White area coverage
Case study of Greek State aid scheme

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The Broadband Landscape in Greece

- The country is ranked very low in the digital scoreboard, in particular for NGA networks
- An ambitious National Broadband plan is in place; the updated targets are aligned with EU targets (DAE2020 + Gigabit Society)
- A PPP project (Rural Broadband) provides NGA services to rural remote areas
- Private operators plan to deploy NGA infrastructures throughout the country
- **BUT**: ~18% of the population will still have no access to NGA networks by 2023 !

The “white areas” problem

Problem

- Market failure
- No connectivity
- No e-services
- No equal opportunities
- Negative impact on social well-being
- Digital Divide

Solution

- Public intervention [limited to eligible for funding areas]
- Engage private sector
- Provide broadband / open infrastructures

UFBB: Rationale and scope

- Public intervention is necessary to bridge the digital divide and assure NGA availability to all citizens
- Any public intervention should aim to the deployment of open, future-proof infrastructures
- Private sector shall be engaged to assure project's feasibility and sustainability
- Tendering procedures should be transparent, open, with no barriers to participate and the procedures should foster competition

UFBB: the concept

- The project aims to deploy broadband infrastructures to NGA-white areas throughout Greece
- The infrastructures should be able to provide speeds of at least 100 Mbps, with as much of gigabit upgradability as possible
- Symmetric gigabit connectivity should be assured for Socio-Economic Drivers
- The project will be implemented as a PPP scheme
- Private sector should contribute more than 50% of the budget

Areas of intervention

Households that:

- Are not covered by existing NGA network infrastructures
- Are not included in the areas that have been allocated to TSPs for NGA network deployment
- Are not included in the submitted private NGA investment plans up to the end of 2023

- **Implies extensive mapping exercise**

UFBB Preparation (Major Project and State-aid)

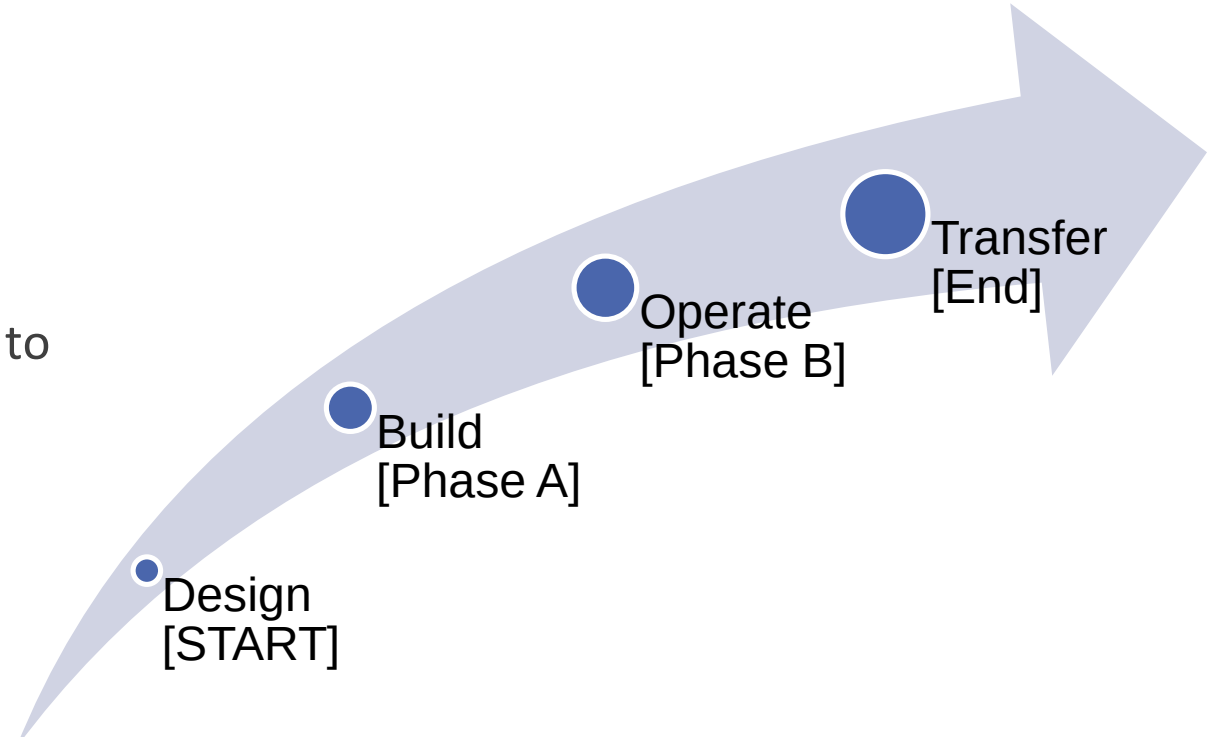
May-Sept 2018	Extensive mapping of private investment plans
May-Dec 2018	Preparation of Feasibility studies
Nov-Dec 2018	Public Consultation on the Project's Implementation plan
21.01.2019	Notification to DG COMP
Jan-Jul 2019	Extensive collaboration with JASPERS / updates in project design and studies
Apr-May 2019	Additional info provided to DG COMP
05.07.2019	JASPERS Completion Note
31.07.2019	DG COMP Decision (SA.51135)
16.09.2019	Submission of Major Project Application

UFBB at a glance

- The project aims to:
  - Provide VHCN connectivity (>100 Mbps) with gigabit upgradability for the major part (>63%)
  - Assure Gigabit connectivity to Socio-Economic Drivers
- Wholesale only infrastructures
- 7 LOTs / ~2.4M citizens
- Project budget 700M€ (public intervention 300M€ - ESIF)
- Call for tenders issued 22/05/2019 - open until **22/10/2019**

Investment model

- Public-Private Partnership
- DBOT (Design - Build – Operate – Transfer)
- 7 LOTS
- Each LOT is assigned to a Special Purpose Vehicle (SPV) to provide wholesale services to third party ISPs
- After the end of the concession period, the Greek authorities (who retain network's ownership) acquire the management of the infrastructure/network.
- Total project life: 3 + 23 yrs (total concession period of 26 years)



The DBOT model

- Design
  - Network design by the contractor (SPV)
- Build
  - contractors implement the project
  - Progress to be monitored against milestones of the network deployment (population coverage)
  - External auditor assess the progress
- Operate
  - SPVs provide wholesale -only access to third-party ISPs (retail service providers)
  - Retail prices are subject to NRA’s regulation/supervision
  - Any retail provider has access, on equal terms (open-access, non-discrimination)
- Transfer
  - Public authority retains the ownership of infrastructures during all the project life
  - After the end of the concession period, the management of the network return to the project owner (public sector)

Key Parameters/Challenges

- Lotting
  - Number of LOTs
  - Size of LOTS
  - Lotting criteria
- Concession period
- Award criteria
- Compatibility with state aid rules
- Minimize the funding gap
  - Re-use of existing infrastructures
- Maximize the project impact
  - Open & Future-proof infrastructures

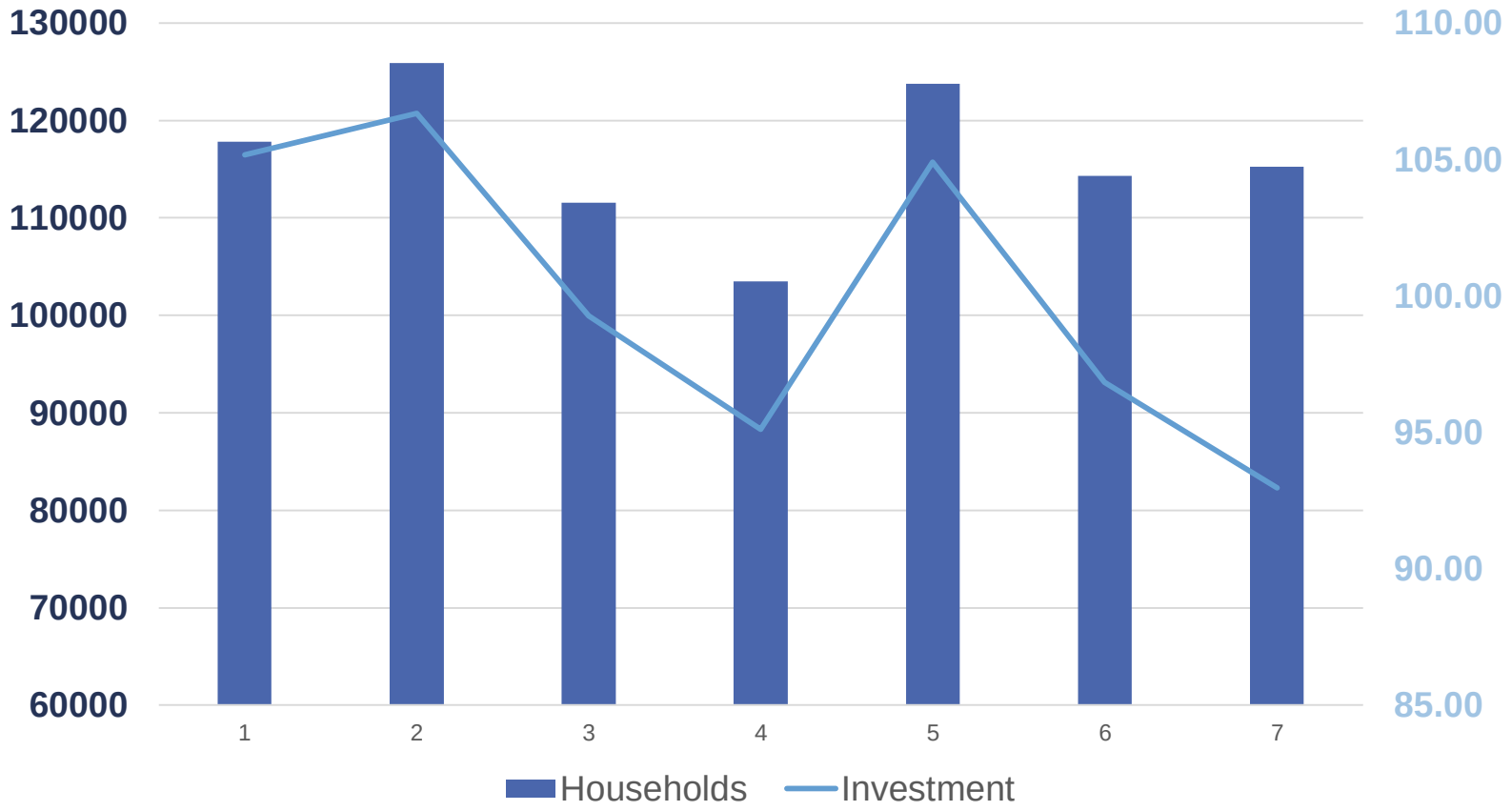
Lotting

- **Scope:** ensure competition and project implementation
- The whole country is divided into 7 lots
- LOTS are fragmented
- A contractor may merge the assigned lots (single SPV – single contract)
- Each contractor may be assigned 3 LOTs max.
- Bidders should apply for **all** LOTs **BUT** they can set an upper limit (i.e. 1 or 2) for the LOTs they may undertake

Lotting

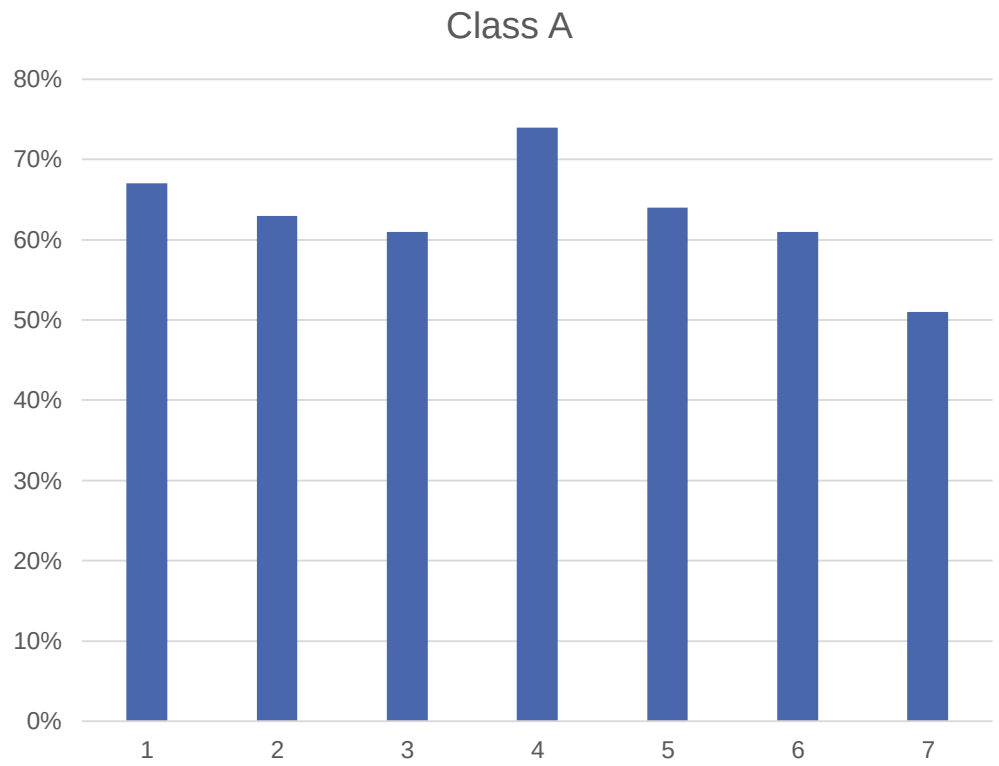
- Each LOT, corresponds to an addressable market of 103-126K active lines
- LOTs were organized so as to require similar total investment (94-106M), with similar public contribution (40.4%-46.3%), while having the same private equity IRR

LOTs' characteristics



UFBB Services

- **Class A**: at least 100 Mbps (DL), readily upgradeable to 1Gbps ('Gigabit capable services')
- **Class B**: guaranteed 100 Mbps (DL). By the end of concession period Gigabit connectivity should be ensured, without public support.
- SEDs in both Class A & B areas should be provided with Gigabit symmetric services
- Minimum required coverage per LOT: 98%
- Minimum percentage of Class A services in a LOT: 63% (avg.)



Tendering procedures

Competitive Dialogue (2 phases procedure)

- Phase A: Pre-Qualification
- Phase B:
  - Stage I: Dialogue
  - Stage II: Submission of binding tenders

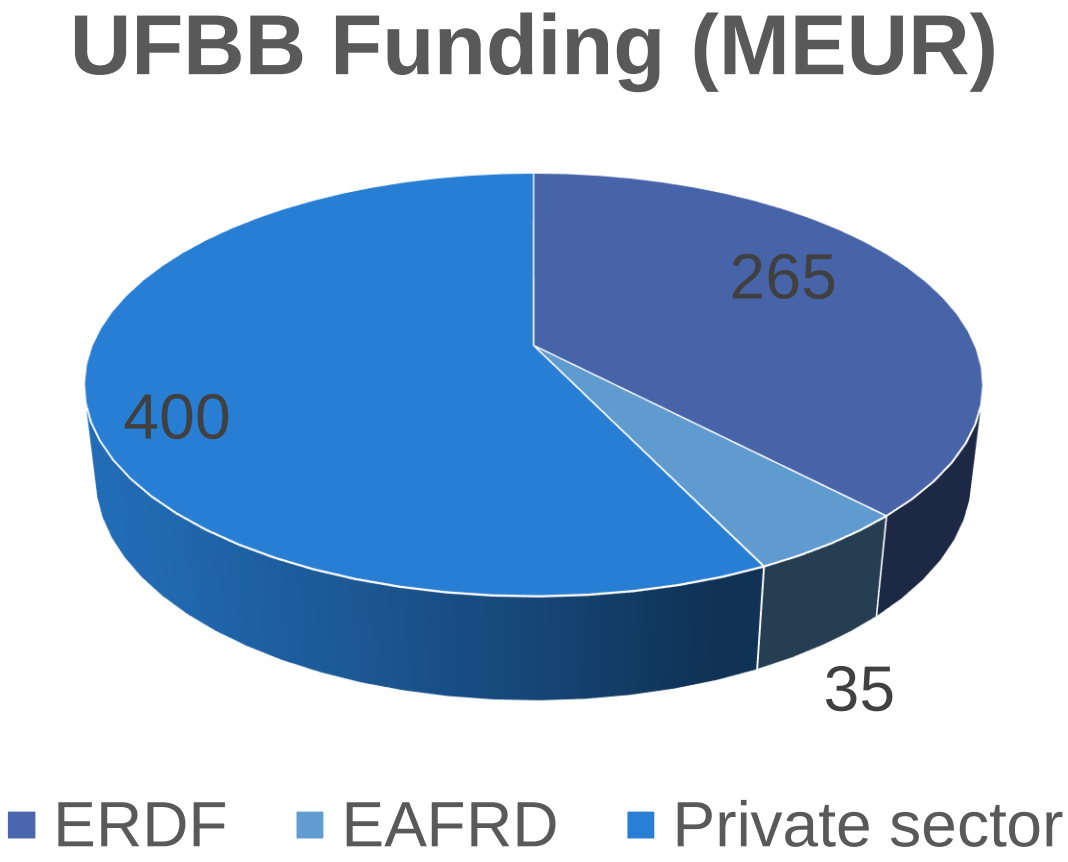
Award Criteria

- Technical: Maximize the percentage of Class A coverage (weight 80%)
- Economic: Minimize public contribution per LOT (weight 20%)

Re-use of existing infrastructures

- KEY factor to reduce cost
- Transparency and access obligations are in place (Law 4463/2017 – BB Cost Reduction Directive)
- Existing infrastructures should be used to the maximum extent possible
- General Secretariat of Telecommunications & Post has issued an open call for mapping of infrastructures that can be used in the framework of the project
- Infrastructure owners are encouraged to notify any kind of infrastructure that may be re-used for the purposes of BB infrastructures deployment
- Any infrastructure not registered in this phase cannot be used in the project

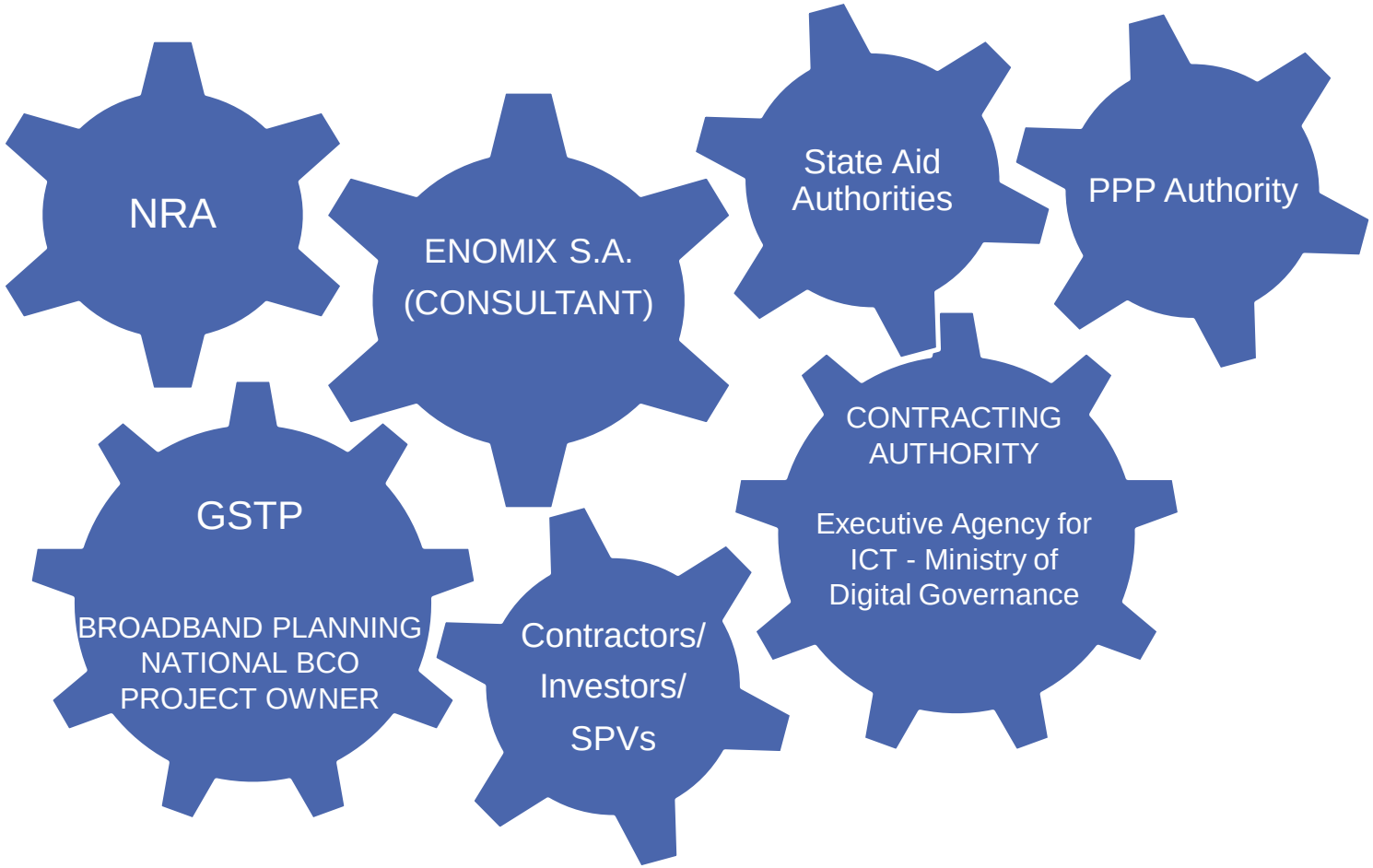
Funding



Project implementation / monitoring

- Project implementation will be monitored by an external auditor
- The auditor will submit evaluation reports in a regular basis
- NRA will regulate the pricing scheme
- A claw-back mechanism is in place

UFBB stakeholders



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National Broadband Plan

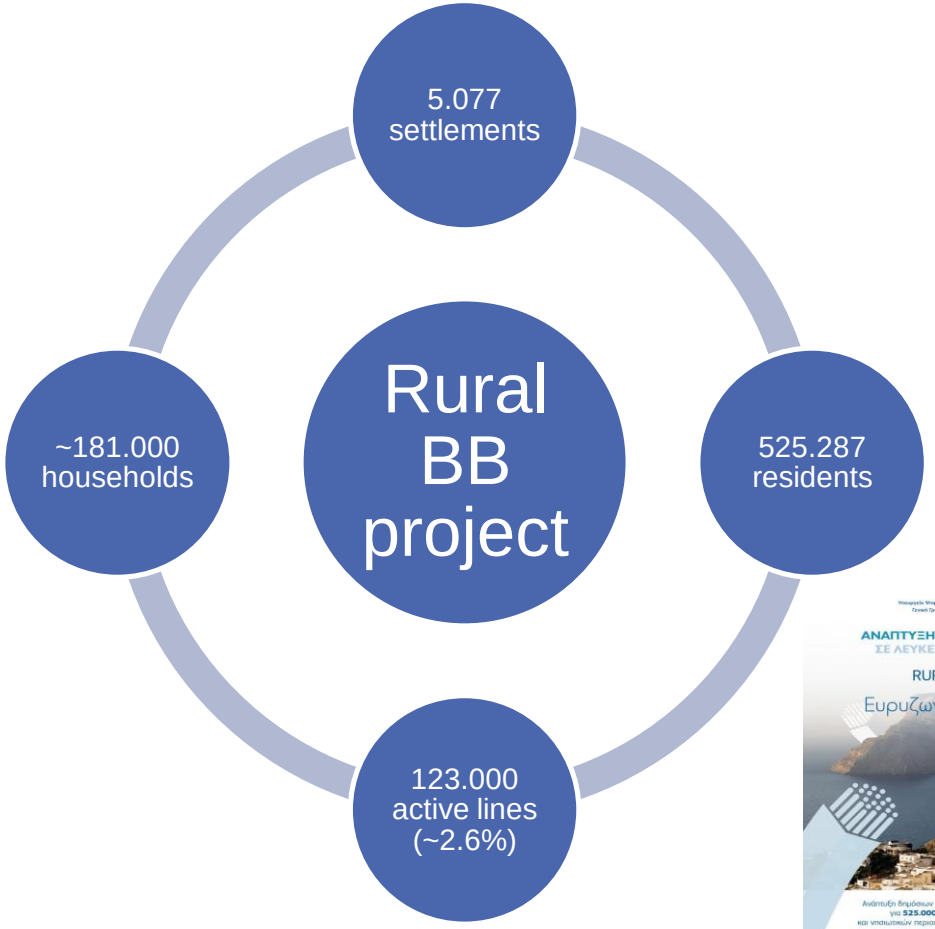
- www.nga.gov.gr
- Targets aligned with DAE2020 and Gigabit Society
- Major Projects: Rural Broadband, SFBB, UFBB
- Total budget >700M€ (EU & National Funding)
- Future-proof, open infrastructures
- Consistency:
  - No overlaps
  - No disruption of private plans
- To be updated by Q1 2020.

Complementary major projects of the NBP

Rural Broadband

(EU Broadband Award Winner 2017)

- The project covered ~45% of the Greek territory (geographical coverage).
- ~10.000 Km of trenching !
- ~3.800 km optical network (IRU)
- 2.328 DSLAM Installations
- 262 wireless nodes

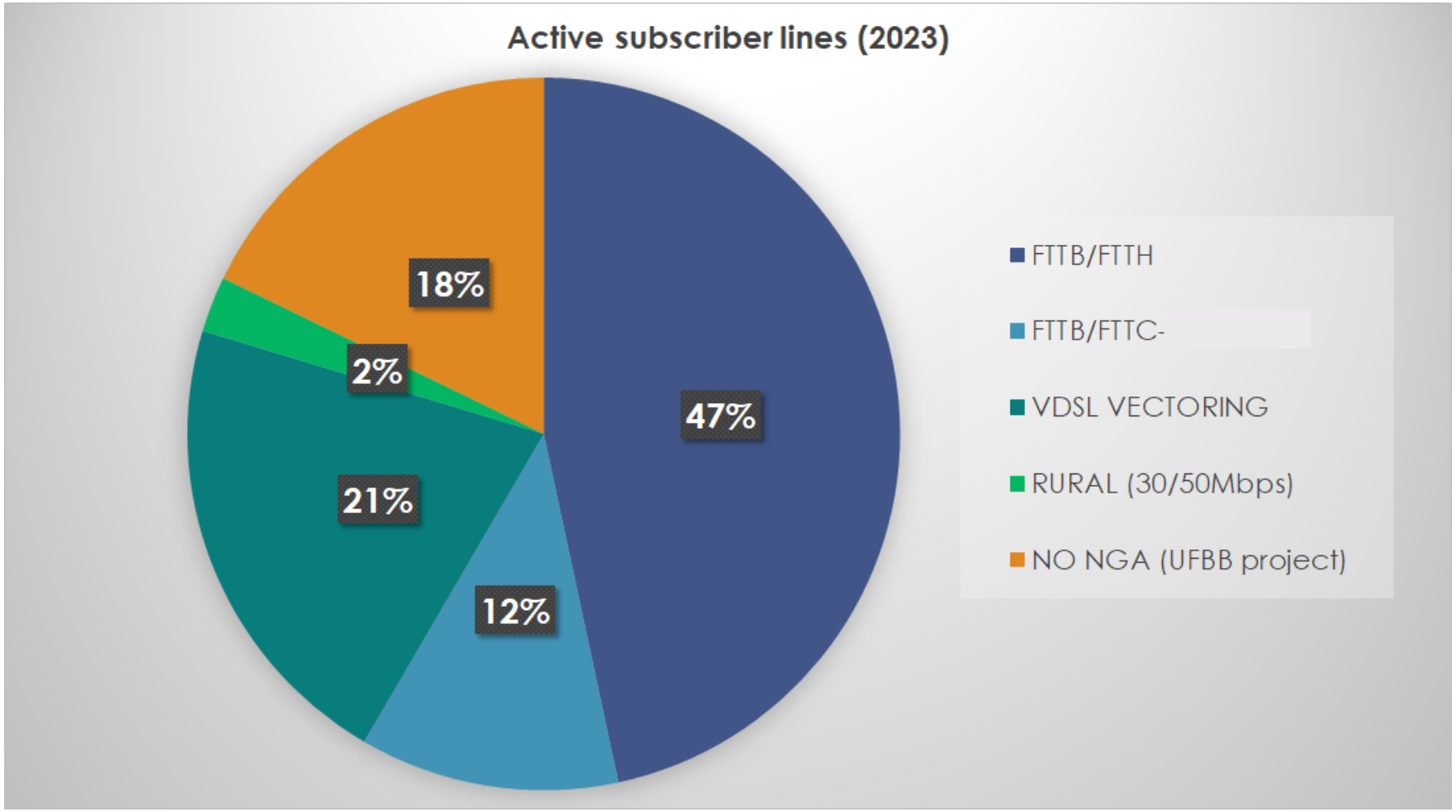


Complementary major projects of the NBP

SFBB voucher scheme

- www.sfbb.gr
- A voucher scheme to support citizens to obtain a SuperFast internet connection (100Mbps-1Gbps)
- Voucher value €360 – 2 years
- Funded by National Resources
- DG COMP SA.49935/2018 [**The first SA decision involving voucher in EU!**]

Towards the achievement of National BB Plan Goals



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THANK YOU

FOR YOUR ATTENTION!

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