

CONFERENCE OF REGULATORS IN THE ELECTRONIC COMMUNICATIONS SECTOR

PRESS RELEASE

New tariffs for access to the cable networks

Brussels, 27 May 2020 – Today, the CRC (the Conference of regulators in the electronic communications sector, i.e. the BIPT, the CSA, the Medienrat and the VRM) publishes its decisions regarding the wholesale tariffs for access to the cable networks of Telenet, Brutélé and Voo SA. These decisions enable wholesale cable access for alternative operators at fair prices, creating possibilities for competition on the retail market to the benefit of the end-users, whilst remunerating the network operators correctly for the access.

In a set of decisions of 29 June 2018, the Conference of regulators in the electronic communications sector ("CRC") obliged cable operators Telenet, Brutélé and Voo SA¹ to open their networks to competing operators and to apply fair prices² for the services they sell to these competing operators. Fair wholesale tariffs enable alternative operators to compete to the benefit of the end-users.

The decisions adopted by the CRC determine these fair tariffs. The CRC developed a cost model with the support of a specialised consultant. This model determines the costs of a hypothetical efficient operator while also taking into account specific characteristics of each cable operator, such as its economies of scale or the characteristics of its coverage area (number of buildings, households...). To offer incentives for investments in very high-speed networks, a margin (from 2.5% to 5%) is included in the tariffs for Internet speeds above 200 Mbps (above 400 Mbps after 2022).

Two significant changes were made to the draft decisions submitted for public consultation in 2019. The model now values the entire network. Previously, it did not value the network elements that were fully depreciated but still in use. This approach was rejected after the public consultation as it could put a strain on the objective of promoting investments in fibre networks. Next to promoting competition, this also forms a central objective at the European level for the years to come. The regulators have also increased the tiering, which is the price difference between the lowest and fastest speeds, in order to allow price differentiation on the retail market. Even though current costs have been taken into account to stimulate investments in very high-speed networks, the increased tiering still enables wholesale access prices below the current ones.

The tariff structure is also more detailed and more accurate than in the previous decisions. Specific tariffs were determined for Internet only access, television access and a combination of these two services ("Dual Play"). This leads to a reduction of the wholesale price of the increasingly popular "broadband only" offer. The price that will be actually paid depends on the number of customers of the

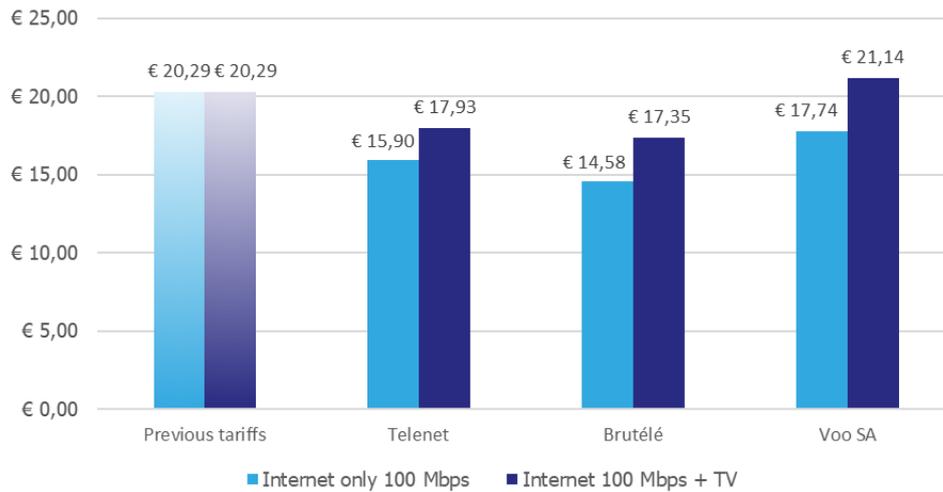
¹ Previously called Nethys.

² By "fair", the CRC means a tariff that can exceed the costs but is commensurate with these costs. In other words, there can be a reasonable margin between the costs of the product and the wholesale tariffs.

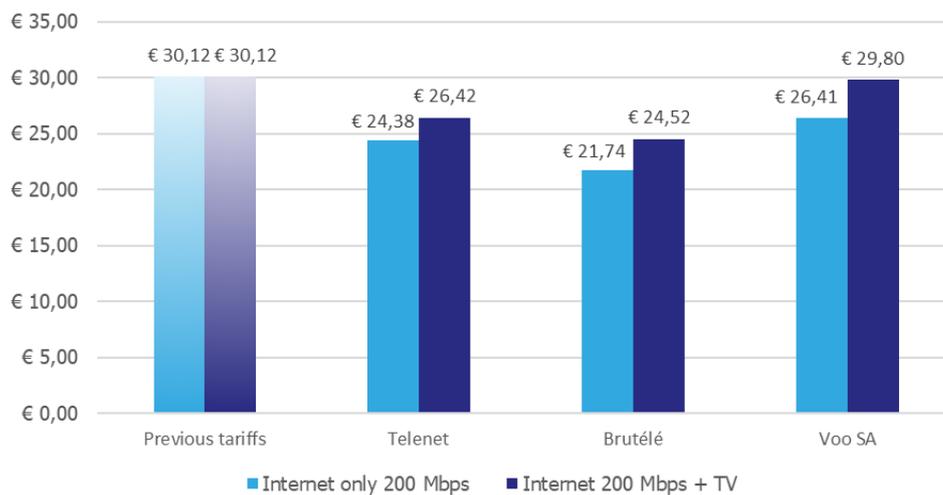
alternative operator, the profile of its customers (the speed of their Internet connection), the total bandwidth used during the peak hour and the number of offered TV channels.

To illustrate, for an operator with 250,000 TV customers in Belgium, 100 TV channels and whose customers use 2 Mbps on average during the peak hour, the applicable wholesale tariffs for 100 and 200 Mbps in 2020 would be the following (per customer):

Previous and new tariffs (2020) - 100 Mbps



Previous and new tariffs (2020) - 200 Mbps



As shown in the above-mentioned example, the prices for a 100 Mbps or 200 Mbps Internet access (Internet only or combined with television) decrease in most cases when compared to the current prices. Prices also decrease for a series of other speeds. This allows alternative operators to expand their product portfolio to high-end products and business customers.

Nonetheless, prices increase between 2020 and 2023 due to the expected increase in bandwidth, which requires further investments to expand the network capacity. For Brutélé and Telenet, the access prices for speeds up to 300 Mbps remain however in most cases, and for the whole period, below the tariffs currently in force.

The new tariffs will enter into force on 1 July 2020. They are determined for each year until 2023, in order to give the required previsibility to operators for their business plans and their investment projects.

The CRC is convinced that these tariffs will ensure a healthy and sustainable competition for services that are now more important than ever for social relationships, education, and the economic life in our country.

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