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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 digital networks, amending Regulation (EU) 2015/2120, Directive 2002/58/EC and Decision No 676/2002/EC and repealing Regulation (EU) 2018/1971, Directive (EU) 2018/1972 and Decision No 243/2012/EU (Digital Networks Act)

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The Letta and Draghi reports analysed in 2024 the current state of the electronic communications sector in the EU. Both underlined that the single electronic communications market remains fragmented, and European operators continue to face barriers to operating cross-border and scaling-up, limiting their ability to invest, innovate, and compete with their global counterparts. Both reports emphasised the importance of investments in future networks for strengthening the competitiveness of the EU economy and the cohesion of the EU society. Furthermore, the Niinistö report released the same year, stressed the importance of electronic communications, including satellite-based services, critical communication and digital services in the context of security, resilience and preparedness.

The evaluation report of the current legal framework underpins these findings and identifies a series of specific shortcomings.

As regards **transition to fibre**, problems requiring more significant changes are the persistence of urban-rural divide, in terms of infrastructure competition and copper switch-off. The **existence of legacy copper networks** in all Member States, which is also a consequence of the different regulatory approaches and business choices across Member States, disincentivise and delay the deployment and adoption of more performant fibre networks to a substantially different extent in different Member States. This has negative effects on roll-out conditions for homogeneous innovative fixed services across the single market. The EEEC provisions related to copper migration had limited practical relevance primarily since they were not designed to accelerate migration and did not provide regulators with the tools to do so. **Access regulation** still remains relevant, however there is room for updating it by empowering NRAs with more tools, including in particular the complementary use of SMP-based and symmetric regulation, in particular access to ducts, to tackle competition issues that could emerge during the transition to fibre and after the switch off of copper in full fibre environment. The report also observes that geographic surveys (that were not used to their full potential under current framework) should help national administrations and NRAs to gather the evidence to shape regulatory interventions and policy initiatives that address the problems concerning fibre network coverage.

As regards **spectrum policy**, the EECC has been unsuccessful in establishing a pro-investment spectrum assignment framework. Assignment conditions remain fragmented across Member States, continue to enable revenue-oriented auction designs, provide for insufficient licence duration and lack incentives to share spectrum. Limited regulatory predictability and lack of demand affect financial attractiveness of high quality 5G deployment projects to investors. As a result, compared to other regions the EU is lagging in high quality/stand-alone 5G deployments and consumers and businesses risk missing out on advanced innovative services.

Barriers to operating cross-border and scaling-up persist, including under the **general authorisation regime**, which has resulted in a lack of a uniform and coherent approach to the applicable conditions for electronic communications in general, including for wireless communications. The same applies to satellite services, where authorisation remains national and fragmented, despite the inherently cross-border nature of this market and the potential of Direct-to-Device (D2D) to provide ubiquitous and seamless coverage across the EU.

The **end-user rights provisions** are mostly still fit for purpose and Europeans enjoy a high-level of end-user experience and protection in the electronic communication sector for choice, price and quality of services. Member States have also used the possibilities in the framework for introducing national rules, often leading to divergent application of the rules and even

sometimes excessive regulation. Further harmonisation could reduce administrative burden, lower compliance costs and enhance the delivery of cross-border services. In addition, some updates and simplification could be beneficial for both end-users and service providers, for example, streamlining of requirements for information provision.

The **universal service obligations** in the EECC are not widely used in all Member States and can be administratively burdensome. However, in view of the persisting urban-rural divide and level of risk of poverty for people in the EU the universal service rules are a safety net to ensure all consumers in the Union have at least an adequate internet and voice communications services and at an affordable price. The role of the universal service safety net continues to be important also in the context of technological evolution (including during and after the transition to a full fibre environment).

As regards **governance**, the EECC has not been successful in achieving harmonisation, also due to the governance structure not fully suited to deliver on single market objectives. The contributions of BEREC to harmonised implementation of the EECC, are usually of high quality, and supporting NRAs in reaching common approaches; however, they were not sufficient to bring about the single market in the electronic communication sector. The evaluation identified also a potential need for covering new tasks in spectrum and data to ensure a consistent approach in these fields. RSPG, a Commission high-level expert group, contributed to the development of spectrum policy, but mostly focusing on technical issues rather than on broader aspects of radio spectrum policy in general such as economic, political, cultural, strategic, security, health and social issues.

The IA is therefore based on these shortcomings as well as on new upcoming challenges identified.

On transition to fibre, the Commission's 2025 Digital Decade Policy Programme report showed that the gigabit connectivity target measured by Fiber-to-the -Premises (FTTP) was in 2024 at 69% and it was expected that by 2030 around 90% of premises will be reached by fibre. However, predictions for the full FTTP coverage at the EU level show that the 100% coverage will be only achieved by 2051 if no further action is taken. The copper networks cannot meet the future requirements for fixed internet access, regarding upload and download speeds, latency and reliability. The analysis also showed that the presence of a copper network slows down the adoption of fibre-based services. The regulatory framework and its application by NRAs, in particular the type of remedies adopted, may also influence the deployment and adoption of fibre. For example, the countries where regulators followed the incumbent's choice of FTTC (including part of copper network) are characterized by persistence of copper networks and slow deployment of fibre. Conversely, countries in which NRAs decided to facilitate access to civil infrastructures (e.g. promoting access to ducts and poles where operators could deploy own networks), have been more successful in fibre deployment.

On spectrum, the IA analysis showed that spectrum regulation and market factors slowed down investment in high quality mobile connectivity. Furthermore, investments in upgrading 5G are negatively affected by limited demand. As a consequence, while there is good basic 5G coverage (based on 4G) in Europe (94.3%)[1], comparable to competing economies, the EU is significantly lagging in advanced high capacity 5G networks using mid-band spectrum (5G

[1] Staff working document Digital Decade in 2025 progress and outlook Accompanying the document State of the Digital Decade 2025, https://digital-strategy.ec.europa.eu/en/library/digital-decade-2025-progress-and-outlook

Stand Alone (5G SA) is at around 40% compared to 90% in North America and 45% in Asia Pacific[2]). Europe is also significantly behind/lagging in the 5G SA take-up, with only 2% of 5G users connected via SA networks[3], compared to the US (24%), India (25%) and China (77.1%)[4].

Regarding the lack of pan-European networks and services, the IA showed that operators face divergent general authorisation conditions across Member States and a patchwork of national requirements that disincentivise cross-border operations, increase compliance costs and delay the introduction of new technologies. At the same time, and as has been described in detail in the Commission's White Paper[5], advances in IoT, AI, data analytics, and content delivery are turning connectivity into a converged ecosystem with new business models. As networks virtualise and integrate with cloud, edge, and AI, opportunities arise for innovative services such as cloudified 5G, enabling providers to benefit from economies of scale. Cross-border services could follow, but fragmented rules still hinder telcos from unlocking these benefits across the Single Market. Stronger cross-industry cooperation will also be needed to fully realise the opportunities of this new ecosystem.

Additionally on **satellite communications**, the authorisation of satellite spectrum usage and the enforcement of the authorisation conditions are currently implemented by each national administration. In a context of exponential growth of the number of satellite constellations, the lack of a European approach in satellite spectrum authorisation poses risks to the capacity of Europe to tap into the potential of satellite networks for the provision of ubiquitous and seamless pan-European networks. Moreover, it jeopardises the access of EU operators to key resources and fails to guarantee that all players respect at least international obligations related to avoidance of harmful interference.

Barriers also extend to **resilience**, as connectivity networks face growing threats from cyberattacks, physical disruptions, and natural disasters with cross-border impacts. Outages already cause significant economic costs each year and public safety is at risk when emergency services are disrupted. Despite existing legislative tools setting minimum standards on actors in the connectivity sector, stronger EU-level coordination is needed to address cross-border interdependencies and safeguard resilience and preparedness of the sector.

As regards **governance**, the EU is still characterised by fragmented national markets. The articulation of competences and roles of the Commission, NRAs, and other competent authorities for spectrum and certain other specific cross-border areas, BEREC, and RSPG, is complex, burdensome and not sufficiently clear for stakeholders, and not fully suited to support the Single Market.

The IA identified the following options to best address the problems:

[2] Analysys Mason, 2024, Annex 7.2 figure 5G SA coverage.

[3] Annex 8.2 Medux data on Status of 5G Quality and experience in EU and Ookla. Omdia. A Global Evaluation of Europe's Digital Competitiveness in 5G Standalone, 2025.

[4] Analysys Mason (2024). 5G Global Progress Report; OpenSignal (2024). 5G Experience Report Q4.

[5] The ongoing technological transformation of the connectivity ecosystem has been described in detail under the pillar I of the 2024 Commission White Paper 'How to Master Europe's Digital Infrastructure Needs'

Transition to fibre

The preferred option contains a combination of measures geared at fostering fibre deployment and take-up, including via a EU-wide copper switch off date by 2030, subject to certain conditions. It increases accountability of Member States, who, by 2029, will communicate to the Commission the Transition to Fiber Plans, setting out a coordinated strategy at national level and concrete measures to support fibre deployment and take up. These plans should also identify, based on the input of the NRAs, the areas in which the conditions are met and the switch off can start by 2030. The conditions to be applied cumulatively are: 1- fibre coverage at 95% and 2- availability of broadband retail offers with comparable prices and quality to copper based offers. In addition, Member States should put in place appropriate safeguards for vulnerable consumers prior to the start of the copper switch off. Where the switch off cannot start by 2030, Member States should set out the concrete measures to increase coverage to ensure transition to fibre in 2035. The option includes a review in 2035. By 2035, Member States should ensure that in the areas where the copper switch off is started, it should be completed as soon as possible. For all remaining areas where fibre deployment is not viable (e.g. remote areas geographically difficult to reach), Member States should explain the reasons for unviability and provide alternative connectivity solutions for customers in these areas.

The option includes very strong safeguards for end-users: (i) the conditions for the switch off; (ii) additional safeguards accompanying the copper switch off; (iii) appropriate remedies adopted by NRAs as needed; (iv) USO provisions and (v) alternative means of connectivity in the residual areas where fibre deployment is not considered viable, following the 2035 review.

Consistency across the EU will be achieved via a Commission's scrutiny over the Fiber Deployment and Copper Switch Off Plans and the copper switch-off process. For access regulation, this option provides NRAs with more tools for ex ante regulation, allowing for a targeted use, depending on the market situation, of SMP based or symmetric regulation. The approach on geographic survey would be strengthened allowing for a focus on sub-national markets. Standardised wholesale products at EU level will be developed to ensure legal certainty and more harmonisation across the single market.

With respect to the economic and environmental impacts (as of 2035), this would have positive impacts in terms of (i) accumulated GDP increase of EUR 327 billion above the baseline scenario, (ii) total CO2 emission reduction below baseline scenario (0.6 million tonnes or 4.5%) and (iii) average download speeds (7 435 Mbps). The social impacts cannot be quantified but the preferred option is very likely to result in the highest positive social impact as it is performing well in terms of fibre coverage and FTTH take-up rate. Regarding the impact on fundamental rights, the option ranks medium.

Spectrum

The preferred option entails mainly unlimited licence duration by default, under strict conditions and safeguards and with exceptional limited duration combined with quasi automatic renewal, and the application of pro-investment auction design. It provides for the possibility to harmonise spectrum authorisation conditions and includes a mandatory spectrum scrutiny of authorisation procedures at EU level. It ensures increased transparency and predictability of the timing of availability of spectrum through roadmaps and ensures that 6G spectrum will be authorised in a shorter period of time from harmonisation and in a more consistent manner. This option is the most efficient given that overall benefits significantly

outweigh its costs. It would ensure timely deployment of high quality 5G and future 6G networks. It would have a positive impact on GDP, have spillover effects on vertical sectors and be coherent with the copper-switch off process. It would lead to a reduced ecological footprint of 5G mobile networks, thanks to the decrease in energy consumption per gigabyte linked to new mobile technologies.

General authorisation and authorisation for satellite services

The preferred option includes a single "passport" regime for other networks and services than satellite and an EU authorisation for satellite spectrum, including selection of licensees in cases of scarcity and enforcement of authorisation conditions. This option would reduce the administrative and compliance costs as well as the reporting costs. Together with harmonised authorisation conditions and other relevant applicable rules as well as soft measures to facilitate ecosystem cooperation, the preferred option would allow providers active in several Member States to easier centralise network operations and provide innovative, more virtualised and software-based services cross-border more consistently. EU satellite authorisation would allow operators guaranteed access to spectrum in all Member States under the same authorisation conditions, providing them with the means to scale up and provide pan-European services, while keeping in check sovereignty aspects.

Governance

The preferred option ensures continuity while deepening cooperation and strengthening EU-level coordination to better correspond with the needs of the Single Market. It adjusts the governance structure to enable the actors at different governance level – from national, through cooperation bodies at EU level, up to the Commission – to address the challenges of the transforming market and complete the Single Market in electronic communications. It preserves the strengths of the current system, builds on the existing set up of BEREC and BEREC Office, and upgrades the RSPG from a Commission expert group to a body with a secretariat provided by the strengthened BEREC Office to enhance the effectiveness of spectrum management. This option is also favoured by stakeholder consultation feedback. By providing administrative and support services to both BEREC and RSPG, the BEREC Office will strengthen the existing link between the two bodies, enabling better coordination and more coherent outcomes.

Administrative costs

The administrative costs for businesses relate to the conditional the copper switch-off, plus the reduction of compliance cost in the area of authorisation. The new administrative requirements are estimated to result in approximately EUR 73 million in one-off administrative costs, and approximately EUR 38 million in recurring administrative costs per year, compared to the status quo. At the same time, the preferred policy option is expected to generate administrative cost savings through the harmonisation of authorisation conditions and the simplification of regulatory requirements. In case of managing the financing of the governance changes partially from charges, these would mean additional costs for undertakings providing Electronic Communications and/or having rights of use of spectrum.