

PRESS RELEASE

The CNMC approves the regulation of the wholesale markets for access to the optical fiber networks

- In 696 municipalities (accounting for 70% of the Spanish population), Telefónica will be exempted from the obligation of providing its competitor with access to its optical fiber network.
- In the remaining municipalities, where there is less competition among operators, wholesale-access obligations remain in place.
- Throughout Spain, Telefónica will have to guarantee that other companies can access its civil engineering infrastructure (ducts and poles) so as to deploy their optical fiber.
- Within three years, the CNMC will assess whether it needs to review the zones considered "non-competitive" or even withdraw the regulation on wholesale access to optical fiber network throughout the country.

Madrid, October 15, 2021.- The CNMC has approved the definitive regulation of the **wholesale markets for broadband access (Markets 1/2020 and 3b/2014)**. The Commission seeks a balance between **ensuring competition** and **promoting investment in next-generation access (NGA) networks** — those that allow very high speed Internet connections — mainly optical fiber.

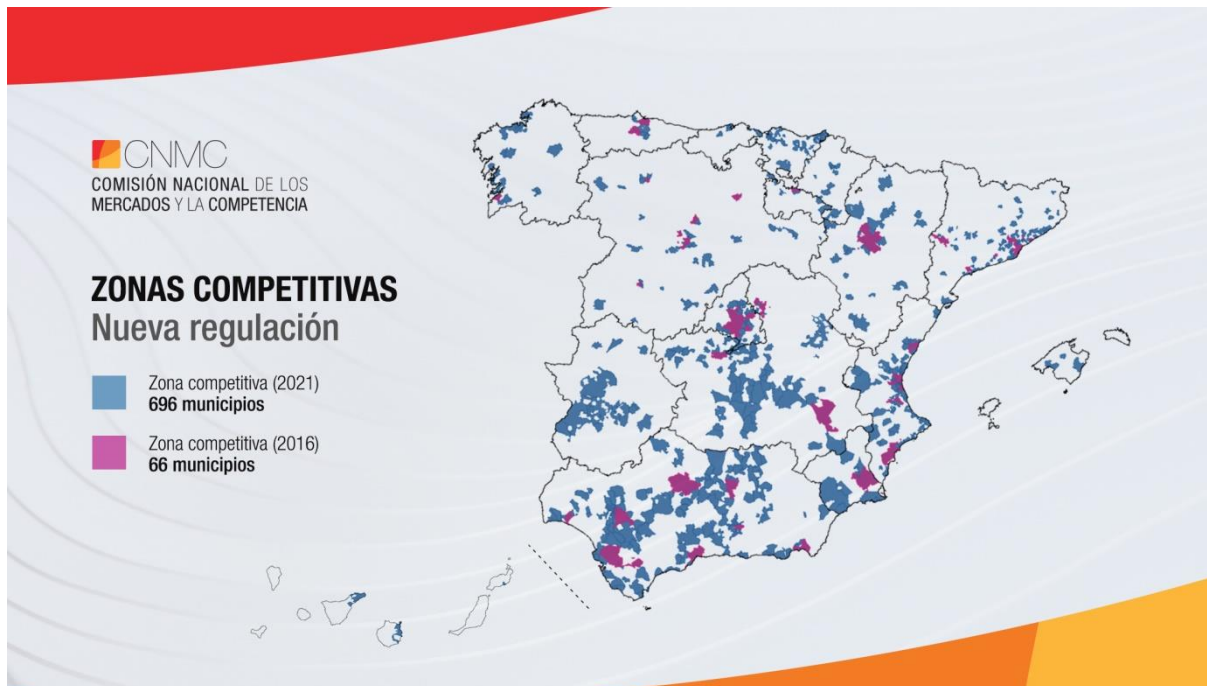
The new measure, which establishes geographically differentiated obligations based on existing competition, updates the 2016 regulation. Since then, the number of fiber to the home (FTTH) connections in Spain has risen from 3.1 million in 2015 to nearly 12 million in 2020 ([CNMCData](#)). That is, **whereas in 2015 FTTH lines accounted for 23% of the market, currently they are the predominant technology, with about 75% of total broadband connections**. These figures show that Spain is a leading European country both in coverage and in penetration of FTTH fiber connections.

New regulation: zones and municipalities

As a consequence of the competitive dynamics seen since the previous regulation, enacted in 2016, the CNMC has expanded the **competitive zone to 696 municipalities (compared with 66 in 2016)**. The remaining municipalities (7,453) will form **part of the non-competitive zone**.

The competitive zone is characterized by **high competition in infrastructure based on NGA networks**. In each of these 696 municipalities, Telefónica's share of the retail broadband market is less than 50% and there are at least three (NGA) networks with a minimum coverage of 20%.

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[\(Annex municipalities\)](#)

In this competitive zone, the CNMC requires Telefónica to maintain its obligations with respect to **access to civil works infrastructure** (ducts and poles), as well as its obligations concerning the copper **copper local loop unbundling**. **Nevertheless, CNMC does not required Telefónica to provide wholesale access to its fiber network.**

Access to **civil engineering infrastructure** is essential in any deployment of optical fiber, since it allows alternative operators to use the ducts and poles of Telefónica network, and to lay their lines from Telefónica's head exchanges to end users' homes.

The unbundled access **to the copper pair**, in contrast, is a wholesale physical access to the traditional copper access network, which is provided at the local-exchange level.

The decision adopted by the CNMC entails significant deregulation. Hence, the competitive zone will increase from 66 municipalities (35% of the Spanish population) to 696 municipalities (70% of the population). At the end of 2020, more than 75% of the fiber accesses installed by Telefónica were located in those 696 municipalities, whereas with the new regulation Telefónica will be required to allow access only to its civil engineering infrastructure.

The deregulation of these 696 municipalities will not take effect immediately, as a transition period of six months as of the publication of the CNMC's resolution in the Official State Gazette has been established.

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In the rest of the country (7,453 municipalities) — **the non-competitive zone** — the CNMC has set forth, in addition to the above-mentioned services, the obligation on Telefónica to provide wholesale services **for virtual unbundled access to optical fiber (local NEBA) and fiber bitstream (NEBA fiber broadband)**.

Differences by type of access

The difference between local NEBA and NEBA fiber is the proximity to the end customer. Local NEBA is provided at the local fiber network head exchanges, while the connection point of the NEBA fiber wholesale service is further away from the end customer (there is one connection point per province).

In addition to these services, in the 7,453 municipalities Telefónica is also required to provide wholesale bitstream access services over copper, which are called **copper NEBA and regional and national ADSL IP**.

To facilitate the definitive migration from copper to fiber services, the adopted measure shortens the regulated period envisaged for the closure of Telefónica's copper exchanges from five to two years.

Evolution of the situation

Likewise, the CNMC will closely monitor the competitive situation in the market and assess whether it is necessary to adopt, within **three years time**, a new measure reviewing the geographic areas of the market or even, if the competitive situation in the market so justifies, to move to a framework in which regulated access to Telefónica's civil engineering infrastructure is exclusively imposed and the obligations regarding NEBA local and NEBA fiber services throughout the territory are withdrawn.

The measure has the approval of the European Commission, which supervises the market analyses and regulatory obligations of which regulators must give notification under Community regulations. In its analysis, the European Commission made just one comment, of a technical nature, encouraging the CNMC to define a separate market for access to civil infrastructure in the framework of upcoming reviews.

[ANME/DTSA/002/20](#)

[Access to the municipalities Annex \(Excel\)](#)

[Download competitive zones map](#)

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