

Ofcom media briefing

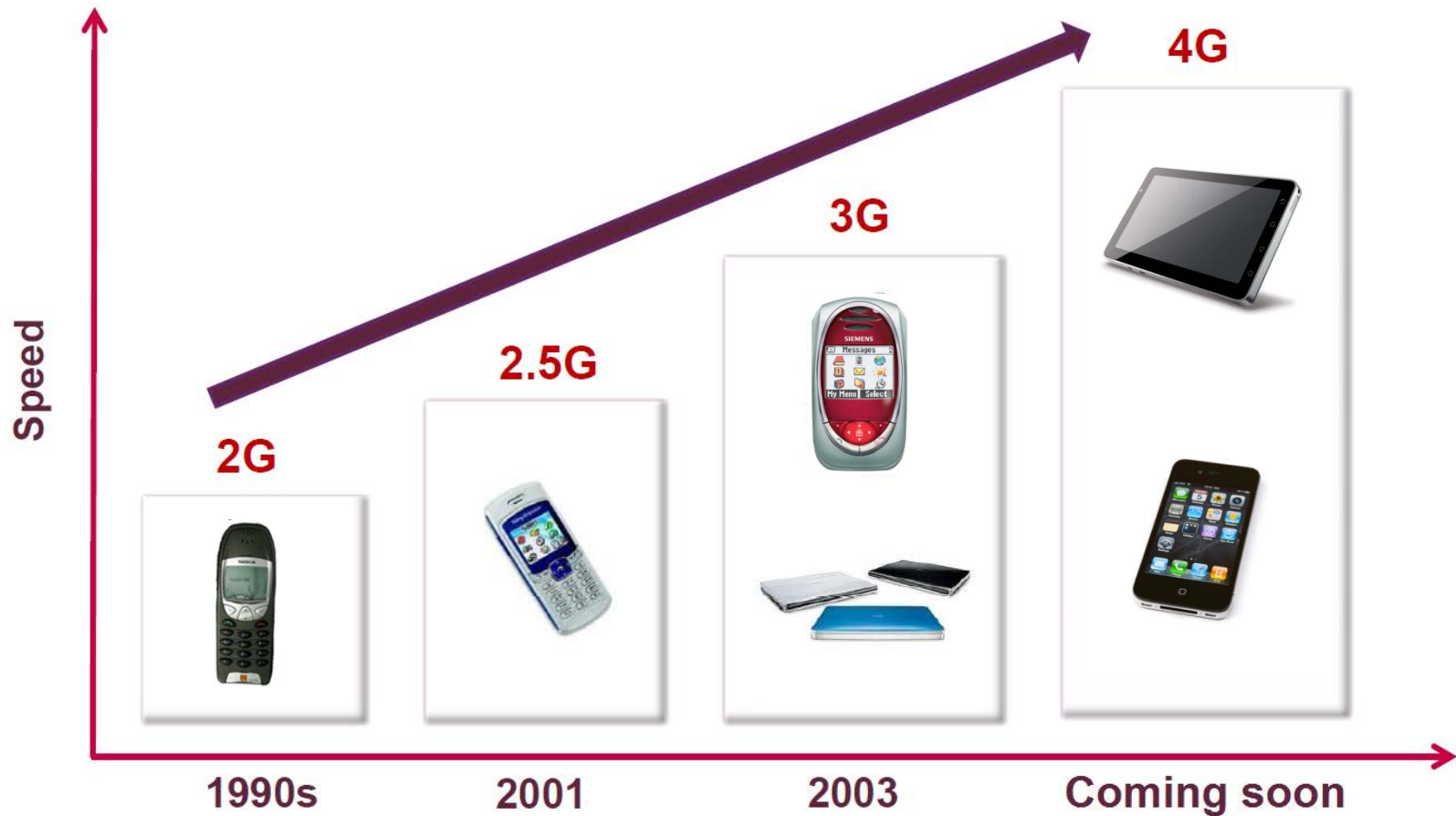
800 MHz and 2.6 GHz spectrum award

24 July, 2012

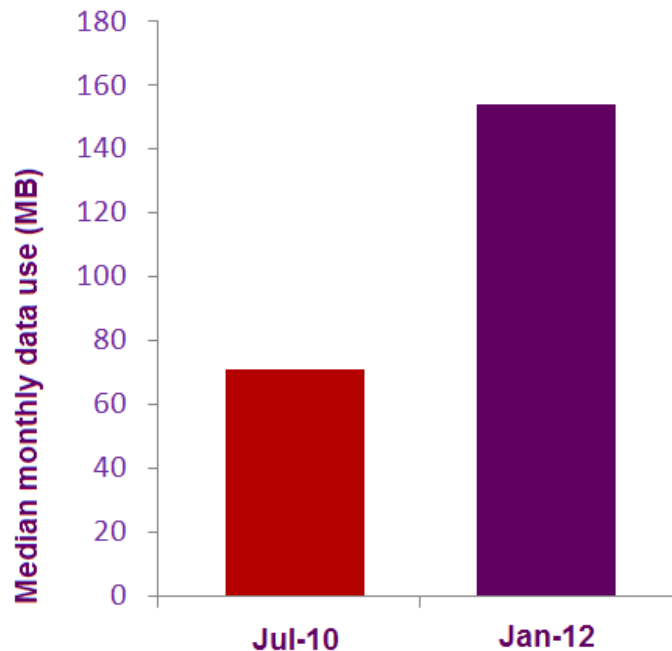
What are our objectives?

- To secure the best use of this spectrum **for the benefit of UK citizens and consumers.**
- This means:
 - 1 promoting competition,**
 - 2 encouraging investment, and**
 - 3 ensuring wide coverage of services.**
- Meeting a direction from Government to assess and promote competition, as well as to auction the spectrum.

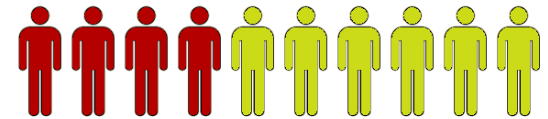
Evolution of mobile



Consumers' appetite for mobile bandwidth



Mobile data consumption has **doubled** in **18 months**



4 in **10** UK adults own a **smartphone**, up from 27% in a year

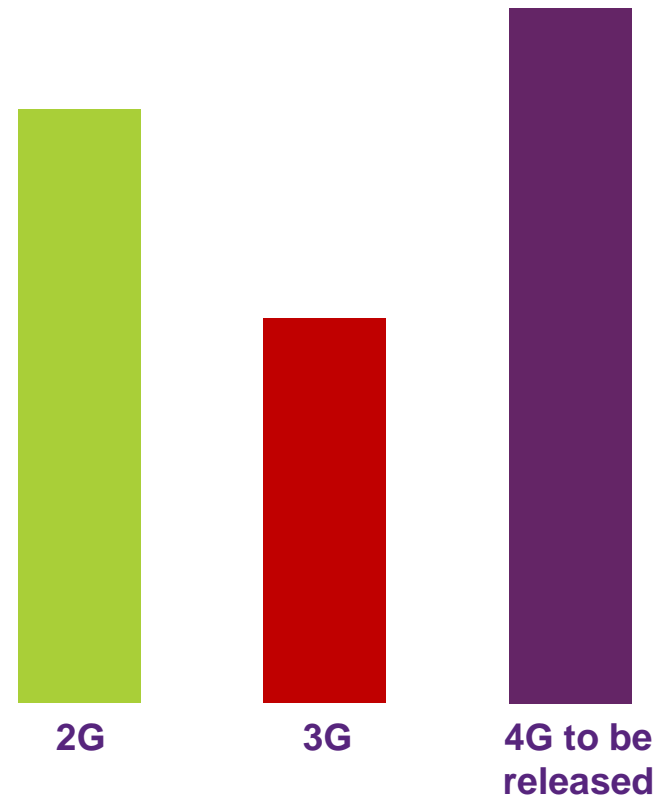


Sources: Ofcom, BillMonitor

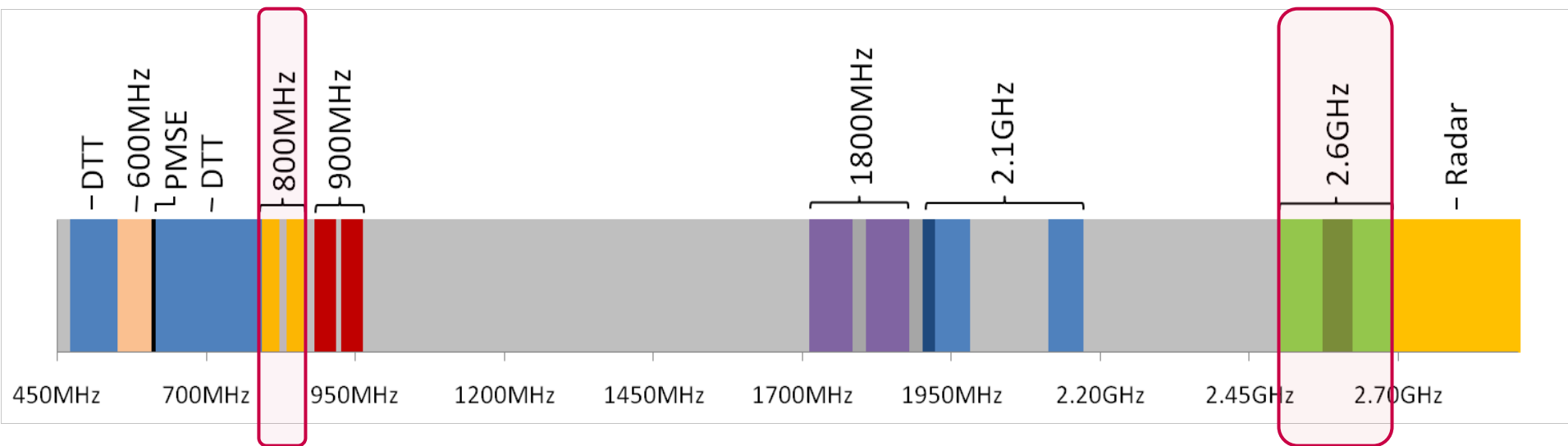
What is being auctioned?

Largest ever auction of spectrum for mobile in the UK

- Equivalent to **three quarters** of mobile spectrum in use today.
- **80% more** than auctioned in 2000.
- 800 MHz available across much of UK from beginning of 2013, whole of UK from Q4 2013.
- 2.6 GHz available following radar upgrade – from H1 2013.

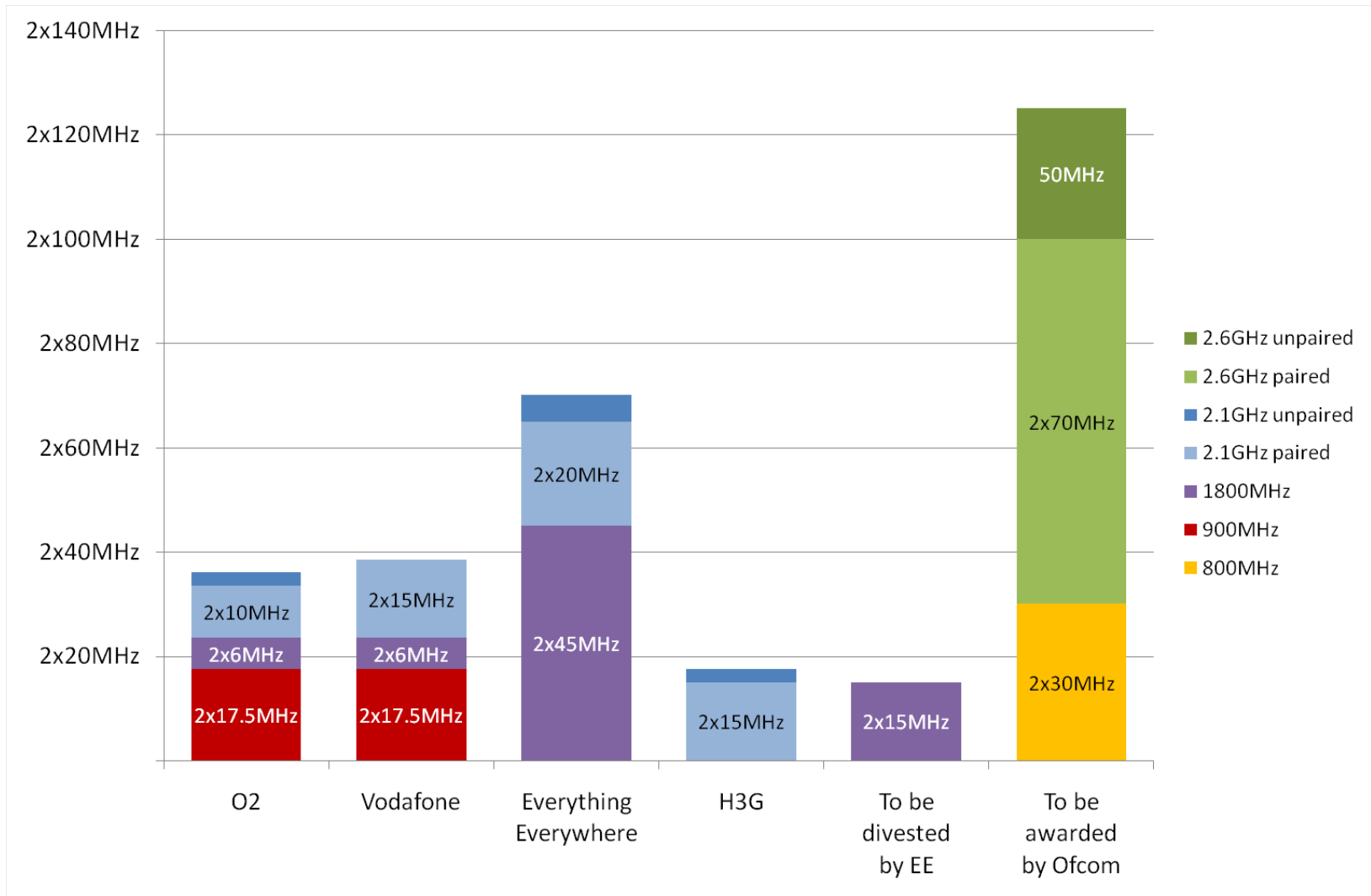


Overview of mobile spectrum bands



= Included in the combined award

Operators' current holdings



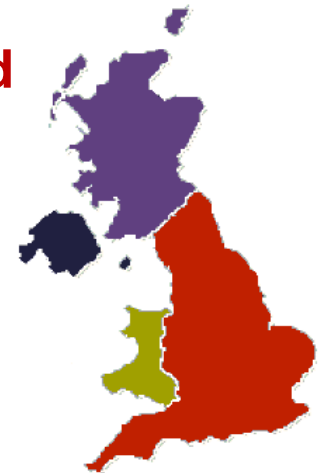
Today's decision

Promoting competition

- **Spectrum reserved for a fourth national wholesaler** (a bidder other than Everything Everywhere, Telefónica or Vodafone).
- **Safeguard caps** on the amount of spectrum each bidder can acquire.

Near-universal population coverage for mobile broadband

- One 800 MHz licence requires at least **98% indoor** coverage of UK, implying **99.5% outdoor** coverage.
- That licensee must offer indoor coverage of at least **95%** of the population of each of the **nations**.



What has changed since January?

- Having considered stakeholder feedback, we are **broadly confirming our January proposals.**

Two changes to highlight:

- **Decision not to reserve spectrum for low-power radio access networks:**
 - Benefits are uncertain versus clear costs
 - Low power users still able to bid for 2.6 GHz
- **Modifications to spectrum portfolios reserved for a fourth wholesaler...**

Spectrum portfolios to be reserved for a fourth national wholesaler

| Portfolio | 800 MHz | 1800 MHz | 2.6 GHz |
|-----------|------------|------------|------------|
| 1 | 2 x 15 MHz | | |
| 2 | 2 x 10 MHz | | 2 x 10 MHz |
| 3 | 2 x 5 MHz | 2 x 15 MHz | |
| 4 | | 2 x 15 MHz | 2 x 20 MHz |

- **Modifications from January consultation to spectrum portfolios reserved for a fourth wholesaler:**
 - Less 800 MHz spectrum in Portfolio 3 (2 x10 MHz reduced to 2x5 MHz).
 - More 2.6 GHz spectrum in Portfolio 4 (2 x 10 MHz increased to 2 x 20 MHz).

Everything Everywhere spectrum request

- Everything Everywhere applied in November 2011 to use existing 1800 MHz spectrum for 4G.
- Ofcom consulted earlier this year on whether to allow change of use.
- Request considered **independently** of auction for new spectrum.
- Decision published in due course.

Next steps for the auction

Ofcom intends to hold the auction as soon as possible

- **Statutory consultation.** Publishing today a draft legal instrument which implements auction rules. Subject to consultation, closing on 11 September 2012.
- **Auction process.** Ofcom expects to invite applications to bid before end of year. Bidding likely to start early 2013, licences likely to be awarded in March.
- **Network roll-out.** Mobile operators expected to start rolling out 4G using auctioned spectrum from middle of 2013, enabling first consumer services later that year.
- **Backstop condition.** Obligation on one 800 MHz licence to cover 98% of population by end of 2017 at the latest.

What will 4G mean for consumers?

A revolution in mobile data

- Faster mobile web browsing
- Streaming music on the move
- Mobile video
- Quicker web-based smartphone apps
- Improved connectivity for business

