

ARCEP facilitates access to ultra high-speed for all

22th June 2009

Deploying new ultra high-speed digital networks nationwide constitutes a major challenge for France, from both an economic and societal standpoint and in terms of regional development. On the fixed network front, the momentum in the broadband market in France and the willingness of several operators to invest in a new fibre-to-the-home (FTTH) local loop is helping to create a unique environment in Europe which is particularly propitious to nationwide ultra-fast broadband rollouts. This involves deploying new infrastructure with potentially unlimited bandwidth, which is destined to replace the local copper loop and which will be used for at least 50 years. This major shift in technology must not result in the recreation of a monopoly over the local loop.

ARCEP participates in an ambitious and gradual overall approach

The issues raised by nationwide fibre rollouts require an ambitious and coordinated approach, of which ARCEP is an essential component. Back in July 2008, the Authority required France Telecom to provide access to its civil engineering (which accounts for between 50% and 80% of the cost of deploying a fibre local loop) across the country, to allow other operators to install their optical fibre without having to tear up the pavement.

Because of the economics of these local loops, rollout conditions can vary a great deal depending on local features, particularly the population density and the housing structure.

In very densely populated areas, it is economically possible for several operators to deploy parallel optical fibre networks that run either to the foot of the building or to a connection point nearby.

Outside these very densely populated areas, sharing the fibre network outside the building does appear to be a necessary measure, and one which requires greater coordination between the players and gives rise to a number of questions: what common architecture for these rollouts? What role for each player? What shared investment possibilities for a shared network, and what form would they take?

Local authorities have a major part to play in encouraging network sharing – as the manager of public property, through the implementation or extension of a public-initiative network or by other means. Moreover, the digital portion of the government's economic stimulus plan, which was announced on May 6th, includes the involvement of the *Caisse des dépôts et consignations* to stimulate shared infrastructure rollouts.

And, finally, to achieve the objective of providing everyone with access to ultra high-speed services, all of the available technologies, notably wireless ones, will be used in tandem with fibre. The allocation of the digital dividend frequencies to ultra high-speed mobile will take place in the very near future, the goal being to give market players as much visibility as possible and to provide the entire population with access to these ultra high-speed mobile services.

ARCEP encourages swift investment

To kick-start this overall approach, investments in very densely populated areas need to be freed up as quickly as possible. The aim is to enable each operator to develop its strategy according to its technological choices. The Authority is not seeking to impose any given technology but rather, on the contrary, to encourage their coexistence – which itself constitutes a opportunity for the still nascent ultra-fast broadband market, on both the innovation and competition fronts.

At the government's request, the leading operators have been performing trials under the aegis of ARCEP since the start of 2009 on the system to be used for implementing the principle of sharing the last segment (notably inside buildings) of optical fibre local loops, in accordance with the Law on modernising the economy of 4 August 2008. By virtue of this principle, the first operator to deploy fibre in a building must allow other operators to offer their services to the building's residents without having to outfit the building with fibre as well. This system of sharing ensures that residents will have access

to several competing offers, decreases construction costs and avoids having multiple networks, hence multiple installations taking place in the common areas of the building.

It was in this context that, on April 7th 2009, the Authority submitted to public consultation the guidelines produced following the first trial stage, to gather feedback from the players. Currently in public consultation, running from 22 June to 22 July 2009, is a draft of the legal framework. This draft will then be submitted to the competition authority for opinion, and then notified to the European Commission. The legal framework is then submitted to the Minister responsible for electronic communications for endorsement, and is expected to come into effect in autumn 2009. It could be expanded at a later date, depending on the results of the second stage of the work.

The first draft decision, which is being made public today, allows for the network shared point in very densely populated areas to be located on private property cases where the building in question is large enough (i.e. 12 or more housing units), or when it is connected to visitable sewers – as is the case in Paris, for instance.

In addition, as concerns fibre deployments inside of buildings in very densely populated areas, in the second draft decision being made public today the Authority proposes a balanced system that makes it possible to take account of the economic and operational constraints tied to the different technologies. The chosen mechanism provides for the possibility of installing additional dedicated fibre on behalf of the operators that so request (notably point-to-point operators), as well as shared access cabinets (for PON operators), on two conditions: first, that these options be formulated before a building is equipped and, second, that the requesting operator share the initial investment. This appears to be a technologically neutral and financially balanced system, and one that will have a positive effect on competition.

This draft decision also lays down the general principles that apply across the country. These include the role of the building operator, the publication of access offers and the exchange of information between operators. It also stipulates the principles to be applied to the terms governing access prices, which tend to lean in favour of risk sharing (by sharing the initial investment) or a risk premium for those providing future access. The draft decision is accompanied by draft recommendations aimed at facilitating and accelerating negotiations between operators for the concrete implementation of these principles.

ARCEP continues its work on ultra high-speed broadband

A second stage of work has now begun under the aegis of ARCEP, which involves close collaboration between operators, local authorities and the *Caisse des dépôts et consignations* – the purpose being to specify the methods for deploying operators' networks or public-initiative networks in less densely populated areas.

As announced by the Authority on 7 April, a body representing all of the stakeholders will oversee this work. It will meet in September.

Paris, 22 June 2009