

The Regulation of Cable Broadband Providers

An assessment of wholesale cable broadband regulation

Reference Code: TE009-000981

Publication Date: 10 Jul 2013

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SUMMARY

In a nutshell

Currently, many cable operators that offer TV services to consumers are regulated with respect to the content that they must supply to competing providers. However, while they may also offer broadband at the retail level, there has rarely been an obligation imposed on them to provide wholesale access to their cable networks. In Europe, following a consultation on a revision to its Recommendation on Relevant Markets, the EC received several responses highlighting the potential for the inclusion of cable infrastructure in the markets for wholesale broadband access. A final decision has not yet been reached, but its inclusion with the market definition could lead to a change in the way that cable operators are regulated within the EU and impact the broadband market as a whole.

Ovum view

While fiber-to-the-home and fiber-to-the-premises (FTTP) technology can deliver "superfast" broadband speeds, it can also be extremely expensive to roll out. In many countries around the world, and particularly in the EU, cable is making an important contribution to the provision of next-generation broadband. In fact, DOCSIS 3 – the latest generation of cable technology – is able to provide consumers with speeds of up to 100Mbps, which is comparable to the speeds offered by most existing fiber networks.

In October 2012, the EC launched a public consultation on a revision to its Recommendation on Relevant Markets. A common response to one of the EC's questions related to the inclusion of cable within the scope of the markets for physical infrastructure access and wholesale broadband access (markets 4 and 5 respectively). Several respondents cited cable's presence in the market as a credible competitor to both DSL and fiber providers, and the need for technological neutrality in any regulatory analysis. Alternatively, some stakeholders claimed that the current situation, where cable operators are broadly unregulated at the wholesale level, should be maintained in order to continue to provide benefits to consumers.