

25 July 2013: Optical fibre roll-out

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Orange and Free have ended a dispute brought before the Autorité de la concurrence relating to conditions for access to the incumbent operator's civil engineering infrastructure.

The agreement entered into by the two companies will facilitate and accelerate the roll-out of the optical fibre network to the benefit of all operators. In view of this, the Autorité de la concurrence has recorded the withdrawal of the complaint by Free and has decided to close the case.

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Free's complaint

Free had filed a complaint with the Autorité de la concurrence relating to the incumbent operator's refusal to offer its competitors access to its civil engineering infrastructure, which would enable them to roll out their own fibre-optic networks. Access to the Orange bundle would however be a key factor in the success of the optical fibre network roll-out.

Indeed, two solutions are available to operators wishing to roll out their optical fibre networks. They can either dig trenches in the streets to lay new cables or use existing infrastructure such as the Paris sewers or the local authorities' networks. The latter solution significantly reduces the roll-out costs and the time it would take. None of these infrastructures however compares to the network of 350,000 km of civil engineering routes created to install copper cables for telephones that Orange can use thanks to its former status as a public

monopoly.

The agreement reached between Free and Orange comes at an advanced stage in the process

A decision taken by the Autorité de la concurrence was expected by the end of the year but, without waiting for its outcome, the two operators came to an agreement that they submitted to the Autorité.

In several respects, this agreement represents significant progress in the roll-out of optical fibre networks.

- ***A substantial agreement in terms of coverage of the territory***

The agreement will facilitate the deployment of high bandwidth optical fibre networks to more than 510,000 homes in 20 towns¹. These towns, currently being equipped by Orange, are in the provinces as well as in the Paris region. Consequently, this is a major step forward in the roll-out of optical fibre networks since coverage of the areas in question, because it includes both "pockets of high population density" and "pockets of low population density", was an issue for operators until now in terms of economic model.

- ***An agreement that benefitted all operators***

This agreement will be implemented by Orange through its commercial offers to all third-party operators. The progress is represents will stimulate competition and help to accelerate the roll-out of very high speed broadband networks.

- ***An agreement that will facilitate the roll-out of the optical fibre thanks to more favourable technical and financial conditions for operators in the areas concerned***

- New technical conditions

Normally, access to the optical fibre terminals rolled-out by Orange in highly populated areas is achieved, in pockets of high population density, via a shared entry point at the foot of the building; in pockets of low population density, a

shared entry point is created for 300 homes at a time. Under the agreement, Orange is offering third-party operators a single technical architecture enabling them to connect to shared entry points serving at least 300 homes, regardless of whether the homes are in high- or low-population density areas. This change to the technical architecture is of much greater economic interest to operators, and will facilitate the roll-out of the optical fibre.

- Lower costs for all operators

Orange is also changing the financial conditions for access to the network terminals so that the co-investment arrangements it normally applies to pockets of low population density and which normally depend on the number of operators, will be replaced by an arrangement that offers operators the option of gradually co-investing, by bracket and regardless the number of operators involved. In this agreement on densely-populated areas, the co-investment arrangements are therefore modelled on those offered by Orange in the least populated parts of France. In this case, the operators will be allowed to cover just part of the risks involved in the roll-out in the area in question by contributing to the co-financing in 15% brackets of the cabling deployed. This will enable operators of limited financial strength to invest in proportion to their means and eventually to run a retail market operation.

The Autorité, which could have continued to investigate the complaint after Free had withdrawn it, has decided to close the case.

It considered that the agreement, over which it was consulted and concerning which it has notified its conditions, will not only provide solutions to the problems aired through Free's complaint but would also benefit provinces and the market as a whole, thanks to the competitive dynamic that it will reinforce.

(1) List of towns covered: Rouen, Tours, Clermont-Ferrand, Le Blanc Mesnil, Villeneuve le Roi, Villemomble, Saint Martin d'Hères, Livry Gargan, Thiais, Champs-sur-Marne, Rillieux-la-Pape, Ecully, Marly le Roi, Vélizy, Vaulx-en-Velin, Saint-Ouen, la Courneuve, Epinay-sur-Seine, Chennevières-sur-Marne and Ris-Orangis.

> Press contact: Victoria Thompson / Tel.: (+33) 1 55 04 01 82 / Contact by email