

Comments:

Question 1: Anyone with an interest in these matters is invited to comment on any aspect of our proposals, conclusions and supporting analysis. We would also welcome any evidence that interested parties are able to provide in support of their comments.:

The following paragraph numbers are based on those given in the Executive Summary of the Consultation document.

Paragraph 1.4

Currently the mobile operators are beginning the process of sharing infrastructure so this development appears to be a concentration of resources. Also compared to other European countries the UK appears to have an excess of mobile operators. Thus we are not convinced that the second part of this paragraph is fully valid and the issue needs to be considered in more detail as there might be some benefits in a concentration of resources where this results in more cost effective applications and services. Also some of the proposals in this consultation may result in the development of groups of operators and the factors causing this grouping might have detrimental affects.

Paragraph 1.5

We are concerned that an industry agreed solution may not represent the best outcome as it may be biased in favour of the interests of the mobile operators. There may be a need to explore what is the difference between the ideal outcome and an outcome favouring the mobile operators's™ interests so as to understand the implications of this. Additionally an imposed solution may differ from the ideal solution and the operators preferred solution so again it might be appropriate to determine the implications of this.

Paragraph 1.8a)

We agree with the proposal to allow the use of any technology in these frequency bands and we consider that this could have significant benefits for consumers and citizens.

However by allowing the use of any technology this may change the role and/or business model of the existing mobile operators and the implications of this need to be considered, particularly the policy and regulatory aspects. There is a need to consider if this different business model will change the competition between traditional mobile operations and other providers of wireless access and if so the implications of this will need to be considered.

Paragraph 1.8b)

We are not convinced that this is the best solution though it is difficult to identify the ideal solution. We consider that spectrum trading could bring a range of difficulties such as the implications of transferring spectrum to a different use and coverage issues.

We also have doubts regarding the tradability of spectrum in the 2.1 GHz band in view of the high value originally paid and we consider that the implications of this

lack of tradability should be considered.

Paragraph 1.8c)

We are not convinced that this new apportionment of the 900 MHz spectrum is appropriate. There is a need consider if the 2 x 5MHz bandwidth will be sufficient to allow all possible technologies to be used and provide a full range of services and applications.

There is also a need to consider how the new operator will compete with the existing operators. Vodafone and O2 will have access to more spectrum than the new entrant together with access to existing sites and backhaul facilities which appears to distort the competition between them and the new operator. We consider that the implications of this dominant position of the two operators need to be fully understood.

Additionally currently T-Mobile, Orange and H3G have no access to the 900 MHz band with T-Mobile and Orange the majority of their spectrum is in the 1800 MHz band and H3G only holds spectrum in the 2.1 GHz band so it appears that these three companies will have a higher cost base compared to Vodafone and O2. We consider that a better understanding of the impact of this higher cost base is required together with the implications for the long term strategy and business plans of these companies.

Paragraph 1.8d)

For the 900 MHz band it is considered that the auction is likely to result in a valuation above the true economic value due to the limited spectrum available and the benefits arising from having access to this spectrum. Thus there needs to be mechanism for identifying the correct economic value of this spectrum together with a process for converting this into AIP payable by the existing operators.

There is also a need to consider the means of determining an appropriate AIP value for the 1800 MHz band. The current value appears to be out of line with other spectrum values though this apparent excessive value could reflect the importance of this frequency band. However various parts of this consultation document suggest that the 900 MHz band is more valuable than the 1800 MHz band and also the 1800 MHz band is similar in various ways to the 2.1 GHz band so these factors all make it difficult to assess the true value of this spectrum. There have also been other consultations suggesting that the 900 MHz band is more valuable than the 1800 MHz band. Thus there could be difficulties in determining the correct AIP value for these two bands.

Paragraph 1.9 1st bullet

We agree with this bullet point and for the various reasons given above we consider that the two bands should be treated separately

Paragraph 1.9 2nd bullet

Again we agree with this bullet point subject to the comments above related to paragraph 1.8a)

Paragraph 1.9 3rd bullet

We are not convinced that spectrum trades in this frequency band will really happen, and we have mentioned this point in our comments related to paragraph 1.8b)