

Danish non-paper on the revision of the Guidelines on State aid for broadband networks

Denmark welcomes the opportunity to submit its input regarding the draft revised EC Guidelines on State aid for broadband networks (hereafter “the Broadband Guidelines”). Denmark welcomes the update of the guidelines, which overall are more informative and concrete. Denmark welcomes the important step of establishing explicit rules on subsidies for mobile networks. Addressing the role of electronic communications networks in achieving sustainability goals is a further welcome point.

The main points of the response of Denmark are:

- **Denmark believes the approach of future proofing the criteria for eligible target areas for fixed networks, including upload criteria, is the right choice.**

Denmark believes the approach of future proofing these criteria is the right choice and that these criteria allow different Member States to plan interventions that suit their various local market conditions.

- **Denmark is concerned about the level of administrative burdens placed on both the aid granting authorities and the beneficiaries.**

Denmark is very aware of the necessity to limit the distortive effects of any aid granted. At the same time, Denmark is concerned about the draft Broadband Guidelines’ overall level of requirements to both the aid granting authorities and the beneficiaries in cases where the draft Broadband Guidelines are applied to smaller notified state aid schemes or to very small local tenders within a notified framework scheme.

Denmark notes that operators’ willingness to accept burdensome requirements is subject to economies of scale: The larger the aid amount, the greater the willingness to invest in ensuring compliance with requirements deriving exclusively from state aid rules. Conversely, such requirements may lead to a lack of interest by bidders. In this light, a “one size fits all” set of extensive requirements may preclude a Member State such as Denmark from using state aid in a flexible way as a supplement to market-driven deployment.

Denmark attaches particular importance to flexibility for Member States to assess the proportionality of the range of wholesale access products required on subsidised network, taking into account the commercial wholesale access market and national SMP regulation.

Further, the draft Guidelines contain a requirement to report information on each individual aid award exceeding EUR 100,000. While Denmark welcomes the increased transparency of granted aid that this requirement will entail, it is noted that the requirement is expected to lead to increased administrative costs for the Member States and businesses. Potentially, this might make using the Draft Guidelines less attractive.

Finally, Denmark recommends adopting explicit rules on framework schemes, where national or regional governments notify frameworks for tenders by local authorities, based on the extensive case practice on this type of scheme. Some rules, such as the rules on public consultations, could reflect the particular considerations applying for such schemes.

- **Denmark believes that the state aid guidelines should not entail any new mapping requirements on Member States.**

Denmark believes that the state aid guidelines should not entail – *de jure* or *de facto* – any new mapping requirements on Member States in excess of what follows from binding Union legislation. This means that the general-purpose national mapping of broadband coverage or mobile coverage in each Member State should be sufficient to identify intervention areas. Denmark welcomes the more detailed descriptions of mapping methodologies in Annex I to the draft guidelines, but considers these detailed instructions on mapping to be highly focused on verifying operator reports on available speed in a critical manner. Such verification may be relevant in cases where a Member State finds it necessary to challenge operators' reports on speeds available in a given area. However, where a Member State's general-purpose mapping shows an area to be eligible for aid, this means that there is already an agreement between the Member State and operators that the area is eligible for aid.

For the mapping of mobile networks, Denmark welcomes the important fact that mapping in 100x100 metre grids remains possible for mobile networks, as address-level mobile mapping poses significant issues. On the other hand, Denmark is concerned that the Commission suggests requiring certain types of data which only seems relevant if a Member State wishes to emulate operators' own calculations of coverage for verification purposes. Denmark believes any such step should remain voluntary.

As for public consultations on commercial deployment plans, Denmark finds that as an individual local authority must hold such a public consultation for any areas where actual tenders under such measures are planned, the usefulness of a nation-wide consultation on the aspect of commercial deployment plans is not clear, as it will include many areas where no aid is ever granted, and will need to be repeated for any area covered by an individual tender.

- **Denmark is concerned about the suggestion of setting up a database on existing infrastructure.**

In line with the above, Denmark is concerned about the suggestion of setting up a database on existing infrastructure in the Draft Guidelines. In this regard, Denmark refers to its Non-Paper on the BCRD.¹ For state aid purposes, any information-gathering related to existing infrastructure should take place ad hoc for each state aid measure or individual tender within the measure and be limited to the intervention area.

- **Denmark is concerned about the language in some paragraphs where it reads as a general requirement to Member States.**

Denmark is concerned about the language in some paragraphs in the draft Broadband Guidelines, where the language reads as a general requirement to Member States. It is Denmark's understanding that the guidelines are simply a communication on how the Commission assesses the compatibility of a state aid measure, which should be clear from the wording of all provisions. The guidelines should not give any impression of containing general requirements or obligations on Member States.

¹ <https://www.ft.dk/samling/20201/almindel/KEF/bilag/216/2344041.pdf>