

Ireland – a broadband broadside

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Irish infrastructure instantly evokes joyous memories of a healthy programme of investments from a very different economic environment – long before the wheels fell off and the nation was shamefully cast into the PIGStye. All transport projects ground to a halt towards the [end of 2011](#), the door left ajar for social infrastructure... but nothing progressing.

From those fallout days, [Dublin Metro](#) remains a firm favourite as the primary victim of the global financial crisis. The project was canned with the four consortia – having racked up bid costs of €10-15 million – told to grin and bear it.

Many people at the time wrote off this mass transit solution as a vanity project... which makes it all the nicer to witness its glorious return [last month](#).

And then there's [Dublin Convention Centre](#), a project that prompted an old chum from the banking community (who was also thinking of Manchester Waste) to suggest we write an editorial entitled *The IJ Kiss of Death*, identifying projects that won an award from Infrastructure Journal... only to fall flat on their faces.

That's something that may well be revived in the coming weeks as it's quite alarming how many projects were singled out for awards, only to implode a few years down the line. But then again, the reasons they win is for doing interesting things... and perhaps the lesson to be learned is that this is the last thing we should celebrate in a project finance deal. Arguably, we should only give awards to the most boring, cookie-cutter, vanilla projects to make it to over the line in a given year... because they will stand the test of time.

Now to take a look at an infrastructure project in Ireland that is the talk of the town – not always the politest conversations either.

Broadband Ireland

Ireland's €1.2 billion National Broadband Plan (NBP) is not being procured as a PPP but is definitely of interest to infrastructure funds and will doubtless crop up in IJ in the years to come as ownership shifts.

The project involves the build-out of high-speed broadband to 540,000 premises over a 25-year contract – roll-out followed by operations – at the end of which it belongs to the preferred bidder (not returned to the public sector).

Apart from the government subsidy, the private sector delivery team will have to finance this work through any means it chooses – private capital or internal sources, corporate finance or even project finance.

The first round of bids are due in next week with assessment carried out in the coming months and the final tender process slated for the back-end of this year, more likely busting in to early 2018.

Subsidy payments are split into three categories:

- deployment
- performance – much like a unitary charge
- connections

Over the life of the project, the operator will be entitled to subsidy payments (dependent on hitting KPIs) and there are quite a few similarities to PPP transactions... but there is also revenue, deployment and market risk.

The plan is for Ireland to have an international-standard rural broadband network in place by 2020. The NBP envisages 10,000 homes being connected per month and – once in place – 91% of households in the country will be googling at record speed by the end of the decade.

Media on the ground report that the broadband plan's programme director – Fergal Mulligan – insists that it is on course to cover more than 90% of premises by 2020. The remaining 10% (remote locations) can look forward to speed surfing by 2023.

With €1.2 billion of investment into broadband firmly on the cards, that's the sort of business that has the transaction-starved European market's heart well-and-truly a-flutter. It is of lively interest to the infrastructure funds.

The NBP was first launched with fanfare in August 2012 with an announcement that the Irish government was to deliver high speed broadband services to all businesses and households in Ireland.

As to the project itself, it has been challenging from the get-go – everything from how it was going to be structured through to how it is to be procured... which has resulted in continuous delays.

There are three bidders in place:

- Eir (formerly Eircom) – which has deep pockets
- Enet – equity from E-Net itself with support from 3i, a division of Warren Buffet's Berkshire Hathaway, and telecoms private equity specialist Granahan McCourt
- SIRO – the JV between Irish energy company ESB and Vodafone

Two have fallen by the wayside:

- Imagine (Irish broadband operator) in partnership with Macquarie
- Gigabit Fibre – launched in 2015 by Danuta Gray (former CEO of Telefonica O2 Ireland), Alan Harper (founder of one2one which became T-Mobile, and Eaton Towers), and Peter Cook (Eir, Mercury and BT)

An announcement had been expected in June, but summer came and went without any great developments. Then this month Eir signed a deal that muddies the waters for the whole competition process and the viability of the NBP.

Eir signed a deal with the Irish government giving it access to 300,000 rural homes to connect them with fibre by 2018. Not surprisingly, this went down like a lead balloon with the other two bidders on the National Broadband Plan and rumour has it that SIRO is on the verge of walking.

The other remaining bidder – Enet – last week took the battle to the next stage, announcing plans to invest €100m with SSE to build fibre broadband in the rural areas of Galway, Roscommon and Donegal... towns where Eir is already active.

And so the scene is set for the coming week as the first-round bids are submitted.

Will all three be stepping up to the table?

Goodness, it's like an episode of EastEnders.

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