

Nothing Wrong with Higher Charges for High Volume Users

by [David Sohn](#) [1]
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There's an appealing simplicity to "all-you-can-eat" service plans. But at the buffet, there's a natural limit to how much any individual can consume. Just think what would happen if a few large-volume eaters with virtually limitless appetites started slurping up virtually all the food at the buffet as fast as the restaurant could put it out. The rest of the diners either would face slim pickings, or would have to pay a lot more for the ticket to the buffet line, essentially subsidizing the mega-eaters, so the restaurant could afford to put out a lot more food. All of a sudden, "all-you-can-eat" wouldn't seem like such an appealing arrangement.

Broadband Internet service in the United States has been sold as an all-you-can-eat offering, but that pricing system is showing some cracks. Time Warner Cable in January [announced a trial](#) [2] of usage-based pricing, albeit in just one town. This week BroadbandReports.com [was reported](#) [3] that Comcast is considering implementing a monthly usage cap, with overage charges for those who exceed the cap more than once. Usage caps are common in other countries. Some say that users in the United States are accustomed to all-you-can-eat and will reject these new pricing models. But as in the buffet analogy, it depends what the alternative is. Flat-rate service for "unlimited" use sounds like a good deal, other things being equal. It might not turn out to be such a good deal if the result is congestion due to a small percentage of users who engage in constant, high-volume file sharing or other high-volume activities.

More modest users could suffer slower service due to congestion; could find their traffic subject to a new level of gatekeeper control and interference as the ISP responds to congestion by throttling back selected traffic, a la Comcast's [throttling of BitTorrent](#) [4], or could end up paying higher prices to subsidize network expansion. *In the end, wouldn't it just be more fair to put the burden on those users who are causing the congestion?* In saying this, I don't mean to suggest that the high-volume users are necessarily doing anything inappropriate. While large-scale copyright infringement and spamming can drive volume, there also may be perfectly legitimate reasons for high-volume usage, whether file sharing or other applications. The problem really isn't high-volume users per se -- it's the wide disparity in usage volumes among different users. When the disparities are that large, the all-you-can-eat model has major drawbacks.

Asking the high-volume users to bear the costs of their usage doesn't seem like a radical concept for avoiding those drawbacks. And it carries far less risk to the openness of the Internet than having ISPs pick and choose whose traffic will get dropped or bogged down and whose traffic will sail through. A

s for consumer acceptance, it may be that nobody wants to have the sense that "the meter is running" with every second spent online. But it should be easily possible to design pricing plans in which only a tiny percentage of users has to worry about surcharges or volume caps. This week's report about the plan Comcast may be considering offers a case in point. According to the article, only the top 0.1% of all subscribers would hit the usage cap and owe surcharges. For everyone else, the service would feel the same way it does today -- essentially unlimited. Of course, the service today isn't entirely unlimited. Most carriers have vague restrictions against excessive usage, which they reportedly sometimes enforce.

Now, maybe making the bandwidth limitations clear and explicit would change the way some consumers feel about their broadband service. But letting them know that their bandwidth allotment isn't infinite wouldn't be a bad thing. Today, users have no reason to inquire about the bandwidth usage of applications they use, much less to steer clear of ones that are inefficient bandwidth guzzlers. Encouraging users to place some value on bandwidth efficiency, the same way they may with energy efficiency, could help address congestion issues in a way that doesn't raise a whole host of Internet neutrality concerns.

Two final points. First, any move to capped or usage-sensitive subscription plans should be accompanied by the provision of easy-to-use tools so subscribers can see how much bandwidth they are using and where they stand vis-a-vis any applicable caps or surcharge thresholds. Greater consumer awareness of bandwidth usage requires . . . (drumroll) . . . greater consumer ability to see what bandwidth they're using. Even if the caps or surcharges are only going to affect a tiny percentage of users, anyone should be able to check their status. And providing such tools should not be difficult.

Second, any usage caps or thresholds will need to rise over time, if the idea is to target only the most active users. A cap that affects only 0.1% of users today could in the future start affecting a large proportion of average users once (for example) high-definition video becomes commonly available over the Internet. But this is something that network operators could monitor and adjust over time. Pricing plans can be usage-sensitive and still impose negligible additional complication or hassle on average users.

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