



**APEK**

Post and Electronic Communications  
Agency of the Republic of Slovenia

# Local loop unbundling and wholesale broadband access: how to make it work in practice?

**Lessons from Slovenia**

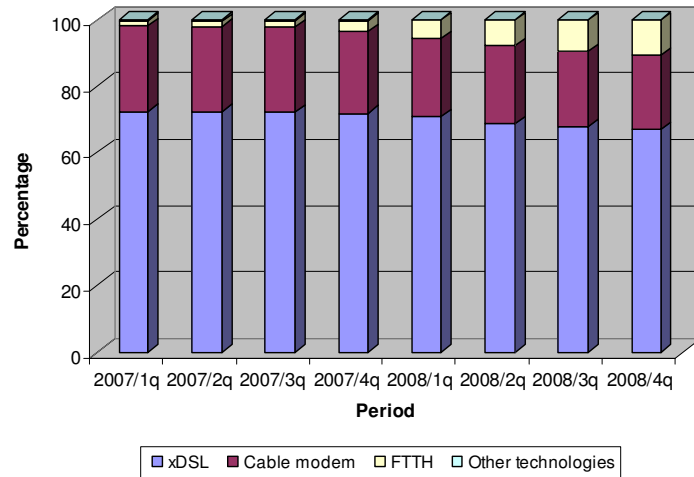
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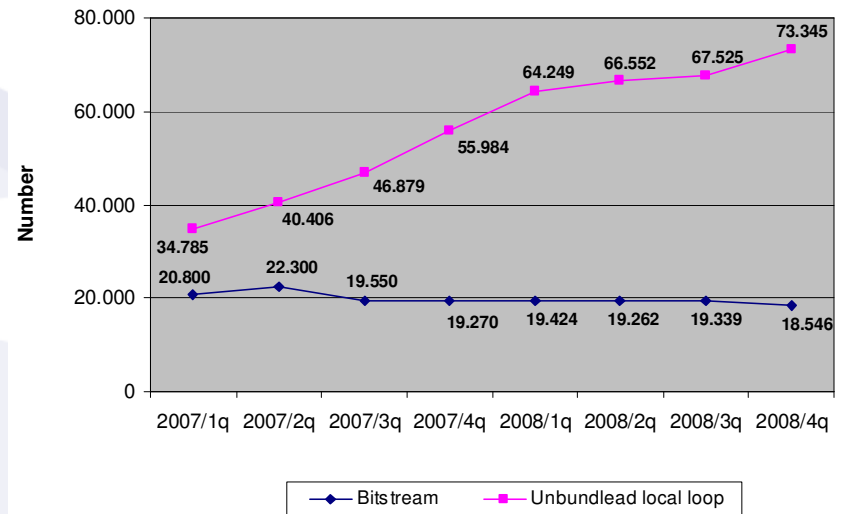


- **Unbundling first mandated by the 2001 Telecommunications Act which, however, gave Telekom Slovenije 2 years to adapt its business**
- **In 2003, the first unbundling offer published. However, due to unfavourable initial conditions, unbundling only took off in 2005**
- **In early 2006, APEK by means of its supervisory powers lowered the prices of unbundled local loops and shortened the timeframe for service provision**
- **In addition, Telekom Slovenije's wholesale broadband market first became regulated in April 2006, cost oriented prices based on FAC**
- **In 2007, the switch to LRIC costing mandated on the local loop market**
- **In late 2007, wholesale broadband prices based on "retail minus" mandated**

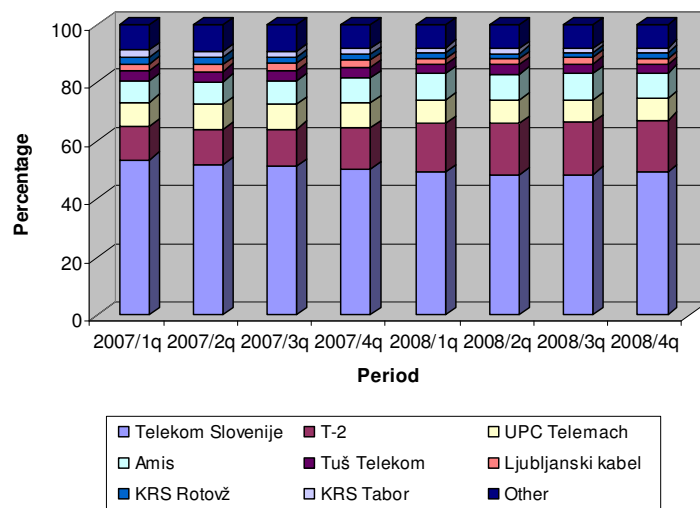
## Broadband technologies



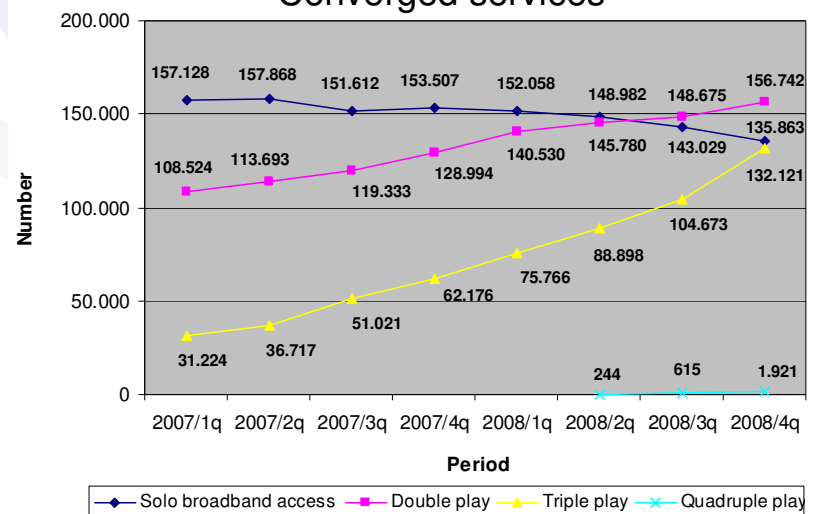
## Alternative operators' broadband infrastructure



## Broadband market shares



## Converged services





- **What is the objective? Cutting monopoly margins or enabling competition to work? The latter is usually the primary objective! Therefore, “retail minus” may be the best starting point for wholesale broadband pricing**
- **Before using cost-based prices, make sure they do not result in margin squeeze. Everything that comes from the incumbent’s own costing models should be double checked, particularly FAC and LRIC+ calculations**
- **In Slovenia, keeping “minus” for wholesale broadband sufficiently low ensures that competitors can compete on the retail market**
- **Low local loop access prices based on LRIC serve as a strong incentive for operators who are willing to roll out their own infrastructure at the local level**



- **How does non-pricing discrimination work? Typically, alternative operator will have to wait days or even weeks for information or order processing. In the mean time, the end-user in question will receive a great xDSL offer from the incumbent operator!**
- **How to avoid this? Ensure non-discriminatory access to the incumbent's network and ordering information systems! This will significantly undermine the potential for cheating.**
- **Measure response and punish if necessary! Service Level Agreement (SLA), Key Performance Indicators (KPI) and compensation rules (contractual penalties).**



- **Enabling wholesale broadband access via fibre (FTTH/FTTC) will ensure that Telekom Slovenije does not use ‘technological development’ as a tool for eliminating retail competition. Until now, there has been no voluntary wholesale fibre offer from Telekom Slovenije**
- **Access to ducts, manholes, street cabinets, and dark fibre can ensure stronger long-term infrastructure competition**
- **Further strengthening of the principle of equivalence as to access to information and service provision**

**Thank you!**

**Further questions can be addressed to  
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