

VATM e. V. • Rue de Trèves 49-51 • 1040 Brussels

Per E-Mail:

DG Connect
European Commission,
Av. de Beaulieu 25,
1160 Auderghem,
Belgium

Contact Person	E-Mail	Fax	Telefon	Date
Lilyana Borisova	lb@vatm.de	0221 3767726	+32 2 446 00 77	21.06.2022

Notification of draft measures for monthly rates for wholesale local access provided at a fixed location and rates for access to street cabinet, ducts and dark fibre.

here: Position Paper of the Association of Telecommunications and Value-Added Service Providers, VATM e.V. Germany (does not include business and trade secrets)

We hereby submit the views of VATM and our member companies with regard to the measures for monthly rates for wholesale local access provided at a fixed location and the rates for access to street cabinet, ducts and dark fibre notified by the German Network Agency (Bundesnetzagentur, in the following BNetzA) on 31 May 2022.

VATM welcomes the opportunity to submit comments as part of the European consultation procedure. Our views regarding the procedure are as follows:

The top priority in this approval process is the approval of stable charges in the long term and the resulting foreseeability and planning certainty for the market players. This would be also an important factor for a fair migration process securing competitive environment in the context of the fiber deployment and the copper switch off. The foreseen long-term approval period set by the BNetzA is an important step towards the regulatory stability the market requires. Therefore, VATM would like to emphasize that the set approach for the fees and the overall ten-year approval period are timely and welcome measures.

VATM acknowledges that the nationwide coverage of the fiber networks in Germany is a task requiring a long time period. Thus, the wholesale customers will remain dependent on the currently still dominant copper local loop in the longer term. Alongside the selected time frame, the regulatory procedure set in place for that particular time period is also of great importance in the pending approval round. VATM is, therefore, convinced that the path chosen by the BNetzA is capable to create the regulatory and planning certainty necessary for such an important wholesale product. VATM welcomes the whole series of regulatory adjustments the BNetzA has undertaken aiming at ensuring the long-term stability and predictability of the copper line prices at the wholesale level.

In the current procedure, VATM finds it absolutely necessary that the current notification procedure must be completed quickly and without any further changes in order to enable the timely positive effects for the industry. However, VATM see fit to raise several comments regarding the methodology the BNetzA deploys to set the charges, which in our view should be addressed in upcoming revisions:

(1) The use of alternative fiber deployment methods (e.g. trenching) are going to grow in relevance for the future fiber deployment. The extent these alternative installation techniques can be taken into account in the currently used by the BNetzA WIK cost model should be discussed in the future. Appropriate adjustments should be made when the WIK cost model is being revised.

(2) The fact that the BNetzA uses a P2P architecture as the fiber reference network, even though the predominant construction method is GPON, which entails lower costs, is one that raises concerns for the long-term credibility of the cost model used by the BNetzA.

(3) The fact that the BnetzA continues to rely on the gross replacement cost model cannot be justified solely based on the reference of the EU Non-discrimination Recommendation. We would like to emphasize that the latter also allows for an assessment on the basis of net replacement cost model, which in the present context is the obvious alternative of the gross replacement cost model.

(4) Finally, the use of the margin-squeeze-test has no decisive relevance to the pending proceedings. However, due to the high importance of an effective margin-squeeze-test, we would like to request that in the further the further revision of the internal guidelines on the application of the margin-squeeze-test, the broad suggestions put forward by the competitors, the VATM member companies - in particular on how to deal with the widespread bundled offers of Telekom - should be implemented.

We request that these points are taken into consideration in future proceedings and welcome the swift implementation of the tenor of the pending draft decision.