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**Subject: State Aid SA.60062 (2021/N) – Czechia  
COVID-19: Aid for the extraordinary direct costs faced by Czech  
terrestrial television network operators**

Excellency,

## 1. PROCEDURE

- (1) On 25 June 2021, Czechia notified the aid in the form of limited amounts of aid for the extraordinary direct costs faced by Czech terrestrial television network operators in the context of the COVID-19 pandemic (the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the “Temporary Framework”)<sup>1</sup>.
- (2) Czechia exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958<sup>2</sup> and to have this Decision adopted and notified in English.

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<sup>1</sup> Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

<sup>2</sup> Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

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## **2. DESCRIPTION OF THE MEASURE**

- (3) Czechia considers that the COVID-19 outbreak affects the real economy. The measure forms part of an overall package of measures and aims to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.
- (4) The objective of the aid is to support the additional costs resulting from the postponement of the deadline for the digital terrestrial television switching-off phase, that was initially set on 30 June 2020, to 31 October 2020 (Decree 199/2018, as amended by Decrees 120/2020 and 268/2020, see recital (11)(c)-(11)(e)). According to the Czech authorities, the Covid-19 outbreak forced the disruption of the normal process of migrating digital terrestrial television services from the 700 MHz band.
- (5) Pursuant to the national regulatory framework, migration from the 700 MHz band entails a modification of the standard in which digital terrestrial television services are broadcast, from DVB-T to DVB-T2. This means that viewers whose TV sets are not compatible with the new DVB-T2 standard will not receive any terrestrial television broadcast on the Czech network after the migration has been completed.
- (6) The Czech authorities considered that switching off DVB-T networks at the time of the Covid-19 outbreak risked to negatively affect the public communication campaign. They considered that all television channels broadcast on the terrestrial platform had to broadcast special messages related to the government's protective measures. In addition, Česká televize included a special broadcast for schools during the working days and temporarily launched other TV programs for seniors.
- (7) Consequently, the Czech authorities decided to suspend the migration process, forcing terrestrial television network operators to continue simultaneous broadcasts and not to switch off the DVB-T networks until 30 June 2020.
- (8) Czechia confirms that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA.
- (9) The compatibility assessment of the measure is based on Article 107(3)(b) TFEU, in light of sections 2 and 3.1 of the Temporary Framework.

### **2.1. The nature and form of aid**

- (10) The measure provides aid in the form of direct grants.

### **2.2. Legal bases**

- (11) The measure is regulated by the following legal bases:

- (a) **Act No. 127/2005 Coll.**, of 22 February 2005 on Electronic Communications and Amendment to Certain Related Acts (Electronic Communications Act), which *inter alia* regulates the procedures for the application, the assessment and the payment of costs incurred by holders of rights of use of frequencies. Pursuant to Section 27, paragraph 5, the notification procedure with the Commission must be completed before any aid may be granted and paid out. Pursuant to Section 27, paragraph 6, e), the aid measure will cover “the costs of securing electronic communications services provided through the existing radio frequencies in a different manner, for the time needed to ensure the necessary technical measures to carry out the changes in the use of radio frequencies”.
- (b) **Act No. 252/2017 Coll.**, of 19 July 2017 amending Act No. 127/2005 Sb., on electronic communications and amending certain related acts (the Electronic Communications Act), as amended, and Act No. 483/1991 Sb., on the Czech Television, as amended.
- (c) **Government Decree No. 199/2018 Coll.** of 29 August 2018 on the technical plan for the transition of the terrestrial digital television broadcasting from DVB-T standard to DVB-T2 standard. The decree regulates the period during which simultaneous broadcasting on DVB-T and DVB-T2 networks should take place as well as when it should end, and indicates the dates when the DVB-T networks should be switched off.
- (d) **Government Decree No. 120/2020 Coll.** of 19 March 2020 amending the Government Decree No. 199/2018 Coll. on the technical plan for the transition of the terrestrial digital television broadcasting from DVB-T standard to DVB-T2 standard. Pursuant to article I, the time limits for switching off DVB-T networks as regulated by Decree 199/2018 were temporarily suspended.
- (e) **Government Decree No. 268/2020 Coll.** of 25 May 2020 amending the Government Decree No. 199/2018 Coll. on the technical plan for the transition of the terrestrial digital television broadcasting from DVB-T standard to DVB-T2 standard, as amended by the Government Decree No. 120/2020 Coll. Article I amends Decree 199/2018 by replacing the initial end date of the switching off process (30 June 2020) by the new end date, namely 31 October 2020. It also postponed the end dates for switching off the DVB-T networks at locations where the end date was initially planned between 19 March 2020 and 30 June 2020.

### 2.3. Administration of the measure

- (12) The Czech Telecommunication Office and the Ministry of Industry and Trade are responsible for managing the measure.

## 2.4. Budget and duration of the measure

- (13) The estimated budget of the measure is CZK 46 377 011 (approx. EUR 1 783 731)<sup>3</sup>. The measure will be financed by the Radiocommunication Account, which is managed by the Czech Telecommunication Office.
- (14) Aid may be granted under the measure as from the notification of the Commission's approval until no later than 31 December 2021.

## 2.5. Beneficiaries

- (15) The final beneficiaries of the measure are the three digital terrestrial television network operators which hold frequency assignments for broadcasting services in the 470 – 790 MHz frequency band. They are:
- (a) České Radiokomunikace a.s.
  - (b) Digital Broadcasting s.r.o.
  - (c) Česká televize.
- (16) The Czech authorities confirmed that none of the beneficiaries was in difficulty by 31 December 2019. Aid will therefore not be granted to enterprises that were already in difficulty within the meaning of the General Block Exemption Regulation (“GBER”)<sup>4</sup> on 31 December 2019.

## 2.6. Sectoral and regional scope of the measure

- (17) The measure is open to the three beneficiaries described in recital (15) for the operation of the digital terrestrial television networks in Czechia.

## 2.7. Basic elements of the measure

- (18) The Czech authorities explained that the postponement of the final switch-off phase, resulting from the Covid-19 outbreak, was abrupt and forced the beneficiaries to swiftly rearrange their plans, while they usually need a longer time period to plan a coordinated intervention throughout the country. This caused additional costs and had a negative impact on the beneficiaries' liquidity.
- (19) The aid amount is calculated on the basis of the following costs, incurred between 19 March 2020 and 30 June 2020:

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<sup>3</sup> Exchange rate EUR 1 = CZK 26 (source : [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/index.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html))

<sup>4</sup> As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1.

- (a) The direct depreciation charges from CAPEX directly linked to the interruption and suspension of the switching off phase<sup>5</sup>.
  - (b) The direct operating costs directly linked to the interruption and suspension of the technical switching period<sup>6</sup>.
- (20) The measure will also cover extraordinary costs (recital (19)) incurred between 1 July and 31 October 2020 as a result of the difference between the length of the interruption of the process of retuning (from 19 March till 30 June, so 3 months and 13 days) and the factual prolongation of the parallel transmission by the new technical transition plan (from 1 July until 31 October, so 4 months). These costs represent 7% of the overall supported costs.
- (21) The aid amount may not exceed EUR 1.8 million per undertaking.
- (22) The aid applications are assessed at the Czech Telecommunication Office by a special commission of experts established for this purpose. Their assessment is undertaken on the basis of accounting records, technical documentation and other documents.

## **2.8. Cumulation**

- (23) The Czech authorities confirm that aid granted under the measure may be cumulated with aid under the De minimis Regulation<sup>7</sup> or the General Block Exemption Regulation<sup>8</sup> provided the provisions and cumulation rules of those Regulations are respected.
- (24) The Czech authorities confirm that aid granted under the measure may not be cumulated with aid granted under other measures approved by the Commission under other sections of the Temporary Framework.
- (25) The Czech authorities confirm that if the beneficiary receives aid on several occasions or in several forms under the measure or aid under other measures approved by the Commission under section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, will be respected.

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<sup>5</sup> These capital expenditure concern: transmitters, uninterruptible power supply, converters, GPS receivers antenna power supplies, installation and installation material, cooling system and its installation, distribution, measuring equipment, head end.

<sup>6</sup> These operating costs concern: electric energy consumption, property rentals, transmission routes, equipment maintenance and/or repairs, uninterruptible power supply, adjusting the electrical connections by building owners, direct legal costs for adjusting the contracts due to the interruption of the migration process.

<sup>7</sup> Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1),

<sup>8</sup> Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187 of 26.6.2014, p. 1.

## **2.9. Monitoring and reporting**

- (26) The Czech authorities confirm that they will respect the monitoring and reporting obligations laid down in section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid above EUR 100 000 granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting<sup>9</sup>).

## **3. ASSESSMENT**

### **3.1. Lawfulness of the measure**

- (27) By notifying the measure before putting it into effect (recital (11)(a)), the Czech authorities have respected their obligations under Article 108(3) TFEU.

### **3.2. Existence of State aid**

- (28) For a measure to be categorised as aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.
- (29) The measure is imputable to the State, since it is administered by the Ministry of Industry and Trade and the Czech Telecommunication Office (recital (12)) and it is based on several national legal bases (recital (11)). It is financed through State resources, since it is financed by public funds (recital (13)).
- (30) The measure confers an advantage on its beneficiaries in the form of direct grants (recital (10)). The measure thus confers an advantage on those beneficiaries which they would not have had under normal market conditions.
- (31) The advantage granted by the measure is selective, since it is awarded only to those undertakings holding a right of use of frequencies in the 470 – 790 MHz band (recital (15)).
- (32) The measure is liable to distort competition, since it strengthens the competitive position of its beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors (broadcasting) in which intra-Union trade exists.
- (33) In view of the above, the Commission concludes that the measure constitutes aid within the meaning of Article 107(1) TFEU. The Czech authorities do not contest that conclusion.

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<sup>9</sup> Referring to information required in Annex III to Commission Regulation (EU) No 651/2014 and Annex III to Commission Regulation (EU) No 702/2014 and Annex III to Commission Regulation (EU) No 1388/2014.

### 3.3. Compatibility

- (34) Since the measure involves aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether that measure is compatible with the internal market.
- (35) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid “*to remedy a serious disturbance in the economy of a Member State*”.
- (36) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in section 2) that “*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*”. The Commission concluded that “*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs*”.
- (37) The measure aims at facilitate the access of the beneficiaries to liquidity at a time when the normal functioning of markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States. The measure is one of a series of measures conceived at national level by the Czech authorities to remedy a serious disturbance in their economy. The Czech authorities have demonstrated the importance of the measure to alleviate the additional burden imposed on the beneficiaries as result of the COVID-19 outbreak (recital (18)). Furthermore, the measure has been designed to meet the requirements of a specific category of aid (“*Aid in the form of limited amounts of aid*”) described in section 3.1. of the Temporary Framework.
- (38) The Commission accordingly considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meets all the conditions of the Temporary Framework. In particular:

- The aid takes the form of direct grants (recital (10)).

The overall nominal value of the grants will not exceed EUR 1.8 million per undertaking since the total budget is EUR 1.7 million (recital (13)) to be allocated among three beneficiaries (recital (15)); all figures used must be gross, that is, before any deduction of tax or other charges. In any event, the Czech authorities confirm that the aid will not exceed EUR 1.8 million per undertaking (recital (21)). The measure therefore complies with point 22(a) of the Temporary Framework.

- Aid is granted under the measure on the basis of a scheme with an estimated budget as indicated in recital (13). The measure therefore complies with point 22(b) of the Temporary Framework.
- None of the beneficiaries was in difficulty on 31 December 2019. The measure therefore complies with point 22(c) of the Temporary Framework.

- Aid will be granted under the measure no later than 31 December 2021 (recital (14)). The measure therefore complies with point 22(d) of the Temporary Framework.
- (39) The Czech authorities confirm that the aid under the measure is not conditioned on the relocation of a production activity or of another activity of the beneficiary from another country within the EEA to the territory of the Member State granting the aid. This is irrespective of the number of job losses actually occurred in the initial establishment of the beneficiary in the EEA (recital (8)).
- (40) The Czech authorities confirm that the monitoring and reporting rules laid down in section 4 of the Temporary Framework will be respected (recital (26)). The Czech authorities further confirm that the aid under the measure may only be cumulated with other aid, provided the specific provisions in the sections of the Temporary Framework and the cumulation rules of the relevant Regulations are respected (recitals (23)-(25)).
- (41) The Commission therefore considers that the measure is necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since it meets all the relevant conditions of the Temporary Framework.

#### **4. CONCLUSION**

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: <http://ec.europa.eu/competition/elojade/isef/index.cfm>.

Yours faithfully,

For the Commission

Margrethe VESTAGER  
Executive Vice-President

