

PRESS RELEASE

CNMC opens a public consultation on the regulation of wholesale broadband markets

- CNMC proposes expanding the competitive area for next-generation networks to 592 municipalities, where 67% of Spain's population lives.
- In all the other municipalities, CNMC requires Telefónica to provide other operators with a virtual unbundled access service (called NEBA local) and a wholesale broadband access service (called NEBA fibra) to its fibre network.
- CNMC proposes to maintain the obligation that requires Telefónica to provide wholesale access to its civil infrastructure (ducts and poles) throughout Spain, which is essential for the deployment of fibre networks.

Madrid, 18 November 2020 - CNMC has approved a public consultation on the regulation of **broadband markets (3a/3b Markets)**. CNMC's proposal seeks a balance between **guaranteeing effective competition** and **promoting investment in next-generation networks** (NGA, which allow users to enjoy ultra-fast broadband connections, primarily fibre optics). The analysis and definition of these markets consider different obligations based on the level of competition throughout Spain.

The competitive situation

The current regulatory framework dates from 2016, when CNMC defined a competitive area for NGA networks consisting of 66 large municipalities (35% of the population). In these municipalities, Telefónica was not required to provide wholesale unbundled access to its fibre network.

The number of fibre-to-the-home (FTTH) connections in Spain has gone from 3.1 million in 2015 to 10.4 million in 2020 ([CNMCData](#)), an increase of 230%. **Whereas FTTH lines accounted for 23% of the market in 2015, they now account for 70% of total broadband connections.** This technology is available to over 80% of households. These figures place Spain among Europe's leading countries in terms of both the coverage and penetration of FTTH connections.

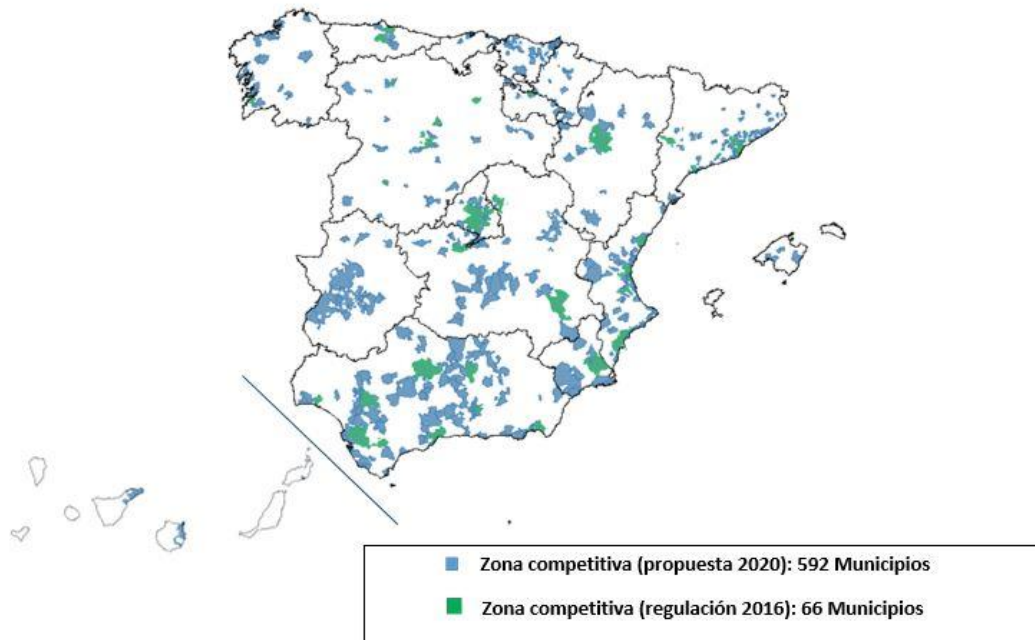
Moreover, since the last review, a fourth national operator, Masmóvil, has entered the market, providing a nationwide alternative to Telefónica, Orange and Vodafone. Euskaltel, with the launch of its new Virgin brand, and Digi, are other operators that have expanded both their product and geographic availability compared to the 2016 review.

New draft regulation

In 2020, CNMC proposes to expand the **competitive area to 592 municipalities, with the remaining municipalities being part of the non-competitive area.**

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Map of competitive areas (592 municipalities) - CNMC 2020 Proposal



The competitive area is characterised by **strong competition on infrastructure based on next-generation networks (NGA)**. In each of these 592 municipalities, Telefónica's share in the retail broadband market is below 50% and there are, at least, three NGA networks with a minimum individual coverage of 20%.

In this competitive area, CNMC proposes to maintain Telefónica's obligation to **provide access to its civil works infrastructure**, as well as its obligations regarding **copper local loop unbundled access**. However, **it is not proposed to impose the obligation to provide wholesale unbundled access to its fibre network**. Access to civil infrastructure allows alternative operators to use the ducts and poles in Telefónica's network, which in turn facilitates the rollout of their FTTH networks.

This regulatory measure is essential to allow alternative operators to deploy their fibre networks. For its part, unbundled access to the copper pair entails physical wholesale access to the traditional copper access network, which is provided at the local exchange level.

In the rest of Spain (7,539 municipalities), and in addition to the previous obligations, CNMC proposes that Telefónica provide the wholesale services for (i) **fibre local loop virtual unbundling (a VULA product, which is called NEBA local)** and (ii) **broadband access (called NEBA fibra)**.

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The main difference between NEBA local and NEBA fibra is the proximity to the end customer. NEBA local allows alternative operators to access Telefonica's network at the optical exchange level, whereas NEBA fibra provides alternative operators with access on a regional level (the interconnection points for NEBA fibra are available in each Spanish province).

In the previous 7,539 municipalities, Telefónica would be also required to provide bitstream access services over its copper network. These services are called **NEBA cobre, ADSL-IP regional and ADSL-IP nacional**.

Interested parties now have one month to present their responses to the public consultation. Once the submissions are analysed, CNMC will approve a draft measure that will be notified to the European Commission and the Ministry of Economic Affairs and Digital Transformation.

Summary of the proposed obligations

Market	Competitive area (592 municipalities)	Non-competitive area (7359 municipalities)
Wholesale market for local access provided at a fixed location (market 3a)	Telefónica (SMP operator)	Telefónica (SMP operator)
	Access to civil engineering infrastructure	Access to civil engineering infrastructure
	Copper local loop unbundling	Fibre local loop virtual unbundling (NEBA Local)
		Copper local loop unbundling
Wholesale market for central access provided at a fixed location (market 3b)	Effective competition	Telefónica (SMP operator) Bitstream access services (NEBA fibra, NEBA cobre, ADSL-IP regional and ADSL-IP nacional)

[See the text of the Public Consultation \(ANME/DTSA/002/20/M3-2014\)](#)

[See the list of municipalities \(Excel\)](#)

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