

Licensing Local Television Consultation Response

About Arqiva

Arqiva is a media infrastructure and technology company operating at the heart of the broadcast and mobile communications industry and at the forefront of network solutions and services in an increasingly digital world.

Arqiva provides much of the infrastructure behind television, radio and wireless communications in the UK. In this role it has almost completed implementing UK Digital Switch-Over from analogue television to Freeview – a huge logistical exercise requiring an investment by Arqiva of some £700m and which is successfully being delivered to time and budget.

Arqiva is also a founder member and shareholder of Freeview, and operates two of the UK's three Freeview commercial multiplexes, providing 40 services on Freeview to 19 million homes.

In addition Arqiva provides end-to-end capability for broadcasters, media companies and corporate enterprises, with services including:

- outside broadcasts (10 trucks including HD, used for such popular programmes as *Question Time* and *Antiques Roadshow*);
- satellite newsgathering (30 international broadcast SNG trucks);
- 10 TV studios;
- spectrum services for Programme-Making & Special Events (PMSE)¹; and
- satellite distribution (over 1200 services delivered).

Specifically in respect of the Digital Terrestrial Television (DTT) platform:

1. The “TransCo” team within Arqiva Broadcast & Media is contracted to all current DTT multiplex operators to provide their transmission networks, where access to Arqiva’s broadcast sites and Managed Transmission Services is regulated by Ofcom;
2. Arqiva Digital Platforms represents the Multiplex Licence operations of Arqiva, and has a contract for Managed Transmission Services with Arqiva Broadcast & Media; and
3. Arqiva’s spectrum planning and antenna design team provides a consultancy service to Ofcom.

¹ Such as the wireless cameras operated by the BBC and Sky News, and the radio mics used in virtually all television production and many West End shows.

Introduction

As the principal investor in the DTT platform, Arqiva is supportive of this initiative. Arqiva is committed to ensuring that the DTT platform remains attractive and relevant to consumers' needs over the long term and we see Local TV services as a potential enhancement to the service offering and as such are keen to work with Government, Ofcom and industry to ensure that a process is designed to maximise Local TV's chances of success.

The DTT platform, currently widely seen (and regulated) as a "default" distribution platform, is potentially better placed to deliver services on a much more local, targeted and cost effective basis than any of the other traditional broadcast platforms.

But even with the momentum now generated and ongoing political support, establishing *and maintaining* a range of local television services will be challenging.

We also note that Ofcom's intentions for the 600 MHz and 700 MHz spectrum bands could have a considerable impact on the Local TV sector, but this is not discussed in the consultation document.

This response is from Arqiva "TransCo". A separate response will be submitted by Arqiva Digital Platforms.

Questions

Local multiplex licence: conditions and requirements

Question 1: Do you agree that 20 locations should be set as a minimum roll-out obligation?

Arqiva “TransCo” supports the concept of setting a minimum number of locations to which Local TV shall be broadcast, as it enables a level of cost economies of scale to be achieved.

The proposed approach also allows potential multiplex licensees to produce business plans based on a known environment, rather than having to wait for all L-DTPS licenses to be awarded.

Consideration needs to be given to the sequence in which this roll out will occur, taking into account

- the availability of resources to implement installations, including antenna design, equipment delivery, and any competing claims on Arqiva resources from any 700 MHz clearance as may arise, any new “DDR” multiplexes, or a potential radio DSO
- the ability to install transmission equipment such as antennas on structures due to weather dependencies. Some sites are more difficult to access at certain times of the year than others, for example Scottish masts have a shorter annual “climb window” than those in the South of England. Roll-out schedules could incur additional costs due to resources having to wait for a suitable weather window if this is not accounted for

The individual roll-out plans of each multiplex licence applicant will need to be understood by all key stakeholders including Ofcom and the Network Access and Transmission Services Providers) if they are to form part of the licence terms

Question 2: Are the 20 proposed locations in our minimum roll-out list the right ones?

Whilst the locations of L-DTPS licences is a commercial matter for potential multiplex licensee, we agree that the 20 proposed locations for the licensing of Local TV services is potentially a good fit with the needs of a commercial multiplex operator wanting to cover a range of high population and larger regional areas.

Industry (including advertiser and sponsor) support and consumer interest would be maximised if the first 20 locations launched were, generally speaking, the most commercially viable.

However, the population coverage is estimated based on the assumption of using DVB-T, QPSK, 2/3 FEC. Information presented in the report "Local Television Capacity Assessment: An independent report by ZetaCast, commissioned by Ofcom" highlights that this may not be the final modulation scheme chosen, and may alter the desirability of one location over another.

The proposed locations do not currently consider site specific installation challenges. The cost of build can be influenced by the ease of installation of new infrastructure including antennas and hence the desirability of one location over another.

Question 3: Are the 24 locations the ones, from our list of 65 sites where local TV is technically possible, where there is a demand from local service operators? Should any locations be added to, or subtracted from, this list?

Additional locations for L-DTPS licences is a commercial one for potential decision to be taken by the potential multiplex licensee. Any such decision should be made with consideration of the cost of infrastructure, and ease of roll-out should be considered when deciding on viable additional locations, in conjunction with infrastructure providers.

Question 4: Do you agree with our approach to selecting sites for the second phase of local service licensing: inviting the multiplex applicants to select from the further list of locations where there is demand from potential service providers?

Please see response to Question 3 above.

Question 5: Do you agree with our proposed approach to building out and substituting further areas, in the second phase of licensing?

Additional locations for L-DTPS licences is a commercial decision to be taken by the potential multiplex operator

Since the locations set out in a potential multiplex licensee's application would form part of the licence terms, any substitution would also need to be agreed with Ofcom.

In addition, the cost of infrastructure, and ease of roll-out should be considered when deciding on viable additional locations, together with the cost of such infrastructure. For example, the cost of installing a service at two transmitting stations with similar population coverage could be very different, affecting the

Question 6: Do you agree with our approach to dealing with requests for extension to coverage?

It should be noted that the population coverage referred to in 4.49 of the consultation is that contained in their report "*ofcom-uk-local-tv-report-2011*", and clarified in their "*Note_on_Local_TV_Coverage*" published in Jan 2012. This is based on DVB-T QPSK 2/3 FEC, and any change from this mode will have a consequent effect on the population coverage achieved.

Question 7: Is our proposed approach to multiplex roll-out timetable the right one?

Arqiva TransCo would like to draw attention to the fact that the ease of roll out to all sites is not the same. It is therefore essential that any roll-out plan that uses Arqiva infrastructure is determined in consultation with them.

In addition, the efficient use of resources may make it easier to build Phase 2 stations at the same time as some of the Phase 1 locations.

With this in mind, Arqiva's Reference Offer suggests that a roll out of the 20 Phase 1 sites plus up to 24 additional sites can be achieved in a two 2 year roll-out period, within the constraints as explained within that offer.

This however is not reflected in the current consultation which proposes advertising only the first 20 locations initially, removing the option for such an integrated roll-out plan.

Question 8: Do you agree with Ofcom's proposal to advertise a multiplex licence for the maximum 12 year duration, but to be open to other models, provided they deliver certainty for broadcast licensees and a viable build out?

Arqiva TransCo agrees that the co-termination of the multiplex and L-DTPS licences is essential to avoid confusion at the time of licence expiration. 12 years is probably the minimum term to attract investment,.

Co-terminus licences also allows the multiplex licensee and any infrastructure providers to plan expenditure over a known period.

However, the awarding of licences for the multiplex and L-DTPS providers as a separate, but contemporaneous, licensing process could lead to problems for multiplex licence bidders if their Business Plans are based upon a set of assumptions regarding the award of certain L-DTPS licences, which are not reflected in the actual awards.

In addition, the current consultation doesn't specify Ofcom's position regarding the continuation of the licence for the multiplex on failure of a L-DTPS service from a specific location. Should Ofcom withdraw the multiplex licence for that location, either permanently or pending award of a new L-DTPS licence, this will have an impact on the business plans of the multiplex licensee and any contracted infrastructure providers.

4.92 Arqiva Notes that whilst this consultation is independent of the wider spectrum debate, we feel that the two issues cannot be considered in isolation, especially considering the uncertainty surrounding the 600MHz spectrum award, and 700MHz clearance (affecting the current implementation of the DTT network, including designs of antennas available on structures, which could affect the Local TV Reference Offer costs). It is with a degree of concern that we note that some of the proposed spectrum allocations lie within the likely 700 MHz mobile band, which might need to be cleared of television before the licences expire.

Question 9: Do you agree with our approach to technical standards? Do you have any views on the choice of transmission mode or encoding standards?

Arqiva TransCo believes that the choice of DVB-T / MPEG-2 encoding offers the ability to maximise the number of viewers able to receive the service. Considering this is by definition a local service, the ability to reach the widest audience will be crucial to all L-DTPS licensees.

However, considering the information contained in “Local Television Capacity Assessment: An independent report by ZetaCast, commissioned by Ofcom” we agree that the initial adoption of DVB-T, QPSK, 3/4 FEC instead of the 2/3 FEC currently proposed is a better mode to use.

It should also be noted that Ofcom’s document “Reference parameters for Digital Terrestrial Transmissions in the United Kingdom” does not require cross carriage of Schedule information (EIT_S_Other), which is currently carried on all multiplexes on a voluntary basis. Arqiva recommends that the cross carriage of this information be mandated to ensure a consistent user experience irrespective of which multiplex their receiver is tuned to.

For future compatibility of user experience Ofcom should also consider placing obligations on the multiplex licensee to cross carry any metadata broadcast as part of Broadcast Record Lists, and Remote Record carousels that the other National Multiplexes also plan to cross carry on a voluntary basis.

Local multiplex licence: licensing process

Question 10: Do you agree with the criteria for assessing proposals from applicants for the multiplex licence?

Arqiva TransCo agrees that the financial ability of the multiplex licence applicant to establish and maintain the service for the duration of the licence be fundamental to the selection process. We also believe that appropriate collateral guarantees with regards to the funding provided by the BBC for Local TV will be important especially during the start-up phase.

L-DTPS licences: conditions and requirements

Question 11: Do you agree with our proposed localness requirement?

No comment

Question 12: Do you agree with our proposed approach of securing programming output that meets the statutory requirements by inviting applicants to draft Programming Commitments to be written into their licences?

No comment

Question 13: Is our proposed approach to service roll-out timetable the right one?

Arqiva TransCo supports the desire to roll out the L-DTPS services as soon as practical, subject to agreement between the multiplex and the L-DTPS licensees.

Arqiva also believes that the only cost effective roll-out timetable is one which delivers the Phase 1 and Phase 2 sites in parallel across a two year period. This is reflected in the Arqiva Local TV Reference Offers.

In addition, we would wish to caution that agreement between the multiplex licensee and the L-DTPS licensees alone may not produce a viable plan, and the current proposal does not propose any method of mediation should agreement between the parties concerned not be reached. If licence terms are to be based on the proposed plans this should be considered.

Question 14: Do you agree with our proposed approach to annual returns?

No comment

L-DTPS licences: licensing process

Question 15: Do you agree with our proposed guidance around Programming Commitments, including our guidance on news and current affairs?

No comment

Question 16: Do you agree with our approach to assessing L-DTPS applicants' ability to maintain service?

Arqiva TransCo agrees that the financial ability of the L-DTPS applicant to establish and maintain the service for the duration of the licence be fundamental to the selection process. The failure to make this a priority will affect the willingness of their suppliers to amortise costs.

Question 17: Is this approach to fees for local TV services the right one?

Arqiva notes that the consultation makes no reference to Administered Incentive Pricing (AIP) for the GI spectrum used, as intended to be applied to other broadcaster's use of spectrum at some point in the future. It would be useful for prospective multiplex licensees to understand Ofcom's position on this going forward. Licensees of national multiplexes may also wish to understand the methodology if a sub-national multiplex would not be required to pay AIP but a national multiplex was.