



# Press Release

Bonn, 4 July 2012  
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## **Bundesnetzagentur has no objections to Telekom's new VDSL bitstream price model**

The Bundesnetzagentur intends to withdraw the provisional prohibition it imposed in early April on Telekom Deutschland GmbH's (Telekom) new price model (known as the "contingent model") for marketing high-speed VDSL broadband line to competitors. The associated rates regulation proceedings will be discontinued. This step comes after Telekom made changes to its price model in response to the concerns the Bundesnetzagentur raised in its prohibition decision. The draft decision to lift the prohibition decision and the notification of the discontinuation of proceedings were today submitted to the European Commission and the regulatory authorities in the other EU Member States.

Telekom had notified the Bundesnetzagentur of its price model already in mid January 2012. It allows carriers that wish to offer VDSL IP bitstream lines to reserve a certain quota of lines, either all over Germany or regionally, in return for an up-front fee. This gives them the right to lease the agreed number of VDSL IP bitstream lines for the next eleven years for a set monthly charge.

In ex-post rates regulation proceedings the competent Ruling Chamber had initially concluded that the original price model presented considerable obstacles to competition for other carriers, for which there was no objective reason. As the model was tied long-term to Telekom's existing VDSL infrastructure, if continued, it would negatively impact on other carriers' willingness to invest in a new, high-performance broadband infrastructure, such as fibre optic lines into customers' homes. Accordingly, on 2 April 2012 the Bundesnetzagentur placed a provisional prohibition on Telekom's plans to market VDSL bitstream lines under this new price model.

In response to this provisional prohibition Telekom made a number of changes to the model and notified these to the Bundesnetzagentur in May 2012. Among them are an exceptional right to terminate agreements concerning existing lines if carriers switch to new NGA lines, a reduction in the minimum line quota, and an increase in the monthly rental charge per line.



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Having reviewed the submitted changes, the Bundesnetzagentur is satisfied that its previous concerns have been addressed. Investors in high-performance broadband infrastructures no longer have to assume that potential wholesale customers will be tied exclusively to Telekom over a long period. Rather, they are now able to terminate their customer relationship with Telekom without penalty whenever they wish to start operating their own or supporting a third-party broadband infrastructure. The Bundesnetzagentur anticipates that once launched, the new model will promote the spread of powerful broadband lines and encourage the development of new infrastructures, e.g., through cooperation models.

After receiving the draft decision today the European Commission and the regulatory authorities of the other EU Member States now have one month to produce a statement, after which the Bundesnetzagentur will publish its final decision.