

Policy Implications of Municipal Involvement in NGA

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Following FTTH developments on
<http://www.broadbandprime.com/>



Photo by Rafael Saes

Municipal Investment Incentives

The *hold-up problem* (telcos vs. end-users)



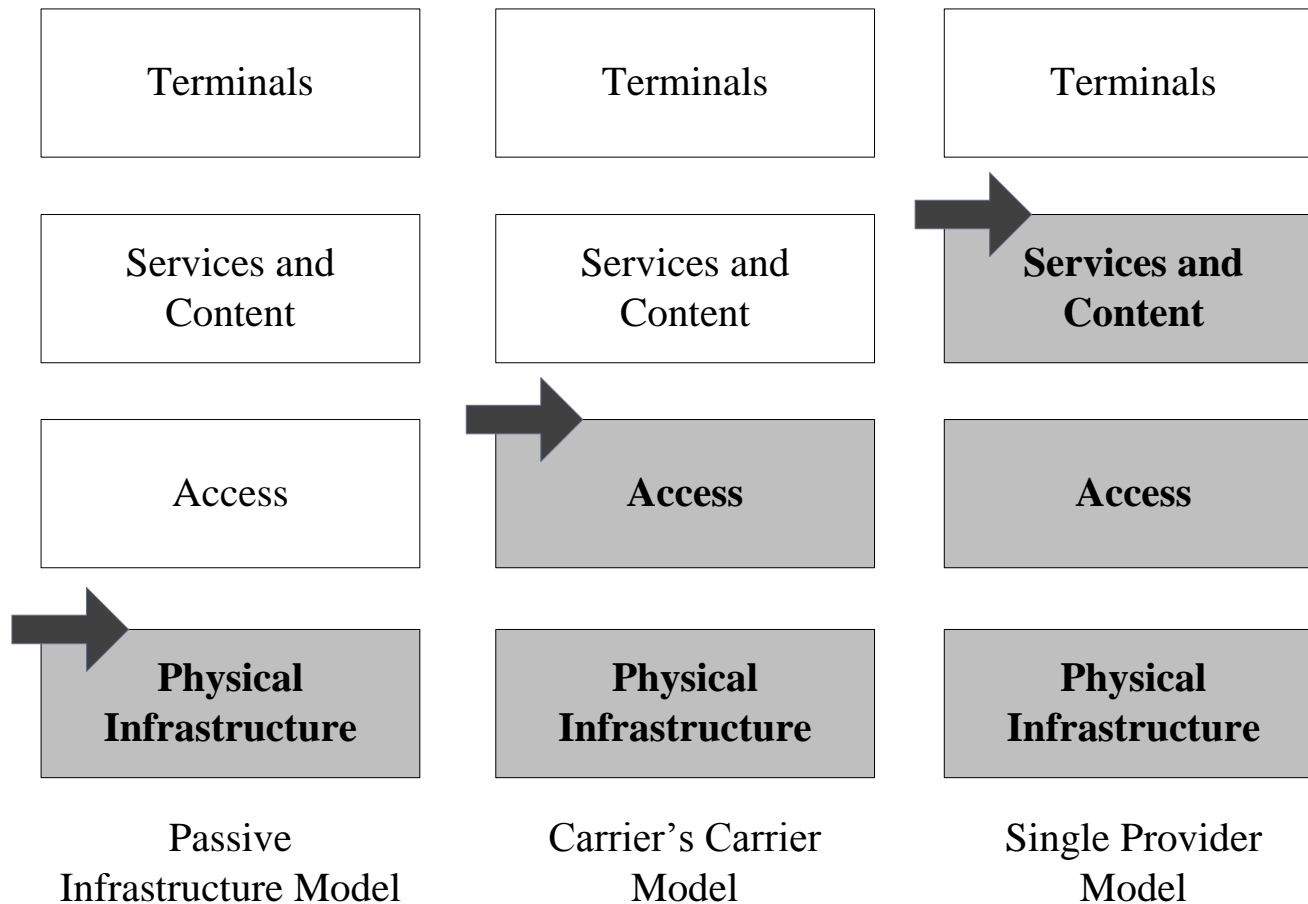
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The Role of Municipalities

- Expand coverage and availability of broadband services
- Adapt national policies to local priorities
- Explore funding opportunities
- Experiment: encourage innovation and provide input for national strategies

Municipal Involvement in NGA

Municipal Services Mix



Municipal Involvement in NGA

International Trends & Observations

- Europe leads, but US follows closely
 - State aid, stimulus package
- Initial municipal plans for competitive entry fail due to lack of commercial interest
- Open Access – Wholesale Offers
- Scope becomes increasingly regional
- Private sector: Integral Partner
- The special case of electric utilities

Society & Policy Implications

- User's *switching costs* improve
- Leverage on innovation dynamics instead of infrastructure investments (open access)
- Conflict of interests
 - Municipalities: Owner of infrastructure & rights of way
- **Universal Service Obligation Frameworks**
- Avoiding the "*Tragedy of the Commons*"
- Socially optimal investments in infrastructure
 - Price competition vs. **long-term social surplus**

Broadband & RES

- Analogous paradigm shift (participation, inclusion)
- Analogous patterns (sunk costs, long paybacks, requires policy intervention, social skills)
- Improves management efficiency (micro grids, home-produced energy)

Thank You

- Presentation will be available at:

<http://www.netmode.ntua.gr>

<http://www.broadbandprime.com>