HELLENIC TELECOMMUNICATIONS & POST COMMISSION

The challenges and opportunities of Universal Service/Access in Greece

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The Greek ecosystem

- Infrastructures:
  - Solid infrastructure based competition, but based entirely on the incumbent's (OTE) copper network (LLU).
  - Lack of alternative access networks
    (99,5% of broadband lines are delivered through the incumbent's copper network).
  - Mobile networks well developed but …
    deployment of 3G network encounters obstacles, relating to antenna licensing.
- Geo-political characteristics:
  - Small but non-negligible part of the population in remote and difficult to reach areas (islands and highlands).
  - Deploying new Next Generation Access networks, without State support, appears commercially unviable with few exceptions.
- ICT in use:
  - Low adoption of Internet and e-services by population (digital illiteracy, low trust, lack of compelling services …).
  - High adoption by enterprises but insufficient exploitation of its capabilities.
  - ICT can contribute substantially in improving public sector efficiency.

Fixed Broadband coverage (light grey areas)

- ~95% of population.
- Terrain difficulties (islands & highlands) lead to extended “white areas”.

The USO in Greece

- Dictated by the Telecommunications Law 3431/2006 and a number of Ministerial Decisions, based on recommendations by EETT.
- What is included in the Universal Service Obligation
  - Access to electronic communication network at fixed location
  - Telephony services
  - Dial-up Internet
  - Directory services in printed and electronic format
  - Public pay phones
  - Special measures for specific, disadvantaged social groups.
- The Universal Service must
  - Be offered in affordable prices
  - Respect the principles of transparency, non discrimination and proportionality
  - Adhere to specific quality requirements
  - Comply with all terms of the Regulation on General Authorizations.
- Broadband Internet is not included
  - Hence US provision is not hindered by the geographic characteristics.

US provider selection process

- Tender carried out by EETT, following a request for expressions of interest.
  - Separate process for each specific service.
  - In case of lack of interest, the SMP operator (or the operator with the largest market share) is designated by EETT decision as US provider.
  - In case of interest, a public tender is carried out, with selection criteria determined by EETT, in an objective and non discriminatory manner.

- Main eligibility criteria
  - Financial reliability.
  - Technical capacity, including extensive public telephony network
  - Ability to offer each specific service with given quality requirements.

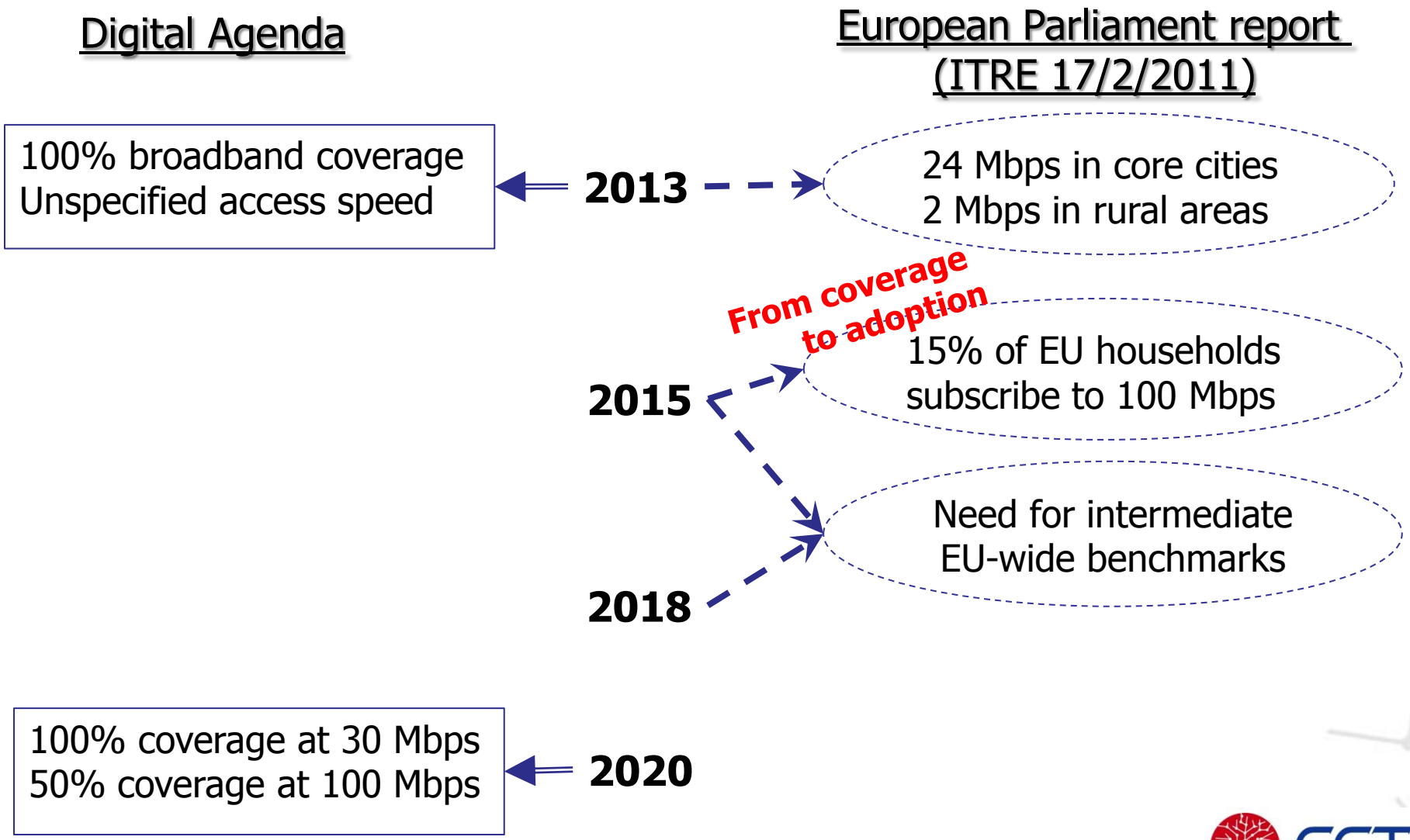
- Lack of interest
  - Only one tender was carried out (directory services).
  - Only one offer was submitted, which was later withdrawn.
  - As a result, EETT decided to designate OTE, as US provider.

Challenges and opportunities

- No problems in provision of universal service, as defined today, exist.
- But access and coverage needs are evolving rapidly.
- The DAE introduces requirement for 100% coverage of broadband internet.
  - At 30 Mbps by 2020.
- Does this imply that broadband should be part of the US?
  - Whilst safeguarding the public interest, market distortions should be kept to a minimum level (Universal Service Directive).
  - Whether or not broadband is included in the USO, a national plan to achieve the Digital Agenda Europe 2020 targets is needed.
- For countries with the geo-political characteristics of Greece, bridging the "digital divide" and achieving 100% coverage of broadband internet is not an obligation, but a pressing necessity.

So what is the way forward?

European broadband roadmaps



ITRE highlights

- Achieving broadband coverage in rural areas, requires the effective use of complementary technologies, wireless and wired.
  - Low radio frequency bands can be crucial to facilitating wireless rural broadband coverage, thanks to their propagation characteristics.
  - Member States are encouraged to make available by 2013 the 800 MHz band.

- NGA infrastructure is a high risk investment, with a long payback period.
  - Measures are needed to reduce civil engineering costs, so as to facilitate the roll-out of broadband networks.
  - Regulatory certainty is needed to promote investment in ultra-fast networks.
  - Regulation should ensure that all market players have sufficient incentives to invest.

BEREC highlights

- BEREC «Universal Service Report – Reflections for the future»
  - Identifies national strategies to bring broadband to all.
  - Asks for flexibility in deciding about including broadband into the US and at what speed (decision at national level).

- ERG-RSPG «Report on radio spectrum competition issues»
  - Identifies the risk of anticompetitive spectrum hoarding.
  - Identifies various counter-measures ("Use it or lose it", financial disincentives etc).

- ERG «Statement on the development of NGA Access»
  - An open, standardized and interoperable network is a necessary prerequisite where public finance is involved.

Our view on a holistic broadband strategy

- Achieving the EU 2020 broadband coverage targets requires a holistic strategy with policy actions that incentivise and supplement private-sector action.

Four pillars of Greek broadband strategy:

- Competition and investment are recognised as the main drivers for broadband development.
- The deployment of new broadband infrastructures requires the effective utilisation of resources, with particular emphasis on radio frequencies and rights of way.
- Broadband is a public good that should be accessible and affordable for all.
- Broadband is not an end in itself but the means for delivering services. When effectively serving this role, broadband becomes the catalyst that can reinforce growth, generate opportunities and boost competitiveness.

Stakeholders

All stakeholders need to contribute effectively in a complementary manner:

- The Policy Maker:
  - Establish the appropriate policies and take measures to promote investments and ensure the effective use of national resources.
  - Encourage, and (if needed) drive and support the deployment of advanced infrastructures.
- The Regulator:
  - Safeguard competition and promote equality of access, while encouraging transition to Next Generation Access.
  - Support policy making and national initiatives.
- The market forces:
  - Invest in innovation and infrastructures, delivering new services that enrich consumer choices, enhance competition and promote Information Society.
  - Always act with respect to the consumer as well as to the applicable laws and regulations.

Actions for wired networks

- Simplified procedures for granting rights of way.
- GIS inventory of civil engineering infrastructures (used or with potential to be used for NGA deployment)
  - Expectation to facilitate the co-ordination of civil works and NGA deployment projects, thus reducing CAPEX requirements.
    Remains to be proven in practice.
- Encouraging and/ or mandating shared use of passive infrastructure.
- Fibre infrastructure, already deployed with State and EU funding at local authority level (MANs in 72 Greek municipalities), to connect public services.
  - It can be used to facilitate the deployment of NGA networks and/or to bring high-speed connections to underserved communities.
- Network infrastructure deployment projects with State and EU participation, to stimulate broadband development in rural areas.

Actions for wireless networks

- Authorisation system and selection procedures seeking to maximise flexibility and promote the efficient use of spectrum.
- Enable and encourage spectrum trading in all the harmonised bands.
- A new "one stop shop" regulatory framework for base stations' installation
  - Expectation to be rational, efficient and non-distortive.
    Remains to be proven in practice.
- EETT encourages infrastructure (antenna, mast, pole) sharing
  - Mobile operators need to embrace such philosophy.
- Ensure that all spectrum, made available for electronic communications services, is authorised and used.
  - Prevention of hoarding ("use it or lose it").
- Make the 800 MHz band available for electronic communications services and encourage its use for broadband services in sparsely populated areas.

Last but not least: Funding

- Priority to private sector investment.
  - Yet, access to funds becomes increasingly difficult.
- Public-sector investment, public-private partnerships and tax incentive schemes can be used to facilitate the roll-out of advanced, ultra-fast network infrastructures.
  - Always with respect to the relevant European policies (e.g. State Aid Guidelines).
- The ambitious targets of the Digital Agenda 2020, call for exploring new financing instruments, at European level.
  - E.g. creation of an EU bond project in collaboration with the EIB.
- In shortage of funds, central co-ordination could help.
  - Proposal for "EU Broadband Deployment Pact", combining equity funds, Structural Funds, the Cohesion Fund, regional funds and state and private investment.

Thank You

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