

**Opening Statement:** Presented by Marcus Matthews, Managing Director of the Regional Internet Service Providers Association (RISPA), to the Committee on Communications, Climate Action and Environment | 16<sup>th</sup> of July, 2019

## **Statement Introduction**

- Chairperson and members of the Committee, on behalf of the Regional Internet Service Providers Association (RISPA), I would like to thank you for the invitation to appear before the Committee and contribute to its discussion on the National Broadband Plan (NBP).
- As part of the delegation today, I am joined by several subject matter experts and representatives of RISPA members who will be answering technical questions.

## **About RISPA**

### Background

- RISPA is a trade association that was founded by a number of Irish owned Internet Service Providers (ISP's), who wished to establish an industry representative body that could provide a coherent voice for the over 40 ISP's who have been successfully delivering broadband services throughout the rural regions of Ireland for the better part of 20 years.

### Aim

- RISPA's aim is to raise awareness of regional ISP's and address the issues they face so that the roll out of reliable high-speed broadband services can be accelerated and delivered to rural Ireland within 2 years.

## **Purpose of RISPA's appearance before the Committee**

- RISPA recognizes the important role that the Committee serves in scrutinizing all matters pertaining to communications policy and appreciates the privileged opportunity to assist the Committee's examination of rural broadband issues.
- RISPA's appearance before the Committee today is intended to help the Committee's investigation of the NBP's process and provide advice about the options for accelerating the roll out of rural broadband.
- In support of its appearance, RISPA has provided a written submission that outlines issues relating to the NBP's process and proposes a different approach to solving Ireland's rural connectivity gap.
- RISPA's suggested approach is based on a hybrid model of complementary technologies and a series of proven policies that collectively represent an alternative to the NBP.
- RISPA intends that the information it presents to the Committee will provide its members with new insights on the NBP and the best options for rolling out cost-effective and timely high-speed broadband services.

## **Major areas of concern with the NBP**

### Intervention area accuracy

- A recurring issue throughout the NBP's procurement process has been the mapping of premises who do not have access to a minimum 30 Mbit/s broadband service. The implications of these mapping inaccuracies were most evident when 300,000 premises had to be removed from the Intervention Area because Eir concluded that they were commercially viable for the provision of its fibre optic broadband service. Such mapping inaccuracies were exacerbated by the fact that the Intervention Area failed to take into consideration the approximately 125,000 premises that are customers of regional ISP's, many of whom had already begun rolling out next generation broadband services to rural Ireland when the procurement process began. Ultimately, the accurate mapping of the Intervention Area is necessary to minimize the financial burden on the State and prevent the overbuilding of

infrastructure. Consequently, RISPA advocates that a real-time market monitoring system be implemented and maintained by ComReg, and that such a system would be designed to allow ISP's to demarcate the areas that they serve and provide a facility for citizens to appeal such information.

#### Encroachment

- Related to the problem of an inaccurate Intervention Area is the issue of the encroachment clause in the NBP's proposed contract. Such a clause would compensate the winning bidder should the number of premises in the Intervention Area fall below 542,000. Considering that approximately 125,000 of these premises are already customers of regional ISP's, RISPA is concerned that upon signing the NBP contract the State may be immediately liable for the payment of large encroachment fees to the winning bidder.

#### Removal of retail restriction

- A leaked aide-memoire from the Department of Communications reveals that the winning bidder is to be the retailer of last resorts. In the event that the uptake of fibre broadband services is lower than expected and the cashflow of the winning bidder suffers such that it cannot afford to build out and operate the network, RISPA believes that there will be pressure put on the Department to lift the retail restriction. If this were to happen, the ISP's who retail broadband services over the network could be disadvantaged and possibly exit the market, which would leave the winning bidder in a monopoly position that would run contrary to the very purpose of the NBP.

#### EU state aid rules

- RISPA notes that the EU guidelines for the development of broadband networks to correct market gaps directs that Member States should limit the scale of their interventions as much as possible. The guidelines instruct Member States to intervene only after the private sector has failed to deliver services commercially. Where a Member State elects to intervene, the guidelines clearly state that interventions should begin with the least intrusive policy instruments, such as those described in RISPA's written submission. Only after such policy measures have failed does the EU recommend that Member States consider more intrusive interventions like the NBP. In short, the guiding principle of the EU rules is that interventions should target market failures and not crowd-out existing market operators from areas that they plan to invest in or have already made network investments.

### **Conclusion**

- In closing, RISPA would like to state that it fully supports the laudable aim of rolling out high-speed broadband services to rural Ireland. RISPA believes that the NBP will fall considerably short of its target for 100% of premises to have access to broadband services and that the project does not represent good value for money. RISPA would argue that the collective policies it has outlined in its written submission represent an alternative approach that would achieve the NBP's aim in two years instead of seven and for a net cost to the State of €402 million compared to €2.97 billion. Consequently, RISPA advocates that the NBP's procurement process should be halted so that a comprehensive evaluation can be undertaken of the recommendations that it has outlined in its written submission, which the Committee are now invited to discuss and ask questions.