

GHR Energy Law Quarterly – March 2024

Fiber optic network in Switzerland

Basic service

Swisscom Ltd. is the telecommunications company of the Swiss Confederation. As a shareholder, it holds the majority of the share capital and voting rights of Swisscom Ltd. (Art. 6 para. 1 of the Telecommunications Undertakings Act, TUG).

The Swiss Confederation is therefore the main shareholder of Swisscom Ltd. Accordingly, the Swiss Federal Council (*Bundesrat*) has expectations of Swisscom. The aim is to build a future-oriented and reliable network and IT infrastructure and make a significant contribution to providing all regions of Switzerland with high-bandwidth infrastructure. Swisscom may also enter into co-operation agreements with other companies. However, the Federal Council also expects Swisscom to act in a competitive manner, at least where it does not have a monopoly position due to the basic supply concession granted to it.

The basic service obligation defines the services to be provided, but not the infrastructures and technologies with the help of which the services are to be provided. Consequently, coverage with line-based networks is not guaranteed everywhere. Since 1 January 2024, the basic service for internet access has included the following specified transmission rates: 10 Mbit/s for download and 1 Mbit/s for upload or 80 Mbit/s for download and 8 Mbit/s for upload (Art. 15 para. 1 let. d Ordinance on Telecommunications Services, OTS). It is becoming clear that fiber optic technology must be used to guarantee these transmission rates.

High broadband strategy

On 28 June 2023, the Federal Council presented the Confederation's high-bandwidth strategy. The aim of this strategy is to provide as many households and companies in Switzerland as possible with a bandwidth of 1 Gbit/s. To this end, a temporary, state and subsidiary funding program is to be created to co-finance the expansion with the most powerful and future-proof technology FTTH

(Fiber to the home) in sparsely populated, unprofitable areas and only allow expansion with alternative technologies in justified cases. However, such a funding program requires a new legal basis.

Various initiatives (e.g. motion KVF-N 20.3915) and associations (e.g. www.netzallianz.ch) are committed to implementing the high-bandwidth strategy and creating the legal basis for funding programs. Motion KVF-N 20.3915 was rejected by the Council of States (*Ständerat*) on 4 December 2023. However, the Federal Council announced during the debate that it would deal with a discussion paper on the question of whether, at what cost and in what timeframe 100% fiber optic coverage should be ensured. At the same time, the Federal Council also expressed that, in view of the Confederation's weak financial situation, Swisscom should provide access according to market criteria wherever possible. The state should only intervene where the market does not guarantee access. This should be done quickly and ideally in line with the EU, which is planning and implementing nationwide fiber optic coverage by 2030.

Expansion of the fiber optic network

Swisscom's goal is to connect 55% of homes and businesses in Switzerland with fiber optics by the end of 2025 and 75% by 2030. This means that large areas with numerous households and SMEs are not yet connected. For this reason, municipalities and municipally owned companies in particular have set themselves the goal of supplying municipal areas with fiber optics, e.g. as part of the renewal of outdated infrastructures and by exploiting synergies. This also makes them more attractive as locations.

However, the problem of parallel networks often arises when Swisscom expands an FTTH network, e.g. in locations that are primarily selected according to economic criteria. As the construction of parallel fiber optic networks is not economically viable, those municipalities that are already active themselves often seek cooperation with Swisscom. In the absence of existing state funding

programs, they usually have no choice but to seek financial support from Swisscom. This is often accompanied by tough negotiations and contractual conditions.

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