

Response of Channel 5 Broadcasting Ltd to Ofcom's Consultation on Securing Long Term Benefits from Scarce Spectrum Resources

INTRODUCTION

Channel 5 welcomes the opportunity to respond to this forward-thinking Ofcom consultation. Last year we submitted a response¹ jointly with other public service broadcasters and multiplex operators to Ofcom's call for input into its long term planning for UHF spectrum use. We are pleased that much of our thinking has been incorporating into Ofcom's current document.

As a public service broadcaster, Channel 5 has a clear regulatory and commercial commitment to free-to-air Digital Terrestrial Television (DTT) and the continuing viability of the platform. However, as we do not hold a multiplex licence, we do not have the same direct interests as the other main PSBs.

In this short response we set out our views on future spectrum use in response to those questions of most direct interest to us.

CONSULTATION QUESTIONS

Questions 1-5: Future mobile broadband spectrum requirements

As a broadcaster and not a mobile operator, we do not have detailed answers to these questions. However, we recognise that demand for mobile broadband spectrum is very likely to increase over and above the forthcoming roll-out of 4G spectrum and that UHF spectrum is attractive for mobile broadband delivery. Therefore we can see the potential advantages in releasing the 700 MHz band for mobile broadband use; and recognise that the decision of WRC 12 makes such a development more likely.

Question 6: Do you agree that DTT will continue to play an important role in providing universal low cost access to PSB content over at least the next decade?

Yes. We agree with Ofcom's analysis.

¹ *Joint response by BBC, ITV, Channel 4, Channel 5, S4C, Arqiva and SDN to Ofcom call for input into the long term future of the UHF spectrum, 15 June 2011*

Over the last decade, DTT has provided the primary means for public service channels to be made available on a near universal basis and for viewers to obtain free-to-air digital television. Tens of millions of households have invested and continue to invest in terrestrial receiving equipment. With digital switchover almost complete, we believe the great majority of households are likely to continue to have DTT on primary and/or secondary sets for many years ahead, so long as DTT remains a strong and competitive platform, and do not anticipate vast numbers of viewers switching to alternative delivery mechanisms.

Question 7: Do you agree that, absent major changes in available spectrum, DTT would continue to remain attractive to viewers and deliver important benefits to citizens and consumers over at least the next decade?

So long as DTT can provide a robust, high quality free-to-air alternative to pay TV-based platforms, we think it will continue to play a substantial role in consumers' viewing choices.

Question 8: What are your views on the future technical evolution of the DTT platform? Are there other relevant factors affecting future DTT spectrum requirements that we should consider as we develop an approach to secure benefits from UHF band IV and V over the long term?

We think Ofcom is correct to identify the main technical evolution on DTT as the move from DVB-T MPEG 2 to DVB-T2 MPEG 4. Because of the legacy issues created when any new standard is introduced into the market, we do not believe it is possible to envisage a further technical evolution within the time span covered by Ofcom's paper.

Question 9: Do you agree that a longer term approach to secure benefits from UHF band IV and V should consider how to safeguard benefits delivered by the DTT platform?

Channel 5 believes it is absolutely essential that any discussion of the future use of the UHF spectrum takes as a premise the need to maintain, preserve and promote DTT. The DTT platform provides viewers with free to air quality television, including the PSB channels, via receiving equipment in which they have invested and (through the digital switchover programme) been encouraged to invest. Broadcasters have also invested heavily in DTT in the expectation it would continue. And DTT provides vital competition with other TV platforms.

Questions 10 - 14: Other uses of UHF bands IV and V

We have nothing to add to Ofcom's analysis.

Question 15: Do you agree that the approach that is most likely to secure significant benefits from UHF band IV and V over the long term is one that enables the release of the 700 MHz band for mobile broadband whilst also ensuring the role of the DTT platform is safeguarded?

We agree with Ofcom's choice of Option 3. For Channel 5, the priority is for sufficient spectrum to be made available for there to be a vibrant and competitive DTT platform available to almost all UK households. We do not believe a particular set of frequencies needs to be preserved *ad infinitum* for DTT use, so long as DTT has access to at least enough UHF spectrum to provide as compelling a consumer proposition as it does now. However, to achieve the twin goals of releasing the 700 MHz band for mobile broadband use and maintaining an effective DTT platform will require careful management of the UHF spectrum and of the transition between different frequencies.

Question 16: Do you believe there is a material risk that the DTT platform will have insufficient spectrum to continue to deliver important benefits (including providing universal low cost access to PSB content) if the 600MHz band is not used for DTT after clearance of the 700 MHz band?

Ofcom's discussion of the potential options for DTT if the 600 MHz band is not utilised reveals a number of serious disadvantages. These include:

- those viewers some or all of whose TV sets do not utilise the new transmission and encoding technologies would have a much reduced availability of channels;
- viewers who had adopted the new technologies would still lose out, as they would lose access to at least some SD channels if there was no great increase in the number of HD channels on the platform, or many more SD channels if there were more HD channels;
- some viewers losing access to some or all DTT channels as a result of reductions in coverage;
- these reductions in choice would render the platform less attractive to viewers, with the resulting likelihood that some would desert the platform and it would be less likely to be able to compete effectively with satellite and cable;
- broadcasters who had built channel businesses in the reasonable expectation that they would be able to broadcast on DTT would find they were no longer able to do so.

It is impossible to see how a competitive DTT platform, offering a wide range of high quality channels to nearly everyone in the UK, could be maintained in these circumstances.

Question 17: Do you believe that using the 600 MHz band for DTT after clearing the 700 MHz band would reduce the risk that the DTT platform will not be able to continue to provide important citizen and consumer benefits?

We accept that utilising the 600 MHz band would substantially alleviate the disadvantages of not using it. However, serious disadvantages would remain. In particular, even with a fast platform transition, viewers with one or more TV sets that had not yet utilised the new transmission and encoding technologies would have a much reduced availability of channels for some years; and there would be disruption to many viewers who had to acquire new aerials as a result of the re-planning of the spectrum.

We recognise that Ofcom is not consulting at this stage on exactly how or over what timescale the transition from the current position (using 700 MHz for DTT) to the future position (using 600 MHz for DTT) will take place. However, we are concerned that this transition should take place with minimum disruption to viewers and with appropriate support and information to viewers who are deprived of channels (because of moves to new technologies, changes in coverage or the obsolescence of existing aerials).

In so far as there is consumer detriment, this should be managed and compensated for by the government, as it is the UK as a whole that would gain from utilisation of the 700 MHz band for mobile broadband. There is a direct parallel with the forthcoming release of the 800 MHz band – the government agreed a licence fee settlement on the basis that it would be used to fund digital switchover; has paid directly for the channels 61 and 62 clearance programme; and is proposing to pay for the costs of mitigating interference from mobile telephony into DTT.

We do not believe Ofcom should be prepared to entertain a situation in which a substantial number of DTT viewers are left for some years with a small number of channels on either their main or secondary sets because they have only DVB-T receivers. The digital switchover process has been one in which viewers had the benefits of extra channels if they moved from analogue to digital; it would not be well received by viewers if they were penalised by losing channels they enjoyed if they did not move from DVB-T/MPEG 2 to DVB-T2/MPEG 4.

We also question whether there will be sufficient financial incentives on individual multiplex operators to switch from DVB-T to DVB-T2 while a significant number of DTT viewers do not have the appropriate receiving equipment, as this would deprive channels on their multiplexes from being viewed by a significant proportion of the viewing public.

Therefore, if the move from 700 MHz band is to take place in the timescale which Ofcom and the government would prefer, we believe the process of transition between the two technologies is likely to need to be managed and directed centrally, with appropriate financial and communications support for viewers who have not adopted the new technologies voluntarily. There is a clear trade-off between, on the one hand, effecting the transition from around 2018 and providing comprehensive consumer support, or, on the other hand, waiting until some time in the 2020s when

the transition could take place seamlessly as a result of the natural equipment replacement cycle. An early transition will require government support.

Question 18: Do you agree that the future benefits for citizens and consumers of enabling the release of the 700 MHz band whilst maintaining the role of DTT are likely to outweigh the loss in benefits of the 600 MHz band not being able to be used for other services in the long term?

Yes. There are clear advantages to using the 600 MHz band for DTT to compensate for the vacating of the 700 MHz band; there are no obvious advantages to using the 600 MHz band for any other purpose. In particular, we do not believe a large-scale increase in DTT capacity would be in viewers' interests, as we do not believe there is a strong enough business case to support dozens of new channels.

Questions 19 & 20: short-term uses of the 600 MHz spectrum

We have no additional thoughts on how the 600 MHz band might be utilised in the short term. Our only concern would be that any short-term deployment did not compromise the smooth transition of DTT services into the band at the appropriate time.

Question 21: Do you agree that the wider impacts of a future change of use of the 700 MHz band could be managed to prevent them having a detrimental impact on consumers and the services operating in this band?

It is clearly advisable to agree policy in good time to provide guidance to consumers, businesses and other enterprises using the 700 MHz spectrum. However, it is important that all elements of the policy are properly thought through and agreed so consumers and others have certainty about what to expect. It could destabilise the DTT platform if consumers became aware that change was on its way, but did not know how that change was going to be managed. (A parallel can again be drawn with the digital switchover process; viewers knew in good time what change would be involved, which contributed considerably to the smoothness of the process)

Question 22: Do you agree that the approach set out in this consultation is likely to secure significant benefits for citizens and consumers over the long term?

We recognise that the approach set out by Ofcom could result in the twin gains of increased UHF spectrum for mobile broadband use and an enhanced DTT platform. However, if the transition to the new DTT platform is not managed effectively, with appropriate arrangements to help consumers through the process, then some consumers are likely to suffer considerable disbenefits which will undermine the advantages of the change.

Question 23: Have we correctly identified the main areas of future work that could follow this consultation process subject to its outcome?

We have made clear in this response our belief that Ofcom must examine in detail how consumers will be assisted if take-up of the new technologies is below 100% when the planned transition starts to take place.

We recognise that the holders of the multiplex licences will be at the forefront of the transition. But there are several broadcasters that make a valuable contribution to the health of the DTT platform which do not hold a multiplex licence. Channel 5 is the most prominent of these, as a national public service broadcaster with three other channels on the platform. We expect to be consulted fully and directly about the process of transition as it goes ahead; and believe other “non core” broadcasters should be consulted similarly.

Channel 5 Broadcasting Ltd

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