



DTT Multiplex Operators Limited (DMOL)

Response to Ofcom Consultation

Licensing Local TV: How Ofcom would exercise its new
powers and duties proposed by Government

About DMOL

For DTT to work it is essential to co-ordinate some of the central functions of the platform, including the data that populates the electronic programme guide ("EPG") and channel number allocation. DMOL (DTT Multiplex Operators Limited) was set up in 2007 to provide that co-ordination¹. DMOL has been set up by the holders of the six nationwide UK multiplex licences.

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| ▪ The BBC (and BBC Free-to-View Ltd.) | Two multiplexes |
| ▪ Digital 3and4 Ltd. (owned by ITV Network Ltd and Channel 4) | One multiplex |
| ▪ SDN Ltd. (owned by ITV plc) | One multiplex |
| ▪ Arqiva Services Ltd. | Two multiplexes |

Each multiplex carries a mix of TV, text, radio and interactive services. A multiplex can generally carry between eight and ten television channels at any one time. The two BBC multiplexes and the Digital 3and4 multiplex are designated as public service multiplexes that will be available to 98.5% of UK homes at the conclusion of switchover on 24 October 2012. The BBC and Digital 3and4 hold 50% of the voting rights in DMOL. The two Arqiva multiplexes and the SDN multiplex are commercial multiplexes that will be available to around nine in ten homes at the conclusion of switchover. These three multiplexes carry commercial channels only, and represent the interests of their commercial channel customers. SDN and Arqiva hold the other 50% of voting rights in DMOL.

DMOL provides the technical direction, co-ordination and organisation of the DTT platform, including provision of data for the seven day EPG utilised by DTT receivers and PVRs.

Specifically, DMOL's two main functions on behalf of the multiplex operators are:

- The management and allocation of Logical Channel Numbers ("LCNs") for the DTT platform. This central co-ordination of channel numbers enables there to be one channels numbering list, providing DTT viewers with a consistent experience of the channel ordering whatever equipment they are using.
- The management and provision of the central service information ("CSI") – the schedule and programme information - that populates the EPG. By collating the CSI of all services on the platform, and supplying it so that each multiplex can cross-carry the entire dataset, viewers on the platform are able to see the full schedule information whichever channel they happen to be tuned in to.

DMOL's activities are funded by the multiplex operators broadly in proportion to the number of multiplex licences that they hold. Its operations and the overall co-ordination of the DTT platform are overseen by a board comprising two representatives of each multiplex operator together with two independent directors. Digital UK is the not-for-profit company established by the broadcasters and multiplex operators in 2005 to manage the UK's TV switchover programme; and now also managing the channels 61&62 clearance project through to the end of 2013. Digital UK has been providing day-to-day management for DMOL since 1 September 2011². Digital UK's costs of providing these management services are met by DMOL.

¹ DMOL is the successor body to The Digital Network ("TDN"), which managed the central functions of the DTT platform for the ten years from its inception in 1998 until 2007. TDN had the same members as DMOL, but was not a limited company.

² Digital UK manages DMOL's activities under a managed services agreement with the multiplex operators that runs from 1 September 2010 to 31 December 2013. It is expected that Digital UK will be closed in early 2014. The multiplex operators will determine how DMOL should be managed in 2014 and beyond well in advance of Digital UK's closure.

Launching services on the DTT platform

Launching a multiplex

When a new multiplex is to launch on the DTT platform, it must first be integrated into the DTT platform's Central Collator, the system that manages the provision of the central service information ("CSI") – the schedule and programme information - that populates the EPG. Following the award of the Local Multiplex licence, DMOL will write to the multiplex operator requesting that they return to us:

- A counter-signed copy of The Multiplex Integration and Services Agreement; and
- A completed Multiplex Launch Schedule.

The Multiplex Integration and Services Agreement is made between the Multiplex Operator and DMOL and confirms the terms and conditions upon which integration into the DTT platform, Central Collator and further on-going management services are provided. The appropriateness of this method will be assessed when the licence award and roll-out plans are clearer. The agreement must be signed by both the new Multiplex Operator and DMOL in order for the new multiplex (and channels) to launch on the platform. The Multiplex Launch Schedule is a form asking the Multiplex Operator to confirm the launch plan. A copy of these documents will be made available during the licence application process.

The integration of a multiplex on to the DTT platform does incur charges that DMOL will pass onto the Multiplex Operator. During the licence application process DMOL will publish a rate card of these charges.

DMOL expects it to be a licence obligation on the Local TV multiplex operator to co-operate and engage with DMOL.

Launching channels

When a new channel is to launch on the DTT platform, it must first secure carriage capacity with a multiplex operator. Having done that it engages with DMOL to secure an LCN. Following an introduction from the multiplex operator, DMOL will write to the channel requesting:

- A signed copy of the LCN Agreement; and
- A completed LCN Schedule.

The LCN Agreement is made between the channel operator and DMOL and confirms the terms and conditions upon which the LCN is provided. It must be signed by both the new channel and DMOL in order for new channels to launch on the platform. Having signed the LCN Agreement an LCN will be assigned in accordance with the LCN Policy. The LCN schedule is a form asking the channel provider to confirm specifics relating to the channel and the launch plan. A copy of these documents will be made available during the licence application process.

Once the channel has signed the LCN Agreement and sent this and the LCN Schedule to DMOL, the multiplex operator, acting on behalf of the channel provider, makes an LCN Application to DMOL. The multiplex operator should do so with reference to the prevailing DMOL LCN Policy, which guides the way in which LCNs are allocated to new services that are to be launched on the DTT platform. A copy of this policy is available on the DMOL website. The DMOL LCN Policy instructs the relevant multiplex operator which is carrying the service on:

- i. Which genre the new service might be most appropriately listed under; and
- ii. Whether the service has a case under either the 'Listing of Public Service Channels' rules or the 'Associated Channels' rules to be placed anywhere other than at the end of the relevant genre.

The LCN application is reviewed by all members of the DMOL LCN Group, who, if the case made is in accordance with the LCN Policy will approve the LCN allocation via an online approvals system. If for any reason it is not felt to be in accordance with the LCN Policy then the LCN Group Chair will ask the relevant multiplex operator to withdraw the LCN application and re-apply for an alternative LCN whose allocation would be in accordance with the LCN Policy.

Once the application has been approved a provisional LCN Allocation is made. This is confirmed once the LCN Agreement has been countersigned as appropriate and returned to the channel provider. Notification of the LCN is then given to the channel provider, and the multiplex operator who then initiates the Service Change Request that triggers the process enabling the channel to launch.

Launching a channel on the DTT platform does incur charges that DMOL will pass onto the channel operator. During the licence application process DMOL will publish a rate card of these charges.

DMOL's proposals on channel numbers for Local TV

By the end of March DMOL will publish a consultation on proposals for the reorganisation of the DTT LCN listing and on changes to DMOL's LCN policy. A copy of this consultation will be published on the DMOL website. We welcome responses from all Local TV stakeholders.

DMOL's current LCN Consultation is proposing to close the dedicated Local genre currently located at LCN 200, and in future to classify local services based on the content of the channel. This is an approach which is likely to appeal to viewers who our research shows are generally supportive of grouping channels together by content type. We do not believe that the 'localness' of local channels in itself represents a distinct type of content. We believe, based on contacts with local channel providers, that this approach will also be supported by the operators of local channels. This means it is likely that in future most local services will be included in the General Entertainment or News genre, based on their content, and that there will no longer be any need for a dedicated Local genre. In arriving at this proposal we have had regard to a number of factors in addition to the consumer research.

The local service listed in s.310 of the Communications Act (2003) will be entitled to 'appropriate prominence' in the channel listing. DMOL has considered how best to meet the appropriate prominence obligations of the section 244 channels, in line with its LCN policy, section 6.2 of which states:

"DMOL will ensure that its approach to affording appropriate prominence to public service channels is objectively justifiable and has regard to the interests of citizens and the expectations of consumers, in accordance with the provisions set down in the Ofcom EPG Code. DMOL envisages that public service channels will be placed at, or near, the head of the

relevant genres listed in Section 4 above, subject to the application of factors 6.2 (i) - (ii) above. This paragraph will only apply to vacant LCNs."

DMOL also recognises that it would be desirable to make its policy approach clear at an early stage in order to offer the bidders for local channel licences a degree of certainty in developing their business plans which will be evaluated as part of the licensing process.

DMOL therefore proposes to reserve LCN 8, which is vacant in England and Northern Ireland, and to make it available to the PSB local services when they launch in England or Northern Ireland.

In Scotland and Wales, LCN 8 is occupied by BBC Alba and Channel 4 respectively, each of which is also entitled to appropriate prominence under s.310 CA. On a similar basis, therefore DMOL proposes to reserve as low an LCN number as possible in Scotland and Wales for the future section 244 local services. At present the lowest available vacant LCN in Scotland and Wales is 45. DMOL recognises that LCN 45 is some distance from the front page of the EPG. However, DMOL's current LCN policy does not permit it to take an LCN allocated to another channel away from that channel in order to offer it to a service entitled to appropriate prominence. DMOL does not consider it appropriate to make such a change to its policy as it would precipitate a significant, and in DMOL's view inappropriate, reorganisation of the general entertainment genre. However, should a lower LCN become vacant in Scotland or Wales, DMOL proposes to hold the lower LCN, rather than LCN 45, vacant for the new local channels.

LCNs 8 and 45 (or the lowest available LCN at the point at which DMOL publishes the conclusions to its consultation in June) will be held vacant until they are allocated in 2013 to the new local PSB services as they launch.

Other local channels not eligible for public service prominence would be allocated an LCN in the usual way, not more than twelve weeks before their intended launch date.

However, where an LCN is already occupied by a local service in some parts of the country, DMOL proposes to re-use this LCN for local services in other parts of the country to ensure efficient allocation of the limited LCN resource.

Consultation Questions 1, 2, 3, 4, 5, 6 & 7:

- 1. Do you agree that 20 locations should be set as a minimum roll-out obligation?**
- 2. Are the 20 proposed locations in the minimum roll-out the right ones?**
- 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?**
- 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?**
- 5. Do you agree with our proposed approach to building out and substituting further areas, in the second phase of licensing?**
- 6. Do you agree with our approach to dealing with requests for extension to coverage?**
- 7. Is our proposed approach to multiplex roll-out timetable the right one?**

DMOL supports the need for a minimum roll-out obligation and any mechanism that enhances the viability of Local TV services, attracting a wide audience to Local TV services on the DTT platform. Therefore, we support the logic that locations are best chosen where there is a demand from potential service providers. DMOL is ambivalent to the actual sequencing of locations and the actual locations provided that all locations are existing DTT transmission sites.

To ensure the smooth launch of Local TV for all licence holders and the viewers of the DTT Platform, DMOL considers the following requirements critical. With these requirements met DMOL can support all phases of the Local multiplex operator's roll-out plan.

A robust and certain Local TV roll-out plan will be required to ensure a smooth integration of the Local TV multiplex into the DTT platform infrastructure and will facilitate coherent channel launches for both the channel operators and the consumer. To manage the efficient integration of the Local TV multiplex into the DTT platform, DMOL will require transparency of infrastructure, multiplex and channel launch roll-out plans from the Local TV multiplex operator. DMOL will also expect pro-active communication from the Local TV Multiplex Operator of any emerging changes to such plans.

Co-location of the Local TV multiplex with the national multiplexes. We welcome the recognition that reception of the national DTT multiplexes needs to be protected from interference, whether directly through a co-channel interaction or indirectly through interactions from DTT sites that are not co-located giving rise to so-called "hole-punching". This is especially important for those multiplexes with statutory minimum coverage obligations and recognises the significant investment the national multiplex operators have made both in delivering digital switchover, and also in making the DTT platform the success that it is. We therefore suggest that Ofcom stipulate transmission

solutions for Local Television based on co-location of the Local Television multiplex with the national multiplexes. If this solution is followed, the choice of which areas should feature in the first 20 or the follow-on 24 is not a matter on which DMOL would express a view.

No impact to the coverage of existing DTT multiplexes. The roll-out of a Local TV multiplex to any locations and/or any extension to coverage should not impact the coverage of any existing DTT multiplex. For the avoidance of doubt we consider the existing multiplexes to be those already integrated into the DTT network when the Local TV roll-out is scheduled to begin, i.e. the six National multiplexes, Channel M and the NIMux.

We note that the Consultation refers to the Digital Preferred Service Area (DPSA) in determining the coverage of an individual transmitter. As Ofcom is aware, the DPSA for a single transmitter is in fact derived from a hierarchy of coverage areas, each one of which differs depending on the assumptions made. We therefore recommend that Ofcom consider the DPSA for a transmitter to be the aggregate of the following layers, noting that in the majority of cases only one transmitter will appear in the list: 3PSB, 6CORE, Next Best, Nations, dAPSA, Regional, RBL.

It is DMOL's expectation that all Local TV coverage matters will be managed through the Ofcom chaired Joint Planning Project (JPP) Management Board. We would welcome clarity on how the JPP Management Board and Project Team will accommodate Local TV planning and roll-out matters. We do, however, request that Ofcom include a clause in the Local Television licences that obliges the Local Television operator to consult and cooperate with the national multiplex operators and procure the remediation of any loss of national multiplex reception at its own cost, but to the satisfaction of the affected multiplex operators, in the unlikely event that such a loss arises.

Vigorous Local TV scenario testing by DTG Testing. Scenario testing of multiplex configurations should be conducted by DTG Testing. We propose that a programme of testing similar to the "Digital TV Switchover Multiplex Scenario Testing" as funded by the DCMS should occur. DMOL considers the funding of this testing a matter for Government. DMOL will co-operate with such testing as required. Specific examples of why this testing is critical are given in our answer to question nine.

Consultation 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?

We note that Ofcom raises the matter of wider spectrum strategy and the potential rebalancing of spectrum use in the future. We suggest that Ofcom should review the implications of the recent decision made at WRC-12 to modify the allocation of the 700MHz band from 2015, before concluding its approach to the appropriate licence terms and duration for Local Television. While we acknowledge that Ofcom is to consult in March this year on the future use of the spectrum we suggest that Local TV needs to be considered as part of the same process to mitigate the possibility of Local TV needing to shift spectrum in the short to medium term post roll-out, or even before roll-out is complete, to accommodate future spectrum developments.

Only by considering together the spectrum requirements of existing DTT broadcasting, Local TV and mobile broadband, can the £25million Local TV infrastructure budget be spent against clear and certain value for money criteria.

Consultation 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?

DMOL's detailed consideration of the technical approach is subject to confirmation of the full end to end architecture that will be deployed to deliver Local TV. Once this architecture is confirmed we would welcome the opportunity to engage with the Local TV multiplex licence holder and channel operators at the earliest occasion. In the meantime, DMOL's response to this question is as follows.

DMOL considers that all Local TV broadcasting must be compliant with the latest version of the D-Book published by the Digital Television Group (DTG) to ensure full interoperability with the DTT Platform and Freeview receivers.

DMOL considers that it must be an obligation on the Local TV multiplex holder to cross-carry the full 7 day EPG data (EIT, event information table) for all multiplexes within each SIP region. This cross-carry of SI data is needed to ensure the EPG is fully functional to the viewer as they tune to channels across different multiplexes. The 6 national multiplexes and Channel M currently cross carry the full 7 day EPG data for all multiplexes in each SIP region, it being considered a vital requirement to ensure the EPG functions correctly.

DMOL currently forecasts that cross-carrying SI data for the Local TV multiplex would currently require approximately 400kbit/s data-rate within the multiplex³. This cross-carry overhead in the multiplex needs to be considered in the assumption that a transmission mode of QPSK rate 2/3 1/32 yields a net capacity of 8Mbit/s. DMOL continues to investigate ways in which the SI overhead in the multiplex can be minimised, and will share our conclusions with Ofcom and the Local TV multiplex in due course. The subject of minimising the bit-rate required to cross-carry SI data in the multiplex is important as additional multiplexes and platform innovations will increase the need for bitrate to be allocated to cross-carrying data. One option, available to Ofcom and/or the Local Multiplex Operator, to mitigate the space needed on the multiplex to cross-carry SI would be to use the DVB-T2 mode; this mode allows significant (30 – 40%) compression of the EIT data. We ask whether the required bitrate overhead has been budgeted for within the capacity, and shown to work with the 3 video streams.

The Ofcom consultation document shows the EPG data being delivered to DMOL by the Local Multiplex Operator. EPG data can be provided by the multiplex operator, individual channel providers and/or 3rd party specialists. DMOL can accommodate any model of EPG data delivery between the multiplex operators and channel providers. There are, however, savings to be made by aggregating EPG provision into the platform's central collator. To ensure adequate data to fill the EPG, DMOL request that a minimum of 10 days of EPG data be supplied. DMOL will provide specifications and guidelines for schedule creation and has available under licence a schedule checking tool. We would welcome the opportunity to engage with the Local TV multiplex licence holder and channel operators at the earliest occasion regarding schedule provision.

³ This forecast figure of a 400kbit/s data-rate within the multiplex assumes that the Local TV Multiplex Operator is using a SIM (Service Information Manager) similar to the T-Vips solution used by the six National Multiplex Operators.

DMOL can support the integration of a multiplex that adopts the DVB-T QPSK transmission mode but believes that consideration should be given to how the local multiplex might subsequently be migrated to the DVB-T2/MPEG4 mode. The DVB-T2 mode offers the benefit that reception will be better protected against the adverse effects of impulsive interference than DVB-T reception would, which will be an important fact given the relatively low powers proposed for the Local Television multiplex compared to the national multiplexes. The consultation document states that there are 3 million Freeview HD receivers in the market; GfK sales data published in January 2011 puts the number of Freeview HD STBs and iDTVs at 4.7 million. Freeview forecasts that by the end of this year there will be 8.2 million Freeview HD STBs and iDTVs in UK homes.

DMOL considers that the technical standards, transmission mode and encoding standards chosen for Local TV should be subject to vigorous Local TV scenario testing by DTG Testing. Example reasons for testing are:

- Transmission mode: the proposed transmission mode is unprecedented on the DTT platform.
- Creating a 3 section network information table (NIT): additional multiplexes in a SIP region may force the NIT table (configured in the Central Collator and part of the SI data) into 3 sections for the 1st time⁴. Previously, when the NIT table split from 1 section to 2 sections a number of legacy STBs were adversely affected.

Only by committing to scenario testing by the DTG can the technical integrity of the end to end architecture to deliver Local TV and the consumers' experience be validated.

⁴ This scenario is forecast to occur should there be 11 unique multiplexes in 1 SIP region. It could materialise in the West Midlands should a 5th local service launch (as Ofcom's proposed phase 2).

Consultation Questions 10 - 15:

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

11. Do you agree with our proposed localness requirement?

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?

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

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

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

No response.