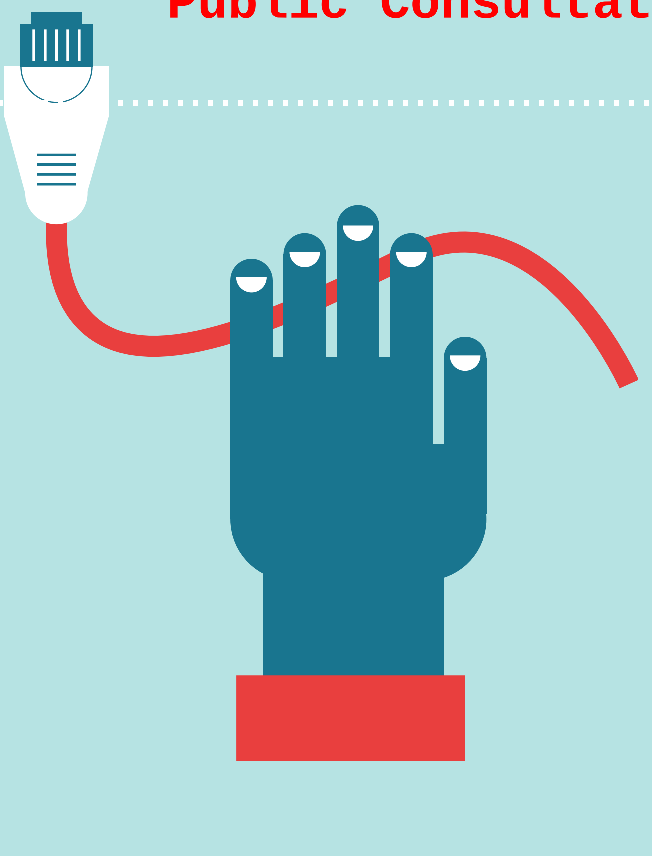
ITALIAN ULTRA BROADBAND STRATEGY

Ministry of Economic Development

Public Consultation 2015



Summary

Introduction

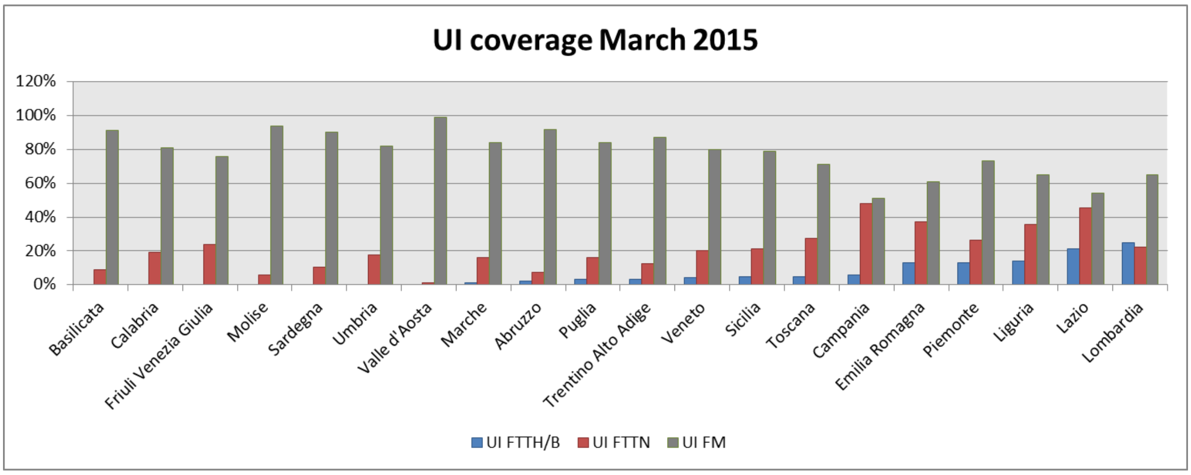
Infratel carried out the public consultation for the periodic updating of the map related to the Ultrawide Bandwidth available connectivity offered by telecommunications operators. The public consultation is fundamental to identify the areas where operators have not intervened up to today with their own infrastructuring programs or have not interests to do so within the next three years (so called "market failure" areas), and thus to highlight which geographic areas will then be affected by the aid measures referred in the "Strategy for the Italian Ultra Wide Band" approved with Resolution by the Board of Ministers on 3 March 2015.

The consultation - which takes place in accordance with paragraph 78 of the "Community Guidelines for the application of the rules on state aid in relation to rapid deployment of broadband networks" (2013C-25/01), is aimed at a clear identification of the geographical areas eligible for public intervention, optimizing the use of available resources and minimizing potential distortions of competition.

Analisys of the public consultation

The current situation in Italy, related to the coverage of networks based on FTTN and FTTH/B/DP architectures is shown in Fig. 1.

Figure 1 UI Coverage at March 2015 - Italian Regions



The most evident results of Figure 1 is represented by the gap still needed in each Region to achieve the EU 2020 objectives, i.e. the 100% coverage of the population at 30Mbps and the activation by the 50% of public service at 100Mbps.

Thus, to support the National Strategy for ultra broadband diffusion whose final goal is to reach the European 2020 targets, Infratel, as every year, launched a public consultation with the operators.

The consultation was launched on the 8th of May 2015 by publication on the website www.consultazioneinfratel.it, where questionnaires and shapefiles, related to the 94,645 areas in which the country was divided, were available.

With regard to the network architecture used to offer ultra broadband services the following definitions in terms of residential units have been adopted:

a) **Residential Unit enabled by Fibre to the Node (FTTN) architecture:** the fiber terminates at an intermediate node of the access network on physical carrier (copper) or at an existing node access systems of radio carrier;

b) **Residential Unit enabled by Fiber to the Distribution Point (FTTDP)architecture:** the fiber terminates at an intermediate optical node (Distribution Point) at a distance less or equal to 50m from the UI;

c) **Residential Unit enabled by Fiber to the Building (FTTB) architecture:** the fiber terminates at an optical termination poin at the basement of the building where the UI is located;

d) **Residential unit enabled by Fiber to the Home (FTTH)architecture:** the fiber terminates at an optical termination poin indide the UI.

The consultation closed the 8th of July 2015.

Table 1 Operators that participated to the Public Consultation 2015

N.	Operator	N.	Operator
1	A.M.T. Services	16	LineaCom
2	Argosid	17	Mc-Link
3	Argosid-Connettività	18	Metroweb
4	Asco TLC	19	Ne-t (by Telerete Nordest) s.r.l.
5	Asdasd	20	Ngi
6	Bigtlc	21	Nice Blu Srl
7	Brennercom	22	Planetel
8	Convergenze	23	Retelit/E-via
9	Csi-Piemonte	24	Selene
10	DeltraWeb	25	Telecom Italia
11	Estracom	26	Telweb
12	Fastweb	27	Terre Cablate
13	Intred	28	Trentino Network
14	Interplanet	29	Unidata
15	KPN	30	Vodafone

The number of operators, compared to the 2014 Public Consultation, rose from 7 to 30 demonstrating a greater attention of the private sector to the development of ultra broadband.

Table 2 shows the comparison, at national level, between the 2014 consultation and the new one held in 2015.

Following the increased granularity of the survey in 2015 due to the division of the territory in 94,645 areas, it was found that the UI that pass from the Cluster C and D (market failure) into the Cluster A and B are equal to 415,000 IU (1.5% of the total).

Conversely in the areas served by the operators, approximately 1.4 Mln. of UI are not served in the three years passing through the Cluster A and Cluster B to C (equivalent to 5% of the total).

Table 2 Comparison between 2014 and 2015 public consultations

	Public consultation 2014 (UI covering plans 2017)	Public consultation 2015 (UI covering plans 2018)
U.I. UBB (FTTN) served by private plans	36,45%	21,7%
U.I. Ultrafast (FTTB/H)	n.a.	21,4%
U.I. (FFTN + FTTH) by public intervention	18,0%	20,6%
U.I. not UBB	45,55%	36,3%

Table 3 shows the Regional coverage levels in terms of UI in 2015.

The details related to the local municipality coverage are reported in the file “**BUL Coverage 2015 municipality level**”.

Table 3: Broadband Coverage in Italy at 31/03/2015

31/03/2015 Coverage	2015 FTTH, FTTB, FTTDP Coverage	2015 FTTN coverage	2015 not served %
REGION			
Abruzzo	2%	7,5%	92%
Basilicata	0%	9,0%	91%
Calabria	0%	19,0%	81%
Campania	6%	47,9%	51%
Emilia Romagna	13%	37,4%	61%
Friuli Venezia Giulia	0%	23,6%	76%
Lazio	21%	45,6%	54%
Liguria	14%	35,5%	65%
Lombardia	25%	22,2%	65%
Marche	1%	16,3%	84%
Molise	0%	5,8%	94%
Piemonte	13%	26,4%	73%
Puglia	3%	15,9%	84%
Sardegna	0%	10,4%	90%
Sicilia	5%	21,0%	79%
Toscana	5%	27,5%	71%
Trentino Alto Adige	3%	12,3%	87%
Umbria	0%	17,6%	82%
Valle d'Aosta	0%	1,1%	99%
Veneto	4%	20,1%	80%
Total	**10,06%**	**26,40%**	**71,38%**

In the following tables and figures are reported the forecast coverage levels by operators in 2018: in particular the coverage as a result of the only private plans (Table 4, Figure 2), the cover as effect of public investment (incentives or direct intervention) implemented or underway (Table 5, Figure 3), the total forecast provided (Table 6, Figure 4).

In the previously mentioned tables are excluded the effects of the public intervention related to the CIPE Resolution n. 65/2015 of the 6th of August 2015.

In the tables previously mentioned, the FTTC and FTTH/B/DP coverage levels are calculated with reference to the total UI served by the two different architectures separately.

Table 4: Regional coverage level forecast (2018) – private plans

2018 Coverage	FTTH, FTTB, FTTDP coverage by private plans in 2018	FTTN coverage by private plans in 2018
REGION		
Abruzzo	8,00%	17,22%
Basilicata	6,22%	16,69%
Calabria	8,31%	15,27%
Campania	16,84%	35,44%
Emilia Romagna	25,41%	54,06%
Friuli Venezia Giulia	17,75%	37,94%
Lazio	37,74%	68,58%
Liguria	24,84%	60,87%
Lombardia	33,52%	42,12%
Marche	8,68%	45,00%
Molise	3,52%	12,29%
Piemonte	22,84%	46,46%
Puglia	16,95%	22,65%
Sardegna	8,76%	36,86%
Sicilia	16,79%	28,54%
Toscana	21,99%	52,61%
Trentino Alto Adige	12,52%	30,89%
Umbria	12,21%	46,14%
Valle d'Aosta	1,54%	15,26%
Veneto	14,65%	39,95%
Total	**21,42%**	**41,16%**

Figure 2: Regional coverage level forecast (2018) – private plans

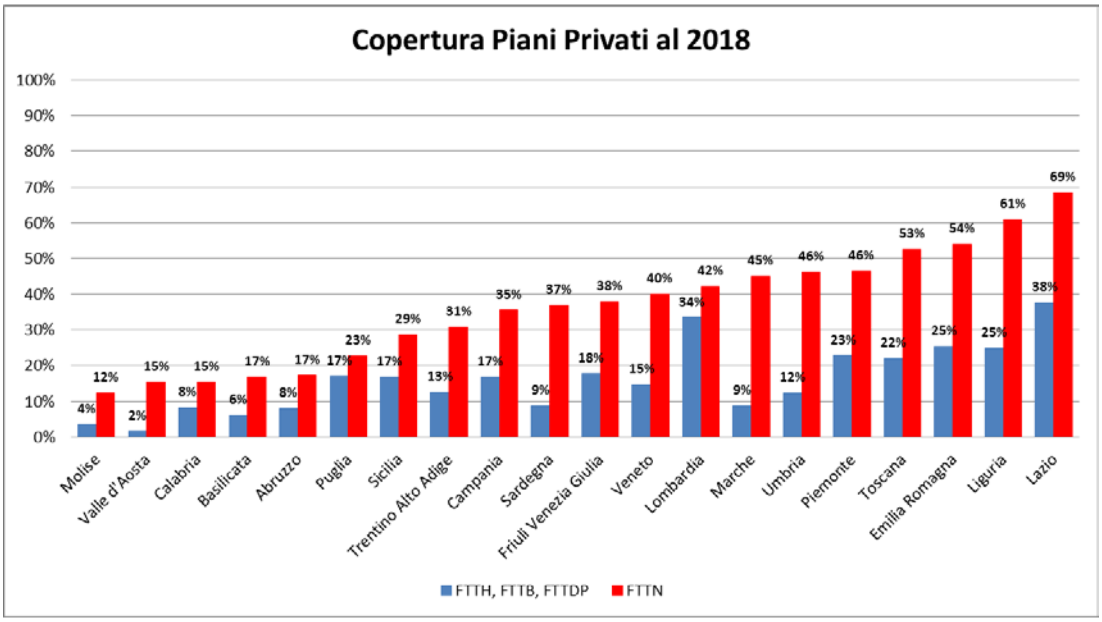


Table 5: Regional coverage level – public plans closed and on going

	FTTH, FTTB, FTTDP	FTTN coverage by public plans
REGION		
Abruzzo	0%	24,66%
Basilicata	0,1%	56,27%
Calabria	0,3%	77,99%
Campania	7,8%	37,96%
Emilia Romagna	0%	0,00%
Friuli Venezia Giulia	0%	0,00%
Lazio	0%	11,36%
Liguria	0%	0,00%
Lombardia	0%	0,92%
Marche	0%	10,67%
Molise	0%	13,98%
Piemonte	0%	0,00%
Puglia	0%	72,55%
Sardegna	0%	28,93%
Sicilia	0%	48,88%
Toscana	0%	5,04%
Trentino Alto Adige	0%	0,00%
Umbria	0%	0,00%
Valle d'Aosta	0%	0,00%
Veneto	0%	5,47%
Total	**0,65%**	**19,93%**

Figure 3: Regional coverage level - public plans closed and on going

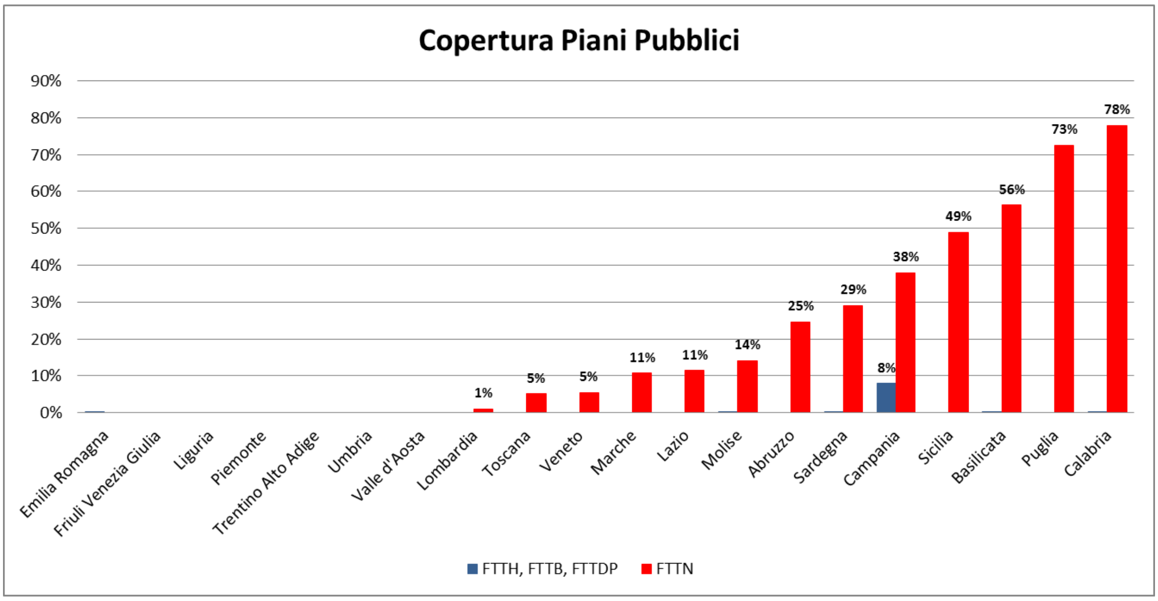
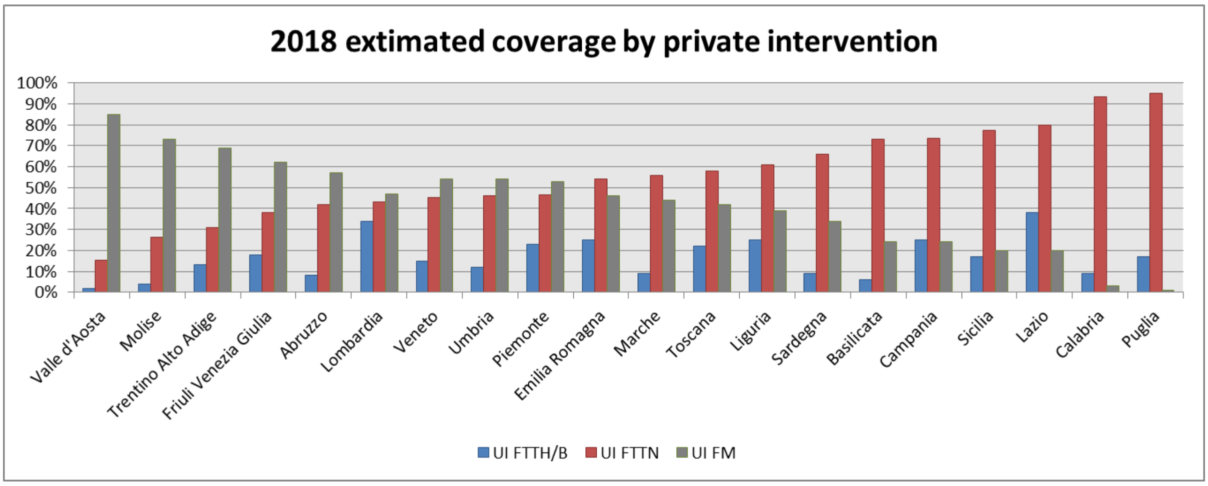


Table 6: Regional coverage level forecast (2018)

2018 Coverage	FTTH, FTTB, FTTDP coverage in 2018	FTTN coverage in 2018	Not served % in 2018
REGION			
Abruzzo	8%	41,9%	57%
Basilicata	6%	73,0%	24%
Calabria	9%	93,3%	3%
Campania	25%	73,4%	24%
Emilia Romagna	25%	54,1%	46%
Friuli Venezia Giulia	18%	37,9%	62%
Lazio	38%	79,9%	20%
Liguria	25%	60,9%	39%
Lombardia	34%	43,0%	47%
Marche	9%	55,7%	44%
Molise	4%	26,3%	73%
Piemonte	23%	46,5%	53%
Puglia	17%	95,2%	1%
Sardegna	9%	65,8%	34%
Sicilia	17%	77,4%	20%
Toscana	22%	57,7%	42%
Trentino Alto Adige	13%	30,9%	69%
Umbria	12%	46,1%	54%
Valle d'Aosta	2%	15,3%	85%
Veneto	15%	45,4%	54%
Total	**22,07%**	**61,10%**	**36,33%**

Figure 4: FTTH/FTTB/FTTDP/FTTN coverage regional level forecast (2018)



Publication of the areas

The details of the coverage levels, in terms of UI, in each of the 94,645 areas subject to the Public Consultation has been divided into two separate files.

In the file “**BUL Public consultation 2015 Black and Grays Areas**” is reported the coverage in Cluster A and B determined by the investments done and forecasted.

In the file “**BUL Public consultation 2015 White Areas**” is reported the coverage in Cluster C and D. In case of areas not fully covered is reported the forecasted % of coverage.

The white areas will be interested in the first phase by the public intervention aimed at achieving the overall objectives of the Ultra BroadBand Plan, consistent with the CIPE Resolution n. 65/2015 of the 6th of August 2015 and according to the models of the new State aid scheme under evaluation of the competent offices of the EU Commission.

As stated in point (65) of the "Guidelines for the application of the rules on state aid in relation to rapid deployment of broadband networks" (2013C-25/01), the granting administration, after the consultation and after the publication of the areas subject to public interventions, is required to check whether the private operators wish to get committed in financial autonomy in the implementation of these interventions within the next three years. For these reasons is opened a new consultation with regard to the areas covered by public intervention, in which operators can further confirm, amend or improve their plans. Where they reveal additional commitments, the operators will formalize a contract with the Administration that will include a series of deadlines to meet during the three years, as well as the accountability of progress. At the end of this phase will be reviewed the areas subject to intervention.

The deadline to submit comments in relation to the object of the second consultation is scheduled for the 7th of December 2015. By that date, the comments shall be notified by e-mail at consultazione@infratelitalia.it.

Glossary and acronyms

- BUL – Ultra Broadband
- CLUSTER A: NGA black areas as defined in the Guidelines for the application of State aid;
- CLUSTER B: NGA gray areas as defined in the Guidelines for the application of State aid;
- CLUSTER C: NGA white areas as defined in the Guidelines for the application of State aid, where is possible or has been set up a private co investment only in presence of a public contribute;
- CLUSTER D: NGA white areas as defined in the Guidelines for the application of State aid where there are no conditions for private investments even in presence of a public contribute.
- FEASR – European Agricultural Fund for Rural Development
- FESR – European Regional Development Fund
- FM – Market Failure
- FSC – Development and Cohesion Fund
- FTTB – Fiber-to-the-Building
- FTTC – Fiber-to-the-Cabinet
- FTTdp – Fiber-to-the-distribution point
- FTTH – Fiber-to-the-Home
- FWA – Fixed Wireless Access

- LTE – Long Term Evolution
- NGA – Next Generation Access
- NGAN – Next Generation Access Network
- EU Guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks (2013/C 25/01)
- Italian Strategy for ultra broadband" approved by the Council of Ministers on March 3,, 2015
- UI – Residential units.