



RADIOCOMMUNICATIONS AGENCY
Consultation on Introducing Recognised Spectrum Access

AN ITV RESPONSE

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Introduction & General Comments

- ITV welcomes the opportunity to respond to the RA consultation on Introducing Recognised Spectrum Access (RSA). This submission complements recent ITV submissions to the Radio Spectrum Management Review, conducted independently by Professor Martin Cave, and the RA on Implementing Spectrum Trading. It represents the collective view of the 15 regional companies that make up the ITV Network.
- We made clear in the above submissions that we support Government moves to ensure greater spectrum efficiency in all sectors, including broadcasting. RSA is one of a number of spectrum management tools designed to deliver this and we accept its potential benefits in this regard. Both the Government¹ and the RA² argue that the full advantages of spectrum trading cannot be realised in the current environment where spectrum is shared between satellite and terrestrial transmitters. We agree that a new system of RSA is likely to encourage the development of trading in the long term whilst offering satellite operators the opportunity to protect signal quality.
- Both the Government³ and the RA⁴ also argue that a further key benefit of RSA will be as a means of redressing the balance between satellite operators, who currently make no payment for their use of spectrum, and terrestrial operators, who make significant 'payments' through both licence fees and public service commitments. However, here we are entirely unconvinced that the proposed voluntary system of RSA will achieve its objective.
- The objectives and potential benefits of RSA need to be clear to all stakeholders before it is applied to the broadcasting sector. We therefore welcome assurances that any introduction of RSA will be preceded by further consultation with the broadcasting industry. This will also allow the debate to take account of other interconnected, but as yet unresolved, spectrum issues such as what pricing regime will apply. In the section below we therefore set out only initial answers to the specific questions posed in the consultation document.

1. Do you agree in principle that RSA should be introduced for satellite services?

1.1 ITV believes that it is desirable to protect all legitimate radio transmissions which are received in the UK from interference generated within the UK. Satellite transmissions, by their nature, originate from outside of the UK and therefore cannot be licensed in the same way as terrestrial transmissions. The proposal to make available RSA for these satellite transmissions would create a linkage to the UK frequency co-ordination plan which could be recognised by the authority (currently the RA) responsible for licensing terrestrial transmitting equipment. This would provide extra security for those satellite operators who feel they need it, as well offer increased certainty to market players who wish to trade spectrum in the bands affected. On this basis, we agree that the introduction of RSA for satellite services could bring certain advantages.

¹ In *The Policy*, a document published alongside the draft Communications Bill in May 2002 (paragraph 7.3.3)

² Page 7 of RA's consultation document on Introducing RSA

³ Paragraph 7.3.4 of *The Policy*

⁴ Page 8 of the RA consultation document

- 1.2 However, in its current form RSA should not be presented as a way of addressing the competitive imbalance between those operators who pay for the spectrum they use, and those who do not. Firstly, the fact that RSA will be voluntary whilst the licence payments of terrestrial broadcasters such as ITV remain mandatory suggests that it falls far short of delivering parity between the various operators. There can be no guarantee that satellite operators will take out RSA for any of the spectrum they use.
- 1.3 Secondly, whilst it is still unclear what pricing regime will be applied to RSA, what is clear is that charges will be nowhere near the level currently imposed on some terrestrial operators through their licences. The consultation document talks in terms of spectrum fees that would be '*no higher than justified for spectrum management purposes*' and that '*it should not be assumed that administrative incentive pricing would result in higher fees than cost recovery*'⁵. ITV companies are subject to implicit spectrum pricing through considerable licence payments and the fulfillment of extensive public service obligations, a fact recently acknowledged in the Government's response to the Cave Review on spectrum management. This effectively constitutes a payment for the ability to raise advertising revenues through privileged access to spectrum. Satellite competitors, through their use of spectrum, raise comparable revenues by selling advertising and subscription services, yet make no payment for them, whether in terms of licence fees or public service obligations.
- 1.4 We recognise that this is a complex area, and that the Government faces jurisdictional barriers to licensing satellite transmissions originating from outside the UK. However, having explicitly recognised the competitive distortions inherent in the current regime for licence-payers such as ITV, it is vital that the Government now pursues all regulatory options within its jurisdiction to ensure a level playing field between terrestrial and satellite operators, whether in the area of spectrum policy or elsewhere. For example, it should take more effective action to ensure that terrestrial broadcasters do not face disproportionate costs when attempting to access the satellite platform in order to provide viewers with universal access to their channels.

2. For which satellite services and in which bands should RSA be introduced?

2.1 ITV is primarily interested in the protection of satellites used for DTH broadcasting and also those used for programme distribution services. The latter category includes those satellites used for newsgathering links, for the linking of outside broadcasts, and for the feeding of terrestrial transmitters.

2.2 There is arguably a case for regarding some existing satellite services which have been running for some time as *de facto* protected from interference. However, this is not the case with services where orbital slots and frequencies have been agreed under international co-ordination procedures and transmissions have not started. These 'paper satellites' have the potential to constrain the licensing and deployment of terrestrial apparatus operating in the same spectrum. It is therefore important to identify those satellites which are active, or about to become so.

3. How should the recognition granted by RSA be defined and what technical and other factors should be included?

⁵ Paragraphs 4.6.7 & 4.6.8

3.1 Recognition of any form of reception guarantee has in principle to be made by guarantees of interference limited reception over specified geographical areas. The sizes and locations of areas to be protected would depend on the nature of both the transmissions and the receiving customer base.

3.2 Clearly in the case of transmissions intended for DTH reception it is desirable to protect all of the target territory by RSA.

4. Would tradability of RSA and interchangeability with licences be advantageous and how useful would it be in practice?

4.1. As set out above, in principle ITV supports the concept of tradability of RSA. As such, interchangeability with licences is an implicit assumption in this approach since it is expected that equivalent protection of interference in the spectrum would be afforded.

5. Should RSA be perpetual or fixed term and what factors should be taken into account in deciding security of tenure?

5.1 As we set out in our response to the RA's spectrum trading consultation, security of tenure is an important factor for all licence-holders. Given the costs of infrastructure set-up, and ongoing commitment, we consider that RSA should be fixed term. Any uncertainty in this area risks hampering the market for trading RSA.

6. How should spectrum pricing principles apply to RSA? How should administrative incentive pricing fees be calculated in practice?

These two questions are taken together.

6.1 As the RA consultation document makes clear, it is impossible to speculate about the charges applicable to RSA without a more detailed picture of the overarching pricing regime that will apply to all spectrum users. The Government's recent response to the Cave Review provides us with a blueprint for future consultations, but no firm detail as to how spectrum pricing will work in practice in the broadcasting sector.

6.2 In this response, the Government outlines a regime of incentive pricing for all broadcasters, based on the opportunity cost of that broadcasting spectrum. It also implies that the costs of spectrum will be separated out from any 'other' costs associated with a broadcasting licence. Our working assumption is that this opportunity cost regime would also be applied to RSA. On the face of it, this would seem to offer the potential for some sort of parity between terrestrial and satellite operators in terms of the way in which spectrum charges are calculated. In reality, however, it will not deliver parity. Not only will RSA be voluntary, it will also not make up for the additional (potentially) considerable charges terrestrial players will still face under the terms of their broadcasting licences.

7. Are there services other than satellite for which application of RSA could be advantageous?

7.1 ITV understands that there are other users of spectrum who would benefit from RSA, but there are no other services in which ITV has a direct interest.

ENDS

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