

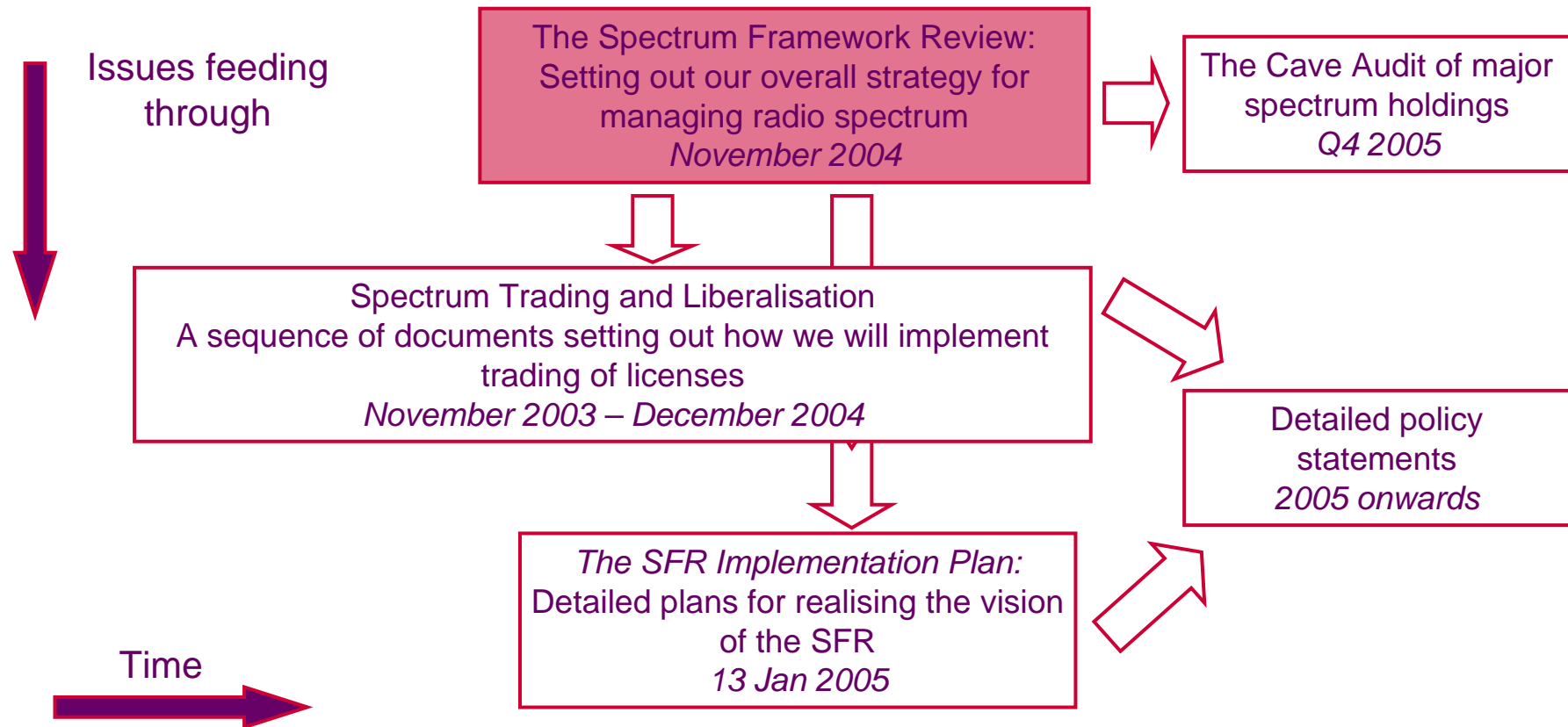
The Spectrum Framework Review

March 2005

The aims of the Review

- To enable current and future users of the radio spectrum to have enough information and certainty to make major investment decisions
- To provide a framework which Ofcom can apply to specific spectrum issues

How the Review relates to other activities



Ofcom's Spectrum Management Agenda

The Given: Fulfil our statutory duties

Ensure optimal use of the spectrum

Take account of the needs of all spectrum users

Maximise economic benefits of the spectrum

The Ambition: Make the UK the leading country for wireless investment & innovation

A better signposted approach to spectrum, giving more certainty in the market

A flexible approach to spectrum, providing opportunity for innovation

A competitive communications market, providing opportunity for returns on investment

There are three possible ways to manage spectrum

Command & Control Zone

Ofcom manages it

Approach that is currently adopted for about 94% of the spectrum

Market Forces Zone

Companies manage it

Approach advocated by Cave and implemented by trading and liberalisation

Licence-exempt Zone

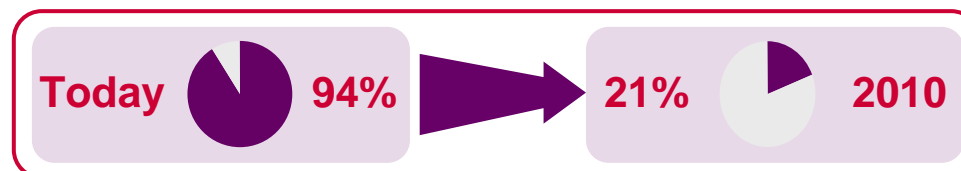
Nobody manages it

Approach currently adopted for 6% of spectrum, some argue for radical increase

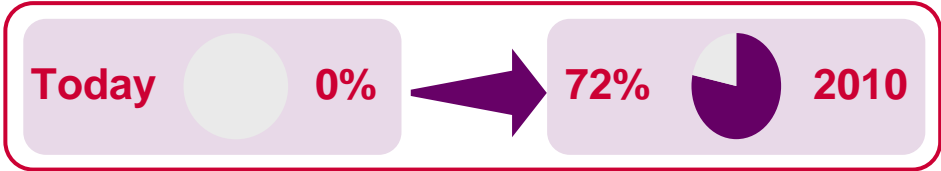
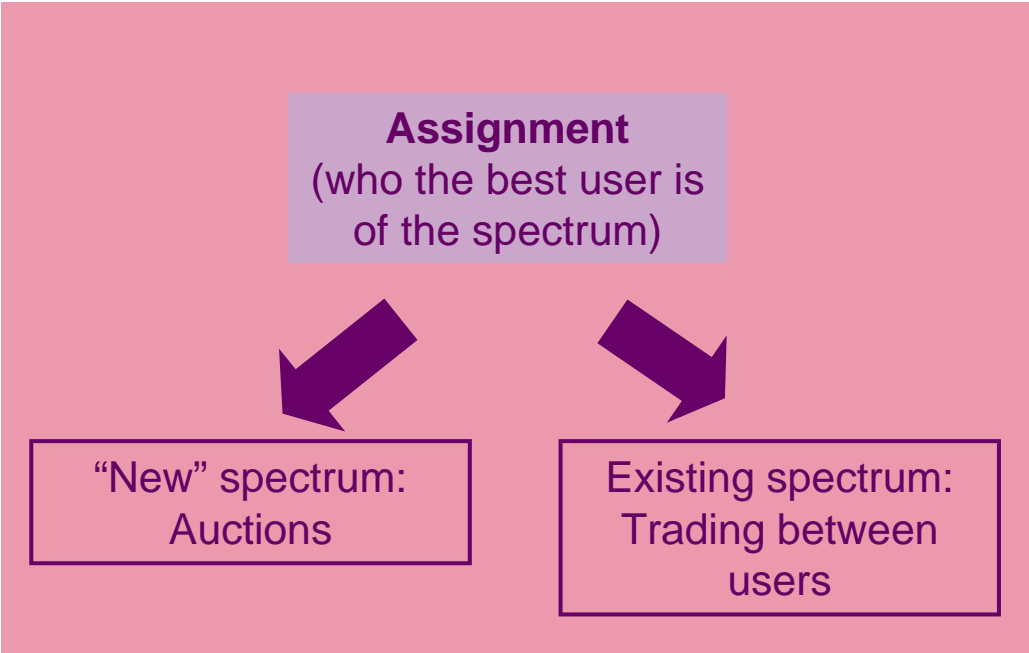
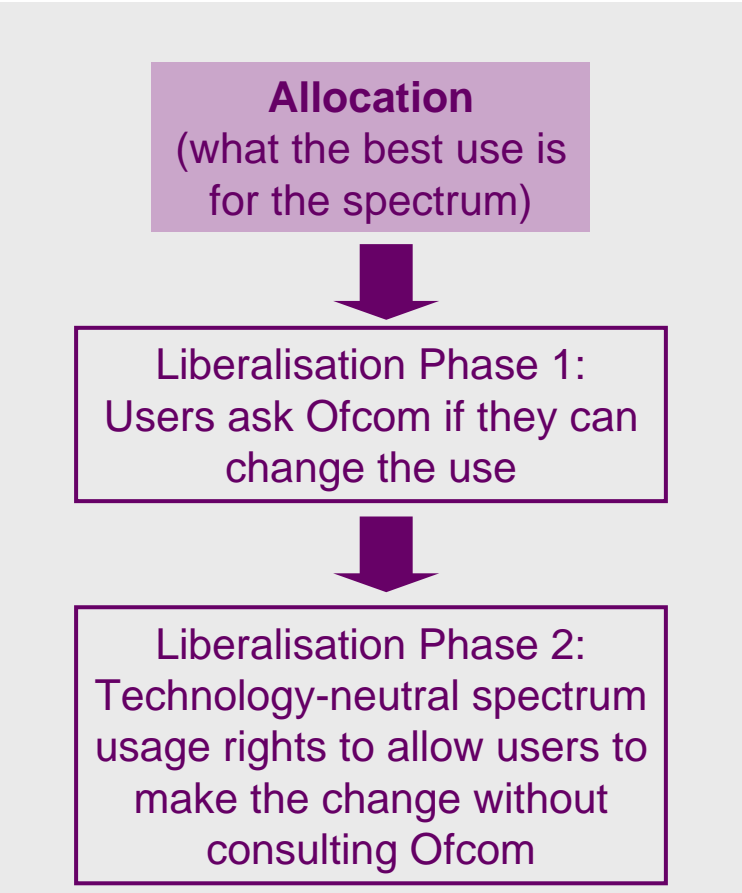
- We need to decide the right balance between the Zones
- Zones are currently demarcated by **frequency**. However, there are also dimensions of **power** and **time**

The Command and Control Zone

- **The status quo**
 - The regulator decides on how much spectrum is needed for each application and who gets it.
 - No variations are allowed
 - The approach followed for the last 100 years
- **But no longer the preferred option**
 - The regulator cannot know as much as the market and so cannot make decisions as well as the market
 - The Cave Report strongly recommended moving away from this model
- **Still needed in some areas**
 - Spectrum controlled internationally, eg HF, satellite
 - Spectrum where international roaming is essential, eg maritime, aeronautical
 - Uses we wish to preserve, eg radio astronomy



The Market Forces Zone

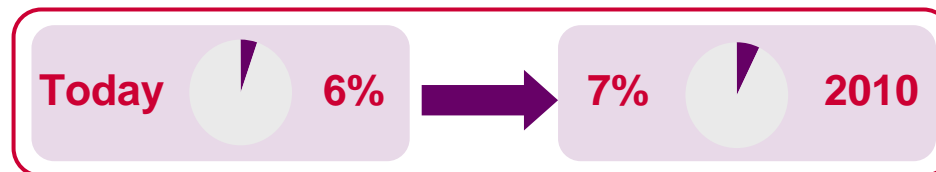


The Licence-exempt Zone

Key area for innovation but we do not need much more

Focus on removing restrictions, eg higher power in rural areas

Increasing licence-exempt allocation to 7% of total spectrum allows enough for everyone to install equipment capable of delivering 100Mbps/s data services in homes or offices



The Ofcom Spectrum Vision

- **Spectrum should be free of technology, policy and usage constraints as far as possible**
- **It should be simple and transparent for licence holders to change the ownership and use of spectrum**
- **Rights of spectrum users should be clearly defined and users should feel comfortable that they will not be changed without good cause**

Responses to the Spectrum Framework Review

- Just over 100 responses
- Almost all are supportive of the overall principles and vision
- Many would like to understand the details, such as how the spectrum usage rights will be implemented
- Some concerns around market failures, harmonisation, and when rights might be changed
- As a result, the overall approach is unlikely to change but we will add more detail and consider carefully the concerns raised