



Commission for
Communications Regulation

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Chairperson, Commission for Communications Regulation

**'A regulatory perspective on the challenge & opportunity
of Next Generation Broadband in Ireland'**

Irish Society of European Law, 5 October 2011



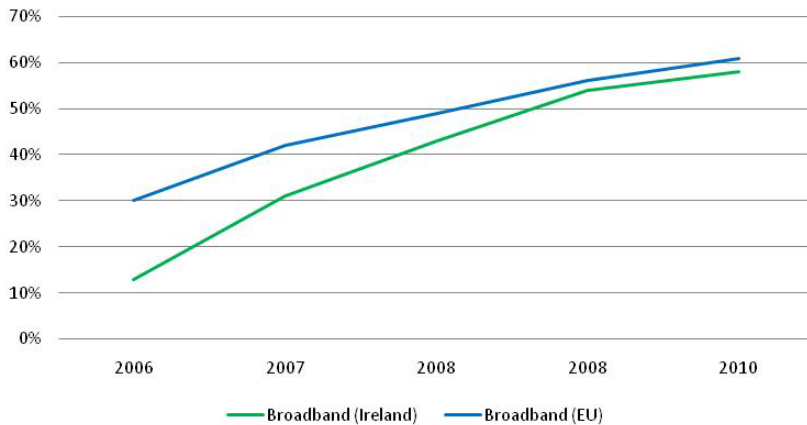
Overview

- **Snapshots of Ireland vs EU in broadband**
- **Why NGB matters – economic & social potential**
- **Policy, legislative & regulatory framework – EU & Irl**
- **Progress in market to date**
- **ComReg policies & workstreams for NGB**
- **Some key issues in regulating NGB**
- **Reflections on regulation arising from NGB experience**



Snapshot 1: household & business BB penetration

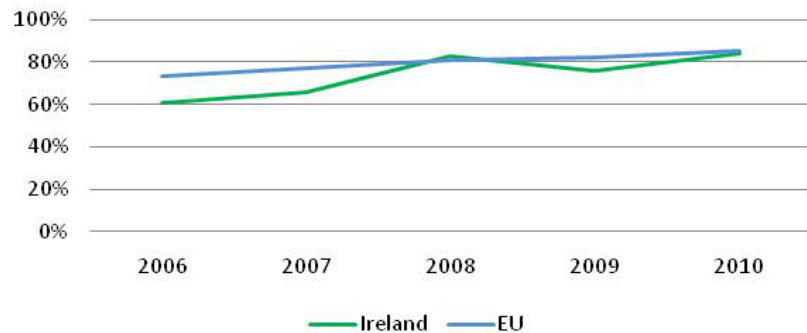
Household broadband penetration , 2006-2010



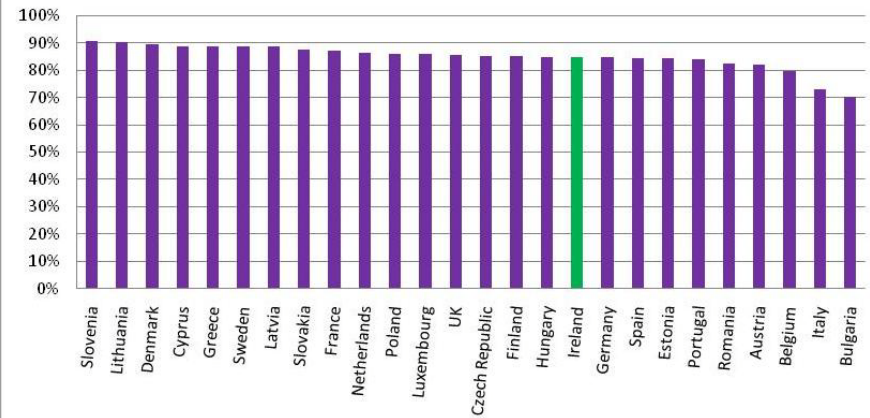
Ireland has converged on the EU average in terms of broadband penetration among both households and businesses since 2006.

The chart below shows that over 80% of internet users use the internet at least daily which is around the EU average. 28% of Irish households do not have internet access at home and 27% of the population has never used the Internet.

Business Broadband penetration, 2006-2010



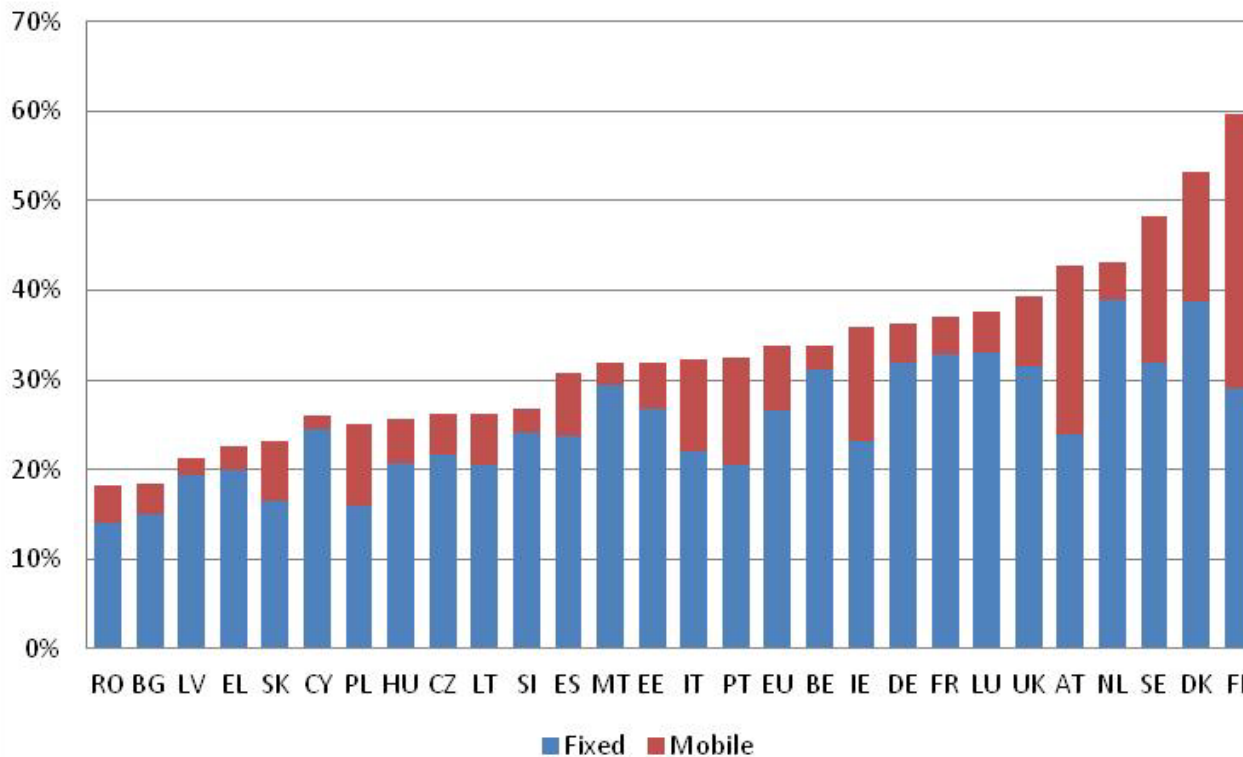
Intensity of internet usage, 2011





Snapshot 2: per capita broadband penetration

Mobile and fixed broadband penetration,
December 2010

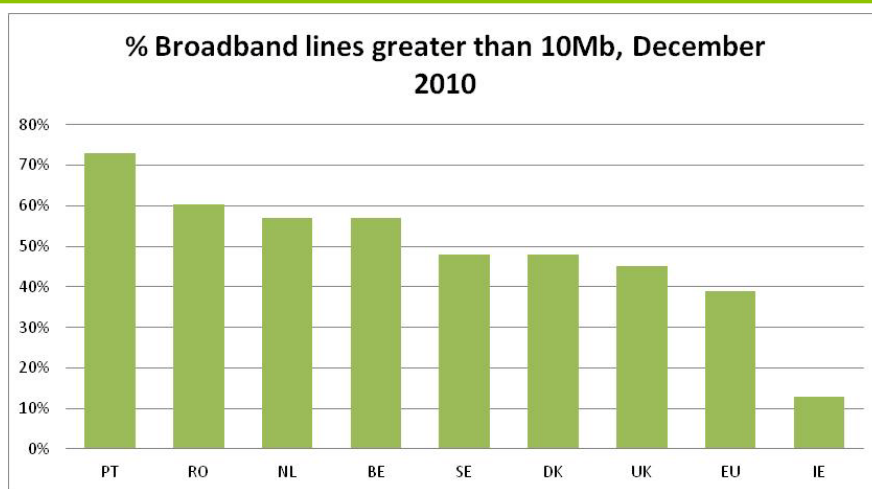


This charts per capita penetration of both wired and wireless broadband in Ireland and the EU. Per capita fixed broadband is behind the EU average but ahead of the EU average if wireless is added to wired broadband.

Source: European Commission's Digital Agenda Scorecard, 2011



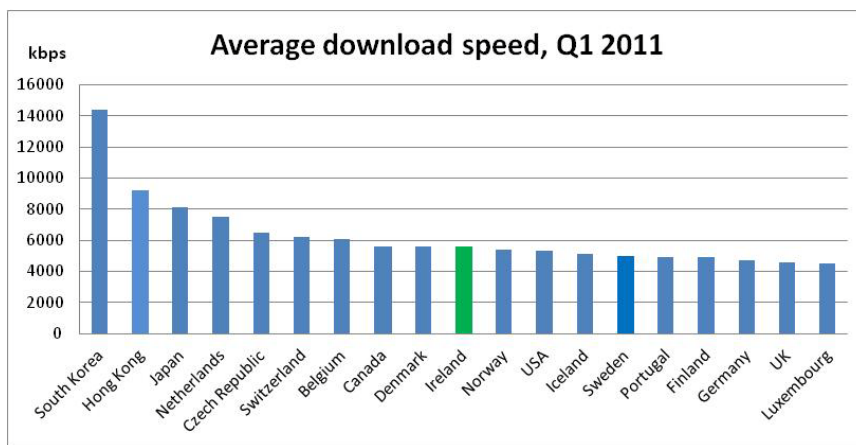
Snapshot 3: analysis of broadband speeds



Around **13%** of broadband subscriptions in Ireland have advertised speeds in excess of 10Mbps.

The actual average download speed in Ireland was around **5.6MB** by Q1 2011, comparable to speeds in other EU countries as well as the USA and Canada.

Source: ComReg, CoCom



Source: Akamai, July 2011



Why NGB matters – economic & social potential

- **Global IP traffic growing at CAGR >30% 2010-15 – driven especially by video (Facebook, IPTV etc)**
- **Cross-platform competition developing, and long-term trend of convergence in IP-based networks**
- **Irish businesses could benefit from improved productivity & access to international markets via fast web access**
- **Potential for value-added consumer/citizen services in ecommerce, education, healthcare, personal finances ..**
- **Longer-term potential for ICT to enable lower cost/higher quality e-delivery of public services**
- **10% increase in broadband penetration could add 1-1.5% to annual GDP growth**



Policy, legislative & regulatory framework - EC

- **EC's NGA work & statements have focused consistently on investment & competition:**
 - "With increased competition and the challenge of increasing revenue and maintaining profitability, both incumbents and new entrants are investing significantly in Next Generation Networks" (Nov. 2007)
 - "We want national rules that not only encourage the necessary substantial investment in fibre but also strengthen broadband competition" (Sept. 2008)
 - "A rapid and correct transposition [of the New Telecoms Rules] will be crucial for achieving legal certainty, enhancing competition and stimulating investment in Europe's evolving single telecoms market" (Dec. 2009)
 - "[The NGA Recommendation] will help to stimulate investment in competitive high-speed broadband networks" (Sept. 2010)
 - "Unfortunately, we see that, for the time being, telecoms companies are hesitant to commit significant funds to fibre roll-out" (Commissioner Kroes, Oct. 2011)
- **Key outputs: New Elec Comms Rules (12/09), NGA Recommendation**
- **Ongoing policy evolution - Net Neutrality, pricing, non-discrimination**



Comparison with market developments - EC

- **EC Digital Agenda Scorecard charts progress in EU**
- **Across EU we can see positive trends towards more competition, including infrastructure-based (eg LLU)**
- **There is also evidence of some incumbents and alternative operators investing in fibre – but take-up not that strong**
 - **eg France – 6M homes passed by FTTB, 8% penetration [FTTHCE]**
- **Telecoms investment environment remains challenging (2008-09, EU average was 15% fall)**
- **To date c. 5% of fixed lines delivering speeds of 30 MBps + (ie fibre-based)**



Policy, legislative & regulatory framework - Ireland

- **DCENR NGB paper (7/09)**
- **ComReg NGB papers (7/09 & 11/09)**
- **ComReg Decision on Market 4 (5/10)**
- **Forfas/IDA/TIF reports & commentary (various)**
- **Programme for Government (3/11)**
 - 'NewERA will co-invest with the private sector and commercial semi State sector to provide next generation broadband to every home and business in the state.'
- **ComReg Consultation on NGA Remedies (5/11 -)**
- **DCENR Next Generation Broadband Taskforce (6/11 -)**
- **Transposition of New Electronic Comms Rules (07/11)**
- **ComReg Decision on Market 5 (7/11)**



Regulatory framework Ireland – market analyses

- **ComReg Decisions on Markets 4 (10/39) & 5 (11/49)**
 - Eircom designated with SMP
 - Obligations to provide access (bitstream, LLU etc), non-discrimination & transparency (Access Reference Offer, KPIs, SLAs), accounting separation, price control & cost accounting
 - Remedies applied to both current & next generation services:
 - Current remedies specified in detail
 - Next Generation remedies only high-level – detail to follow
 - Price control details specified in separate processes & docs:
 - Market 4 – 08/71 (Ancillary), 09/77 (Migrations), 09/66 (Shared), 10/10 (LLU)
 - Market 5 – D01/06, Consultations 10/56, 10/108
 - Accounting separation defined in 10/67



Regulatory framework Ireland – NGA Remedies

- **ComReg Consultation on NGA Remedies (11/40)**
 - Invites views from interested parties on how best to apply NGA Remedies in Ireland, with 'utmost regard' to EC Recommendation
 - 65 questions asked – all in or around NGA Recommendation
 - Consultation ongoing so limited scope for commenting today
 - Questions raised in ComReg paper include issues that have been focus of attention for other NRAs and EC's Article 7 commentary
 - Key areas for debate include the appropriate wholesale product set (eg unbundled access, voice); pricing; justification for remedies such as duct access, dark fibre, SLU; approach to cost modelling, risk premia, migration; relevance of vectoring
 - ComReg Response to Consultation/Draft Decision planned 12/11



NGB progress in Irish market

- **Cable upgrade continues, launch of 100 MBps product**
- **Roll out continues of ADSL2+ and of LLU**
- **Eircom say FTTx to 100,000 premises within a year**
- **Ethernet products offering superfast 'Business BB'**
- **Wireless operators upgrading networks for faster BB**
 - Proposed release of liberalised 800 MHz & 900 MHz will assist
- **Average speeds experienced by consumers improving**
- **But**
 - uncertainties remain – eg re strength of consumer demand
 - economics of wide national coverage challenging – 40% rural



Reflections on regulation based on NGB experience

- Regulation as an enabler, not a driver
- Time-To-Market for new CEF, NGA Rec, Market Analyses
- Balancing EC harmonisation & national market adaptations
- 'Chicken & egg' problem in regulating unbuilt networks
- Promoting *efficient* investment & *sustainable* competition
- Current focus on networks vs content/services
- Supply-side vs demand-side constraints on NGB
- Exciting new innovations – but when is 'soon enough'?