

11.02.2022

Oslo, Norway

To: EU Commission, DG COMP**From:** Samfunnsbedriftene Energy**Consultation on the Revision of the Guidelines on State aid for broadband networks**

Samfunnsbedriftene is a employers' association and interest group for enterprises providing public services and services of general interest for the Norwegian population. We are an independent association with close to 560 member enterprises including 170 enterprises within the energy sector. Our energy members represent several trades, including broadband services, ICT and the value chain of the power sector.

Please find the main points of our feedback below:

- **Samfunnsbedriftene believes it is important that subsidies are provided for high-capacity broadband in less populated areas to avoid regional divisions.**
- **Samfunnsbedriftene thinks that the subsidy design should leave room for technological flexibility.**
- **Samfunnsbedriftene is of the opinion that subsidies directly to the customer could help accelerate connectivity in rural areas.**

Samfunnsbedriftene welcome the opportunity to provide input on behalf of our members for the Commission's state aid consultation for broadband networks. Reliable and high-capacity network connectivity has grown to become a necessity for access to essential digital services, which is increasingly demanded by both customers and businesses. Sufficient digital infrastructure - such as broadband networks, is a fundamental building block to facilitate for such digital services and new technological advancements. The key lesson from Covid-19 pandemic has most clearly highlighted the critical nature of a well-developed digital infrastructure.

Samfunnsbedriftene and our members have been strong advocates for increased focus on this area - especially for providing high-performing broadband network to rural areas, where it has shown to be uneconomical for larger commercial players. In such cases, it has fallen to our members as responsible companies, to pick up the slack and build the necessary digital infrastructure for the consumers. Hence, this consultation topic is a core interest for some of our members.

We thank the Commission for the opportunity to provide input and wish to provide the following feedback to the consultation:

- **Samfunnsbedriftene believes it is important that subsidies are provided for high-capacity broadband in less populated areas to avoid regional divisions.** In general, most people living in urban and densely populated areas have good access to both fixed and mobile broadband, while people located in less populated and rural areas do not always enjoy the same benefits. Some less-populated areas even remain unconnected, due to a lack of deployed infrastructure. Absence of such infrastructure is often a result of a negative commercial investment case. This is especially the case for fixed broadband, where the fixed cost of an investment is high and unit cost increase in areas with less dense population.

Samfunnsbedriftene strongly argue that access to sufficient high-capacity broadband networks is a modern necessity should not be dependent on consumers local area code. In addition, there are societal gains to be reaped through a positive network effect by connecting those unconnected. Moreover, in the larger context, lack of access to broadband could create technological and economic divisions between those areas with good access to broadband and those without. Such cases of market failures and increased inequalities are not in the interest of society and must be adequately met with sufficient state aid to create a positive societal outcome.

- **Samfunnsbedriftene thinks that the subsidy design should leave room for technological flexibility.** State aid cases that satisfy all the conditions for state aid should be granted some flexibility for new technological development. Technologic advancement happens in a constant, fast-paced environment, which means yesterday's technology could be old tomorrow. For instance, a negative business case with a certain technology might be granted state aid after a comprehensive application process. However, during the process to secure aid, new and better technology might become available. Therefore, we suggest to the Commission that some flexibility to incorporate new technology should be provided, to make sure citizens are not worse off due to comprehensive bureaucratic processes. Concerns over overcompensation in this regard, could be appropriately solved with a clawback clause.
- **Samfunnsbedriftene is of the opinion that subsidies directly to the customer could help accelerate connectivity in rural areas.** Samfunnsbedriftene believe that demand-side aid - such as social or connectivity vouchers, could be appropriate tools for increased deployment of broadband given that they are designed in the right manner. Samfunnsbedriftene supports a technology-neutral solution, because we believe it overall will provide the customer with the best offer. For the customer that should mean access to connectivity and high-capacity broadband. We believe a technology-neutral approach will provide the best incentives for companies to compete over the customers, but also leave room for new innovation to occur.

Sincerely,