



Roinn Cumarsáide, Gníomhaithe
ar son na hAeráide & Comhshaoil
Department of Communications,
Climate Action & Environment

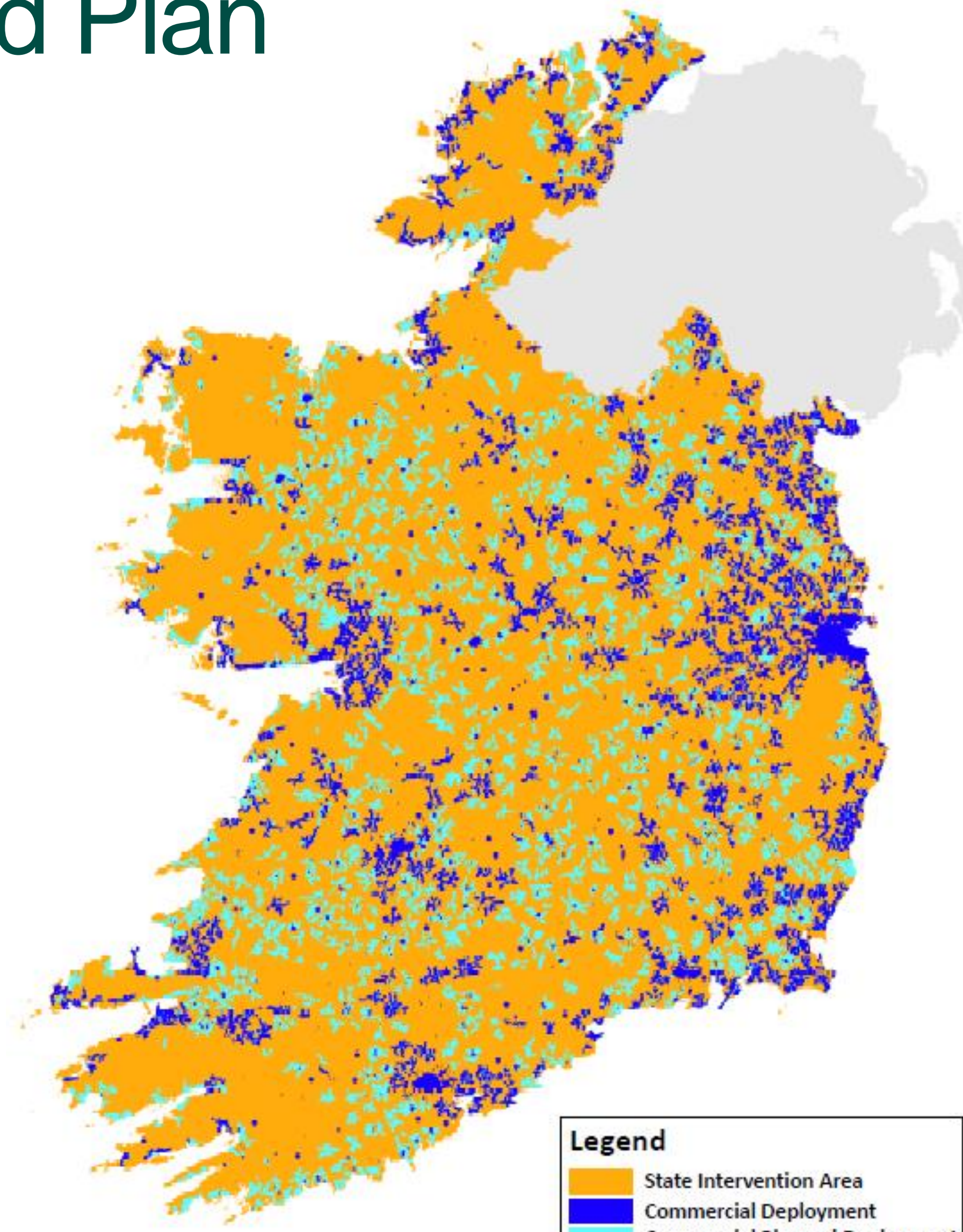
Delivering the National Broadband Plan

May 2019

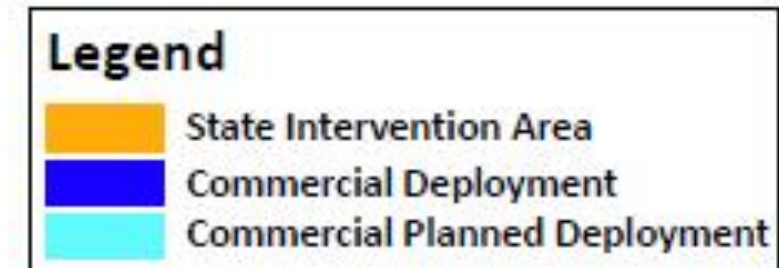
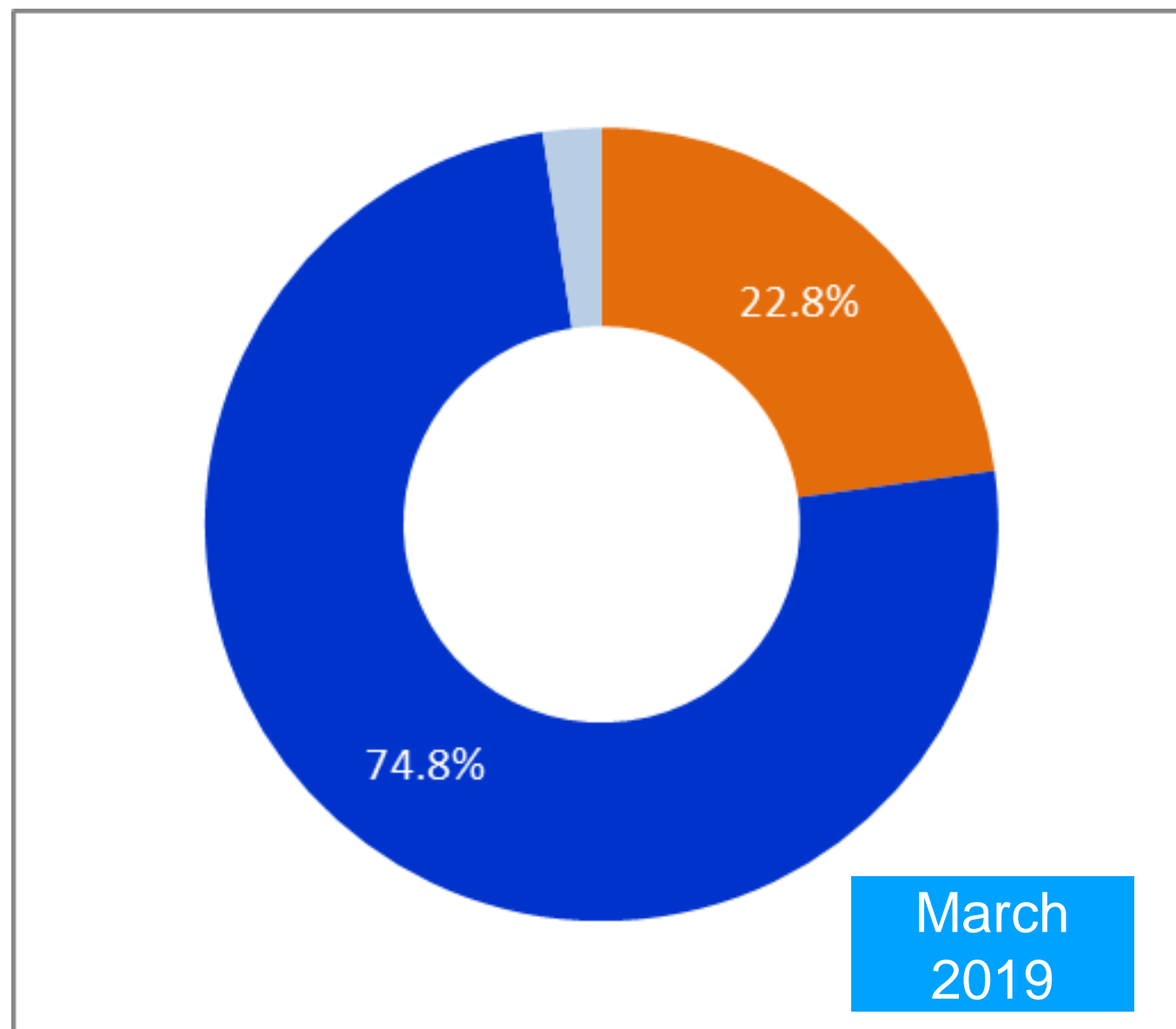
National Broadband Plan



Blue – Commercial coverage
Light Blue – Planned rural development by eir
Amber - NBP Intervention Area



- Very dispersed nature of homes and businesses across every townland
- Building around and beyond the Light Blue eir FTTH is a significant challenge
- Circa 540k premises plus new homes built over 25 years
- Over 1.1m citizens or 23% of population and growing
- 56,000 farms and 44,000 businesses
- Circa 670 primary schools



Final Tender Proposal received Sept 18



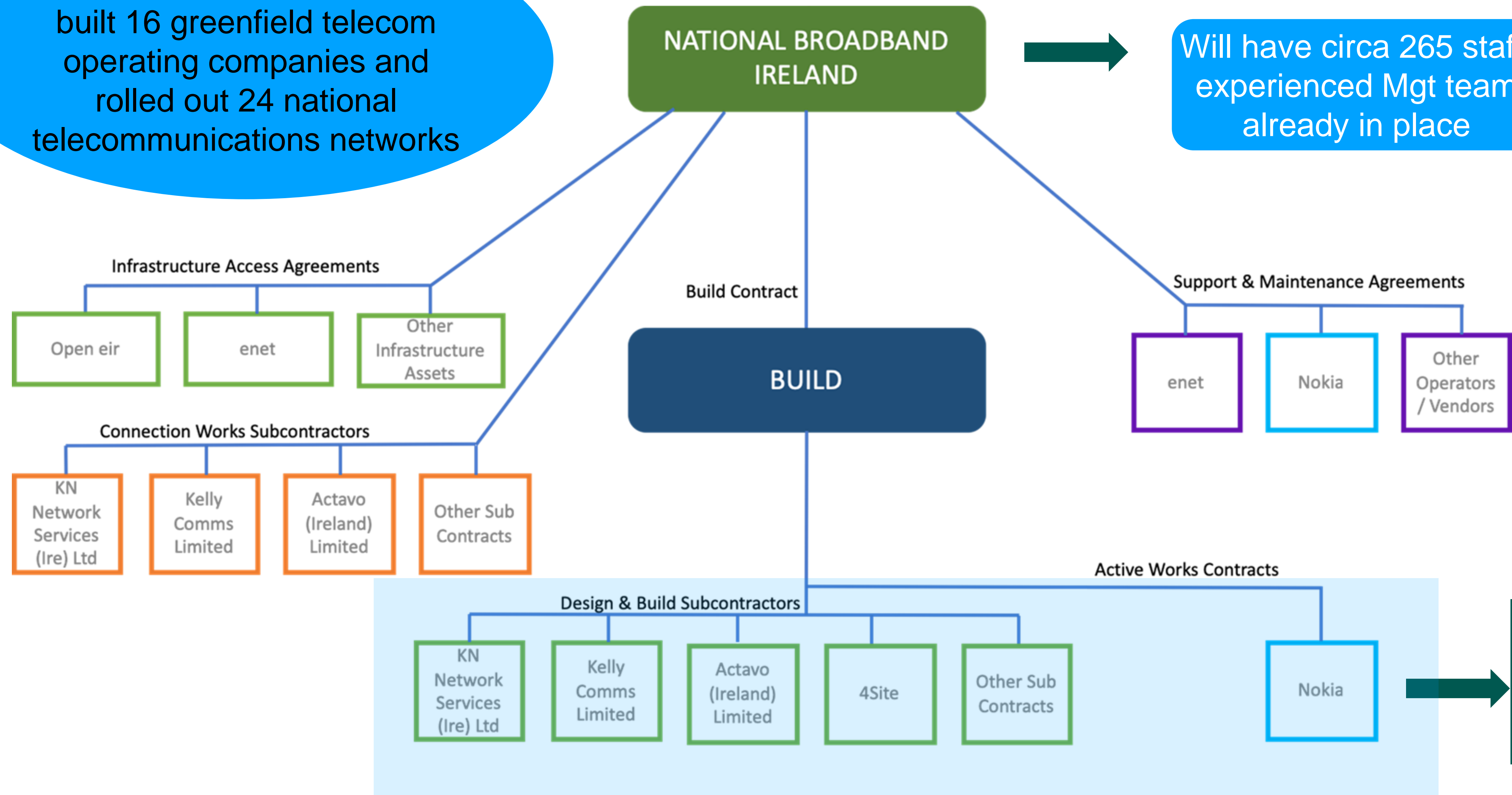
- A new standalone open access wholesale company to be called **National Broadband Ireland (NBI)** will be established
- NBI will comply with the Minister's 25 year contract, with an additional 10 year commitment to offer services at no cost to the State (ie, **35 year commitment**)
- NBI will responsible for the **design, build and management** of the network and the **operations** of the open access wholesale company for 25 years
- 133,000 homes passed in first two years, 70-100,000 per year thereafter
- It will **sell many wholesale services** to other wholesale and retail service providers serving the residential and business broadband market.
- NBI will **not** have it's own retail presence competing with other retailers

NBI Structure



Bidder Team have:
built 16 greenfield telecom
operating companies and
rolled out 24 national
telecommunications networks

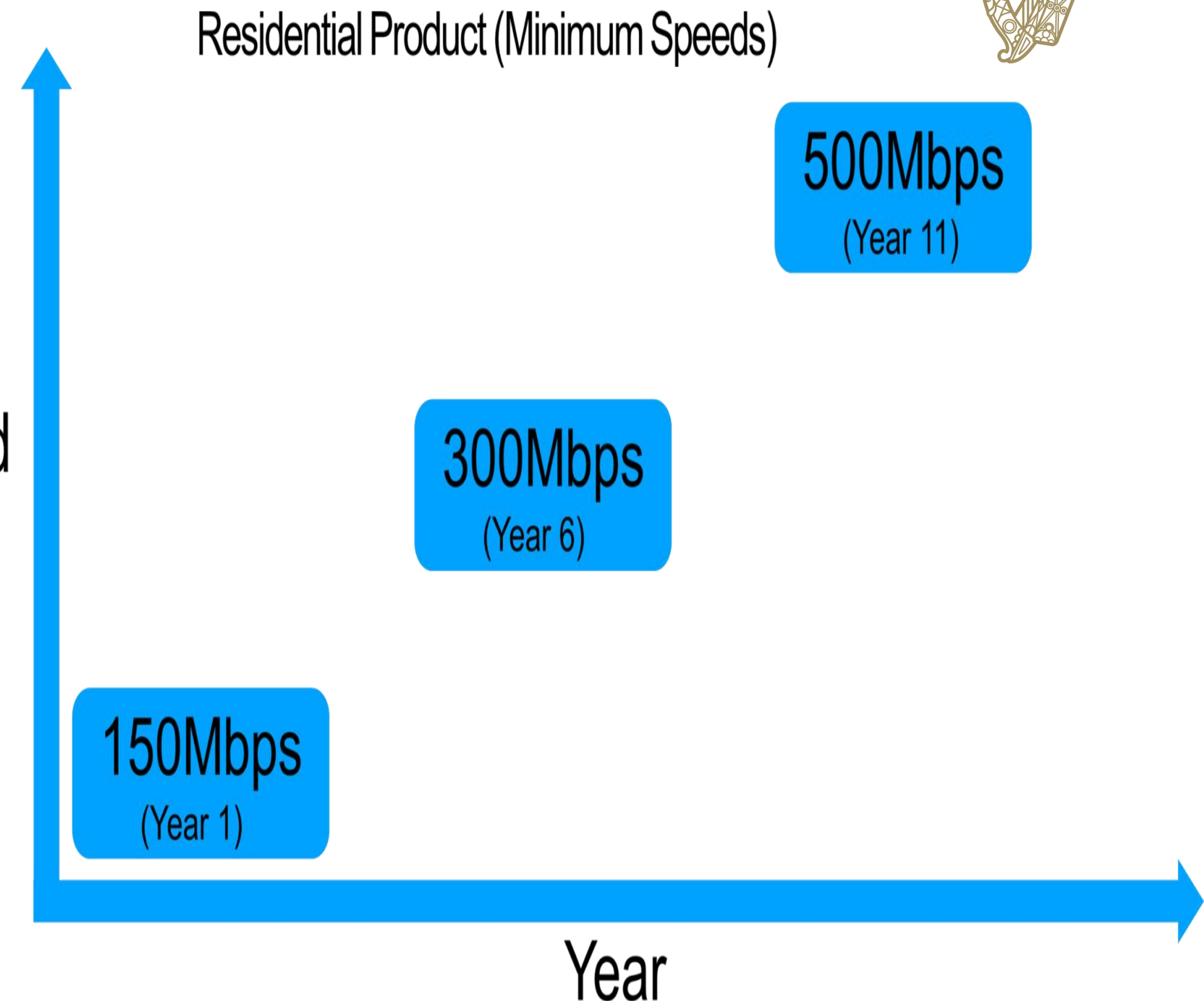
Will have circa 265 staff,
experienced Mgt team
already in place



Technology and services

- Primarily a **Fibre-to-the-Home** (FTTH) network
- Fibre is **high upfront Cap ex and low op ex model** whereas wireless is the opposite, low upfront cap ex and high op ex and upgrade costs in future
- A fibre build maximises the **re-use of existing pole and duct** network across the State – mainly eir poles and ducts
- Bidder may elect to provide an **alternative technology** solution e.g. fixed wireless solution where more cost effective and meets local requirements for small percentage
- **Future proofed** for decades to come
- Business (or residential) customers will be able to purchase symmetrical products e.g. **1Gbps and 5Gbps available**

Speed



The final bid price received

- **Overall subsidy that may be required capped at €2.97bn inclusive of VAT and contingencies**
- Majority is payable over first 10 years but payments continue up to year 25
- Contingency included in overall subsidy sought - €545m – can only be drawn down for specific activities that must be verified before paid
- VAT on all the above circa €355m
- Subsidy by county driven by length of network and number of premises
- Subsidy only paid once contracted milestones achieved

Positive benefits to Rural Ireland



Benefits based on existing usage and known trends (over 25 years)

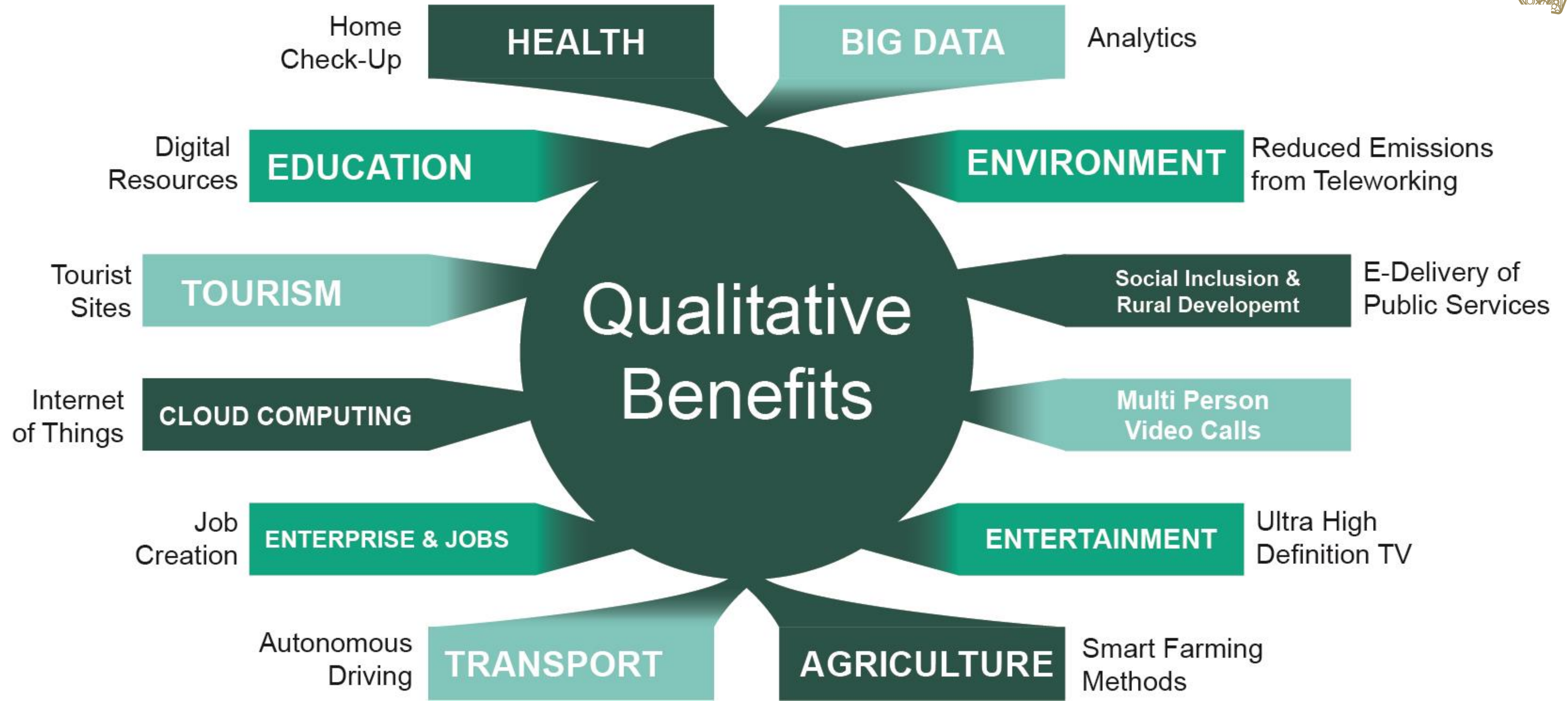
- €12,000 per home
- €7,100 per farm
- €15,200 per business

Benefit to Cost Ratio (BCR) is 1.3:1 under the central scenario and excluding below benefits.

Benefits not included:

- Expansion of remote working
- Remote health monitoring & diagnosis
- Cloud based services and connected devices
- Digital learning
- Smart farming
- Realising the benefits of e-government generally over next 30 plus years
- **See next slide**

Other Benefits not included in calculations



Broadband Connection Points (BCPs)



- Nearly 300 BCPs will be connected across all counties by end of year 1
- BCPs are intended to enable local authorities to provide access to high speed broadband services in advance of the full fibre network being built, for example:
 - *51 Schools,*
 - *14 Tourism Locations,*
 - *3 Business Parks,*
 - *22 Local Businesses*
 - *138 community centres*

County	BCPS	County	BCPS	County	BCPS	County	BCPS	County	BCPS
Carlow	7	Galway	19	Limerick	11	Offaly	12	Wexford	12
Cavan	12	Kerry	12	Longford	12	Roscommon	10	Wicklow	12
Clare	10	Kildare	8	Louth	7	Sligo	12		
Cork	23	Kilkenny	9	Mayo	12	Tipperary	11		
Donegal	11	Laois	11	Meath	12	Waterford	12		
Dublin	9	Leitrim	12	Monaghan	9	Westmeath	9		

Ownership



- Fibre asset is built mainly on existing networks
- Maximises interconnectivity
- Saves costs and lowers risk to the State
- Incentivises continuous renewal and vibrant market use
- Creates self-sustaining network and wholesale company
- The eir pole and duct network fully regulated including price by ComReg
- State owns the MANs network which forms a critical element of the technical design
- The NBP company required to comply with strict contractual obligations for 25 years.

Wholesale/Retail Prices



- End user prices will be similar to urban prices
- Retail operators will offer bundled products (broadband, phone, TV and mobile) which will allow end-users to realise savings enjoyed by end users in urban areas
- End-users will be able to avail of increased retail competition and be able to switch retail providers and take advantage of switching/introductory offers
- Wholesale connection charges set at a level of €100 per premise
- Wholesale monthly rental prices benchmarked to eir regulated wholesale prices

Main Protections to State



- Monthly/quarterly and annual accounting and tracking of forecasts versus actuals
- Strict pre-agreed milestones to be met, subsidy not paid until confirmed as delivered
- Strict year on year performance regime with penalties
- Claw-back of excess profits and/or terminal value at the end of the contract including for savings in deployment costs, connection costs, operating costs and improved revenues
- The contract includes a commitment from the commercial operator to serve end users up to year 35 at no additional cost to the State
- State step-in rights (in the event of material non-compliance)
- Claw-back and savings to State during contract occur if take up is higher and costs are lower
- State will recoup the:
 - *majority of savings from subcontractor/material costs budgeted for post bidder tender processes*
 - *Majority of any excess profits should they arise over long term*

Post Contract Governance



- Specialist team in DCCAE to oversee compliance with Contract
 - *programme management of the build activities*
 - *ensure meeting milestones to pass premises, otherwise no payments made*
 - *ensure quality of work through independent certification of works before payment*
 - *Ensure delivery of the broadband service to retail operators/end users*
- Ensure close collaboration with infrastructure owners when deploying on their infrastructure and ensure most cost effective third party network used
- ComReg review and oversight of the eir products and prices leased by NBI

Alternative options considered



Main options considered;

- Direct subsidy to a State company
- A lower level ambition to say 95% of premises
- Alternative technologies

Alternative options considered would;

- result in higher long-term cost for the goal of universal access
- cause State Aid and Legal risk
- not deliver future end user needs efficiently
- require a fresh consultation on a revised Map and Strategy
- require a new procurement and State Aid approval process
- result in significant delays



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Thankyou

May 2019