

The logo graphic for Arqiva, featuring a red triangle with the word 'arqiva' in white lowercase letters, set against a background of colorful, abstract lines.

Arqiva submission to Ofcom's consultation Wholesale Local Access Market Review: Initial proposals to develop an effective PIA remedy

About Arqiva

Arqiva is a communications infrastructure and media services company operating at the heart of the mobile and broadcast communications industry. Arqiva provides infrastructure for television, radio, mobile and other wireless communication in the UK.

Arqiva operates shared radio site assets throughout the UK working with the mobile industry for over two decades and with a significant presence in suburban and rural areas. Our portfolio includes over 8,000 active mobile, radio and television sites.

Arqiva worked with DCMS to build new shared sites in 'not-spots' as part of the Mobile Infrastructure Programme (MIP). We also extend the MNOs' coverage and capacity into challenging environments such as Canary Wharf and the ExCel Centre.

Arqiva is building a national Internet of Things ("IoT") network, starting with 10 of the UK's largest cities. Our smart metering service, connecting 10 million homes using long-range radio technology, will be one of the UK's largest machine-to-machine deployments.

Arqiva is a founder member and shareholder of Freeview. We broadcast all eight Freeview multiplexes, are the licensed operator of four of them. Arqiva is the licensed operator of both national commercial DAB digital radio multiplexes.

Arqiva is a major player in the UK's satellite industry, and is a major provider of permanent satellite services to both Freesat and Sky customers. Arqiva also provides global satellite based services to the security, oil & gas and exploration sectors.

Arqiva is owned by a consortium of long-term investors and has its headquarters in Hampshire, with major UK offices in London, Buckinghamshire and Yorkshire.

Overview

Arqiva sets out its views in this submission on the recent consultation from Ofcom on improving BT's ducts and poles access (DPA) for broadband network operators. Ofcom will be aware that Arqiva is, amongst other things, the largest independent wholesale provider of wireless infrastructure in the UK. Our telecoms business is underpinned by the principle that infrastructure should be made available as widely as possible to the maximum number of operators.

This model will tend to drive lower operator costs as network sharing is increased. In particular:

- It facilitates faster roll-out of services as it reduces the potential for delays associated with acquisition, design and build of suitable sites;
- Costs to industry can be significantly reduced if more efficient use is made of existing infrastructure. Moreover, increasing utilisation rates of each tower ensures that the unit costs for network operators can be reduced;
- Co-locating equipment allows for the use of joint backhaul to the core network, further reducing cost to MNOs; and
- Using existing infrastructure can promote greater coverage for more operators sharing masts.

These features, in turn, facilitate a number of specific benefits such as enhanced levels of coverage.

We view Ofcom's proposal to improve DPA on BT's infrastructure as the latest in a series of recent initiatives to similarly encourage deployment of fixed and wireless telecommunications infrastructure in the UK. In particular we also note:

- The revised Electronic Communications Code, currently passing through its legislative process as a central part of the Digital Economy Bill;
- The 2016 Access to Infrastructure Regulations;
- The changes, announced in November 2016, to permitted development rights in England; and
- The 2016 Scottish Government consultation on permitted development rights.

The common theme in these policy proposals has been where infrastructure exists, or has the potential to be built, there should be incentives in place to enable operators to build or access that infrastructure. These incentives already exist in the business model of Arqiva and other wholesale infrastructure providers who have their own commercial incentives to maximise sharing opportunities on their sites. The above recent initiatives reflect an

increasing direction of travel in the mobile industry as a whole. In the UK, for example, the creation of MBNL and CTIL in recent years has meant more operators sharing infrastructure. In markets such as the US, according to EY, 84% of passive mobile infrastructure is owned and operated by independent providers¹ with that same in-built incentive to share.

We note that the government has proposed a new broadband universal service obligation. In that specific context, we support any move which has the potential to reduce network deployment costs to operators. Accordingly, we offer our broad support for the approach taken by Ofcom in this consultation.

¹ European Wireless Infrastructure Association Report, March 2015

Scope of proposals

We support the broad thrust of the proposals in this consultation. However, we have a concern that the scope of those proposals may be too narrow. Ofcom's overarching objective appears to be the promotion of network competition, consistent with one of the key conclusions of its recent Digital Communications Review. However, in framing this objective, Ofcom articulates a bias toward alternative "full fibre" solutions, in particular fibre to the premise (FTTP). While it is critical to support this goal, the proposals can, and should, be broader.

In our response to Ofcom's 2016 consultation on the Broadband Universal Service Obligation, we set out the growing potential for 5G fixed wireless access (FWA) small cell technology to provide viable alternatives to copper and full fibre delivery of ultra-fast broadband services. At that time, we pointed to our unique position to help deliver these innovative new solutions as both an infrastructure provider and a licensee of 28 GHz spectrum – promoted by the USA and South Korea as the favoured frequencies to deliver 5G FWA².

We continue to explore the potential for delivering these services and are increasingly of the view that these will become a key part of ultra-fast broadband delivery in the UK.

The scale of the challenge in deploying fibre to the small cell would be significant, however, given the high numbers of sites that would be required. As a result, policies to enable this to be achieved in a cost effective way would be a key factor in any successful roll-out of services to consumers.

With this in mind, we would urge Ofcom to ensure that any policy to improve DPA to BT infrastructure could benefit future FWA networks and operators in the same way as it would benefit alternative FTTP services. This would ensure a level playing between potential infrastructure solutions, driving innovative solutions to consumers and helping the UK to realise a vision of a vibrant digital economy.

A similar argument applies to the need to facilitate cost effective solutions as they relate to coverage, particularly to rural or hard-to-reach areas. We noted above the new Broadband Universal Service Obligation with the government objective of delivering 10 Mbps to all consumers by c2020. Ofcom will also be aware of the recently agreed European Union UHF legislation, in particular the obligations that Member States:

shall take due account of the need to achieve the target speed and quality objectives set out in Article 6(1) of the Radio Spectrum Policy Programme including coverage in pre-determined national priority areas where necessary, e.g. along major terrestrial transport paths for the purpose of allowing wireless applications and

² We do, however, duly note the UK's current alternative preference for the 26 GHz band as a pioneer 5G band as set out in the 2016 Radio Spectrum Policy Group Opinion on 5G

*European leadership in new digital services to contribute effectively to Union economic growth.*³

Elsewhere, public policy initiatives have similarly emerged with the explicit intention of driving widespread high speed broadband services. The European Commission published its 5G Action Plan in September 2016 with, amongst other things, the ambition to realise €500bn of additional investment in fixed and mobile infrastructure across the EU by 2025. Closer to home, the Scottish government set out its vision for high quality digital connectivity in June 2016, with a suite of proposals to for an ambitious mobile action plan.

As a result of this, we would urge Ofcom to consider more broadly whether its DPA proposals as set out in this consultation could, in principle, apply to backhaul provision to rural macro sites. Our view is that the principle that should guide the decision on scope of these proposals should be whether consumer choice is enhanced and/or infrastructure competition is enabled by increased access to different broadband services in areas where such choice is otherwise limited.

Principles of Ofcom's proposals

Arqiva works closely with business partners who provide the fibre services to our sites and infrastructure. As such, those fibre providers will be best placed to address the specific details of the issues raised by Ofcom in its consultation.

On a matter of general principle, however, and in the specific case of the FWA solution combining fixed and wireless networks, the importance of enabling access to BT's infrastructure will have increased significantly since the last Wholesale Local Access Market Reviews in 2010 and 2014. This is principally as a result of the ongoing and exponential increases in data demand from consumers, leading to a clear requirement for high bandwidth delivery which is only available at higher frequencies. Given the propagation characteristics of those high frequencies, network densification is an inevitable and necessary means of meeting those ever-increasing demands – as was explicitly acknowledged by the National Infrastructure Commission in their 2016 report on 5G.

The requirement for competitive access to BT's ducts and poles could therefore play a key role in ensuring that costs of fibre deployment are minimised. We would, consequently, urge any effective action which ensured a level playing field for fibre providers to compete effectively on price and quality.

³ Article 3.1