

Press release

FIXED MARKET REGULATION

Unbundling rates for 2024 and 2025: Arcep proposes a new copper LLU price cap, subject to a cost-based pricing obligation

Paris, 7 September 2023

Today, Arcep is launching a public consultation on a draft price cap for accessing copper local loop unbundling (LLU) subject to an obligation to charge cost-based prices, to be applied in 2024 and 2025.

Goal: to support the transition from copper to fibre

As part of the technological transition to superfast access, and in light of the massive resulting investments required for superfast fixed networks, in 2016 Arcep introduced a multi-annual price cap on access to the copper local loop, to provide the sector's stakeholders with greater clarity going forward. As stated in its draft analysis of the market for wholesale local loop access provided at a fixed location¹, the Authority wanted to keep this principle of price caps for those access solutions affected by a cost-based pricing obligation.

Arcep plans on setting a recurring monthly fee for full LLU access subject to an obligation of cost-based pricing of €9.20 a month for 2024 and 2025

This capped price is on top of the monthly flat-rate tax on network businesses (IFER) which Arcep will adjust in mid-2024 then again in mid-2025 to factor in the annual IFER update. For the period running from January to June 2024, the cap for the IFER is set at €2.07 per pair and per month. The draft decision also sets a cap on certain related fees – service access fees, cancellation fees, VAS+ rate – as well as partial unbundling fees.

Arcep uses modelling of a shared optical local loop network to set these price caps

When setting the previous price caps for 2021 – 2023, to factor in the technological transition to superfast access, the Authority had chosen a cost assessment method based on a bottom-up (BU-LRIC) modelling of an equivalent network based on a shared optical local loop. This model, which Arcep developed for its 2018 – 2020 price caps, simulates the path, architecture and costs of a nationwide fibre access network deployed by an efficient operator² in Metropolitan France.

The Authority considers it appropriate to continue to apply this model to these new price caps.

For the sake of transparency, this model has been the subject of three public consultations: in 2017, in 2020 and in June 2023. For this last public consultation, documentation on the model was also published along with the entire updated source code that was developed.

The document being published today for consultation factors in the responses (in the form of price ranges) to the June 2023 consultation on the model's estimated costs. Arcep is also publishing the model and its documentation that was updated following the consultation.

When setting this fee, Arcep took into account a new regulated rate of return, coming into effect in 2024

In May 2023³ the Authority published a draft decision for consultation setting the rate of return used for cost accounting, and price supervision of regulated fixed network businesses starting in 2024. For this draft decision, Arcep applied the methodology recommended by the European Commission, while adjusting it to

¹ [Public consultation on the draft analysis of the market for local loop access at a fixed location](#)

² The model seeks to optimise network costs

³ [Public consultation on setting the regulatory rate of return on capital for regulated fixed activities from 2024](#)

factor in the current macroeconomic situation. Stakeholders' responses to that consultation have not led Arcep to amend the planned methodology.

The Authority plans on setting the nominal rate of return at 5.5% starting in 2024, and the actual rate of return at 3.3% starting in 2024, to determine unbundling fees.

This public consultation will run until 9 October 2023.

Associated documents:

- [Draft decision published for public consultation](#)
- [The associated cost model and documents](#) (11.63 Mo - zip)
- [Stakeholders' responses to the public consultation on the cost model](#) (1.65 Mo - zip)
- [Draft decision setting the regulated rate of return starting in 2024, dated 7 September 2023](#)
- [Stakeholders' responses to the public consultation on the draft decision setting the regulated rate of return starting in 2024](#) (3.26 Mo - zip)






Arcep at a glance

The Regulatory Authority for Electronic Communications, Postal Affairs and Print Media Distribution (Arcep), a neutral and expert arbitrator with the status of independent administrative authority (IAA), is the architect and guardian of internet, fixed and mobile communications and postal networks in France.

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