



BT Response to the Ofcom Consultation:
Digital Dividend : clearing the 800 MHz band

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Executive Summary

1. BT is in agreement with Ofcom's proposal to modify its plans to achieve full alignment of the UK's upper "cleared spectrum" with the band of 790 – 862 MHz that is identified within the ITU Radio Regulations for International Mobile Telecommunications (IMT) and is now emerging as a harmonised European band suitable for mobile services. Although this will increase the amount of harmonised mobile spectrum available in this UK award, we assume that spectrum caps and other regulatory measures, such as access conditions, to address competition aspects would still be addressed in Ofcom's detailed plans for the spectrum award itself.
2. BT is concerned about the delays in the award of this spectrum, even if not entirely a result of Ofcom's changed plans, as well as the delays in the timescales for full availability of this cleared spectrum. We encourage Ofcom to make all unused spectrum available to the market as soon as possible. We understand that Ofcom has not attempted to cost the impact of the delays to this award on the basis that changed circumstances would mean that the delays would occur whether the plans are revised or not. Nevertheless we suggest that the cost of delays that have occurred in this spectrum award, in terms of benefits foregone, may be significant; certainly this would be so if such scenarios that Ofcom has analysed for other awards are relevant also to this spectrum band. We therefore encourage Ofcom to proceed as fast as possible with the award and to seek to ensure that the spectrum is useable as quickly as possible.
3. BT agrees with Ofcom's proposals to accommodate displaced wireless microphones from channel 69 to channel 38. However we note that Ofcom also proposes under separate decisions to make spectrum available for such applications throughout most of the "interleaved" DTV spectrum. Such administrative decisions by Ofcom to prefer this application over other uses would potentially deny access to this spectrum by other valuable applications and technologies. Accordingly we would encourage Ofcom to ensure that the total amount of spectrum required for such applications is analysed carefully to ensure that such decisions which are not technology and service neutral are transparent and clearly justified.

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1. Introduction

BT welcomes Ofcom's Consultation Document (CD) on clearing the 800 MHz band. We agree that it is correct to review the UK plans, even at a relatively late stage, in view of the recent European harmonisation developments and in the light of the global decisions reached by the ITU World Radiocommunication Conference 2007 in relation to this frequency band.

We provide our answers to the questions that Ofcom has posed as set out below.

2. Answers to the questions in the consultation document

The costs and benefits of clearing the 800 MHz band

Question 1. Do you agree that clearing DTT from channels 61 and 62 and PMSE from channel 69 to align the upper band of cleared spectrum in the UK with the emerging digital dividend in other European countries is likely to further the interests of citizens and consumers to the greatest extent?

Yes, on balance we agree that changing the UK plans to align with European developments is the right approach in the current circumstances.

Moving DTT from channels 61 and 62

Question 2. Do you agree that the proposed DTT migration criteria are proportionate and appropriate? If not, please explain why and clearly identify any other criteria you believe should be adopted and why.

Yes, we agree with Ofcom's proposed DTT migration criteria.

Question 3. Do you have views on the options identified and our assessment of them? Do you believe there are other, superior options, and, if so, why? Do you agree that the hybrid option is most consistent with the DTT migration criteria?

We note Ofcom's analysis of the various options and tend to agree that the hybrid option is best.

Question 4. Do you have views on the implementation-timing options identified and our assessment of them? Do you agree that DSO-integrated implementation is most consistent with the DTT migration criteria? If not, why not?

We note Ofcom's analysis of the various options and tend to agree that the DSO-integrated implementation option is best.

Question 5. Do you agree that a programme-control and -governance arrangement such as that outlined above is appropriate?

BT takes no particular position on the exact structure of the programme control and governance arrangements.

Question 6. Do you agree that the four cost categories adequately capture the costs associated with clearing DTT from channels 61 and 62? Are there any costs that do not appear to have been accounted for in any of these categories?

The identified cost categories would appear to cover the relevant aspects of this exercise.

Question 7. Do you agree that our cost profile is a reasonable basis for planning the capital expenditure for clearing DTT from channels 61 and 62?

BT has no observations to make on Ofcom's proposals in relation to the cost profile.

Moving PMSE from channel 69

Question 8. Do you agree that these are the most appropriate criteria to assess which spectrum is the best alternative to channel 69 for PMSE?

Yes, BT agrees with the criteria that Ofcom has identified for assessing the spectrum options for PMSE. The total spectrum requirements, both current and future, taking into account of any technological improvements, may also be relevant to deciding where these requirements are best accommodated and how much spectrum is required overall.

Question 9. Do you agree with our technical and coverage analysis of the possible alternatives to channel 69 for PMSE?

Yes, we tend to agree with Ofcom's analysis of the possible alternatives to channel 69 for PMSE.

Question 10. Do you agree with our economic assessment of the realistic alternatives to channel 69 for PMSE?

We do not fully comprehend Ofcom's economic assessment. We accept that the opportunity cost of using ch. 38 for PMSE displaced from ch. 69 is lower than that of using the interleaved spectrum for this requirement for the reasons that Ofcom has given. However, we understand that the interleaved spectrum is already substantially earmarked for PMSE use in any case. Ofcom's discussion of the option of using the interleaved spectrum for the UK wide PMSE requirements implies that the uncertainty about its suitability as an alternative to ch. 69 is related to availability of suitable technology rather than capacity limitations. Therefore the issue is whether the displaced PMSE use from ch. 69 requires more interleaved spectrum than that already in any case earmarked for PMSE use. If no additional interleaved spectrum is required then use of ch. 38 does not offer greater economic advantages. Conversely, if availability of ch. 38 facilitates a reduction in the requirement of interleaved spectrum for PMSE then there could be added advantages in dedicating that channel to PMSE use.

Question 11. Do you agree that channel 38 is the best alternative to channel 69 for PMSE?

BT could agree with Ofcom's proposals to accommodate displaced wireless microphones from channel 69 to channel 38. However we note that Ofcom also proposes under separate decisions to make spectrum available for such applications throughout most of the "interleaved" TV spectrum. Such administrative decisions by Ofcom to prefer this application over other uses would potentially deny access to this spectrum by other valuable applications and technologies. In line with the observations made in our reply to Question 10, we would encourage Ofcom to ensure that the total amount of spectrum required for such PMSE applications is analysed carefully to ensure that such administrative decisions, which are not technology and service neutral, and which deny access to the spectrum by other potentially valuable applications, are transparent and clearly justified. Whilst we agree that ch. 38 could be the best replacement for channel 38, we would encourage Ofcom to ensure that other additional PMSE requirements are consolidated into the minimum amount of spectrum necessary.

Question 12. Do you agree that we should award channel 38 to the band manager on the same terms as would have applied to channel 69?

BT agrees that this approach seems suitable.

Question 13. Do you agree with our proposal to maintain PMSE access to channel 36 on 12 months' notice to cease and to the rest of the cleared spectrum (channels 31-35, 37 and 61-69) until DSO is completed in the UK in late 2012?

No, we do not agree with Ofcom's proposals. This should be a matter for whoever purchases the spectrum and should be subject to commercial negotiations if the new licensee decides not to use the spectrum as soon as current TV use of the frequencies ceases.

Question 14. Do you agree with our approach to determining eligibility for, and our assessment of the level of, funding to move PMSE from channel 69?

Yes, BT agrees that Ofcom's analysis and proposals seem reasonable.

Question 15. Do you agree that three years is long enough for PMSE to move from channel 69?

BT takes no position on this question.

Impact assessment

Question 16. Do you agree that with our analysis of the key impacts of our policy options? Are there any other key impacts we should assess?

BT is concerned about delays to the award of the spectrum and its availability for use. Para A5.37 acknowledges that the change of plan by the Ofcom would potentially delay the time when the affected spectrum in the upper band can be brought into UK-wide use. Para A6.74 considers the costs of the delay in the case of mobile networks and dismisses this on the basis that LTE 800 handsets will not be available on a widespread basis before 2013 and that the delay won't much affect the costs of building networks since they will be built before they are needed to allow testing. We note that in the 2.6GHz award Ofcom examined the costs of delays in terms of the impact on competition but for this award this has not been considered. We also note that other technologies than LTE 800 may be suitable for this spectrum band. Whilst these additional considerations would be unlikely to change Ofcom's plans, nor do we want these plans to change, we make these points to support our opinion that this spectrum, like other unused spectrum, should be awarded and made available to the market as soon as possible.

A further consideration, which Ofcom has not re-addressed in this document is the issue of regulatory measures such as spectrum caps or mandated roaming that may address competition issues. Ofcom's earlier consultation mentioned that the limited amount of spectrum available within the DDR award was relevant in this context. For the avoidance of doubt, our view is that even though the revised plans on which Ofcom is now consulting provide for more harmonised mobile spectrum being released, we believe that this does not change the need to address regulatory measures (spectrum caps, access conditions) to address any competition concerns that arise.

3. Conclusions

BT is supportive of Ofcom's proposals to change its plans to align with European harmonisation of the Digital Dividend, but would encourage this to be achieved as soon as possible and with the objective of awarding and making available the spectrum for use with minimum delays. We agree with Ofcom's proposals in relation to avoiding DTT use of channels 61 and 62. We also agree with the proposal for relocation of wireless microphones from ch. 69 to ch. 38, but would encourage careful review of the overall PMSE requirements and consolidation of such use to the extent possible.

We would of course be happy to further clarify any points should Ofcom consider that helpful.

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