

State aid: Commission approves high speed internet solutions for rural areas in Germany

In June 2015, the Commission [approved a €3 billion German state aid scheme](#) to promote investment in high speed broadband infrastructure, especially for rural areas where private investment is lacking. In its decision, the Commission allowed the use of the so-called vectoring technology, provided Germany offered virtual access products to replace the physical access lost due to the use of vectoring.

Vectoring technology allows increased broadband speed over the existing copper network beyond the highest levels normally achieved via very high speed digital subscriber lines (VDSL). This is achieved at comparably low costs. However, as a side-effect, competitors are no longer able to gain physical access to individual copper lines leading to the customers, and are therefore prevented from providing their own high speed internet products to them.

The introduction of an adequate **virtual unbundled local access (VULA)** product can compensate the negative effects of vectoring. A VULA product requires the network operator to transport competitors' data traffic at conditions similar to those the competitors would have had with physical access to the copper lines. This preserves the possibility for competitors to make own diversified high speed internet offers to their customers even when vectoring is used by the network operator.

In September 2016, Germany notified to the Commission three VULA products proposed by Deutsche Telekom, DNS:Net and NetCologne for their respective broadband roll-out projects under the national next generation access (NGA) scheme.

The Commission has thoroughly examined the three proposed VULA products, to assess whether they would adequately compensate the negative effects of vectoring and ensure open access to the network, as required by the [2013 Broadband State Aid Guidelines](#).

After several amendments to the notified products, the Commission has found that the proposed VULA products offered by the three companies fulfil the requirements of providing adequate virtual access to the network.

In particular, the VULA products cover the stretch of copper network leading to final customers. This is in line with the Commission's June 2015 decision, considering that in the relevant rural areas vectoring technology removes physical access to the copper network at this point in the network.

On this basis, the Commission concluded that the three proposed VULA products fulfil the requirements set out in its approval decision of June 2015. This

in turn allows vectoring technology to start being used in state-funded high speed broadband networks in Germany.

The non-confidential version of the decision will be made available under the case number [SA.46805](#) in the [State Aid Register](#) on the [DG Competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).