

IBPT
Monsieur Luc Hindryckx
Président
Ellipse Building – Bâtiment C
Boulevard du Roi Albert II 35
1030 Bruxelles

Bruxelles, le 24 janvier 2011

Monsieur Hindryckx,

Veillez trouver en annexe les commentaires de la Platform Telecom Operators & Service Providers concernant le projet de décision concernant l'imputation des coûts des Small Network Adaptations.

Meilleures salutations,


Benoit Scheen
Président

INFORMATIONS GÉNÉRALES

Titre et date de la consultation : le projet de décision concernant l'imputation des coûts des Small Network Adaptations (09/12/2010)

À (personne physique qui a été indiquée comme personne de contact au sein de l'IBPT dans le document soumis à consultation): Maurits Vande Reyde

Dénomination de la personne morale répondant: PLATFORM TO/SP

Personne physique de contact du répondant: Benoit Scheen

CONFIDENTIALITE DES DONNÉES

Les informations suivantes sont considérées comme confidentielles par le répondant (cocher les cases appropriées) :

- Rien
- L'identité de la personne morale répondant
- L'identité de la personne physique de contact au sein du répondant
- Certaines parties de la réponse

Dans ce dernier cas, le répondant fournit une version publique et une version confidentielle de sa contribution. Dans la version confidentielle, les parties confidentielles sont clairement identifiées dans le corps du texte.

En cas de conflit entre le présent formulaire et une indication figurant dans la réponse (en particulier la mention standard en matière de confidentialité contenue dans les e-mails), le répondant reconnaît que l'IBPT ne doit tenir compte que du présent formulaire.

AVERTISSEMENT

Conformément à l'article 140 de la loi du 13 juin 2005 relative aux communications électroniques, les projets de décision de l'IBPT susceptibles d'avoir des incidences importantes sur un marché pertinent font l'objet d'une consultation publique dont les résultats doivent être rendus publics, dans le respect des règles de confidentialité des données d'entreprise.

Il est donc dans l'intérêt du répondant d'identifier de manière exhaustive et précise les informations confidentielles de manière à éviter que ces informations ne soient rendues publiques dans le cadre de la publication des résultats de la consultation publique.

Les répondants sont cependant tenus de ne qualifier d'informations confidentielles que les seules informations qui ont réellement cette qualité, l'IBPT ayant la possibilité de contester le caractère confidentiel d'informations en vertu de l'article 23, §3, de la loi du 17 janvier 2003 relative au statut du régulateur des secteurs des postes et des télécommunications belges.

NOM, DATE ET SIGNATURE

Benoit Scheen, 24/01/2011



Platform comments to the BIPT's draft decision concerning the cost accounting for Small Network Adaptations

We thank the BIPT for this consultation on the “Draft decision regarding cost accounting for Small Network Adaptations”¹, hereafter referred as *SNA Consultation*.

1. Comments on the draft decision

1.1. Introduction

We welcome the clear description of the regulatory frame as the clear description of the scope of this decision. We also thank the BIPT for a clear description of what must be understood as SNA (we also refer to Figure 1) which is defined as (1) the installation, (2) the replacement or (3) the move of the *introduction cable* between the *Network Termination Point (NTP)* at the end-users premises and Belgacom's *distribution cable* in the street.

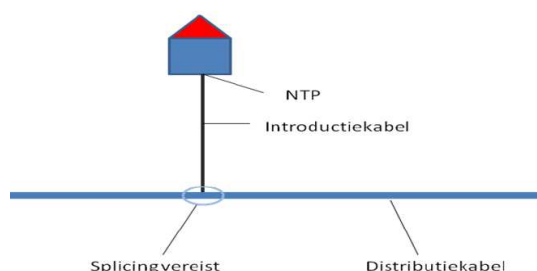


Figure 1: Illustration of a SNA

We understand that the methodology used by the BIPT for the calculation of the costs in relation with SNA or the *SNA Cost model* has not changed but that only the way these costs are charged (which is one off vs monthly rental fee) has changed.

We note that the BIPT reserves its right to eventually review the *SNA Cost model* in order to verify its cost orientation as well as if these costs taken are the ones of an efficient operator.

1.2. SNA cost model

We understand that cost model for SNA has been developed by Bureau Van Dijck for the decision of *BRUO/BROBA One-off fee decision*² of 2007 and that it has not changed since then.

The SNA cost has been defined by a weighted average of the costs of three different SNA-cases:

- (1) Cases where a new *introduction cable* must be placed
- (2) Cases where new pairs must be spliced of an existing *introduction cable*
- (3) Cases where the *introduction cable* must be moved to another *distribution cable*

¹ <http://www.bipt.be/ShowDoc.aspx?objectid=3347&lang=en>

² Besluit van de Raad van het BIPT van 4 september 2007 met betrekking tot “one-time fees” voor BRUO & BROBA

1.3. Proposed adaptations

We understand that the proposed changes consist of adding a *SNA fee* to the current *BRUO raw copper* rental fee in order to cover all the costs related to the execution of SNAs. This concretely means that there will not be any one-off fee in case of SNA as these costs will already be embedded in the '*BRUO raw copper*' rental fee.

1.4. Positive impact of the proposal

The fact that currently the costs for Small Network Adaptation are invoiced as a one-off fee of approximately 450€ hugely affects the alternative operators.

The negative impact is particularly acute for the non-business market as the alternative operator can not afford such initial sunk cost which can not be recuperated. Indeed such initial cost can not be recovered for consumers as the margins are too low and because of the limited contractual period (the customer can usually leave the OLO without penalty after one or two years).

It is clear that only Belgacom is able to bare the costs for a SNA as Belgacom will in any event benefit of an income for the line which has been installed by the SNA: either the end-user remains a customer of Belgacom and pays a subscription fee to Belgacom, either the end-user becomes a customer of an alternative operator and the OLO pays a copper rental fee to Belgacom. In case an OLO has to support the cost of the SNA, he will only benefit of revenues as long as the end-user remains a fixed service customer.

1.5. Proportionality of the proposal

As explained previously, the only operator benefitting of the current situation is Belgacom. In case the SNA costs are spread over all the active lines and thus included in the copper rental fee, the alternative operator will be able to supply all end-users also where a SNA is required as this will become economically sound.

We fully agree with the BIPT that the proposed way to invoice the SNA is logical and beneficial for all the operators. Indeed, all the operators are benefitting of a SNA as it increases the number of potential end-users (as a new line is installed). The increased potential market is beneficial for all operators. It is thus logical that all the operators are contributing for the cost of this SNA. As stated by the BIPT this is also fully in line with the principle of *Distribution of benefits and cost* as described by the IRG in the "*Principles of Implementation and Best Practice regarding cost recovery*" document.

The Platform fully agrees with the BIPT that the costs of the SNA are only bared by the *without voice / raw copper* lines. A SNA is indeed usually caused by the need of a new introduction cable because of the absence of free pairs or the absence of an introduction cable (case 1 & 2 as described in section 1.2). As these cases are only caused by orders in relation with *without voice / raw copper* lines³, it is justified that the SNA costs are based on the active pairs and applicable only on the *without voice / raw copper* lines.

³ As correctly stated by the BIPT, only case 3 as described in section 1.2 relates to a *shared line* service. It is indeed only when the existing pair is not suited for broadband services because of spectral saturation and that the introduction cable must be moved to a new distribution pair that a SNA occurs.

2. Comments on the cost-calculation of the SNA fee

2.1. Calculation SNA cost

We fully agree with the BIPT with the method applied by the BIPT for the calculation of the SNA fee as described in the introduction of Annex 1 of the draft decision.

As correctly stated by the BIPT it is important to avoid that costs are counted twice in the frame of this decision. It is thus fully correct to remove the billing costs of the SNA cost that will be taken into account for the calculation of the SNA fee as these billing cost are already embedded in the copper rental fee. We invite the BIPT to verify that other costs are not double counted.

At this stage, we also wish to highlight that the SNA cost resulting from the cost-model seems excessive. We therefore invite the BIPT to reassess the parameters used in the cost-model developed by Bureau Van Dijck in order to ensure that the calculated cost is indeed cost-oriented in accordance with the obligation imposed on Belgacom. The Platform is at BIPT's disposal to help challenging the different costs taken into account.

2.2. Calculation yearly SNA investments

We fully agree with the BIPT's calculations and projections as summarized in figure 8 of the draft decision:

- **Active Pairs:** we fully agree that the defect pairs should not be taken into account and a yearly reduction of 2,4% is effectively in line with what has been witnessed in the past period
- **Number of Orders:** we agree with the global number of orders to be taken into account as well as with the small increase of 1% for the period 2010-2015 resulting from expected increase of customers caused by the success of triple play packs based on DSL as well as the authorities' efforts to promote broadband.
- **Percentage SNA:** an increase of SNA compared to the past period can indeed be expected further to the increase of VDSL orders.

We invite the BIPT to monitor the consistency between the expected figures and the reality in order to ensure the correctness of the assumptions.

2.3. Calculation unit for SNA per pair

We have no particular remarks in relation with the calculation of the SNA investment costs based on Tilted Annuity Method as the method as well as the different parameters are fully justified by the BIPT.

2.4. Calculation SNA fee

As described in section 4 of Annex A of the draft decision, we fully agree with BIPT's decision to split the amount applicable for the SNA fee in different periods (2010-2012 and 2013-2015). It is indeed important to avoid yearly price changes and to ensure some stability in the copper rental fee (incl. SNA).