

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title:

Consultation Response: SRSP: The revised Framework for Spectrum Pricing

To (Ofcom contact): Alison Esslemont

Name of respondent: Inmarsat

Representing (self or organisation/s): Inmarsat

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Nothing	<input checked="" type="checkbox"/>	Name/contact details/job title	<input type="checkbox"/>
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Name Ann Vandembroucke

Signed (if hard copy)





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Consultation Response: SRSP: The revised Framework for Spectrum Pricing

Originally founded as an Inter-Governmental Organisation (IGO) in 1979 to provide global safety and lifeline satellite connectivity to the maritime community, Inmarsat is now a public company, headquartered in the UK, with annual revenues of over \$1bn.

Through a \$1.5bn private investment into the Inmarsat-4 satellite constellation, we provide mobile satellite coverage to maritime, aeronautical and land users who use the system to provide: safety of life, emergency services, disaster relief, news gathering, remote broadband connectivity and a host of other critical applications.

I have the pleasure, on behalf of Inmarsat, to respond to the consultation on 'SRSP: The revised Framework for Spectrum Pricing'. We welcome Ofcom's detailed consultation documents and support the general intent to develop a proportionate and fit for purpose approach to spectrum fees.

As a member of the trade associations ESOA, GVF and SAP REG, Inmarsat subscribes to the principles contained in their response and to the detailed joint input made by these associations to this consultation. Inmarsat believes that due to the characteristics of satellite systems, AIP implemented at the national level is not an effective incentive for efficient use of spectrum. Moreover, proliferation of an approach where spectrum charges have no relation to the economics of the business could potentially produce crippling fees, lead to uncertainty about return on investment, stifle innovation and harm current services. Where alternative uses of spectrum are considered, such an approach could also undermine international harmonisation of spectrum, which is essential to satellite services.

Though the proposals are made at the level of principles, and do not address how they would be implemented in specific instances, we wish to state that present practices of licence exemption meet the needs of Inmarsat, and have been a contributing factor to our continued stability through the financial crisis. To this end, we ask Ofcom to explicitly mention in the statements and policies derived from this consultation that they do not intend to implement AIP but rather plan to retain the present approach for MSS spectrum users, based on licence exemption.

Application of AIP

We are concerned that the application of AIP to satellite services would cause unnecessary injury to Inmarsat and to network users, particularly those concerned with regulated safety applications and public security. In our earlier input to consultations pertaining application of AIP to safety users, evidence has already been provided to Ofcom of the negative effects¹ taking into account that the L-band used by Inmarsat contains regulated services that cannot be migrated to other bands. The last aspect - that international and regulatory constraints are taken into full account when determining fee policy - meets Ofcom's standard for charging on the basis of cost recovery rather than AIP due to its cross border nature and delivery towards important policy goals.

Application of the principles

Though we note that the consultation addresses broad principles only, it is difficult to comment fully on the validity of the principles absent a detailed understanding of their practical application. For example, Principle 3 makes references to "*excess demand for existing and/or feasible uses*" of spectrum, without setting a standard for the determination of "*excess*" nor '*feasible*'. It should be recognised that absence of a transparent and rigorous process to determine "*excess demand*" and leaving '*feasible*' largely undefined brings a significant uncertainty into business planning and fund raising – and does not allow for risks to be fully accounted for. The destabilising effect caused by the application of this Principle would have the potential to deter investors who require a level of regulatory certainty in order to realise a return on any investment over the 15 year+ lifetime of a satellite.

The above concern is not theoretical. Following representations made by alternative interests, satellite was migrated out of the C-band. The consequences of this migration were substantial and immediate; they include migration costs borne by the operators, a freeze on further roll-out and increased congestion in already heavily used satellite bands. It is crucial to note that the band was not subsequently brought into use by the '*alternative*' user and it is presently unused - whilst a satellite band with key technical characteristics, resilient to weather effect and with equipment available, has been withdrawn. Ofcom should ensure that it undertakes a review to ensure that spectrum hoarding is not encouraged by the new principles.

Protection of the international system

Finally, we wish to stress that Ofcom's policy initiatives do not occur in a vacuum. Substantial weight is given to Ofcom's policy developments by other Administrations, both in the EU and amongst other ITU member Administrations. An adoption of and implementation of the '*Principles*' to Inmarsat's business would cause ripples beyond the UK and would set a precedent for other countries – it is therefore crucial that Ofcom gives full consideration to the impact of the Principles on the international system, beyond the single matter addressed in the consultation of cross-border interference.

Sincerely,



Ann Vandenbroucke
Regulatory & Policy Issues

¹ Applying spectrum pricing to the Aeronautical sector: A second consultation. Ofcom 2010.