



Republic of Cyprus

DEPARTMENT OF
ELECTRONIC COMMUNICATIONS
DEPUTY MINISTRY OF RESEARCH, INNOVATION AND DIGITAL POLICY

Public Consultation Report for
Broadband Connectivity Voucher Scheme
(Investment under Recovery and Resilience Facility)



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Cyprus____**tomorrow**
RECOVERY AND RESILIENCE PLAN

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1. Introductory remarks

In line with the Cyprus Recovery and Resilience Plan, the Government of Cyprus intends to set-up a voucher scheme that aims to support households to connect to very high-capacity networks (VHCN). The voucher will offer a reduction to the setup costs and a subsidy to cover the first 12 months of subscription. The direct beneficiaries and end users of the scheme are households in selected areas of Cyprus. Households can then freely choose a subscription with any eligible operator. The total budget allocated to the scheme will be 10,000,000 EUR, expected to benefit approximately 82,000 households. The intervention scheme will run from 2022 to 2025.

The main features of the voucher scheme were submitted for public consultation by the Department of Electronic Communications (DEC), in line with European State aid rules. The public consultation, published on DEC's website¹, was open between 11 March and 12 April 2022. The objective of the public consultation was to collect inputs on the measure in general, as well as on the proposed intervention areas.

By 12 April 2022, three responses to the public consultation were received, all coming from telecommunication operators in Cyprus. Another response was submitted by the fourth Cyprus telecommunication operator after the closure of the public consultation period, on 13 April. This was a generic answer welcoming and expressing interest in the scheme, without additional comments as to its design or target intervention areas other than to request technological neutrality.

In general, all stakeholders responding to the public consultation welcomed the measure and expressed interest in participating to its implementation. The following sections will detail the responses received from the stakeholders.

2. Stakeholders' answers to pre-defined questions

Stakeholders were encouraged to answer a series of questions pre-defined by the public consultation document. These can be grouped into several categories, ranging from proposed intervention areas to actual set-up and subscription costs.

a) Comments on proposed intervention areas

All 3 stakeholders that submitted detailed responses to the public consultation included inputs on the proposed intervention areas, as follows:

- One stakeholder (EPIC) considered that the map provided in the public consultation document was not sufficiently detailed and requested that a more detailed map be provided to allow for further comments.
- Another stakeholder (CYTA) proposed to provide DEC with updated lists of areas where optical access networks have already been deployed, so these can be integrated in the eligible intervention areas. The lists should be updated regularly.

¹ https://dec.dmrid.gov.cy/dmrid/DEC/ws_dec.nsf/All/69238E0582747DCBC22588020042CCD4?OpenDocument

- Finally, the third stakeholder (Primetel) considers there should not be any geographical restrictions for the eligible intervention areas, as this could encourage providers to speed up their deployment plans in some areas so as to benefit from the scheme.

Impact of the comments on the planned scheme:

- ✓ The regular up-date of the intervention area is already planned and will be an integral part of the scheme. As such Cyta’s concern is addressed.
- ✓ The concern of Primetel would run counter the EU State aid rules, which require that the intervention areas for demand side vouchers are clearly limited to areas where the required infrastructure is already available.

Therefore, there is no direct need to change or adapt the intervention area at this stage.

b) Comments on technologies used to provide target speeds under the voucher scheme

Stakeholders were invited to provide comments on the technologies that will be used to provide the target speeds, namely 1 Gbps download and 250 Mbps upload. All three stakeholders that provided detailed answers to the question indicated FTTH/ GPON technologies. In addition, fixed wireless access technologies (FWA) were also included by 2 of the 3 respondents.

Operator	Network technology used	Comments regarding network performance
EPIC	<ul style="list-style-type: none"> ▪ Privately owned FTTH network (10G-PON) ▪ Wholesale Fiber services (GPON) from Cyta 	Able to support 1 Gbps download speeds and 250 Mbps upload speeds
CYTA	<ul style="list-style-type: none"> ▪ GPON (Gigabit-capable Passive Optical Network) ▪ Proposal to include FWA technology through the 5G network as eligible (see below) 	Transmission speed of 1.2 Gbps upload and 2.5 Gbps download
Primetel	<ul style="list-style-type: none"> ▪ Fiber to the home, wholesale products from CYTA ▪ Fixed wireless access 	

Impact of the comments on the planned scheme:

Some operators ask for FWA to be included in the mix of solutions.

This is not currently seen as a viable solution by DEC. Indeed, currently FWA offers on the market do not allow for up-load speeds that reach the 250 Mbps target. As such FWA does not currently seem to offer the technology requirements of the scheme. Under 26 Ghz an up-load speed of 200 Mbps might be possible. However, the 26 Ghz spectrum has not yet been made available in Cyprus, and there are currently no plans by the government to do this. The voucher scheme will remain technology neutral, therefore if an operator can offer a technology that fulfills the required gigabit speeds the solution will be considered.

It also has to be noted that the funds used for the voucher scheme stem from the RRF. The funds were allocated based on the Recovery and Resilience Plan, which states that the funds are made available for cabling. With a view to comply with the RRF requirements DEC will favour solutions that provide terrestrial wired connection.

c) Comments on the voucher application and acceptance process

Two of the three respondents made ample comments and suggestions on the voucher application process. In general, all comments aimed at the simplification and automation of the process. Some of the suggestions received included:

- Unification into a single document, with standardized, pre-defined content of the (1) household self-declaration regarding prior Gigabit capable connection, and (2) speed test results to be submitted electronically (proposal from EPIC); alternatively, the self-declaration and acceptance of voucher conditions could be filled-in electronically through a link sent by the provider to the end-user (proposal from CYTA)
- Provide the possibility to sign documents/ declarations digitally, with simple electronic signature via tablet, so as to make the process more efficient (proposal from EPIC)
- Automation of the registration process in the DEC portal through dedicated API (proposal from EPIC)
- Documents and forms to be provided in both Greek and English (proposal from CYTA)

Impact of the comments on the planned scheme:

These are valid and constructive comments. DEC will provide standard forms, as this will streamline the process in the interested of all parties. As such Epic's comment will be reflected in the implementation guidelines. Electronic signatures are a certified tool in Cyprus. Currently the number of users, notably of private households is too small to base the workflow for the application on this solution. However, a digital signature on a handheld device used by the operators' technicians in their interaction with the households is acceptable. Still, there will be a requirement for the operators to send people for the physical signature and speed test to the household. A speed test carried out remotely by the operator would not provide the same safeguards and guarantees to consumers. Furthermore, a remote speed test would be less accurate and reliable than one carried out at the premises serviced, which is one of the key elements of the voucher scheme. As such Cyta's proposal for a remote handling of the new subscribers would not be acceptable under the scheme.

d) Comments on the installation and subscription costs

Three respondents provided additional details regarding the actual installation and subscription costs per household for the required speeds.

The answers are summarized in the table below:

Operator	Comments	Installation costs	12-months subscription costs
EPIC	1 Gbps download/ 100 Mbps upload- EPIC FTTH	300,00 EUR	479,88 EUR
	300 Mbps download/ 60 Mbps upload- CYTA Fiber	182,00 EUR	719,88 EUR

CYTA	n/a	69,00 EUR ²	714,27 EUR ³
Primetel	<p>Unable to estimate the 12-months subscription costs; elements to consider for the calculation of costs:</p> <ul style="list-style-type: none"> ✓ 56,91 EUR/ month wholesale product from CYTA ✓ 35 EUR- 150 EUR one-off fees payable to CYTA (depending on existing cabling) ✓ Primetel's expenses- unable to calculate 	+ 100 EUR (est.)	n/a

Impact of the comments on the planned scheme:

The responses show that the Euro 120 amount of the voucher will be well below 50% of eligible costs. As such no additional changes are required to the scheme.

3. Other topics raised by stakeholders

In addition to providing answers to the pre-defined questions, stakeholders provided additional inputs regarding the overall design of the scheme. These topics can be grouped as follows:

e) Technology used to provide target speeds: FWA

The following points were raised by operators in addition to the speeds to be delivered by the scheme, which are addressed above. One respondent (CYTA) proposed to include Fixed Wireless Access (FWA) technologies provided via the 5G network as eligible under the scheme as mentioned above, and the scheme's scope could be adapted after 6 months to include FWA.

FWA was mentioned by another respondent (Primetel- see above) as a technology proposed to be used to deliver the required services.

Impact of the comments on the planned scheme:

See above regarding FWA

It will not be possible to split the scheme into different phases – all technologies that fulfil the scheme's requirements will be admissible from the start.

f) Lowering target speeds of subsidized services

Two respondents requested that target speeds for services subsidized by the scheme be lowered, as follows:

- Connections upgradable to 1 Gbps download/ 120 Mbps upload speeds, instead of 1 Gbps/ 250 Mbps as proposed by the scheme (proposal from CYTA)

² Costs include VAT

³ Costs include VAT

- Connections upgradable to 900 Mbps download speeds (proposal from Primetel)

Impact of the comments on the planned scheme:

It is questionable whether complying with the operators' request will achieve the aims of the voucher scheme: i.e., provide consumers with Gigabit ready connections. DEC's view is therefore to retain the more ambitious target of 1000/250 Mbps.

g) Other suggestions/comments regarding the design and implementation of the scheme

Other suggestions provided by respondents (CYTA) included:

- Uneven annual distribution of vouchers, with most funds distributed throughout 2023-2024, and extension of the voucher scope to include FWA technologies
- Possibility to use the voucher either for the installation cost and / or the monthly subscription, with the provider choosing this distribution
- Clarification that the 120 EUR voucher amount does not include VAT
- Eligible beneficiaries of the voucher should only include new end users of broadband access
- Request to clarify the voucher payment process in situations where the end user terminates the service before the end of the 12-month period.
- Risk of market distortion because of the scheme.

Impact of the comments on the planned scheme:

1. There is no need to have a fixed distribution of the vouchers – it will be available on a first-come-first serve basis. This will stimulate competition among operators. The scheme has an ambitious target of 82000 serviced households. It is therefore important to start the scheme full roll out as soon as possible. Furthermore, the budget allocation is dictated by the disbursement schedule of the RRF, which is reflected in the Cyprus budget planning.
2. The voucher is conceived as a simplified lump sum. There is no cost allocation between the installation cost and the subscription cost. A differentiation risks having pervert effects on the pricing in the market. Therefore, the voucher will be disbursed as lump sum for both the initial connection and a 12-month subscription to a 200 Mbps up-gradable contract.
3. VAT is not covered by the voucher. The vouchers will be funded through the RRF. The RRF cannot cover VAT expenditure.
4. Only new subscribers to VHCN can be beneficiaries of the voucher.
5. It is already foreseen that the voucher recipients can chose the operator freely and can switch operators according to Cyprus law. There is no hard "lock-in" clause through the voucher. However, the voucher would remain with the operator with whom it was first redeemed. This would cover the risk of first connection for the operators. It will not be possible for the household to switch to a "lower" subscription with the operator with whom the voucher has been redeemed in the first 12 months.
6. Regarding a potential market impact the Cyprus authorities carried out an impact assessment. The conclusion is that the scheme would not have a detrimental impact on the telecoms market in Cyprus.