



SERENATE Initial Workshop, La Hulpe, 17-18 September 2002

Breakout session 2: Economics

Tuesday 17 September 2002, 18:00-19:30 hours

The current infrastructure model employed by nearly all national research and education networks nationally and by the pan-European network, is a leasing model in which connectivity is acquired via limited time-period contracts, which are reviewed typically on an annual basis.

The increasing availability of international, and national, infrastructure raises the possibility of alternative models involving some form of ownership of infrastructure. Licensing and other regulatory permissions necessary for such ownership, play an important role in determining the economics and usefulness of the approach.

In the breakout session these questions of different models for access to capacity are the main turning point of investigation. Furthermore, issues of financing and pricing must be discussed. In some cases national research and education networks are financed by overall national appropriations and in other cases the individual user organisations cover the costs of their usage. These differences in financing methods are the basis for differences in usage patterns. National pricing mechanisms may also differ and there are differences in the ways national access to the international network is priced.

Regulation, both nationally and internationally, moreover plays a role for the future development of networks. Licensing conditions, mainly with respect to radio-based connections but also for fixed networks, set conditions for network development in the cases of ownership of infrastructure. Conditions for interconnection and network access are also important, encompassing both the prices of interconnection and the conditions relating to, for instance, the rules for local-loop unbundling.

The breakout session, therefore, deals with two main issues: the economics of networks and the regulatory conditions.

Questions relating to network economics and market conditions:

- What are the economic implications of different models for ownership of network facilities, e.g., leasing versus deployment of own facilities?
- What will be the main sources of financing of research networks in the future? (user charges, government funds or others).
- How should user charges (if any) be structured? (access capacity, usage, number of users)
- What type of users should be allowed to be connected to the research network and on what terms?
- Should GÉANT connect to more than one research network in each country if competing networks exist?
- What are the requirements to GÉANT and the national research networks in order to remain competitive in comparison with commercial network operators?

Questions relating to regulation:

- Do the licensing conditions constitute barriers to exploring new kinds of infrastructure model?
- Are there rules for rights-of-way that constitute barriers?
- What types of access to capacity do regulatory rules for interconnection favour?
- Do the differences in regulation between countries constitute a problem for the development of international research and education networking?