

Categorisation of comments	
Low difficulty	Comments for immediate action
Medium difficulty	Comments that need to further discussion, clarifications, more time to be addressed etc.

Number	Comment	By	Difficulty	Action taken by the Project team (or possible suggestion)	Notes
1	Clarifying changes shown with tracked changes in the text of the Public Consultation	CYTA	low	The changes in text will be reviewed and incorporated accordingly	
2	Finalise the borders of the underserved areas in which there is no private initiative for investments (eligible areas for subsidy) according to the maps provided in Attachment 2.1 and Attachment 3	CYTA	medium	This action will be performed by the GSI expert	
3	Based on Appendix 2.1, we do not fully agree with the areas included in the underserved areas . We have identified areas already notified by Cyta to DEC as areas for future FTTH network development and which appear to be included in the underserved areas. As an example we mention the postal code areas (a) 8570 in Pegia, (b) 4640 in Akrotiri and (c) 4550 in Paramytha which are almost completely covered by our own submitted development plan. Possibly, the differences are due to the way that a geographical area is defined, since DEC uses postal codes, while Cyta, respectively, uses the area boundaries of branched optical cables. Attached in Attachment 2.2 are maps in KMZ type files showing these differences.	CYTA	medium	This action will be performed by the GSI expert	
4	Cyta, in response to the objectives set by the EU for member states, developed a 5G mobile technology network on its own initiative, with 94% geographic coverage and 100% population coverage, thus providing the entire Cypriot territory with a minimum download speed of 100Mbps without any state aid. Therefore, other providers are able to provide mobile services using Cyta's wholesale services. This capability exists for at least three mobile operators (including Cyta) per base station in terms of Cyta's infrastructure and where it is not currently offered, possible actions are taken, whenever required, to achieve this capability. Thus, these areas are characterized by OCECPR as areas with the same competitive intensity, such as urban and semi-urban areas, and therefore no special regulation is imposed. Also, Cyta does not differentiate the offer of its services by geographical region, but instead offers the services at the same affordable prices and technical specifications throughout the territory of the Republic of Cyprus. Based on the above, we consider that the state financial support (state aid) concerning Type B Investments for the areas in question is not legalized , as it distorts the market by selectively subsidizing providers who have no private investment interest and puts the investments that have already been made by Cyta at risk due to unequal treatment. This gives any project contractor a significant financial advantage over Cyta. Therefore, we consider that the subsidy scheme should not include Type B Subsidies.	CYTA	medium	Based on CYTA's response and clarifications Type B investments will be excluded from Investment 1	One of the criteria for State aid compatibility is that there must be a market failure (i.e. the market alone cannot solve the failure). Regarding the existence of market failure for mobile access networks, the Commission considers that a market failure exists in areas where there is no mobile network, in place or credibly planned to be deployed within the relevant time horizon, able to address end-users' needs. This provision is therefore rather open-ended and does not in itself exclude any connectivity situation from the market failure. In the Commission's view, a market failure could therefore exist in the presence of a 4G or even 5G network where that network does not and is not likely to provide end-users with a sufficient quality of service to meet their evolving needs. Therefore, the fact that 4G coverage in Cyprus is significant and already offers speeds above 100 Mbps does not in itself mean that there is no market failure. If it can be shown that despite this situation, such coverage and speeds do not currently meet the evolving needs of end-users, then the Commission could accept that a market failure exists. However, the fact that CYTA disagrees with the proposal to grant state aid for mobile could make things even more complicated.
5	Subsidy Type B is not clearly defined in the text of the public consultation (Further clarifications for the reasons why are provided in CYTA's response - Point 7)	CYTA	medium	Based on CYTA's response and clarifications Type B investments will be excluded from Investment 2	
6	Regarding Type A and C Investments: Page 5 (paras. 1A and 1C): Standardization of optical network deployment architecture and topology would help ensure there is no doubt as to the required minimum passive infrastructure and access equipment needed for deployments. For example, for FTTH optical networks, it could be defined ptmp optical passive infrastructure with a maximum splitting ratio of 1/32 and GPON access technology or ptmp optical infrastructure with a maximum splitting ratio of 1/64 and XGPON or XGSPON access technology. Alternatively, measurable criteria should be defined such as for example the minimum allowed connection ratio for the architecture to be implemented.	CYTA	low	Further details on the technical requirements for deployment of subsidized networks will be included in the implementation guidelines of the scheme, while taking into consideration technological neutrality considerations. DEC will not impose any architecture or technical solution, as this remains the freedom of the operators. The only requirement is that the proposed solution complies with the required service level specifications of the call.	

7 **Regarding Type A and C Investments:** Page 7 (par.A): The upgrade within 5 days to 1Gbps speed is possible as long as it is technologically supported and can be done with automated connection activation procedures, without changes to passive infrastructures and network and client equipment. Generally this type of ambiguities can be eliminated if the technologies/equipment and delivery processes that can be eligible for subsidy are defined. The requirement "all premises passed by the supported network can be connected within maximum 4 weeks from the date of the request of the end user" needs to be made more specific and to define precisely when a building is defined as passed at the level of its architectural development and pre-construction network. Connection time is not a good indicator. That is, with the requirement as formulated, the contractor will be able to claim that he has completed the development by installing the neighborhood association without having proceeded with the installation of the distributors on piles, walls and buildings for immediate customer service. If the connection requests are made at a very slow rate, then 4 weeks may be enough to install the hub and connect the customer, while if the requests are made at a normal rate, the connection within 4 weeks will not be practically achievable.

CYTA

low

Related to Gigabit upgradability within 5 days without further investments in the passive infrastructure, it will be the choice of the operators to propose technological solutions that make this upgradability possible, in line with the technological neutrality principle.

Regarding the requirement that all premises passed can be connected within 4 weeks from the date of the user request- the implementing guidelines will provide further details on the definition and technical requirements for a premise to be considered passed; in any case, the requirement on the 4 week-connectivity limit will be maintained.

8 **Regarding Type A and C Investments:** Page 7 (par.C): It is necessary to clarify what services the SEDs will have. Will they have internet access services or will Ethernet type leased line services be included as well?

CYTA

low

The call only covers the Gigabit symmetrical connection of the SEDs

9 **Regarding Type A and C Investments:** Page 9 (par. A): Network boundaries need to be defined on the client side. In the case of Cyta these are the optical distributors on piles, walls and buildings. The text states that only passive infrastructure will be subsidized. Shouldn't active OLT equipment which is an integral part of the investment to provide broadband services to customers be subsidized as well?

CYTA

low

For fixed networks, the scheme will support both passive and active infrastructure investments, which are considered to be a sufficient incentive for market operators.

10 **Regarding Type A and C Investments:** Page 9 (para.C): It appears that the plan only subsidizes the passive infrastructure which will be built together with the rest of the FTTH network infrastructure in these areas. Will the access to provide 1Gbps symmetric be the only one to those SED points or will other accesses be needed to provide other services? In such a case it is possible to use common, shared passive network and perhaps common equipment with that of Type A Investments, provided that the services required in SEDs allow it.

CYTA

low

The requirement for symmetrical speeds is only listed for the SEDs, type C investments. However, it is left to the assessment of the potential bidders to use common trunks of the network to service both the A and C type investments.

11 **Regarding Type A and C Investments:** Annex 2 should include information by postcode on the following: (a) number of premises, (b) density of premises, (c) population, (d) distance from road for remote properties, (e) number of SEDs, (g) number of base stations with microwave connection and (h) degree of economic evaluation after the economic evaluation method described in Annex 1 has been applied. The aforementioned information both numerically and in the form of KMZ maps is necessary since according to the text [see Page 10 (par.3)] "proposals will need to ensure coverage of at least 15,000 premises included in each Lot. Additional points in the selection procedure will be awarded to bidders offering a higher coverage." and therefore bidders will proceed to select zip codes in each LOT to include in their proposal, as well as groups of properties within the zip codes.

CYTA

medium

This action will be performed by the GSI expert

12 **Regarding the obligations to provide wholesale products:** Page 3 (par.3): Eligible providers must have experience of providing Internet services to retail customers for at least 5 years in all cities in the free zones of Cyprus and must have electronic systems for the provision and support of Wholesale Services at the start of service provision in the LOTS.

CYTA

low

We consider this proposal to be restrictive, given that the fixed, respectively mobile wholesale markets in Cyprus can be considered duopolies. This requirement could possibly be anti-EU law, due to the restrictions to new entrants from other Member States. Imposing such a requirement would restrict participation in the tendering procedure of the operators that are currently not active on the wholesale market.

13 **Regarding the obligations to provide wholesale products:** Page 3 (sub.1) and Page 9 (para.1 and 3): Refers to the Broadband Guidelines and paragraphs 77-83. Paragraph 80a states that "dark fiber" must be offered. The requirements of the Broadband Guidelines must be formulated according to the conditions of the wholesale market in Cyprus. To date, no dark fiber product is provided nor is it a technically feasible option specifically for ptmp architectures and based on market needs we believe it is not needed. On the contrary, we consider that for the development of the trunk and distribution network within the communities it is necessary to ensure that the existing pipeline infrastructure is used where possible, but also to develop new underground infrastructure (wells/pipelines) where necessary which will be available to the other providers to co-locate their own cables when required by their own development program.

CYTA

medium

The new BBGL state, at para. (137): The State funded network must ensure bit-stream access, virtual unbundled access ('VULA'), access to street cabinets, poles/masts/towers, ducts and dark fibre. Para. (138) further mentions: In black ultrafast areas and for networks providing enhanced upload speed the State funded network must provide effective and full physical unbundling in addition to what is foreseen for white and grey areas. We'll keep dark fiber in the scheme with the addition of the phrase "when available and technically feasible"

It should be noted that they refer to the 2013 Broadband Guidelines.

14	<p>Regarding the obligations to provide wholesale products: Page 11 (paras.1 and 3): The acceptance by all involved providers of the commercial agreement proposed by Cyta for the provision of wholesale Bitstream 2 IP Plus broadband products via optical fiber on a pan-Cyprriot basis and the expected deregulation of Market 3b by OCECPR is tangible evidence that the wholesale broadband market in Cyprus is satisfied by the products included in this agreement (simplicity and low administrative costs). The requirement for at least one PoP (Page 11, par.6) in each LOT should not be a necessary condition, since there are other solutions that may facilitate the interested providers (reduction of complexity and cost). E.g. in the event that Cyta is selected as the contractor, interested providers may use the existing 3 points of connection (PoPs in major cities) offered through the Bitstream 2 IP Plus agreement.</p>	CYTA	medium	<p>The state aid scheme requirements should cater for all possible situations, not only for the specific case of CYTA. The requirement currently formulated in the scheme (The network that will be developed in each Lot will concentrate the traffic from all the served locations to one (or more) central Points-of-Presence (POPs), where other retail operators can be interconnected, in order to provide services) is necessary to ensure effective wholesale service access to the subsidized network, irrespective of the winner of the lot.</p>
15	<p>Regarding the obligations to provide wholesale products: Page 11 (para. 3): The time horizon of the requirement to provide wholesale services based on active network elements for 10 years must be re-evaluated. The provision of wholesale services, collocation services and the definition of the universal service provider within each LOT should be regulated by OCECPR once the installation of the subsidized networks is completed. The regulation will also define the time horizon for the provision of such services. In addition, the time horizon for maintenance of the subsidized infrastructure as defined on Page 6 (par. 6) is set at 7 years. We recommend 7 years for both time horizons, for purposes of uniformity in bid evaluation. Cyta recognizes that the provision of wholesale access to subsidized broadband infrastructure is a necessary component of any State aid measure supporting broadband. Subsidized companies should provide at least the same wholesale access products as determined by OCECPR based on the market analysis for operators with significant market power, since the aid beneficiary develops its own infrastructure using not only its own resources, but also state aid. Wholesale access should be offered as soon as possible before the network becomes operational. Wholesale access prices should be based on the pricing principles established by OCECPR.</p>	CYTA	medium	<p>Para. (142) of BBGL mention: "Effective wholesale access must be granted for at least ten years for all active products except VULA"; furthermore, para. (143) stipulates: "Access based on VULA must be granted for a period of time equal to the lifespan of the passive infrastructure for which VULA is a substitute"; finally, para (144) mentions: "Access to new passive infrastructure (such as ducts, poles, cabinets, dark fibre, etc.) must be granted for the lifespan of the network element concerned". Therefore, the time horizon for active network elements imposed by the scheme cannot be shorter than 10 years. The period of time during which a subsidised infrastructure must be maintained operational is an issue unrelated to the requirement to grant wholesale access to other operators.</p>
16	<p>Regarding the obligations to provide wholesale products: In addition to the development of the network, the government grant should also include supporting systems to be developed for the provision of wholesale services and fault management. With a view to the early development of wholesale-based retail service delivery systems from the aforementioned systems, the initial specifications of such wholesale service and fault management systems should be submitted, so as to enable the remaining providers to develop the necessary IT systems before the start of sales in each LOT. In addition to these specifications, the proposals should also include a schedule of technical tests, so that with the commercial operation of each LOT, simultaneous commercial exploitation by the other providers is possible. The final system specifications of each final contractor, for service requests and fault reporting, must be issued at least 1 year before the start of operation and communicated to all providers, to integrate the procedures into their systems. At least the basic principles of the system must be mentioned in the offer. The final system, with specific specifications or even minor changes, must be offered by each contractor at least 3 months before the start of operation, for testing. The appropriateness of the proposed claim management and fault reporting system must also be taken into account in the grading.</p>	CYTA	medium	<p>One year is definitely too long, as the objective is to have the project / connections accessible to users as soon as possible.</p>
17	<p>Regarding the obligations to provide wholesale products: Also, the subsidy must also include the necessary development of the IP backbone network to cover the needs that will arise from the development and operation of an optical fiber network in a LOT.</p>	CYTA	low	<p>Investments outside of the intervention areas will not be covered by the scheme. If up-grades to the backbone should be required this will need to be covered through investments and cost recovery by the operators.</p>
18	<p>LOT contractors should submit technical specifications (in addition to products and prices) for the offer of wholesale products on the basis of a Service Offering Model, which should include solution architecture, VLANs and services to be provided, APIs and documentation, supporting services and SLAs as proof of Technical Replicability & Equivalence of Input.</p>	CYTA	low	<p>To be considered in the implementation guidelines - indeed the publication of access conditions to the existing infrastructure are a pre-condition to participate in the award process. Regarding the access prices for the subsidised infrastructure, these are an integral part of the award process, and do not need to be devulged prior to the tender submission.</p>
19	<p>Page 8 (Section 5): Need to clarify what you mean by "performance". Do you mean the projected revenue from the retail and wholesale of services within the LOT? We recommend, for purposes of uniformity in assessment, to standardize in advance how to indicate that the investment is not viable unless there is government intervention within the LOT. One way is to develop a Business Plan with projected revenues (retail and wholesale), sales expenses, operating expenses, and capital expenses within a specific time period. The negative net present value of the net cash flows resulting from the above is evidence for an unsustainable project.</p>	CYTA	low	<p>To be considered in the implementation guidelines - the assessment of the required subsidy per lot is the sole responsibility of the bidders. Each bidder has to assess their cost and revenue structures and make their submission accordingly. In case of over-compensation the scheme foresees a claw-back clause</p>

20	<p>Page 8 (Section 6): The method of determining the Funding Gap should be defined in advance for purposes of uniformity in assessment. As mentioned in point 10 above, the method of determining and evaluating the Funding Gap is not clear. We recommend that a template of the model you refer to (Gap Funding Model) be prepared, in which the parameters to be taken into account are defined, so that the providers are evaluated on equal terms. Below we list basic parameters that should be predetermined for the calculation of the grant:</p> <p>a. The method of calculating the Funding Gap should be determined. Will the DCF (Discounted Cash Flows) method or some other method be used?</p> <p>b. If the DCF method is to be applied, the following must be pre-determined:</p> <p>i. The time horizon of the project and the time points where the subsidy inputs are placed.</p> <p>ii. The discount rate.</p> <p>iii. Output categories (will all eligible costs described in Section 7 be included, i.e. all described in paragraphs A, B, C and D? As the eligible costs are worded there is ambiguity because footnote 4 states that the Funding Gap takes into account "Investment costs", i.e. the costs recorded in paragraphs A, B and C and not the costs described in D as above. In addition, the minimum types of operating costs and sales costs and other development costs deemed necessary should be defined for the provision of the services in question (such as points 9e and 9f for example) which should be included in the outputs, whether they are eligible for subsidy or not, so that there is uniformity in the proposals and the evaluation is fairer.</p> <p>iv. There is also ambiguity as to what the inputs will include. Will the expected revenue be based on customer forecasts and the prices stated in each proposal, or according to footnote 4 will profit be considered rather than revenue? Is profit defined as revenue minus selling expenses and operating expenses (gross profit)?</p>	CYTA	medium	<p>To be considered in the implementation guidelines - see above. However, Reference must be made to Annex III, point (2) which refers to the gap funding model. Member States can support the deployment of fixed or mobile networks by funding the gap between what is commercially viable and the objective that the aid granting authority aims to achieve. As explained in footnote 56, 'gap funding' means the difference between investment costs and expected profits during the life span of the network.</p> <p>In the gap funding model, reasonable profit is determined as the rate of return on capital that would be required by an investor, taking into account the level of risk specific to the broadband sector and the type of services provided. The required rate of return on capital is typically determined by the weighted average cost of capital (WACC). For further details reference is made to the explanations in point 2 of Annex III Draft BBGL</p>
21	<p>As far as subsidy inflows are concerned, our suggestion is that once the subsidy has been calculated, it should be timed 3 months after the infrastructure completion check, which should not exceed 1 month from the notification of DEC that the infrastructure has been installed and is working. That is, there will in practice be a 4-month lag between the completion of the work and the expenditure and collection of the subsidy from DEC, and this should be taken into account in the above-mentioned net cash flows. With the required subsidy the unsustainable project should be converted into a viable one. The subsidy required will be indicative of the Funding Gap that existed before it. The maximum subsidy amount per LOT should be set in advance.</p>	CYTA	medium	<p>The process for reimbursement of expenditure will be detailed in the implementation guidelines; the subsidy required is indeed calculated to reflect the funding gap in the absence of aid.</p> <p>Our recommendation is not to impose a max. subsidy/ lot so as to leave room for re-allocation between lots - the market players know the budgets, and if one lot is lower than planned, it can cross-subsidise a more expensive lot. In the end we can use all the funds, but need to ensure that all lots are awarded.</p>
22	<p>It should also define what is meant by a sustainable project in relation to the subsidy to be applied for. Theoretically and based on the DCF methodology, a sustainable project is one whose Net Present Value (if calculated with the correct discount rate) is equal to or greater than zero. Therefore, the subsidy that one can claim is one that when considered as an input to the project a negative NPV will be zero. Another limitation is the maximum subsidy per LOT that must be determined as we have already mentioned. In any case, however, and because there are unpredictable factors, we recommend that the amount of the subsidy be such that the Net Present Value is positive, but not greater than the minimum of either 5% of the requested subsidy or €0.5m.</p>	CYTA	low	<p>Each bidder has to assess their cost and revenue structures and make their submission accordingly. In case of over-compensation the scheme foresees a claw-back mechanism.</p> <p>As far as the application of the net present value (NPV) is concerned, previous Commission decisions do not provide details regarding the specific methodology followed by each Member State and/or in each case.</p> <p>When a competitive bidding process is put in place, it is up to the operator to make his offer, depending on his situation/business model. There is therefore no uniform "NPV model" to be followed for all operators.</p> <p>The requirement from the state aid point of view is that when the NPV of a project is less than zero (the project is therefore not profitable by itself) - provided that the assumptions used for the calculation of the NPV are reasonable - the aid that can be considered compatible corresponds to the amount necessary to bring the NPV to zero.</p> <p>This approach is explained by the Commission in the Notice on the Notion of State aid (NOA). In point 102 of the NOA, the Commission recalls the use of the internal rate of returns (IRR) as one of the standard methodologies to determine returns on investments and refers to the net present value (NPV) as a method to evaluate an investment decision. Footnote 158 clarifies that the IRR takes into account the stream of future cash flows that the investor expects to receive over the entire lifetime of the investment and it is defined as the discount rate for which the NPV of a stream of cash flows equals zero. The Commission provides further explanations and clarifications regarding IRR and NPV considerations from the point of view of state aid in footnotes 159 and 160 of the NOA.</p> <p>Please find herewith the link to the NOA: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_2016.262.01.0001.01.ENG&toc=OJ:C:2016:262:TOC#tr158-C_2016262EN.01000101-E0158</p>
23	<p>As for the duration of the cash flows that will be taken into account, we recommend that it be for a period of 10 years which will include the initial approximately 2 years of installation and control of the network, the development of retail and wholesale services and a further 7 years that the maintenance of the network is required which will be developed from the start of the provision of commercial services.</p>	CYTA	low	<p>We estimate the lifespan of the network to be calculated at 20 years after the start of the provision of commercial services. This timeline will be considered for the calculation of the funding gap.</p> <p>This (https://ec.europa.eu/regional_policy/sources/conferences/state-aid/broadband_rulesexplained.pdf) 2013 study on BB guidelines estimates 40 years for the physical lifetime of FTTH infrastructure- see page 22/16)</p>

24	Page 9 (Section 7 (D)): "own-services costs directly related to the implementation of the investment – work and material used for the project" should be defined in advance. We also understand that all costs described in Section 7 (A, B, C and D) will be included in the Gap funding Model (Section 6) and this should be confirmed.	CYTA	low	Further details on the eligible costs will be included in the implementation guidelines. All eligible costs will be included in the gap funding model.
25	Page 9 (Section 7 last paragraph): The schedule is very pressing as stated with the completion of installation work by 1/6/2025. In order to achieve quality work, but also not to affect the development in the areas where it is carried out by private initiative, the completion of the installation work should be postponed at least until the end of 2025 and the subsidy settlement should be allowed after the end of 2025 until the end of Q1/2026.	CYTA	medium	The timeline proposed in the public consultation document takes into account the milestones and targets imposed in the Recovery and Resilience Plan, which foresee that coverage for all premises is reported to be completed by Q4 2025. In order to allow for sufficient time for verification of the completeness of works and the subsidy settlement, we consider the completion of the installation work should be done by 1/6/2025. to be discussed with DEC
26	Page 9 (Section 8): As mentioned above for transparency purposes the maximum subsidy per LOT must be predetermined.	CYTA	low	DEC is not to impose a max. subsidy per lot so as to leave room for re-allocation between lots.
27	Page 10 (Section 9): It should be prescribed how to calculate additional points in the case of coverage of more than 15,000 properties with Subsidy Type A. Will it be X points per property over 15,000 or X points for XX additional properties? Since Cyta has already covered 100% of the population with 5G, Type B Investments cannot be applied and therefore only Type A and C Investments remain.	CYTA	low	The implementation guidelines will provide additional details on the scoring criteria
28	The limitation of having a different contractor per LOT is opposed to the fairer award of LOTs to the best bidder and will imply additional costs to the public. For these reasons, we recommend the deletion of this limitation. In any case, if a LOT is not awarded to the best bidder according to the tender criteria, the proposal of the bidder who will be awarded the lot shall be accepted, provided that it will not burden the public more than 10% of the proposal of the best bidder. Otherwise, the LOT must be assigned to the best bidder, even if another LOT has previously been awarded to him.	CYTA	medium	We agree that the limitation of having different contractors/ LOT may lead to a situation where the best economical bid has not been selected. In order to counter-balance this risk, but still encourage a high level of competition, Cyprus authorities will allow for each bidder to be awarded maximum 2 lots.
29	For purposes of transparency and clarity, for each evaluation criterion, the way in which its grade will be calculated during the evaluation should be defined in advance. In addition, the weight that each criterion has in calculating the total score of each proposal should be defined in advance. For the purposes of a uniform assessment, the method of calculating the "expected CO2 emissions for the planned infrastructure over a 20-year period" should be determined, since there are different ways to achieve such a calculation.	CYTA	low	The implementation guidelines will provide additional details on the scoring criteria
30	As one of the criteria is the wholesale and retail prices to be offered to the other providers and end-users respectively and taking into account Cyta's regulatory obligations, an exception should be made to the price definition as it will be partly a product of subsidy. Thus, Cyta will be able to compete on equal terms with the other bidders. In addition, it is not clear how the criterion referred to prices will be assessed, given that different products will be offered to end customers by other providers as well. On what basis will this criterion be assessed? Will values be required for the entire assessment time period or just the initial values?	CYTA	medium	Only the LOT winner will have an obligation to offer services in the LOT. Hence only the prices proposed by the winner will be taken into account.
31	Since one of the criteria is the completion of the project by 1/6/2025 and since any acceleration of the completion in a proposal is rewarded with an additional score, for the purposes of transparency the way of awarding should be predetermined (e.g. X points/month which the completion of the project will take place before 1/6/2025). It is also important and for the same reasons to predetermine the penalty that will be imposed in case of actual delay.	CYTA	low	The implementation guidelines will provide additional details on the scoring criteria and the penalties imposed in case of delay.

<p>Page 12 (Section 13): Further information should be given on the subsidy refund mechanism to be developed and how it will be implemented, so that the appropriate tools and software can be designed to ensure the separation of both costs and revenues.</p> <p>The definition of "gains" is not clear. It should be defined for better clarity. We understand that in the event that the gains exceed 30% of what has been used to calculate the funding gap, i.e. any gains beyond the forecast plus 30% of this should be returned to DEC. As mentioned in point 11iv, the definition of gain and the way it is calculated is not clear to us to understand how both the Funding Gap and the clawback mechanism will be applied.</p> <p>The period for which this will apply and how it will be evaluated should be defined. Will there be an annual evaluation or will they be evaluated as a whole at the end of 7 years?</p> <p>In addition, the content of the first paragraph in this Section should be clarified. Taking into account that the total amount of the subsidy is €35m and that the 3 LOTs are approximately equal in terms of economic rating, we conclude that approximately €12m will be allocated per LOT. Why then is there a question of monitoring the contractor when the eligible costs exceed €5m?</p>	CYTA	low	<p>Further details on the calculation of the funding gap and calculation of the subsidy will be provided in the implementation guidelines.</p> <p>The condition regarding the monitoring of the contractor for eligible costs going beyond EUR 5M (the so-called claw-back mechanism) is imposed by the new BBGL (para 156- Member States must implement a claw-back mechanism for at least the duration of the project if the aid amount of the project is above EUR 5 million, and must set out its rules transparently and clearly ex-ante (including in the documentation for the competitive selection procedure)</p>	<p>Regarding the claw-back mechanism, the exact section where you can find its parameters is Section 5.2.4.5 (point 154/page 36) of the Draft BBGL.</p>	<p>Please further note that point 160 BBGL refers to the application of the claw back mechanism in the case of transactions concerning networks that have received state aid, an issue that – as discussed - may be relevant in relation to some comments</p>	<p>„(160) <i>Claw-back mechanisms must also take into account profits made from other transactions concerning the State funded network. For instance, where a company is set up specifically to build and/or operate the State funded network, if an existing shareholder of this company sells all or part of its shares in the company within seven years from the completion of the network or within 10 years from the award of the tender, the Member State must recover any amount by which the sales proceeds exceed the price at which the current shareholder would achieve a reasonable profit.</i>“</p>
<p>As a general comment Epic is noting that the scheme will not be viable with the current level of financing if the requirement isto provide full FTTH to the current occupied households in each Lot and our proposal is that each area is covered with a hybrid model of Type A and Type B networks so that the investments required are more appropriately designed on the basis of the population density of each area.</p>	EPIC	medium	<p>Type B investments will be excluded from the scheme. However, irrespective of this, the implementation guidelines should clarify whether FWA is considered an eligible technology for deployment of fixed networks (also taking into account technological neutrality considerations)</p>			
<p>Hence it is very important that copper network of Cyta is removed 1 year after the State funded network enters into operation in the areas where FTTH will be implemented so:</p> <ul style="list-style-type: none"> - All households switch to the very high-capacity network. - The beneficiary has the opportunity to offer on a retail or wholesale basis to the total population or number of households and have thus a positive business case for the investment. - No other competing very high capacity network is rolled out in the area for at least 3 years from the completion of each Lot. 	EPIC	medium	<p>There will be no requirement for CYTA to retire its copper network</p>			
<p>With regards to the intervention areas and the details provided on the available buildings and households we note that:</p> <ul style="list-style-type: none"> - The total number of buildings in each Lot includes any type of structure and not necessarily a living quarter where it is occupied or can be occupied and therefore possible to be "connected" to the State funded network. - The total number of living quarters is limited to around 20,000 in each Lot and this number is divided into occupied and non-occupied. The occupied living quarters are around 12,000 in Lot A (around 9,000 in Lot B&C) but we consider these numbers outdated and probably has decreased since 2011. - The non-occupied living quarters in urban areas are considered as possible to be connected but in rural areas it is possible that these are either abandoned or without access, etc. 	EPIC	medium	<p>This action will be performed by the GSI expert (checking the differences in numbers)</p>			
<p>With regards to Type A investments, the requirement for four weeks delivery time to connect a passed premise, heavily depends to Cyta and their response time for ad-hoc drops. Based on the statistics available for Cyta's response time, we request the delivery time to be increased to 8 weeks.</p>	EPIC	low	<p>The definition of the houses passed means that no further investment into the passive infrastructure is required in order to connect the end user, therefore four weeks is considered as a sufficient timeframe for connecting an end-user.</p> <p>The overall aim of Investment 1 is to provide connection as soon as possible to the customer by ensuring that houses passed with fiber networks are ready for a quick upgrade to Gigabit connections without further investments to passive infrastructure.</p>			

37	<p>For Type B investments, we believe that fiber rollout to all base stations might not be feasible due to high costs and difficult terrain. Therefore, the objective should be fiber rollout to most of the base stations but allowing under specific circumstances certain base stations to be backhauled over microwave links. It is noted that the minimum performance requirements can be achieved even with microwave connection.</p>	EPIC	low	Type B investments will be excluded from the scheme.	
38	<p>We have also noticed that even though the objective of the Type B investments is 5G service at a minimum speed of 100 Mbps download, the minimum performance requirements refer to 100 Mbps symmetrical speed.</p> <p>We disagree with the 100Mbps symmetrical speed, as the uplink speed of 100Mbps can be only achieved in very very good radio conditions and possibly c-band 5G, something that due to the terrain of those areas and the location of most antennas (not inside the villages, but on the hills) is not practically possible. We would suggest instead 100Mbps downlink and 30Mbps uplink.</p>	EPIC	low	Type B investments should be discussed after clarification on the CYTA comment (question 4 above). In any case the requirement is for 100 Mbps download speed, not symmetrical	
39	<p>As we have stated above the level of investments require for these areas is substantive hence any more funding allocated to this project will assist in covering more areas. We estimate that these costs for a specific Lot can be approximately:</p> <ul style="list-style-type: none"> - For FTTH: a CAPEX in the range of €20M to €25M - For 5G: a CAPEX in the range of €5M to €7M <p>Due to the limited time we had to provide feedback and the limited information in hand during the preparation of our response, the figures above were only quickly estimated for a specific Lot (using several assumptions), in an attempt to provide a rough estimation about the investment needed. Furthermore, because of the limited time we had to provide feedback, we have not been able to calculate precisely the running expenses for such a network rollout in 5G and FTTH (e.g. fiber ducting and poles collocation fees, electricity, rentals, maintenance), but those are not expected to be less than €1M annually. Comparatively, the FTTH part of the OPEX, corresponds to almost 3x the corresponding OPEX of FTTH in urban areas (for the same number of homes passed) and this is attributed mainly to the long kilometres of fiber for which ducting or poles collocation needs to be rented for the rural areas.</p>	EPIC	low	Budget allocation approved by RRF cannot be changed. Minimum coverage per Lot will be set at Tender Documents according to costing estimation	
40	<p>As you are aware Epic has sold its passive infrastructure to Phoenix Tower International and using them through a lease back agreement (collocation type). We are of the opinion that operators should be free to transfer such infrastructure as long as they maintain the obligations to operate and maintain it and we request that the provision is clarified to allow this.</p>	EPIC	low	<p>The public consultation document states: The infrastructure built will be in the property of the undertaking that receives funding following the competitive selection procedure. The selected undertaking is obliged to operate and maintain the subsidized infrastructure for at least seven years after the start of its operation. This obligation will be in force irrespective of any change in ownership of the infrastructure within this timeframe. Wholesale access rules apply to any subsidized infrastructure if sufficient guarantees are provided by EPIC that the service will be delivered this arrangement might be acceptable. The responsibility will remain with EPIC to make the subsidised infrastructure available to the conditions set out in the implementing guidelines.</p>	The comment will be reviewed again and maybe a provision can be set in Tender Documents.
41	<p>Similarly, we are also using the infrastructure of other operators for antenna collocation as well as fiber rollout. This type of transactions are very common in the telecommunication sector and therefore we request the amendment of this term in order to allow the operators to use infrastructure that belongs to third party offering passive infrastructure.</p>	EPIC	low	Use of existing infrastructures is not only possible, but also encouraged by the scheme- see chapter 12 of the public consultation document.	
42	<p>We consider that type B investments should include also active equipment since Epic proposes that the targeted households are covered with a hybrid model of type A and B investments depending on the commercial value, density population and geographical peculiarities of an area.</p> <p>That would require (a) the installation of extra base stations to cover the villages adequately to provide wireless coverage as the current base stations in those areas are in many cases outside the villages, and (b) the upgrade of existing base stations with more spectrum bands. Similarly, active equipment should be covered in Type A and C investments.</p>	EPIC	medium	Type B investments will be excluded from the scheme	It should be noted that there is one previous Commission decision subsidising both active and passive infrastructure for a mobile broadband intervention. It is therefore possible to envisage a notification including both passive and active subsidised elements.

43	<p>As we have stated above the investments required are substantial vis a vis the cost of implementation in urban Cyprus while the commercial opportunities in those areas remain uncertain especially if copper is not removed within a short period of time. Indicatively, Epic would require for a Lot not less than €17M subsidy for FTTH and €3M subsidy for 5G, so to be able to have a viable business plan for those areas and this without yet considering any recurring costs, such as ducting collocation, maintenance, etc. These are indicative costs that will be confirmed when the appropriate data is made available and a thorough study is prepared. It is however evident that a restriction of the subsidization to anything below 80 % of the investment will make the business plan non-viable.</p>	EPIC	low	<p>there is no limit to the aid intensity under the scheme. Each potential bidder has to assess its funding gap and make its offer accordingly. The overall price will be one of the selection criteria, together with coverage and prices to end users and wholesale prices.</p>	<p>Budget allocation approved by RRF cannot be changed. Minimum coverage per Lot will be set at Tender Documents according to costing estimation</p>
44	<p>Furthermore, for the built of new base stations, state aid should be provided in the form of renting land to erect new towers, in government land (e.g. via Forest Department land), with expedited leasing and legalisation processes. EAC should be also onboarded in to this project, to electrify quickly such new towers, in order not to use diesel generators, that are costly and harmful for the environment. Additionally, even if the intention will be to rollout fiber to most of the base stations covering a Lot, due to the cost and the difficult terrain, certain base stations should be backhauled over microwave links. For those links, we expect that no fee towards DEC should apply.</p>	EPIC	medium	<p>The provision of fully functional towers, incl. Electricity, backhaul, etc, remains the full responsibility of the bidders.</p>	
45	<p>On the basis of our comments on the number of households/living quarters, we consider that the 15,000 can only be covered with the hybrid model of type A and B investments so that non-occupied buildings connections will be available mainly via type B investments (availability of FWA). The beneficiary shall be in the position to choose the amount of Type A and B investments depending on commercial and coverage criteria. We would seek clarifications on whether it is necessary for someone interested in one Lot to participate in all three Lots in order to be awarded on the basis that all three cannot be awarded to one operator.</p>	EPIC	low	<p>Clarifications on FWA eligibility- see point 33 above.</p>	
46	<p>With regards to wholesale access conditions, the interest of a RAN Sharing partner should be declared before the rollout, in order not to waste hardware and funds for something that finally won't be used. We don't agree with the full physical unbundling for Type C, since the network to be deployed will most possibly be a XGS.PON one, which by nature cannot be fully physically unbundled.</p>	EPIC	low	<p>where physical unbundling is not possible virtual unbundling has to be offered. All parties interested in submitting proposals have to make their existing infrastructure accessible to other bidders. To enable this process all existing infrastructure in the intervention area has to be declared ahead of the submission. The information will be accessible through the NRA portal.</p>	
47	<p>We also consider the potential risk of expansion of existing networks to the eligible areas, resulting in additional networks providing FTTH or FWA services, a few years later. The incumbent for example may not be willing to provide retail services via wholesale access. Therefore, we believe that any private extensions in the intervention areas should be permitted three years after the State funded network enters into operation to protect the beneficiary's investment.</p>	EPIC	medium	<p>If the area is of interest for investment to an operator without subsidy they should declare it prior to the launch of the scheme. Once the scheme is launched the subsidised winner of the lot should have a viable business case based on the subsidy received.</p>	
48	<p>In the consultation document three obligations to the infrastructure owner are proposed but the obligations apply only if the owner of the infrastructure participates in the selection procedure. We disagree with this. Especially, type A investments will necessarily use the existing infrastructure of the incumbent as it is not economically feasible to rollout new ducts, poles and manholes. Access to existing infrastructure is regulated by Collocation and Facilities Sharing Decree (247/2013) as amended. Cyta controls the biggest existing infrastructure in Cyprus namely ducts, poles and manholes that also extends in the rural Cyprus. This alone provides to Cyta a material advantage for the bidding process. The current obligations of Cyta to provide access should continue but should also be extended for this project as in other event Cyta will have a material advantage over Epic or any other beneficiary.</p>	EPIC	low	<p>Collocation and Facilities Sharing Decree (247/2013) will continue to be implied symmetrically to all telecom providers, but can not be extended or amended somehow for the case of CYTA.</p>	
49	<p>The NRA or DEC shall make available well in advance information about the availability of the infrastructure in the intervention areas. (List of data requested is available in p. 6 of EPIC's response) The information is required before the bidding process to allow the bidder to calculate the costs required to provide the required investments.</p>	EPIC	medium	<p>According to BBGL (para 133), information regarding the use of existing infrastructure (including terms, conditions, pricing) must be provided at least two months before the deadline to submit the bid in the competitive selection procedure.</p>	

<p>We anticipate that a substantial amount of investment will be required in Cyta infrastructure as:</p> <ul style="list-style-type: none"> - Many areas at the moment are connected via the copper network of Cyta, but this doesn't mean that reusable ducts exist, but rather the copper cable is buried. Hence new ducts should be created. - In many areas the ducts and poles will have major faults (broken, blocked, weak structures/poles) and will require investments for repairs and reconstruction. <p>These investments will be necessarily borne by the successful beneficiary but ultimately will remain property of Cyta who is the owner of the infrastructure and will have to maintain them. Hence, we propose that:</p> <ul style="list-style-type: none"> - the funding increases to cover these costs that will benefit the passive infrastructure of Cyta irrespective of the beneficiary, or - Cyta undertakes the costs performed by the beneficiary via an agreed mechanism of compensation. 	EPIC	medium	<p>Based on Order 247/2013, as amended by Order 86/2022</p> <p>The legally obliged undertaking is responsible for the operational and well maintained state of its network including electronic communications equipment as well as associated facilities. In the event that damage is detected, the legally obliged undertaking will proceed with its restoration and will incur all related costs, except those cases where there are insurmountable obstacles to the restoration of the damage provided that the legally obliged undertaking will document in writing the existence of such obstacles to both the Beneficiary and the Commissioner. The Commissioner will decide on the correctness and the proper documentation of the above.</p> <p>Any other arrangements not included in existing legislation can be concluded through a commercial agreement. The investment being financed with state aid, respecting market terms is of the essence in the context of such agreements to avoid passing on any state aid.</p>
<p>We believe that in order to be able to make the best possible estimation about the costs for the implementation of the project (Inv.1), we should be given the necessary information about the existing infrastructure of CYTA in the predetermined areas of the project, without any financial burden to our company.</p>	PRIMETEL	medium	<p>According to BBGL (para 133), information regarding the use of existing infrastructure (including terms, conditions, pricing) must be provided at least two months before the deadline to submit the bid in the competitive selection procedure.</p>
<p>we should be given more information regarding the properties/buildings mentioned in the document, including how many of them are habitable and their category, e.g. main house/ country house etc.</p>	PRIMETEL	medium	<p>To be discussed with mapping/ GSI experts</p>
<p>Also, the provider should be given the option of implementing a hybrid implementation model, in a predetermined area, such as a combination of 5G and FTTH, with a minimum speed of 100M.</p>	PRIMETEL	medium	<p>FWA comment above. Any technical solution is acceptable, as long as the winner of the lot complies with the service level requirements.</p>
<p>We believe that more time should be given for the implementation of the project (Inv.1).</p>	PRIMETEL	medium	<p>See comments to question 25 above</p>
<p>On page 3, it is specified that "The beneficiaries of the scheme will be electronic communications network operators under the general authorization regime (Law 24(I)/2022)". We agree with this and we would like to clarify that under the General Authorization law, horizontal arrangements apply to providers, regardless of their power in the relevant market, such as co-location and rights of way. NRA proposed that paragraph 15 be formulated as follows: "15. Jurisdiction Any party may contact the Department of Electronic Communications regarding issues in the implementation of the subsidy scheme. Any dispute or claim regarding the implementation of the scheme shall be subject to the jurisdiction of the competent Cyprus courts except those that fall in the remit of the Commissioner of Electronic Communications ie dispute settlement on access products, conditions and pricing."</p>	NRA (OCECPR)	low	<p>To be integrated in the implementation guidelines/ PN documents</p>
<p>Uniformity in the obligations applicable between intervention and non-intervention areas should be re-evaluated (see our comments in relation to mobile access obligations since stricter obligations have been set out in the document). The re-evaluation can also be done in relation to possible comments that will be received during the public consultation.</p>	NRA (OCECPR)	low	<p>Type B investments will be excluded from the scheme. Irrespective of conditions imposed for mobile infrastructure, uniformity in the obligations applicable between intervention and non-intervention areas should also be discussed for fixed networks (i.e., will differential pricing be allowed?)</p>