensuring an appropriate and timely NGA deployment. We believe that the Commission's Recommendation is fundamentally correct and sound in what it proposes but that it can be greatly improved by incorporating our proposed changes in the final version."

Proposed Improvements and Requests for Clarification

The FTTH Council calls on the Commission to incorporate the following FTTH positions in the final draft of the Recommendation on NGA:

- Base the sharing of indoor cabling up to and including the fibre concentration point on symmetrical remedies and not on Article 7 remedies. The Commission should advocate the adoption of national laws which would reflect the proposed changes in Article 12 Framework Directive.
- Strongly promote mandatory pre-cabling for new buildings as well as harmonising the technical implementation for pre-cabling across Europe.
- Strongly promote the over-provisioning of fibre in all buildings.

- Specify how legacy obligations can be met on NGA infrastructure to avoid new copper deployment.
- Place more emphasis on the role of commercial negotiations in network deployment and give more guidance to regulators on how they can facilitate the sharing of risk between the operators.

In addition, in order to avoid dampening investor sentiment, the FTTH Council asks that the Commission:

- Clarify the issues regarding Wholesale Broadband Access (WBA) access remedies and how readily available such remedies should be.
- Clarify operators' ability to price differentiate at the retail level and the need for corresponding WBA products as appropriate. Without the ability to effectively price discriminate at the retail level, the FTTH Council Europe does not believe operators will have the incentives they need to invest.
- Clarify the Commission's position on geographic sub-markets and/or regulators' ability to apply different remedies in different geographic areas.
- Initiate a dialogue with NRAs and other stakeholders on a number of issues, such as decommissioning of copper.

FTTH is the Clear End Game for NGA

The FTTH Council Europe believes that the future needs of broadband users can only be met by bringing fibre directly to the subscriber. Thus, Fibre to the Home (FTTH) is perceived by the Council as the clear end game. While other solutions including fibre hybrids and even wireless solutions will play an important role as complements, they will in no way act as demand substitutes.

The FTTH Council recommends that the Commission makes clear in its Recommendation the transient need for FTTN remedies and the importance of enabling migration from FTTN to FTTH. Specifically, the Commission needs to ensure;

- that operators have the capacity to go directly to the end user with fibre even if other operators are starting with FTTN deployments.
- that new choke points are not created (such as stranded assets at the street cabinet) which would delay an ultimate migration to FTTH.

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About the Fibre to the Home (FTTH) Council Europe

The FTTH Council Europe www.ftthcouncil.eu is a market development organisation with a mission to accelerate the availability of fibre-based, broadband access networks to consumers and businesses. With few exceptions, Europe lags well behind the US and Asian tiger economies in the availability of high-speed broadband services (100 Mbps and upwards). The Council believes that the development of fibre-based access networks is fundamental to the deployment of such services, and hence to reaping their benefits for European citizens and businesses. The Council's charter is to work with European governments, policy-makers and opinion leaders qualify and quantify the benefits to be gained from fibre-based broadband access networks, and to identify and help to erode the barriers to their development. Council members are drawn from the telecoms (vendors), broadband content and academic sectors.

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