



# Press Release

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## **Federal Network Agency sets out terms and conditions for access to connection infrastructure of Deutsche Telekom AG**

**Kurth: "Important milestone for more competition in the provision of broadband"**

**"Clarity for additional investments in the infrastructure"**

For the first time ever the Federal Network Agency has set out the concrete terms and conditions according to which Deutsche Telekom AG (DT AG) has to grant other network operators access to its connection infrastructure. At the beginning of August 2009 the fixed line division of Vodafone AG & Co. KG (Vodafone) had submitted an application for an order to the competent ruling chamber of the Federal Network Agency. Negotiations between DT AG and the competitors, which had already begun in the summer of 2008, had not resulted in consensual, voluntary solutions, despite intense efforts.

Following the current decision competitors will now have access to so-called primary connection points. These grey cabinets are special cable distributors which DT AG has erected along roads during the expansion of its broadband network. Furthermore the network operators will have access to cable ducts or, if there is no spare capacity left, to dark fibre of DT AG. This will now enable competitors, too, to lay a fibre-optic-based infrastructure for high-speed broadband use, without the time consuming and costly development and digging works otherwise required - which DT AG has already implemented as part of its VDSL expansion.

The order setting out the arrangement between DT AG and Vodafone specifies the concrete technical and operational modalities according to which DT AG must grant access to its connection infrastructure. According to this network operators can, in future, incorporate their own active transmission technology for the implementation of broadband connections, the so-called DSLAMs, into DT AG's primary connection points. For this purpose DT AG must grant competitors access to its primary connection points. In addition DT AG must afford network operators the opportunity to lay their own fibre optic lines in the cable ducts and to access the cable ducts for this purpose. DT AG had previously refused both.



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On the occasion of the announcement of this decision Matthias Kurth, president of the Federal Network Agency, explained: "The rules set out for access to Deutsche Telekom's connection infrastructure are another important milestone for more competition in the expansion of the broadband network and thereby for an even better provision of broadband to the end users. We have investigated the matter in great detail before making this decision. This revealed that the issues and obstacles addressed repeatedly during the negotiations about voluntary agreements and even prior to the decision where either non-existent or could be resolved. Furthermore we had to balance corporate and public interests, some of which were in great conflict with one another. With this decision the Federal Network Agency has now set out regulations, during ruling chamber proceedings lasting only four months, which the market players were either not able or willing to agree upon voluntarily during long negotiations."

"With this decision the Federal Network Agency proves to be, once again, a major driving force behind the broadband expansion in Germany, thus fulfilling its responsibility to employ regulation in order to ensure more competition in the interest of end users. The regulations now set out in the relationship between Deutsche Telekom and Vodafone serve as a model for other regulatory proceedings still pending. I hope that in future there will also be voluntary agreements on the basis of our decision. Numerous companies now have clarity for their investment plans and I hope that the expansion plans of the competitors can now also be implemented without delay," Kurth emphasized.

In another decision dating back to the summer of 2007 a general obligation had been imposed on DT AG to open their cable ducts between the main distribution frame and the cable distributors, and in case access to the ducts was not possible for technical reasons or lack of capacity, competitors had to be granted access to dark fibre. Furthermore that decision had clarified that DT AG also has to grant access to its cable distributors. DT AG's law suit against this decision has so far been unsuccessful.

The remuneration which Vodafone has to pay to DT AG for using the access services now ordered will be determined in separate proceedings about the regulation of charges, based on cost-efficient service provision. This benchmark for charges had also been stipulated in the regulatory order passed in mid-2007.