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**Powerline internet pilot scheme starts in Nyíregyháza**

By Robert Smyth

Hungary's first instance of an internet service being provided commercially over the electricity grid is soon set to be up and running. Other than enabling new areas to be supplied with the internet, such a solution is also likely to bring new benefits to the electricity provider – in this case, E.ON Hungary Rt.

“The system works over the existing grid, and requires no network upgrade from the electricity provider; the provision of IP telephony and television is also a possibility,” explained Kristóf Vö?, business development manager of Schneider Electric Hungary Rt, which is supplying the technological background for the project.

This development enables the provision of “triple play” – telephony, internet and TV/video – through a network other than cable or DSL.

Eight customers and 300 PCs – located at a combination of schools, a university and student housing facilities – will be connected during the pilot phase in December and January, though 15,000–20,000 users are expected on this particular system later in 2006, said Attila Székely, managing director of Fényinvest Rt, the investment firm coordinating the project in conjunction with the municipal government of Nyíregyháza.

The local government is providing funding for 20%–30% of the project costs, while Fényinvest is expected to spend Ft 40 million–Ft 50 million (€160,000–€200,000) on the Nyíregyháza-based network. Fényinvest's newly created ISP FényNet operates the service, said Székely.

The managing director explained that Fényinvest's investment is more practical in larger towns than in villages, due to the higher number of customers available to a company that is prepared to invest.

“It's very difficult for us to get our money back in small villages, so they're a difficult investment for the time being. But later, smaller settlements will be targeted – especially if local governments chip in with funding,” he said.

Fényinvest could eventually target up to 200 towns and villages in Hungary, according to Székely. He claimed that the company can guarantee a minimum of 1 megabyte per second to the end user, which is at least as fast – if not faster – than most bandwidth on the market, and added that the prices charged are 95% of current broadband internet fees.

Székely asserted that E.ON Hungary is happy for Fényinvest to provide internet over its infrastructure – just as long as no disruption is caused to its existing electricity provision.

“This technology is very new for utility providers, especially for those that have no telco or ISP experience, but we managed to get this project off the ground through establishing a good working relationship,” he said.

Székely noted that E.ON has not yet taken advantage of other features, such as the

capability for the utility company to read meters over the internet – eliminating the need to send staff around to its customers' homes.

Xavier Pain, vice president in charge of sales and business development at Ilevo – Schneider Electric Powerline Communications, which is part of Schneider Electric, noted another potential advantage.

“Electricity providers are also able to better manage their own networks, as the technology allows them to better calculate precisely how much electricity they need to supply to their customers,” he noted. “As electricity providers buy power and also resell it, it’s becoming more important for utilities to analyze projected consumption.”

Pain explained that the electricity provider is also able to measure the power consumption of individual appliances used by customers and make special offers based on usage patterns. Another benefit he cited is that the electricity providers can use the solution to address their own internet needs.

Quadruple play?

Powerline technology – as well as other emerging technologies such as wireless WiMax or “mesh technologies” – can render it unnecessary for ISPs to expensively upgrade telephone lines to accommodate ADSL broadband. This is something that many are unprepared to carry out in remoter areas, according to Nadine Berezak-Lazarus, managing director of Düsseldorf-based bmp Telecommunications Consultants GmbH, who also noted that the limits of ADSL – i.e. distance from a central office – make it impossible to be deployed everywhere.

Berezak-Lazarus asserted that alternative access technologies like powerline and WiMax are not a threat, but rather are able to enhance ADSL coverage. In addition to the last-mile access solution provided by powerline, she noted that the technology can also be used over indoor cables to redistribute solutions provided over ADSL networks to different parts of a household. Accordingly, it can be used as an alternative networking technology, as well as an extension of an existing broadband connection.

“Powerline eliminates the awkwardness of having internet cables strewn around a house or office. Networking is about ease and comfort of use, and the market is successfully adopting this solution,” she said, also mentioning that a household’s access point is often inconveniently located.

Spain’s dominant telecom Telefónica uses indoor powerline to distribute television broadcasting over its ADSL network, as Belgium’s Belgacom has also done.

“Powerline is currently stronger with the indoor segment than with last mile, and at the moment some 500,000 European homes are set up to receive last-mile powerline access – though so far there are just 30,000 subscribers in Europe,” noted Berezak-Lazarus. However, she added, the number of homes that could be served could be drastically increased according to demand.

Berezak-Lazarus also mentioned that France Telecom has developed a proposal for municipalities not connected through ADSL to deploy powerline as an alternative, complementary platform. This proposal is for two of France’s 100 départements.

The Information is a regular column looking into how information technology can help make business easier. The author can be contacted at [Robert.Smyth@bbj.hu](mailto:Robert.Smyth@bbj.hu).

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