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## **CMG AGGFA Feedback: Roadmap about Cost Reduction Directive (Directive 2014/61/EU)**

Based on our experiences in Austria we want to add a new aspect to the Cost Reduction Directive: cost avoidance in connection with ubiquitous coverage of very high capacity networks.

### **1 Long-term and sustainable roll out of very high capacity networks (VHCNs)**

Cost avoidance is cost reduction in the future, “ubiquitous coverage of VHCNs is essential for social and territorial cohesion of the EU countries and for reducing the digital gap that persists between rural and urban areas across the EU.” (Source: Combined Evaluation Roadmap/Inception Impact Assessment)

Ubiquitous coverage of very high capacity networks means that all end users in a defined area, which can be a community, a district, a valley, must be connected. End users are households, companies, antennas (especially for 5G), cameras, traffic lights etc.

The total cost of a ubiquitous coverage of VHCNs shall be minimized.

### **2 Actual roll out procedures**

VHCN projects are rolled out mostly either for economic reasons or to provide connectivity to prioritized end users. Operators equip a specific number of end users with VHCN connectivity regardless of ubiquitous coverage. The ubiquitous coverage is postponed to another roll out project in the future.

Examples can be summarized in following categories:

- In rural areas communities mostly consist of a set of villages, with a densely populated area in the center and a number of remote villages with much less density of population. Operators decide due to economic reasons to roll out VHCN only in the center area.
- Cherry Picking: operators choose to roll out VHCN only in prosperous territories as exclusive residential areas and business campuses.
- Connectivity for end users with priority: Public incentive programs support special end users: e. g. programs restricted to wireless access or to public buildings, schools, hospitals.
- 5G: The emphasis put on 5G will lead to quick rollout of fiber connections to antenna sites.

In all categories a future extension to a ubiquitous coverage is not considered, the necessary provision with passive infrastructure resources (feeder and drop ducts to the passed buildings and backhaul ducts to remote areas) is not included in the roll out.

### **3 Problem**

By achieving in the course of time ubiquitous coverage by subsequent roll out projects much higher costs are generated compared to costs as if the passive infrastructure resources would have been included in the first roll out. The reason is double and multiple digging up the same trace.

### **4 Measures to be taken - Masterplan**

An avoidance of these costs and reducing the total cost of a ubiquitous coverage can only be achieved by a masterplan, including basic planning (comprising traces to all end users, pipe resources, POP and street cabinet sites), elaborated before any rollout project can be started.

The responsibility for the Masterplan depends on the national and regional market conditions. A regulatory and business framework must be defined to allow and enable various operators to roll out economically VHCNs under the umbrella of the Masterplan, to avoid unnecessary cost and to achieve the optimum result of synergetic cooperation between all stakeholders, public and private. In state aid supported projects such a masterplan should be obligatory.

A good example for the interaction between all stakeholders is the Carinthia Model: Carinthia applies the Three Layer Open Business Model. The provincial government of Carinthia is responsible for the Masterplan, builds the network in the white areas supported by state aid and lays the traces in the central areas, which are black or gray and not due to state aid, by passing a maximum of buildings and providing the necessary feeder, drop and backhaul duct resources. Private investors can expand the publically built infrastructure by using the already existing resources to cover 100 % of the area under favorable economic conditions.

### **5 Wholesale only undertakings**

Wholesale only undertakings, which are absent from any retail markets for electronic communications services, like wholesale only passive infrastructure providers, are predestined to subdue themselves to a masterplan and build sustainable network: since they are not active in the end user market they are open to cooperation and can focus on a passive infrastructure designed most attractive for access seekers.

### **6 Recommendation**

A fifth pillar should be included in d the Directive: This fifth pillar is cost avoidance which means avoidance of double and multiple digging following a Masterplan, enabling pillars one to four to be enhanced to long term, sustainable remedies. For further details refer to 4.