

APPENDIX E

SPECTRUM PRICING IMPLEMENTATION

Sector	Smith/NERA recommendation on incentive pricing	Basis for prices	Date of introduction of incentive pricing (or other measures taken eg. Simplification)	Phased Introduction period position proposed for July 2001	Full implementation date	Fixed Sum (Administrative)	Fee Rate (£/MHz/Km ²)	Annual accrued fees received for 2000 - 2001
Aeronautical ¹	Administrative pricing limited to TFTS, channel 36. Needed to recognise international dimension for the pricing of Ground Station.	Set relative to alternative use.	Simplification of Ground Station licence classes (July 2000). Radar deferred for further study. No demand for TFTS.	N/A	N/A	Range £20 to £250	N/A	£0.3 M
Aircraft	All aircraft share the same spectrum worldwide.	Cost recovery only, flat fees.	Simplification of licence classes (July 2000).	N/A	N/A	Range £15 to £350 by aircraft size and usage.	N/A	£0.6M
Amateur/Citizens' Band	Administrative pricing not appropriate.	Cost recovery only, flat fees.	Simplification of licence class (July 2000).	N/A	N/A	£15 for most users.	N/A	£1.2M
Broadcasting (Audio and TV only)	Administrative pricing seen as worthwhile, subject to resolution of policy issues.	Cost recovery only, flat fees at pre-1998 levels.	N/A	N/A	N/A	N/A	N/A	£4.9M
Fixed Links	Administrative pricing seen as worthwhile. Set relative to cost of alternate services.	Standard (fixed) Tariff Unit. Scaled to reflect efficiency and congestion.	From 1998 (for point to point) other products from 1999.	Year 3 of 4	July 2002	N/A	Upto £1.05 ≡ £925 Fixed Link reference fee ^φ	£18.3M

^φ Licence fee = Fixed Links Reference Fee x Frequency Band Factor x Adjusted Bandwidth Factor. This is equivalent to using the STU of £1.05

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Maritime	Administrative pricing seen as only worthwhile for Maritime Business Radio. Need to recognise international dimension for pricing maritime use.	Benchmarked from other mobile prices.	Rationalisation July 2000.	N/A	N/A	Range £75 to £1000 per channel of base station.	N/A	£0.3M
Ships	Administrative pricing seen as only worthwhile. All ships share the same spectrum worldwide.	Cost recovery only, flat fees.	Rationalisation from July 2001.	N/A	N/A	£15 to £20 from July 2001.	N/A	£1.3M
Private Business Radio	Administrative pricing seen as worthwhile.	Standard (mobile) Tariff Unit or scaled proportion according to congestion or pricing incentives.	From July 1998.	Several classes each year	July 2000.	N/A	Up to £1.65	£8.1M
Programme Making and Special Events	Administrative pricing seen as worthwhile. Recommend that account be taken of the mobile & fixed STU.	Incentive pricing introduced from July 2001.	From July 2001.	Year 1 of 4	July 2004.	Range £2 to £2,400 depending on channel and/or region.	N/A	£1.1M

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Public Telecoms Networks	Administrative pricing seen as worthwhile. Set relative to cost of alternate services.	Standard (Mobile) Tariff Unit.	From July 1998.	Year 4 of 4 for public telephony	July 2001	N/A	Up to £1.65	£40.0 M
				2 of 4 for RFA	July 2003	N/A	Up to £1.65	£0.8 M
				3 of 4 other PMO	July 2002	N/A	Up to £1.65	£2.9 M
				3 of 4 for CBS	July 2002	N/A	Up to £1.65	£0.7 M
Satellite uplinks (inc. PES, TES & VSATS)	Administrative pricing seen as worthwhile, incentive pricing should be applied to all licensing products.	Benchmarked from Standard (fixed) Tariff Unit.	July 2001.	Year 1 of 2	July 2001 (TES) Oct 2001 (PES)	N/A	Up to £1.05 (by benchmarking)	£2.9 M
Scanning Telemetry	Administrative pricing seen as worthwhile. Benchmarked to PBR.	Cost recovery, plus introduction national channel which is incentive priced.	July 2001 National incentive priced channel.	Year 1 of 2	July 2002.	£40 per station or £7,920 national channel	Up to £1.65	£0.4 M

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PUBLIC USE								
Defence	Administrative pricing seen as worthwhile.	Set relative to fixed links, mobile radio fees depending on the band.	1999	Year 3 of 3	2001	N/A	As for appropriate PMO or Fixed links	£22.7M
Home Office	Not covered. RA have taken same approach as Defence	As Defence	2000	Year 2 of 4	2004	N/A	ditto	£1.0 M
Radio Astronomy, space research, meteorology	Administrative pricing seen as worthwhile, although there are some policy issues.	Needs further consideration	N/A	N/A	N/A	N/A	N/A	£0.3 M

¹ The Smith Nera report relates to Radar use, further thought needs to be given to this area