

Date
2022-02-11
Your date

European Commission
DG Competition

Response to Consultation on Revision of the Guidelines on State aid for broadband networks

Region Värmland thanks you for the opportunity to comment and hereby submits the following opinion.

Region Värmlands response to to Consultation on Revision of the Guidelines on State aid for broadband networks.

Region Värmland has chosen to set out its views according to the structure in the draft guidelines. We hope this will facilitate taking into account the region's views in the further handling of the case with the European Commission.

General comments on the revision of the Guidelines on State aid for broadband networks.

Region Värmland welcomes the revision of the guidelines to better harmonise with the EU's various policy documents, focusing on digitalisation being an engine for the EU's development and harmonisation of the internal market, such as Gigabit Society Communication and Shaping Europe's Digital Future and Digital Compass Communication.

The region welcomes the fact that the European Commission is reviewing and updating the guidelines taking into account technological and market developments, clarifying areas that were previously unclear, such as in terms of definitions, introducing new and important areas such as support for mobile networks, vouchers and support for post-connections.

Furthermore, the region considers it good that the content of the guidelines should be modernised taking into account the development of needs and capacity requirements, e.g. that all households in the Union should have an internet connection with a download speed of at least 100 Mbps that can be upgraded to 1 Gbit/s.

Region Värmland would like to state that it is important that the guidelines state what the European Commission wants to achieve with the requirements set and that the requirements are formulated with an opportunity for member states to adapt based on national conditions and technological developments. A high level of detail in how the requirements are to be realized can mean that they become unjustifiably complicated and time consuming. This, in turn, can lead to a lack of important investments. Region Värmland has particularly noted certain parts where it would be preferable if the details were left to the respective Member State to design.

The term 'low population density'

Region Värmland notes that the concept of low population density, is used in the guidelines.

Different definitions are used in rural and sparsely populated areas. How they are defined affects who can be granted support and who is excluded from the possibilities of receiving support. In a European context, large parts of Sweden are considered being areas of low population density. In order to achieve a more similar assessment between different countries, the region requests clarification on the concept of 'low population density'.

2.2 Definitions - 'ultrafast access networks' (19j)

The guidelines define the 100 Mbps transfer rate as "ultrafast access networks". The networks that are mainly built with support in Sweden today can deliver 1 Gbit/s symmetrically. From this point of view, the concept of "ultrafast access networks" somewhat strange in this context. Defining 'ultrafast access networks' with a threshold speed of 100 Mbps is also not in line with the European Commission's 2030 broadband target targeting Gbit speeds.

The region notes that the European Commission uses the term Very High Capacity Networks (VHCN) in other similar contexts. It is unfortunate if more concepts than necessary are introduced.

2.3 Types of broadband networks Satellite (22)

The use of broadband connections via satellite can be a good solution for very remote places or places where it is difficult or impossible for various reasons to build a broadband network with other techniques.

The guidelines need to clarify to what extent the Member State should take into account a satellite operator's claim of an expansion within three years. This is to avoid theoretical plans hindering support for deployment through other technologies.

It is also important to ensure that aid-financed deployment is not hindered by new technical solutions/products that are substantially much more expensive than the average for both connection fees and subscription fees on the national market in question.

5.2.4.3 Use of existing infrastructure (59, 127-130)

Region Värmland agrees that it is good to promote reuse of existing infrastructure in order to reduce costs and limit negative environmental impact when developing a new broadband network.

In the guidelines, the European Commission has formulated the requirements for reuse and verification of existing infrastructure with a high level of detail. The Swedish broadband market consists of a large number of network owners who vary in scope and where they act; nationally, locally, regionally. The aid that may be designed may also have different geographical scopes.

The requirements set out in the Guidelines that, as regards the establishment of national database on access to existing infrastructure that can be reused for broadband deployment, including commercial infrastructure assets and those owned by public bodies, Member States should be set in relation to the scope and security policy of the aid. To some extent, in some places, even parallel establishment may be preferable for cost reasons. Certain overlaps are also noted with the information obligations arising from, for example, the information obligations of the European Union. The Development Act and the Electronic Communications Code.

For the above reasons, Region Värmland considers that the requirements of sections 127-130 do not belong in the guidelines as this is already regulated by future legislation (Code for Electronic Communications).

5.2.4.4.1.3 Mobile access networks (137)

Good surface coverage and capacity in mobile networks is of great importance for a county like Värmland, both for industries, residents, visitors and the public sector. It is also an area that is increasing in importance.

Access to mobile networks is lacking in several locations in Värmland. A pilot project that Region Värmland carried out in 2021 on behalf of BCO Sweden, showed that further expansion in these places is not likely without public funding.

Due to the above, Region Värmland is very positive that the European Commission is enabling support for the development of mobile local loops, through the revision of the General Block Exemption Regulation (GBER) made in 2021. It is also positive that the guidelines for state aid for broadband networks clarify the conditions under which support for mobile networks can be provided.

In the above-mentioned projects and other studies carried out, the region has identified that operating costs are often the decisive obstacle for mobile operators to carry out an expansion in areas with limited customer base. It is therefore important to be able to support operating costs, in addition to support for investments.

Investments with public aid shall not be exclusive, but the elements financed by aid should be available to all operators. Most of the aid is likely to go to passive infrastructure. Access to mobile networks and broadcasting locations should be provided through deployment or other means of access to investments taking into account technical and business conditions at any given time.

The guidelines set out requirements for specific technical solutions to ensure active access to a mobile network through bitstream access technology. Whether this is a possible and appropriate requirement, given technological developments, is difficult to assess at present. The rapid technological development that is taking place that the mobile networks (5G and future generations) can mean other conditions and more suitable solutions. Specific solution requirements should be avoided and left to Member States when designing national aid programmes.

To a large extent, the aid will go to passive infrastructure, therefore the region is hesitant to reconcile requirements for access to parts of the network that are not covered by the aid. Too far-reaching requirements can make it difficult or impossible for an operator to meet the requirements of the guidelines and thus there is no further expansion of mobile networks in more sparsely built areas.

5.2.4.4.3 Wholesale access pricing (149, 157, 151/153, 159)

The guidelines have a detailed description of the pricing (149,157). The region considers that this level of detail is not needed in the guidelines. Paragraphs 151 and 153, in particular the wording that 'Member States are to set prices', need to be harmonised with the Directive establishing a European Electronic Communications Code.

Demand for wholesale access in rural areas is very low. The requirement set out in the guidelines involves a disproportionate amount of work for network owners.

5.2.4.5 Claw-back (159)

Region Värmland finds it difficult to see that network owners make unreasonable profits at broadband facilities in areas that may be eligible for support in Sweden. The region questions whether these requirements can be considered proportionate to the operation.

Region Värmland recommends the procedure specified in the Code, i.e. an operator should be able to access at a reasonable price. If the parties do not agree, the dispute resolution function of the national regulatory authority should be used.

On behalf of Region Värmland

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