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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

Proposal for a regulation

of the European Parliament and of the Council on measures to reduce the cost of deploying gigabit electronic communications networks and repealing Directive 2014/61/EU (Gigabit Infrastructure Act)

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EXECUTIVE SUMMARY SHEET
Impact assessment on the Proposal for a Regulation of the European Parliament and of the Council on measures to reduce the cost of deploying gigabit electronic communications networks and repealing Directive 2014/61/EU (Gigabit Infrastructure Act) resulting from the review of Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks
A. Need for action
What is the problem and why is it a problem at EU level?
Full coverage of very high capacity networks (VHCNs), including both fibre and 5G rollout, in all Member States faces two challenges: the high network deployment costs and the continued slow deployment of networks. However, demand from households and businesses for fast and ubiquitous high-quality connectivity has been increasing rapidly across the EU, strengthened by the COVID-19 pandemic. The 2014 Broadband Cost Reduction Directive (the Directive) has not been fully effective in reducing the costs of deploying broadband networks. This is mainly because the flexibility given to Member States not to implement certain measures or to apply exemptions has resulted in inconsistent implementation across the EU and a diverse interpretation of certain provisions through national dispute resolution and guidelines. Moreover, the ambition and scope of the Directive does not fit market and technological developments anymore.
What should be achieved?
The main aim is to contribute to achieving the 2030 Digital Decade Gigabit connectivity targets set in the digital decade policy programme, thus contributing to a better functioning of the internal market. To increase coverage and facilitate deploying fixed and wireless/mobile VHCN in the EU, the objective is to reduce costs and accelerate VHCN deployment by optimising the deployment and reuse of physical infrastructure and by drawing up consistent, streamlined and digitalised administrative procedures for network deployment across the EU.
What is the value added of action at the EU level (subsidiarity)?
The experience gained with implementing the Directive has demonstrated that EU' connectivity targets cannot be achieved by Member States alone within a reasonable time and with the most efficient use of private and public investment'. The measures that Member States have adopted so far differ greatly, sometimes even between regions or municipalities. This patchwork of rules prevents economies of scale for operators and creates barriers to cross-border investment. This affects the proper functioning of the internal market, in particular for inherent cross-border applications such as connected and autonomous driving that need widespread availability of VHCN. The problems encountered are common to most, if not all, Member States.
B. Solutions
What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?
Four policy options have been considered and assessed. • **Option 1** would only make a minimal update to the instrument in particular, its scope would focus on more advanced networks, and certain provisions would be strengthened and clarified. • **Option 2** includes what is proposed in Option 1; it would also extend the access (and related transparency) obligations to public *non-network* physical infrastructure assets, provide for certain exemptions on VHCN assets/deployments to address investment incentive problems, and include new measures to improve permit-granting procedures.

- **Option 3** would build on Option 2 (except the VHCN exemptions) and lay down new rules and provide for EU-level guidance to clarify access to physical infrastructure (including in-building) and civil works coordination. It would also extend the proactive transparency obligations to private network operators and require digitalising information provided through single information points (SIPs), including georeferenced information. Moreover, it would further strengthen the permit-granting procedures overall and mandate installation of in-building fibre and national in-building standards.
- **Option 4** would, in addition to what is proposed in Option 3, extend the access obligations and civil works coordination to all private operators and, where relevant, certain non-network operators and mandate EU in-building standards. This option would require a common platform for existing physical infrastructure and planned civil works and could allow for permit applications.

All options except the first one would require a new regulation. Overall, **Option 3** appears to best balance short-term implementation costs with medium-term benefits, keep unnecessary regulatory burdens to a minimum, and limit greenhouse gas emissions from the electronic communications sector.

What are different stakeholders' views? Who supports which option?

All stakeholders agree on the need for high-quality connectivity. A large group of operators and most business associations see a need for further harmonisation and regulation at EU level, whereas a smaller number of operators indicate the need for giving Member States leeway in how they implement and enforce EU legislation. Public authorities are more reluctant than operators on measures at EU level.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise of main ones)?

Option 3 is estimated to increase new networks deployed re-using physical infrastructure or coordinating civil works to 470 000 km instead of 250 000 km under the baseline. It would also reduce the cost of network deployment by EUR 14.5 billion and the required public subsidies by EUR 2.4 billion. It could avoid 0.7 million tonnes in greenhouse gas emissions in the period to 2030. It is likely to have societal benefits, in particular by reducing the urban-rural digital divide, and economic benefits, notably through the reinvestment of the expected cost savings.

What are the costs of the preferred option (if any, otherwise of main ones)?

Option 3 involves estimated *one-off* costs of EUR 70 million. This includes EUR 15 million for electronic communications network providers, and the rest is mainly for public administrations, linked to setting up consistent permit-granting procedures and digital platforms. There is also a recurrent cost of EUR 6-7 million for dispute settlement bodies and SIPs.

However, once this investment has been made, Option 3 is expected to lead to *annual* administrative cost savings of EUR 40 million for electronic communication network operators related to better access to physical infrastructure and improved permit application procedures. There will also be operational cost savings for public authorities, including municipalities. These benefits can possibly be extended if the online permit platforms are also used by other sectors, as is already the case in several Member States.

What are the impacts on SMEs and competitiveness?

There are no specific obligations for small and medium-sized companies (SMEs) as purchasers of gigabit services, while SMEs acting as network operators may be affected the same way as other businesses. However, the current lack of access to physical infrastructure and high prices for gigabit connectivity are significant challenges **in particular for SMEs and small public services** as they limit their ability to benefit from the productivity gains

associated with faster broadband and advanced digital applications. The current patchwork of rules and practices at national and sub-national levels is also an obstacle for companies wanting to achieve economies of scale, and this affects EU **competitiveness.**
Will there be significant impacts on national budgets and administrations?
The preferred option is estimated to involve *one-off* costs of around EUR 35-40 million for local authorities mainly related to permit-granting procedures and digitalised permit platforms. For DSBs and SIPs, there is a *one-off* cost of EUR 10-15 million and, as mentioned already, a *recurrent* cost of EUR 6-7 million. However, local authorities would save between EUR 3 million and EUR 4 million a year from the digitisation of permit-granting processes and requirements to provide access to non-network public facilities. Moreover, Member States' national budgets can count on potential savings of EUR 2.4 billion in subsidies that would otherwise have been required to deploy 'fibre to the home' in 90% of households.
Will there be other significant impacts?
Faster deployment of VHCNs, based on more energy-efficient technologies, in particular fibre and 5G, would facilitate the EU twin green and digital transition. This is also expected to lead to a reduction in electricity intensity in the operation of electronic communications, thereby contributing to reductions in greenhouse gas emissions, however potentially counteracted by a faster increase in data traffic. Reusing existing physical infrastructure more and improved coordination of civil works will also make deploying networks more environmentally sustainable.
Proportionality?
The proposal presents a focused policy action with an intensity proportional to its objectives. It addresses all the relevant areas with a comprehensive set of measures and provides for limitations to ensure proportionality, e.g. exemptions to the transparency obligations on network operators and public authorities and tacit approval for permits to take account of constitutional issues.
D. Follow up
When will the policy be reviewed?
The Commission will submit a report evaluating the Regulation 5 years after the date on which it enters into force.