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Rome, 05/12/02

Letter to: CE - Commission Européenne

Leo Koolen, DG Information Society
Mark Bogers, DG Enterprise

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Subject: **Powerline Communications**

Our ref: *SR/11-02-01*

Dear Mr. Bogers, Dear Mr. Koolen

Following on from recent discussions that have been held between members of the European Commission (EC) and the PLC Forum, we would like to provide you with an update on Powerline Communication (PLC) developments. We would also like to propose steps to take advantage of the potential of PLC, including those required to ensure fair market access for mass deployment.

Last-mile access is still dominated by the de-facto monopoly of incumbent telecom operators. Alternative access options like WLL (Wireless Local Loop) and HFC (Hybrid Fibre-Coax, e.g. Cable) or the unbundling of the local-loop have enjoyed only very limited success in Europe. EC reports show that other countries that have competitive access infrastructures have higher broadband penetration and lower prices for consumers. PLC can become a genuine alternative for last-mile access. The electrical network covers nearly 100% of the European population, allowing virtually every household and organisation to be connected with PLC - an attractive proposition for the development of the Information Society.

Furthermore, PLC could be a unique economic opportunity for Europe since most major advances in technology development and rollouts are currently happening in Europe.

Today PLC is ready for mass deployment:

- Manufacturers offer mature products labelled with the CE mark.
- Europe's major utilities have already invested heavily in pilots and are at the onset of mass deployment.
- Important European utility members of the PLC Forum, representing 100 million energy users, have now formed the Powerline Utility Alliance (PUA), in order to help create the necessary focus and political support at EC level.

- The EC wants to increase protection of investment into all kinds of telecommunication networks and prohibit market-fragmentation inside the EU with the Mandate M/313, harmonising regulation of electromagnetic emission of telecom networks.
- Under the direction of the PLC Forum, manufacturers are working towards standardisation for 2nd generation PLC systems.

Despite the many positive developments, often there is still inertia or blockage at a national level creating substantial obstacles for the market access of PLC. We have attached to this letter a detailed description of the regulatory situation and examples of some current issues. We are convinced that a formal "recommendation" from the EC to Member States on the desired approach to PLC would be very helpful to ensure fair market access.

We would very much appreciate the opportunity to discuss in more detail with the EC the issues and future activities needed to take advantage of the tremendous potential for eEurope that PLC represents. You will find a summary of subjects we would like to address attached to this letter.

In our discussions there have been suggestions from both sides that a first step in approaching this could be a workshop in Brussels to which Commissioner Liikanen would invite key representatives from the Commission, some national administrations as well as the PLC Forum and the PUA.

If appropriate, it may be desirable to arrange a smaller scale meeting in advance to prepare a detailed agenda for the workshop. We would be grateful for your guidance on this matter. Of course, the PLC Forum would offer its support in any organisational matter.

Please do not hesitate to contact us if you need any further clarification or information. In any case we will follow up with you shortly to discuss the next steps.

Best wishes

Yours sincerely

Sergio Rogai

Chairman of the PLC Forum Board

Attachments:

1. PLC Summary
2. Regulatory Situation

Attachment 1 - PLC Summary

Current Position

- PLC developing very encouragingly
- As well as usual broadband advantages PLC offers
 - Easy connection – no new wiring needed, connection at any standard power socket
 - Plug and Play installation for customers
 - Higher and symmetrical bandwidth than most other technologies
- Tens of thousands of users in Europe
- Hundreds of thousands of properties covered
- Mature first generation products suitable for initial roll outs

Developments

- Working on second generation product ranges
- Working towards standards to implement within second generation products
- Manufacturers co-operating with each other on standards under direction of PLCForum
- PLCForum also co-ordinating international PLC activities
- European manufacturers entering the market (ABB, Thomson, Schneider, Philips)

eEurope

- PLC supports eEurope
 - offers alternative competitive infrastructure with virtually universal reach
 - can bridge the Digital Divide and be deployed in remote rural areas and socially deprived regions
 - may provide the only telecoms infrastructure in some Eastern European states
 - can be combined with other technologies to provide or enhance service, especially last mile and in-house
 - can be offered to alternative telcos

Utilities

- In many countries deployment investment directly backed by financially strong utilities
- Powerline Utilities Alliance (PUA) recently formed representing 100 million energy customers and has concluded that there is an attractive commercial business case for PLC
- Utilities often seen as stable and trusted alternatives to incumbent telecoms operators as providers of infrastructure, and in some countries, service

Regulation

- Current deployments using CE marked equipment under existing EMC Directive
- Working towards product standard in CISPR
- Working towards harmonised network standards in ETSI/CENELEC Joint Working Group

Needs

- Regulatory clarity for investment
- Official public recognition as a viable and supported option for broadband infrastructure
- Technology neutral regulation
 - Treat the same as other new technologies (eg VDSL)
 - Treat the same as existing technologies (eg ethernet)
- Compliance standard for product (CISPR)
- Complaint standard for networks (harmonised Mandate M/313)
- Consistency between standards
- Central recommendations and a constructive approach from national authorities
- Research and Development funding for further development

Attachment 2 - Regulation of Powerline Communications (PLC)

Summary

There are no longer any serious technical restrictions concerning the deployment of PLC - every household is connected to the power grid and everyone connected can get the PLC service. There are also now successful commercial models for deploying PLC even into many rural areas not covered by broadband services.

In the regulatory arena we are very encouraged by the positive developments of the last twelve months, especially the role adopted by the European Commission. We believe that the EC provided PLC both with freer access to the market and with better protection of investment through their directives and the mandate 313.

However, we have observed a number of uncertainties about this that have emanated from various national regulators. Therefore we think that it would be very helpful, if the EC could send out a recommendation towards the member states which clarifies the situation, in particular:

- the NRA's mandate to "foster competition in the telecommunications market and balance the interests for the sake of the common welfare"
- the need for a commitment from the NRA's for equal treatment of all types of wireline telecommunication technologies
- no discrimination against new technologies like PLC will be accepted by the EC. The requirements for PLC shall not be more severe than those applied to other telecommunication technologies.
- With regard to EMC Directive, §10.2, concerning PLC, that NRAs are not allowed to challenge CE certification by a competent body without providing substantiated reasons for doing this.

We believe that this recommendation could be seen as an official addition to the mandate 313 as many of the above aspects have actually been discussed in order to clarify some aspects of M313.

Background

In the following paragraphs we have outlined some more detail on each of the main issues and highlighted two specific cases of NRA's appearing to work against this position.

Radio Protection

Globalization of technologies and internationalisation of society requires common approval specifications for all ICT networks. The EC wants to move this forward through the Mandate M/313 on EMC of telecom networks. A single general standard should be prepared covering emission limits and measurement methods for all types of telecommunication networks to ensure that the various technologies e.g. PLC networks, coaxial cable communication networks and telephone communication networks, LANs, HBES) are treated equally. The objective is to have a common reference for the national regulators in case of complaints.

The PLC community is very much in favour with this approach. However, statements from some NRA's show a different point of view, for example:

- the memorandum of the Finnish Communications Regulatory Authority's (FICORA) from 23 Oct. 2001 tries to introduce the German NB30-limits in Finland as an interim measure while the confirmation process of the Mandate M/313 progresses.

The essential requirements for radio protection must be defined by balancing the interests of wireline and radio spectrum users. The potentially high numbers of wireline users who could benefit from this must be taken into account alongside the needs of the relatively small number of radio users. When this does not happen it can create a particularly unbalanced view, especially when it is reflected in the workings of national committees. It often seems that not even the National Administrations can ensure that their view is reflected.

We think it is necessary to call for a commitment of the Administrations and NRA's to guarantee a common understanding of the Mandate and the related standards in the European Union - equal treatment of all types of wireline telecommunication technologies.

Competition

It seems as if some NRA's interpret their mandate to (de-)regulate the telecommunications market only with regard to radio protection issues. We think that especially in this area the EC can help by clarifying the NRA's mandate. In particular they must be more aware of the need to foster competition in the telecommunications market and balance the interests for the sake of the common welfare.

Fair competition between PLC and established telecommunication technologies require the adoption of harmonised standards. To push this process forward it would be helpful for the EC to make very clear that it will not accept any discrimination against new technologies like PLC - the requirements for PLC must not be more severe than those applied to other telecommunication technologies.

Compliance with EMC Regulation

The compliance case is covered by the harmonised standard EN 55022 for telecommunication equipment using the telecommunication network. At CISPR a project is running to include PLC into this EMC-Standard. The current approach is suitable and reasonable to assure the equal treatment of the different wireline telecommunication technologies. The common mode is used as the relevant parameter for evaluating the disturbance potential and a T-ISM is specified, as it is the case for other telecommunication technologies. The approach is accepted by most of the interested parties. Furthermore, many PLC products have been CE approved by a Competent Body according to the EMC Directive, §10.2, in the absence of an applicable harmonised standard on the basis of this CISPR CD.

However, in this area too, some NRA's appear to take a very different view, for example:

- The Austrian Federal Ministry of Economy and Labour prohibited EVN from installing and operating PLC equipment from the company Ascom by applying the Austrian "Elektrotechnikgesetz 1992". This was done despite the fact that all Ascom PLC devices are CE certified and marked with the CE label. The regulator argues, that EC member states are not obliged to accept CE certifications issued by competent bodies, e.g. member states have the right to perform their own testing and to restrict the use of referred products. In this instance, the tests done by the competent body certifying Ascom products are not accepted by the Austrian regulator. The regulator has now mandated a research company to do its own testing and justified its decision on the above basis.
- We believe that the interpretation of the Austrian regulator is in contradiction to the R&TTE, as well as the EMC Directive and creates new obstacles and barriers against free trade within the EU marketplace. The intervention of the EC in this case is urgently needed, in order to prevent a situation where PLC would be blocked for a long period in Austria and irritate EU markets in general.