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**NOTE**

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From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Transport, Telecommunications and Energy Council on 5 December 2025 : Funding model of the national regulatory authority considering expanded digital responsibilities - Information from Portugal

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**Funding model of the national regulatory authority considering expanded digital responsibilities**

**(Telecom Council, 5<sup>th</sup> December 2025)**

Over recent years, the European digital framework has expanded well beyond the traditional domains of electronic communications and postal services. New legislative instruments - including the Digital Services Act, NIS2, the AI Act and emerging requirements linked to the oversight of strategic infrastructures such as data centers, AI gigafactories and submarine cables - have significantly enlarged the mandate of regulatory authorities. This evolution has generated substantial operational, supervisory and technical demands, without a corresponding adjustment of existing funding arrangements.

Portugal is currently assessing the adequacy of its funding model in light of this broadened remit. The current structure is primarily based on cost-recovery mechanisms levied on telecommunications operators and postal service providers. While this model was appropriate for a narrower set of functions, it is increasingly strained by the scale and complexity of the new responsibilities. Maintaining the present framework risks creating distortions, disproportionate burdens and competitiveness challenges, particularly for smaller operators. It may also place undue pressure on sectors that are essential to Europe's digital transition.

Recently, a benchmark conducted by Portugal across Member States confirmed the coexistence of heterogeneous solutions. Depending on the nature of the mandate, some countries rely on mixed models, whereas others adopt fully public funding, especially in areas of high public interest such as space and artificial intelligence. In domains where cybersecurity, resilience and digital supervision are expanding, various hybrid approaches are emerging.

Within this context, Portugal is developing a set of guiding criteria to ensure proportionality, non-discrimination and long-term sustainability:

- Digital services: contributions proportionate to the provider's economic scale, with appropriate safeguards for smaller operators.
- Space and artificial intelligence: predominantly financed through public funding, reflecting their sovereign and general-interest nature.
- Strategic connectivity: proportionate and predictable approaches for data centers, AI gigafactories and submarine cables, ensuring that regulatory measures do not disincentivise foreign direct investment in critical digital infrastructures.

Portugal considers that the EU has an important role to play in ensuring a coherent approach to emerging digital responsibilities, including in relation to digital platforms and other cross-border services. For these reasons, Portugal wishes to inform Member States of its ongoing national reflection and to contribute to a structured debate on sustainable and future-proof funding models. The objective is to support an exchange of experiences, identify shared principles and promote convergence, thereby ensuring regulatory predictability for operators and users while aligning funding mechanisms with the evolving demands of the European digital landscape.