Electronic communications: universal service, users' rights relating to networks and services

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This Communication reports on the functioning of the five directives of the regulatory framework for electronic communications networks and services, as required by these directives. (Please see Directives 2002/19/EC, 2002/20/EC, 2002/21/EC, 2002/22/EC and 2002/58/EC.) The Communication also launches a public consultation on the future of the electronic communications regulatory framework on which comments are requested by 27 October 2006. It explains how the framework has delivered on its objectives, and identifies areas for change.

Assessment of the framework: consumers and industry groups supported the framework's approach, albeit with criticisms concerning its implementation. New entrants, cable operators, ISPs and software and equipment producers noted that the framework had allowed the development of competition and innovation across Europe, facilitating investment and broadband penetration. However, the majority of incumbents considered that ex-ante regulation hindered new investment and should be phased out by 2015. In addition, there is room for significant improvement in the way that spectrum is managed. Specifically, the Commission considers that more effective management of spectrum would release its full potential to contribute to offering diverse and affordable services to the European citizen and to strengthen the competitiveness of European ICT industries. In other respects, the Commission considers that the principles and flexible tools in the regulatory framework offer the most appropriate means of encouraging investment, innovation and market development. There is nevertheless room for the Commission and NRAs to provide guidance on how the rules should be applied, so as to increase predictability for stakeholders.

Changes proposed overall:

The current regulatory framework has produced considerable benefits, but it needs attention in a number of areas in order to remain effective for the coming decade. The two main areas for change are:

- application to electronic communications of the Commission's policy approach on spectrum management, as set out in the Communication of September 2005;

- reduction of the procedural burden associated with the reviews of markets susceptible to *ex-ante* regulation.

In addition to these two, the Communication identifies other changes that seek to:

- consolidate the single market,

- strengthen consumers and user interests,

-improve security and

- remove outdated provisions.

Improved approach to managing spectrum for electronic communications: a new system for spectrum management is needed that permits different models of spectrum licensing (the traditional administrative, unlicensed and new marked-based approaches) to coexist so as to promote economic and

technical efficiency in the use of this valuable resource. Based on common EU rules, greater flexibility in spectrum management could be introduced by strengthening the use of general authorisations whenever possible. When not possible, owners of spectrum usage rights should not be unduly constrained but subject to certain safeguards, have the freedom to provide any type of electronic communications service ('service neutrality') using any technology or standard under common conditions ('technological neutrality'). Using criteria based on economic efficiency, selected bands agreed at EU level via a committee procedure would become available for use under general authorisations, or subject to secondary trading across the EU. Common authorisation conditions for the use of the radio spectrum would also be enacted with this procedure in appropriate cases. The administrative model will remain important especially where, on balance, legal certainty and interference management issues are priorities and where public interest objectives are at stake.

Streamlining market reviews: the Commission has reported on its experience with the 'Article 7' procedure and concluded that the procedure represents an important step towards the creation of an internal market for electronic communications. As a follow-up, this Communication proposes to reduce the administrative burden of the market review procedure by simplifying the notification requirements for certain draft national measures, given that by the time such changes are fully implemented, the NRAs will have considerably more experience with the process. Regulators would still need to conduct market reviews and undertake national and European consultations, but for certain market analyses and notifications the current level of detail would no longer be required. In a number of predefined categories of cases, a simplified notification procedure would be introduced. This would allow the Commission and the NRAs to focus on cases where substantial problems may arise. In the short term, it is proposed to issue a revised version of the procedural Recommendation in order to initiate the simplified notification procedures from 2007, and in the longer term, to modify the framework to allow all procedural elements to be gathered together into a single Regulation.

Consolidating the Internal Market: the Commission discusses proposals for the following:

- extending Commission veto powers to cover proposed remedies under the Article 7 procedure;

- tackling the problem of routine suspension of regulatory decisions by some national courts during the appeal period by laying down EU level criteria for granting suspension of regulatory decisions;

- for services with a pan-European or an internal market dimension, a Community procedure is proposed, in order to reach EU-level agreement on common usage conditions as well as on common approaches to authorisation, to allow for co-ordinated deployment of services;

- other changes designed to strengthen the internal market aim to: ensure that users can access information society services provided in other Member States (e.g. freephone numbers); strengthen the ability of NRAs to sanction a breach of regulatory obligations; extend the scope of the technical implementing measures that the Commission can take, e.g. in areas like numbering; introduce a mechanism for Commission approval of measures taken by NRAs under Article 5(1) of the Access and Interconnection Directive; require 'must carry' obligations to be reviewed by a specific deadline; and establish a procedure to facilitate agreement at EU level on common requirements on networks and services.

Strengthening consumers' and users' rights: the Commission intends to publish a Green Paper on universal service in 2007, to launch a wide ranging debate.

Improving Security: in order to reinforce the confidence of users in electronic communications, a series of measures is proposed: 1) to impose specific requirements on providers of electronic communications to notify certain breaches of security and to keep users informed; 2) to authorise competent national authorities to require specific security measures that implement Commission recommendations or decisions; and 3) to modernise the provisions on network integrity.

Better regulation: it is proposed to withdraw a number of redundant or outdated provisions.