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# EU Telecoms Review 2016: key elements of the draft proposals

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Veronica Bocarova – Principal Analyst, Cullen International

# Stage reached

- Digital Single Market Strategy: May 6, 2015
- EC public consultation on the review: September 11 – December 7, 2015
- European Parliament resolution on the Commission's DSM strategy: January 19, 2016
- Legislative proposal on the review presented on September 14, 2016

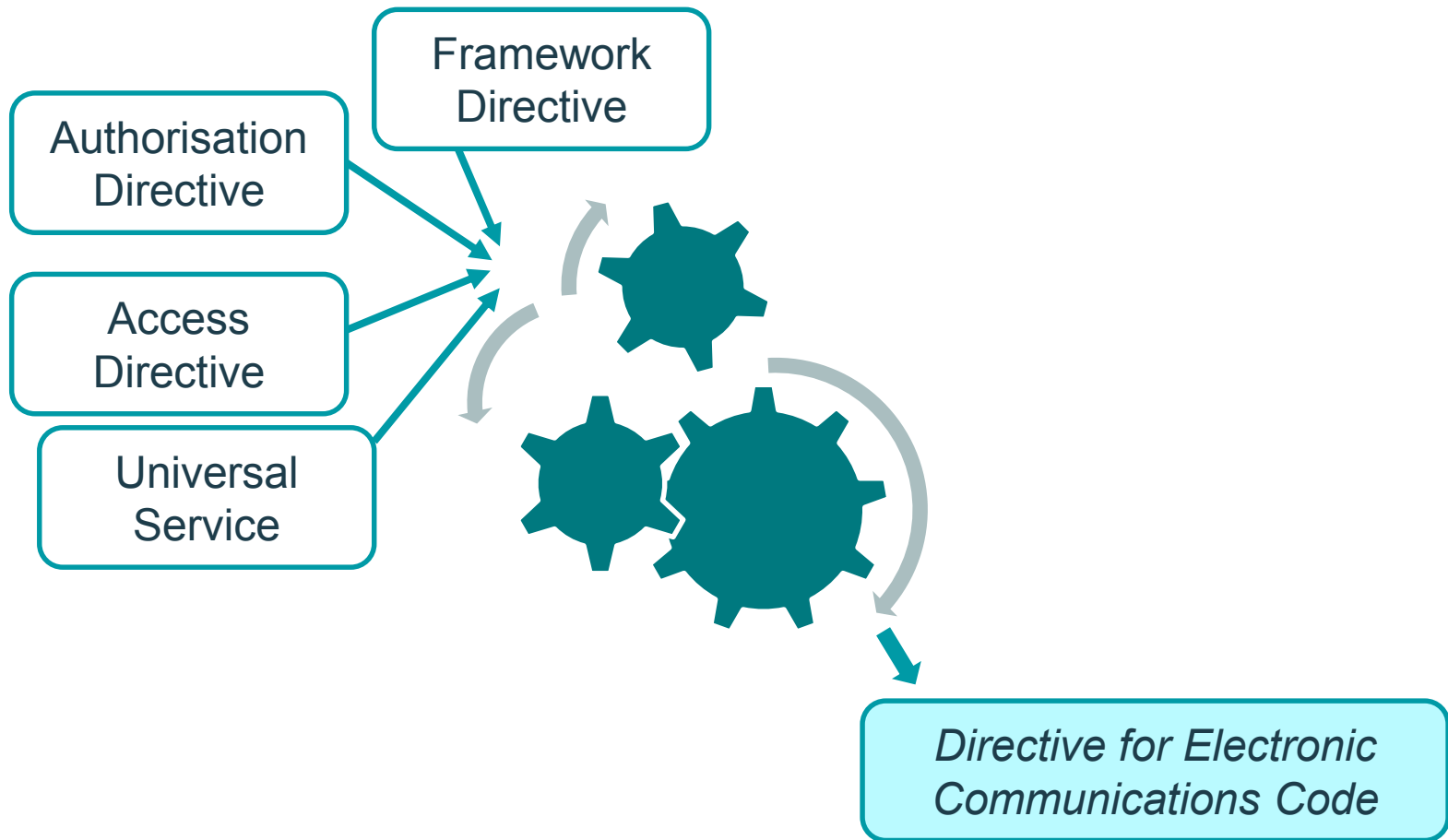
# Next steps

- European Parliament and Council to reach an agreement under co-decision procedure
  - By end 2017?
- Transposition by member states within 18 months
- Entry into force by mid-2019?



# Recast

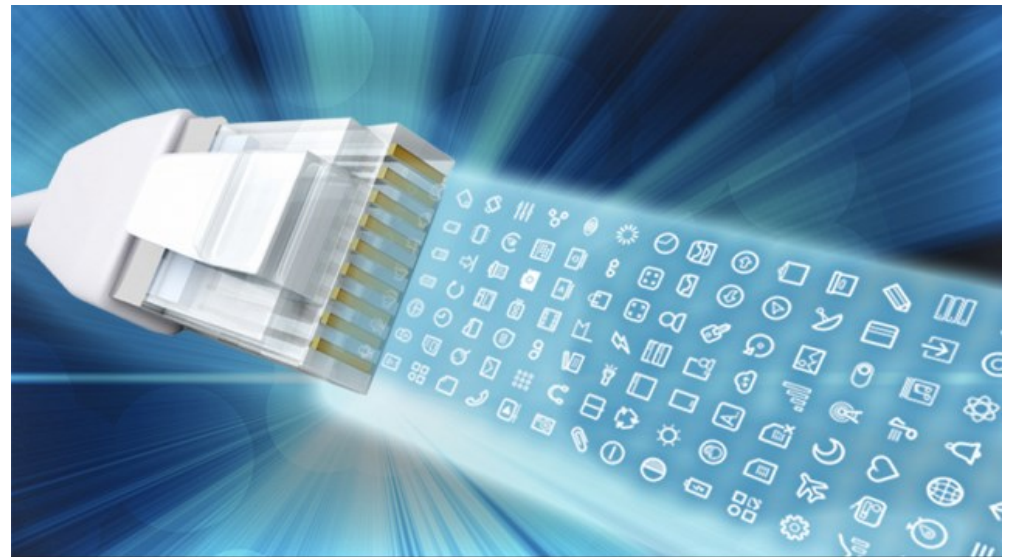
## From four directives to one code...



# Gigabit Society by 2025

## Ambitious but non-binding targets

- 100 Mbps for all European households by 2025
- 1 Gbps for ‘socio-economic drivers’ – by 2025
- DAE target retained:  
50% households subscribing to 100 Mbps by 2020



# 5G Action Plan by 2025

## Coverage and spectrum priorities

- Commercial introduction of 5G in 2018
- One major city to be ‘5G enabled’ by 2020
- Uninterrupted 5G coverage for urban areas and major terrestrial transport paths by 2025
- Spectrum bands to be harmonized for 5G
  - Provisional list of bands for initial launch by 2016
  - Full set of bands to be agreed by 2017
  - 700 MHz band to be available by 2020
  - 3.5 GHz seen as potentially a “strategic band”



# Access regulation

## Infrastructure competition and investment

- Significant adjustments to SMP access regime
- Regulatory incentives for incumbents and competitors to invest or co-invest in high capacity fibre networks
- More powers for NRAs to impose symmetric obligations
- More targeted SMP remedies
- Obligation for NRAs to conduct every 3 years geographic surveys of network deployments to support:
  - geographic granularity of market analyses with possible deregulation of some areas and designation of "digital exclusion areas"
  - national broadband plans, public funding schemes, universal service obligations and coverage obligations for spectrum licences

# Access regulation

## Symmetric access obligations

- Imposed regardless of any SMP finding
- Subject to article 7 procedure and reassessed every 5 years
- Limited to non-replicable assets:
  - In-building wiring and cables or up to the first concentration point outside buildings
  - Possible extension beyond the first concentration point in less densely populated areas
- Exemptions for new smaller and locally deployed networks or where alternative access options are offered by wholesale-only operators with SMP



# Access regulation

## Market analysis procedures

- Extended review periods: from 3 to 5 years
- NRA powers to impose SMP obligations at retail level repealed
- Intervention limited to wholesale level and only where retail market failure can be demonstrated
- “Double lock” veto on remedies where both Commission and BEREC agree
- Requirement to take into account commercial co-investment and access agreements

# Access regulation

## More targeted SMP obligations for NGA

- Priority to stand-alone civil engineering remedies: access to ducts and in-building wiring
- Regulatory relief for major network upgrades by SMP operators subject to a cumulative set of conditions
- Flexible NGA pricing in the presence of retail price constraints
- Equivalence of access and economic replicability test rather than direct price controls for NGA
- Predictable and stable prices for legacy networks
- Lighter regulation for wholesale-only SMP networks
- Provisions on voluntary functional and structural separation and applicable commitments

# Access regulation

## Fixed and mobile termination rates

- EU-level binding BU-LRIC cost methodology for setting fixed and mobile termination rates
- Possibility to set single EU-level wholesale price caps based on weighted averages of national termination rates and not exceeding:
  - 1.23 €cent/min for mobile termination rates
  - 0.14 €cent/min for fixed termination rates
- Cost methodology and price caps to be reviewed every five years

# Universal service

## Affordable broadband in focus

- Access to functional internet at an affordable price, “*at least at a fixed location*”
  - based on wired or wireless solution
  - defined as the ability to reach specific “*online services which enable end-user participation in civil society*” (i.e. not based on minimum speed)
- Access to voice communications services and measures for disabled users maintained
- Directories, directory enquiry services and payphones removed
- Universal service net cost to be financed through state budget only, and not through an industry fund

# Consumer protection

## Full harmonization of sector-specific rules

- No longer possible to impose additional national rules
- Non-discrimination of end users based on nationality or country of residence (justifiable exceptions allowed)
- Contract summary template
- Maximum contract duration remains 24 months
  - Shorter initial commitment periods allowed
  - Longer contract duration possible for instalment contracts
- Switching rules for bundles with uniform provisions for all elements: transparency, duration, termination
- NRA accreditation of independent comparison tools
- Monitoring and control of communications usage
- BEREC guidelines on QoS parameters

# Consumer protection

## ECS services redefined

- Internet access services (IAS) – in line with TSM regulation
- Interpersonal communications services: number-based and number-independent
- Signal conveyance services: M2M or broadcasting transmission
- Sector specific consumer protection rules mostly apply to IAS and number-based interpersonal communications services
- OTTs not using numbers (like WhatsApp) only subject to provisions on security and access by disabled users
- No interoperability or emergency services access requirements for number-independent OTTs

# Spectrum

## More EU oversight on national measures

- The most contentious element of the Review
- Harmonized NRAs tasks regarding spectrum assignment procedures and licence conditions:
  - Licence duration, renewal, design of the award procedures, reserve prices, licence conditions
- Peer review procedure at BEREC
  - Notification to EC, BEREC and other NRAs
  - Non-binding reasoned opinion by BEREC
  - Justification to be provided by the deviating NRAs
- 25 year licence duration
- Procedures for licence renewal
- Spectrum fees – separation from other charges
- EC binding measures: timing of assignments, disputes...

# Institutional aspects

## New powers for EC and BEREC

- New BEREC organisation as a regular EU agency would replace the current two-tier structure
- Management Board composed of NRAs and two EC representatives with a Chair appointed for 4 years
- Executive director appointed for 5 years
- BEREC Board of Appeal nominated by EC
- Broader BEREC mandate:
  - Binding decisions: transnational markets, contract templates
  - Quasi-binding: ‘double lock’ veto on remedies, single MTRs/FTRs
  - Opinions: spectrum peer review system
  - Registries: cross-border arrangements, extra-territorial use of numbers, notifications and EU register of network and service providers
- New provisions on observers





**THANK YOU!**

[veronica@cullen-international.com](mailto:veronica@cullen-international.com)