

Telefónica UK's response to:

Second consultation on coexistence of new service in the 800MHz band with digital terrestrial television

A consultation by Ofcom

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1. Executive Summary

1. It is important to put the issue of DTT interference mitigation into context. The areas most likely to be affected are also the areas that are likely to see the later deployments of 4G, the areas away from most of the major conurbations. This is because the DTT frequencies most susceptible to interference are used in a limited number of locations, mainly rural ones.
2. It is in the interests of the 800MHz licensees for there to be effective mitigation of interference with DTT. The consumers of DTT are also the customers of the mobile companies. The interests of the broadcasting community and the mobile operators should be aligned, too often it appears there is significant distrust.
3. In reality the main concerns of the broadcasters appear to be commercial rather than solely driven by the public interest. Their concern, understandably, is that interference from 4G does not become a trigger for switching away from the DTT platform to competing platforms. Our perception is that the broadcasters' interests are served either by there being no rollout of LTE800 at all, or a gold plated mitigation solution. In particular, it appears they are concerned that the MNOs will not deploy network based mitigation and fall back solely onto consumer based mitigation, as happened in multiple retuning/switchovers in the broadcasting world (e.g. DSO, C5 etc).
4. In fact, BTS manufacturers' equipment is already performing much better than the minimum specification, such that even where network mitigation is valuable, additional filtering will not be needed. 4G is likely to come out of the box in a form that already minimises its impact on DTT. It is important that the broadcasting community and its device suppliers now reciprocate and produce devices that are not wide-open to out of band interference, whether from 800MHz or, in future, from 700MHz.
5. As DTT users are also our customers, it is not in our interests to detract from their TV viewing experience, there are substantial reputational and brand costs associated with a cavalier attitude to the interference issue. Mitigation of DTT interference is something that MNOs are undertaking in other jurisdictions, without the MitCo approach proposed by Ofcom. We recognise that the UK has an unusually high proportion of DTT users and so the MitCo approach may well be proportionate. We see the main benefits as driving efficiency, creating a systematic solution to the issue and allowing the pooling of information between competitors, in a manner compliant with competition law, for the public good.
6. We make a number of comments on Ofcom's proposals relating to the operation, management and supervision of MitCo which are focussed on:
 - a. Ensuring that strategic behaviour by any one of the MNOs does not lead to a failure to start the mitigation process, ie MitCo is not a route by which a foreclosure strategy can be executed; and
 - b. Ensuring that no "block voting" by one group of interested parties applies the brakes prematurely, if issues arise with the mitigation process; and

- c. That the spread of cost risk between the licensees and the Government is dealt with equitably.
7. In particular, we feel it is important that Ofcom makes consistent decisions. If it is sufficiently important to protect MNOs from strategic behaviour during the Combined Award, we would expect Ofcom to design MitCo in such a way that certain parties could not give effect to the same strategic action, through frustration of the MitCo process.

Telefónica UK Limited
April 2012

2. The scale of the interference challenge

The scope for interference is geographically limited

8. The main interference issues arise in areas where Channels 59 & 60 are in use. Fortunately, the use of these channels is mainly outside of the major conurbations. This is likely to mean that the interference impact of each deployed BTS will be low.
9. If MNOs follow the economic model used for 2G and 3G, the areas covered by Channels 59 & 60 are likely to be later in the LTE800 deployment than those areas covered by Channels less susceptible to interference.

Figure 1 : Channel 60 usage on higher power TV masts

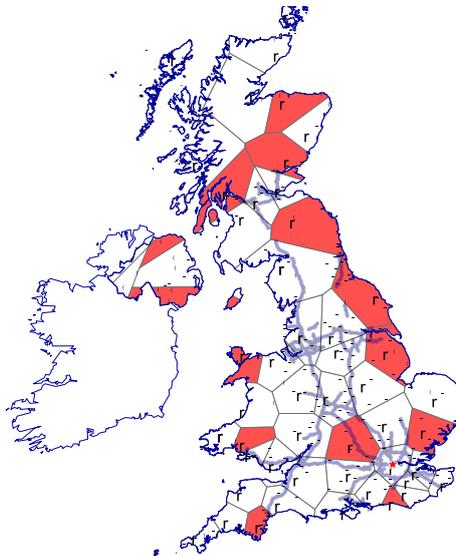
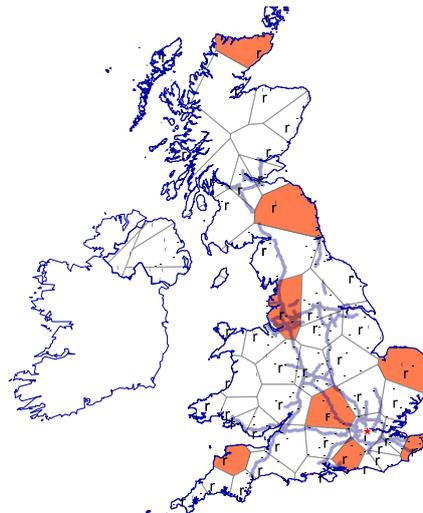


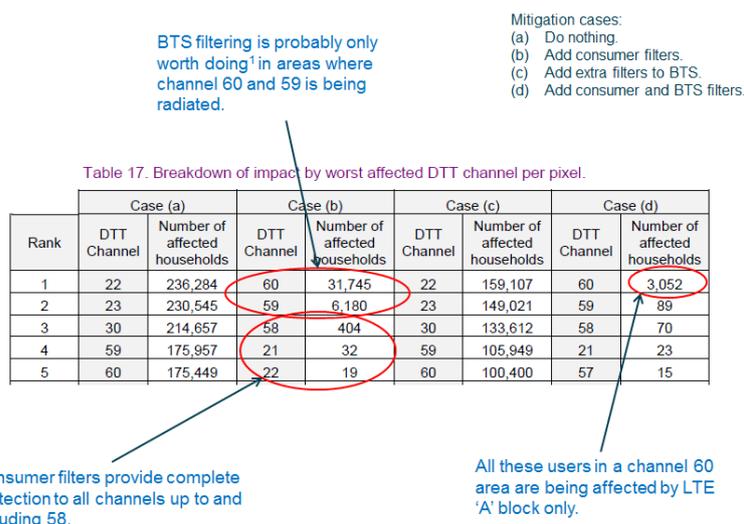
Figure 2 : Channel 59 usage on higher power TV masts



Network based measures will help, but mainly in areas where channels 59 and 60 are used

10. Telefónica understands that the principle concern of the broadcasting community is that the MNOs will avoid the costs of network mitigation and focus efforts on consumer based mitigation. In fact, it is highly likely that no filtering will be required, as BTS manufacturers equipment is already performing much better than the reference specification.
11. Typically we are seeing out-of-band emissions that are already ten to twenty dBs better than the reference specification. In such circumstances filtering is no longer required as the interference issue is already mitigated through the BTS' own performance.
12. Later generations of BTS are likely to improve their performance further. Telefónica hopes that manufacturers of new DTT equipment will also be dealing with the issue through fitting filters as standard to new devices. It is our expectation that the problem will reduce over time, rather than grow.
13. Ofcom's Table 17 shows that BTS performance improvements will provide most of their impact in areas covered by Channels 59 & 60.

Figure 3 : Impact of BTS filtering will be most beneficial in areas using channels 59 & 60



14. The table above shows that BTS performance improvements and consumer filters overcome most interference effects, except in Channel 60 which is more susceptible from interference from Lots 1 & 2 in the 800MHz spectrum (Block A).

The message to consumers

15. A number of stakeholders have somewhat overplayed the risks of interference from 4G. Such views are not borne out by the analysis. In fact, as we discuss later, these stakeholders may be doing themselves commercial damage by exaggerating the potential impact of interference. It is of note that the experience in Europe where LTE800 is now being deployed is one of very few (if any) negative impacts on consumers.

3. The establishment of MitCo

The control and voting rights in MitCo must be clear and not distort competition

16. The consultation focuses on the voting structure of the Supervisory Board, which essentially would act as an oversight body, "the brake", on the activities of MitCo if things go wrong.
17. The document does not address the very real concerns of some MNOs regarding getting MitCo operational in the first place.
18. Ofcom's current proposals are that there are at least two if not more MNOs that will be operational with 4G in the market come Q1 2014. They would be:
 - a. Everything Everywhere with LTE1800
 - b. The holder of the divestment LTE1800; and / or
 - c. Hutchison, by virtue of a wholesale obligation placed on EE under the Merger Decision. Hutchison may also be (b).
19. It is regrettable that Ofcom has failed to disclose the existence of the wholesale obligation, a procedural failure with regard to the Combined Award, EE's liberalisation Notice and this consultation. This is a highly relevant piece of information for all stakeholders, not just those parties covered by the obligation.
20. The risks of strategic behaviour are relevant to the consideration of MitCo. Ofcom is of the view that MNOs with existing routes to 4G have the incentive to foreclose that opportunity to their competitors. It relies on this in terms with regard to the Combined Award's justification for reservations. For some inexplicable reason it appears to ignore those very same incentives in the MitCo consultation and EE's liberalisation Notice. A monopoly or duopoly of 4G suppliers will have much higher pay-offs if their rivals are excluded from the provision of 4G services. If Ofcom wishes to dispense with this argument it can do so now and simplify the Combined Award. If it wishes to rely on it in the Combined Award it must address the issue head-on in respect of MitCo and EE's liberalisation Notice, rather than wishing it away.
21. The costs of executing a foreclosure strategy through the failure of MitCo are nil. If the voting structure allows, one or two licensees (ie (a) or (b) above) could on their own, or together, frustrate the ability of one or two further credible national wholesalers to launch LTE800 services.
22. The frustration may be as simple as refusing to authorise the signature of the postal contract for the delivery of filters, for example. That is all it would take.
23. Ofcom presents no discussion of how the voting rights of the licensees will be structured to avoid strategic behaviour. This is a major omission and we would expect any final decision to be consistent with Ofcom's other related decisions, either:
 - a. Strategic behaviour isn't an issue, such that there are no reservations in the Combined Award and Ofcom can be relaxed about the voting rights within MitCo; or

- b. Strategic behaviour is a real issue that Ofcom must address *ex ante* where there is a risk that it will emerge, such that:
 - i. Reservations can be justified in the Combined Award
 - ii. EE cannot be allowed to launch LTE1800 until at least after the Combined Award has taken place; and
 - iii. Specific measures are taken within the MitCo voting structure to avoid foreclosure strategies having any effect on LTE800 reliant operators and DTT customers.

24. Consistent decision making is not too much to ask, surely.

Set-up before the Combined Award

- 25. We are very supportive of Govt/Ofcom building up a “shadow MitCo” ahead of the Combined Award in order to speed up the process and get the right organisation in place.

4. Transferring MitCo to the 800MHz licensees

The shareholdings in MitCo

26. Ofcom proposes that each of the 800MHz licensees acquires a shareholding in MitCo proportionate to the share it has of the 800MHz band¹. Acquisition of the share capital in MitCo would appear to be a sensible solution, subject to the comments we make below regarding the funding of MitCo's activities.
27. We do not believe that Government should, or needs to, retain a shareholding in MitCo² for two reasons:
- a. If Government retains a shareholding then any procurement undertaken by MitCo will be subject to EU procurement procedures, which may negatively impact on the execution of the timing of mitigation activities;
 - b. Government can exert significant influence on the conduct of MitCo's activities absent a shareholding (which would not be a controlling shareholding in any case):
 - i. Through the right voting structure on the MitCo Supervisory Board (see below); and
 - ii. Through the reserve powers of Ofcom and the Secretary of State, or the threat of their use.
28. It is Telefónica's assessment that on acquisition of the shareholdings by the MNOs, MitCo would not require EU or UK merger clearance because:
- a. It is a limited purpose company
 - b. It is a vehicle that supplies services to a limited set of organisations, its shareholders; and
 - c. The function of the company is time limited.
29. It would be helpful if Ofcom, as one of the relevant competition authorities, would confirm this in the Information Memorandum.

Funding MitCo

30. MitCo will incur VAT on payments to third party suppliers, by our calculation approximately £36m if all £180m is spent on goods or services subject to VAT. It is important that this VAT is recoverable, if the MitCo funding structure is not to essentially act as a top-up payment to the auction prices. In order for VAT to be recoverable MitCo will need a VAT registration, something that it can only do if MitCo itself undertakes a business activity.

¹ §7.18

² §7.3

31. Our understanding is that MitCo will be a body corporate providing mitigation services to the 800MHz licensees. It should be paid for these services by the licensees, allowing MitCo to charge VAT on its business activity, but also therefore to recoup VAT on its costs.
32. In our view it is important that either:
 - a. The funding arrangements take account of this provision of services and purchase of goods in order to avoid an inefficient VAT liability; or
 - b. Ofcom/DCMS confirm with HMRC that no such liability shall arise in the case of provision of mitigation service in accordance with the 800MHz licence conditions.
33. We believe that our proposed funding approach provides clarity as to the business activity of MitCo and means that no VAT liability arises. Telefónica proposes that:
 - a. Government sets up MitCo on the basis described above and secures its VAT registration;
 - b. The share capital of MitCo is acquired at £1 per licensee; and
 - c. Each licensee has a licence obligation to purchase mitigation services from MitCo at £[xx]m per 2x5MHz block of spectrum acquired, with VAT added at the applicable rate.

Gainshare and the level of funding

34. Ofcom, in Table 6.2, estimates the range of MitCo's costs as between £114m and £150m, with £131m being the central estimate. Yet, Government has determined that MitCo should be funded to the tune of £180m.³ Even adjusted for inflation, the maximum cost exposure would be £165m. No details are provided as to the justification of the £30m funding cushion between the maximum estimate of MitCo's costs and the payments determined by Government.
35. It is, of course, open to Government to set the level of MitCo funding as it sees fit, but in our view, the level of risk that Government is willing to take must be proportionately reflected in the gainshare arrangement.

³ §1.8 b2, §3.19

36. At present it is proposed that:
- a. Any costs over £180m will be borne exclusively by the Government; whereas
 - b. Any underspend below £180m will be split 50:50 between Government and the licensees.
37. This proposal does not appear particularly equitable, given the £30m cushion already built into the funding model. £30m equates to an overspend of 20% on the upper estimate from Ofcom of £150m. Whilst this may be Government's experience from major projects it is not common practice in the private sector. If Government wishes to operate a risk/reward structure then it must either:
- a. Take risk and seek commensurate reward; or
 - b. Reduce its risk and expect to see little reward for MitCo operating efficiency as a result.
38. Further, there is extensive discussion in the consultation about placing the right incentives on the licensees to act efficiently and in the public interest. We believe that the gainshare arrangement is equally important in placing the right incentives on Government to make timely decisions, should that be required.
39. Therefore Telefónica has evaluated three different ways of creating efficiency incentives and rewarding the right level of risk taking by the Government. These are:
- a. Reduce the cost of MitCo from £180m to £150m such that Government actually takes some risk on successful completion of the project. In this case, the 50:50 gainshare would apply;
 - b. Retain the £180m funding requirement and Government's guarantee, with only a nominal share of gains being returned to the Government;
 - c. Retain the £180m funding requirement and Government guarantee, but implement a sliding scale to more accurately reflect where risk is being borne.
40. In the table below we explore where the balance of risk and reward lie under each scheme, comparing that to Ofcom's proposal.
41. The table demonstrates the incentive qualities of the various options:
- a. Government is "rewarded" £15m if MitCo (ie the MNOs) delivers on the objectives within the upper bound of Ofcom's estimate – essentially Government picks up half of the funding cushion that it put into the MitCo budget in the first place. This approach appears to place very little incentive on Government to contribute to MitCo's efficient operation.
 - b. There are even incentives on the MNOs and Government to deliver on MitCo's objectives within the upper bound of Ofcom's estimate, ie the budget;

- c. Large financial incentives rest with the MNOs to undertake MitCo's activities in an efficient manner. There appears to be poor financial incentives on Government to drive MitCo towards its objectives within budget.
- d. The "funding cushion" is returned to the MNOs if it is shown not to be necessary. Otherwise both Government and the MNOs are presented with strong financial incentives to deliver within Ofcom's upper estimate. Government is only exposed to overrun costs in extremis.

Figure 4 : Risk / reward structure

	Actual cost of MitCo				
Method	£114m	£131m	£150m	£180m	>£180m
(a) Ofcom	Govt £33m MNOs £33m	Govt £24.5m MNOs £24.5m	Govt £15m MNOs £15m	Govt Nil MNOs Nil	Govt exposure
(b) £150m 50:50	Govt £18m MNOs £18m	Govt £14.5m MNOs £14.5m	Govt Nil MNOs Nil	Govt exposure	Govt exposure
(c) £180m 95:5	Govt £3.3m MNOs £62.7m	Govt £2.45m MNOs £46.55m	Govt £1.5m MNOs £28.5m	Govt Nil MNOs Nil	Govt exposure
(d) £180m sliding scale ⁴	Govt £18m MNOs £48m	Govt £9.5m MNOs £39.5m	Govt Nil MNOs £30m	Govt Nil MNOs Nil	Govt exposure

42. Telefónica believes that approach (d) provides the right incentive properties in conjunction with the governance structure we set out below. The current proposals appear inequitable and essentially act as an additional £15m tax on the 800MHz licensees.

Governance and voting structure

- 43. In the previous section we outlined our concerns regarding strategic behaviour to foreclose 4G competition by one (or more) parties making MitCo fail at the outset. In this section we address the potential "brake" on those activities, the Supervisory Board and sanctions from Ofcom. It is our very real concerns that this brake is only used in justified cases, rather than to support the commercial consideration of one party or another.
- 44. We recognise that there is an externality that needs to be addressed through the Supervisory Board structure, namely the protection of service provided by the PSBs, MUX operator and commercial broadcasters.
- 45. The externality needs to be placed in context. There a proportion of the customers of the MNOs are also going to be DTT users. Having received information from MitCo about

⁴ >£180m, Government bears overspend; £180-£150m MNOs recover 100% of underspend; <£150m 50:50 split

possible interference, the experience of interference itself will reflect badly on the MNOs themselves. The MNOs have a very real brand and reputational incentive to minimise the interference impact on DTT users, who are also their customers. This will not be an interference “wild west” as some stakeholders still claim.

46. In truth, the concerns of the broadcasting community appear to be more focussed on commercial matters relating to competition between DTT and other platforms. We have already seen digital switchover used as an advertising hook by other platforms to attempt to switch customers from DTT. We might reasonably expect the prospect of 4G interference to be used in a similar fashion.
47. The reality is that no party is acting because it has a higher social conscience than the other. Each party is looking to protect their commercial interests. The commercial interests of broadcasters and MNOs alike are best served if interference is minimised.
48. Ofcom has presented no quantified case to demonstrate that the downside risks fall disproportionately between the MNOs and the broadcasters. That is what would be required to justify a supervisory structure that was structured in favour of one faction or another.
49. The structure proposed by Ofcom creates a major control risk for the MNOs. Under Ofcom’s proposal the MNOs are in a one third minority. They need the agreement of at least one other Board member (and the casting vote of the chair) in order to avoid “the brakes” being applied to MitCo’s activities. This is an unacceptable situation for the shareholders of any business.
50. Further, some of the Supervisory Board representatives effectively enjoy double voting rights:
 - a. The MuxCos provide services to the Commercial Broadcasters and, we believe, will have strong incentives to represent the interests of their customers. Similarly, the Commercial Broadcasters will, most likely, have aligned incentives with their suppliers, the MuxCos – essentially a block of two votes.
 - b. Alternatively, if the representative MuxCo is the MuxCo serving PSBs, there would be a similar alignment of voting incentives between two parties – an alternative block of two votes.
 - c. Finally, it is likely that there will be alignment between the incentives of the MuxCos, commercial broadcasters and PSBs, leading to an effective block of three votes, enough to block the joint interests of the MNOs.
51. In our very strong view that block voting will place an intolerable level of pressure on the independent members of the Supervisory Board. Effectively the Chair, “Technical Advisor” and “Consumer Interest Advisor” will control decision making in those circumstances.

52. Below is an alternative approach to the structure and voting status of various Supervisory Board members. It is noteworthy that:
- a. Independent representatives are retained, so that a wide range of constituencies are represented – in Telefónica's proposal their capacity is to advise the Chair rather than retain full voting rights themselves;
 - b. The Chair has a crucial role in representing the consumer (with the help of its advisors). We believe that Government should be the Chair, allowing it to have suitable control on costs such that the gainshare incentives work on both Government and the MNOs (see above).
 - c. The MNOs can exercise control, with the agreement of the Chair;
 - d. The broadcasters interests are represented by the independent MuxCos and a PSB. These parties can block the MNOs, but only with the agreement of the Chair; and
 - e. No one MNO can block or hold-up the deployment of 800MHz by other MNOs⁵, as two MNOs can push through decisions with the agreement of the Chair.

⁵ We note Ofcom's concern in this regard, expressed at §§7.173-7.174. Telefónica is particularly concerned that this strategic hold-up is addressed before any LTE1800 liberalisation decision is made.

Figure 5 : Telefónica's proposed structure for the Supervisory Board, with Ofcom's proposal for comparison

Membership	Role	Voting (Ofcom)	TEF proposal
Chair (independent appointee or Govt)	Acts independently of any vested interest	Casting vote	Chair to be Govt Casting vote
Mitco CEO	Represents management of Mitco	Non-voting status	Non-voting status
Govt (Observer or chair)		Non-voting status	n/a
Ofcom (observer)		Non-voting status	Non-voting status
Technical / audit advisor	Represents audit and technical compliance aspects of Mitco performance. Appointed jointly by Govt/Ofcom	Voting status	Advisor to the Chair and other members. Sufficient for Chair to take due account of Advisor's views. Non-voting status
Consumer interest advisor (appointee)	Rpresents the consumer aspects of Mitco performance. Appointed jointly by Government and Ofcom.	Voting status	Advisor to the Chair and other members. Sufficient for Chair to take due account of Advisor's views. Non-voting status
MuxCo or Commercial Broadcaster representative	One representative of the TV MUX operators	Voting status	If Muxco representative it represents its customers too (the Commercial broadcasters) and vice versa Voting status
PSB-representative	One representative of the Public Service Broadcasters (BBC/ITV/C4/C5)	Voting status	In both their broadcasting and Mux ownership roles. Voting status
COM-representative	One representative of the commercial broadcasters	Voting status	n/a
800MHz licensee 1		Voting status	Voting status
800MHz licensee 2		Voting status	Voting status
800MHz licensee 3		Voting status	Voting status

Operational Conditions

53. We believe that Ofcom has identified the correct basic principles that should govern the possible imposition of "operational conditions".
54. Where gainshare is the "carrot", incentivising MNOs to behave efficiently and effectively, operational conditions are the "stick". The use of two such incentives is likely to work well on the MNOs, if strategic behaviour between them can be eliminated through the voting structure in the Supervisory Board. Again, we note that these incentives are not placed on

the broadcasters, further underlining the need for their interests and strategic incentives to be managed through the function of the Chair. If there are no “carrots and sticks” in place for the broadcasters their path of least resistance is to frustrate the implementation of 800MHz networks and/or trigger the imposition of “operational conditions”.

55. At §7.108 Ofcom sets out three potential operational conditions which we reproduce below:
- a. *Delay base station activation:* licensees may not switch on base stations until MitCo has provided information to affected households in advance of activation. This condition is intended to ensure that no DTT interference takes place without a basic level of information and advice having been provided to consumers. This condition is applied on a per base station basis in line with the geographical parameters defined by the information KPI. As a result, the condition is directly proportional to the scale of MitCo’s performance failure.
 - b. *Operate new base stations under test conditions:* new base stations in a given region must undergo a “testing period” prior to full switch-on, where MitCo has failed to meet the KPI targets associated with activities carried out after a base station has been activated. This condition is intended to incentivise licensees to address the operational issues within MitCo that led to underperformance, while creating an opportunity to provide support to consumers before base stations are fully activated. This condition is applied on a main DTT transmitter coverage area basis to ensure that MitCo retains a consistent incentive to perform well in a coverage area even if it has missed its KPI target in another coverage area. The main DTT transmitter coverage areas are defined below.
 - c. *Reduce base station power:* licensees must temporarily reduce the operating power of individual base stations in areas where MitCo has received a volume of complaints exceeding the threshold set out in its KPIs related to complaints. This condition is intended to reduce harm to DTT consumers while issues prompting complaints are addressed, by temporarily reducing interference to DTT reception in particular areas. As with the delay to base station activation, this condition is applied on a per base station basis or regionally in line with the complaints KPIs to ensure it is proportional to the scale of MitCo’s failure to meet its KPIs.

5. On-going activities & closedown

Interference forecasting & audit functions

56. We agree with Ofcom that it would be prudent for MitCo to have its own interference forecasting capability, in order for it to properly:
- a. Maintain confidentiality of deployment information from the MNOs; and
 - b. Build up expertise over time such that there is a “single source of the truth” on which the Supervisory Board can take decisions.
57. Where we diverge from Ofcom’s view is in the need for a technical audit function responsible to the Supervisory Board. This appears to be an unnecessary and wasteful duplication. What may be required is a function that can interpret and present the information generated by MitCo in a form digestible by the Supervisory Board.

Provision of information and Chinese Walls

58. We believe that existing network sharing arrangements between the MNOs can provide the templates and procedures to ensure that information on rollout is managed in a manner that does not compromise the competitive.

KPIs and compliance management

59. Ofcom presents a range of Key Performance Indicators (“KPIs”) against which the performance of MitCo will be assessed by the Supervisory Board. We have a number of comments.
60. With regards to, proactive filter supply – it is important to discriminate between households that have not received a filter and those requesting additional filters, for example for a second set.
61. More broadly, we have concerns about statistical significance and the period of measurement. It is not clear from the document whether these measurements are monthly, quarterly or yearly and whether they are to be taken on a “per base station” basis or in aggregate.
62. In general the smaller the measurement period and the more granular the view the less valuable the KPI. In the limit, in rural areas there may be BTSs with very few households and towards 2017 very few BTS going on-air in any given month, it may be that one negative consumer outcome would be sufficient to trigger a failure against a KPI. It is therefore important that some quantification is undertaken to support the interpretation of compliance.
63. The KPI most open to statistical issues is (5) – platform change. Ofcom estimates that around 17,000 households may need a platform change. If there is a KPI target of 99.9% then it would take just 170 failures out of 17,000 installations for this to fail the KPI. The

issue of significance becomes greater if, for example, this is measured on a per base station basis, it means any failure to deliver a platform change within 8 days would constitute a KPI failure. Alternatively let us assume that these platform changes are spread evenly in the 42 months between 1 January 2014 and 30th June 2017. That is 404 platform changes per month. It would take just four failures for the KPI to be failed.

64. In such circumstances it might be preferable to capture the issue through a sub-set of the complaints handling statistics.

Close down

65. We agree that closing down MitCo by the end of 2017 is a sensible backstop position to adopt. We do not believe, however, that it is appropriate for the MNOs to propose (either individually or jointly) that MitCo is no longer required. We believe that this might be misconstrued as signalling between the MNOs, vis a vis limiting output in the market. Our preference would be for MitCo to set an activity threshold across the MNOs, below which MitCo believes that site build levels are “business as usual”, ie principally capacity sites and NTQs⁶, rather than large incremental increases in population coverage.

Distribution of MNO gainshare

66. We agree with Ofcom that it would be pragmatic to split any MNO gainshare equally, based on volume of spectrum held. There must also be a facility for the MNOs to negotiate an alternative outcome – although it is hard to envisage what incentives would lead to unanimous agreement on another approach.

⁶ Notice To Quit – whereby landlords provide a notice to quit on the MNO and the MNO is required to re-locate the base station somewhere nearby. It is likely in these circumstances and for capacity sites, that the interference environment on DTT will not be altered.

6. Next steps

67. Whilst it is clear that a lot of thought has gone into Ofcom's proposals, there remains some work to be done to get the structure of MitCo right. The MNOs have the resources and expertise to assist in corporate structuring, tax and governance. Telefonía is happy to put those resources at Ofcom's disposal, such that MitCo can get up and running quickly and prepare the ground for the deployment of 800MHz based services, once the spectrum becomes available towards the end of 2012 to January 2013.