

## **Arqiva submission to Ofcom's consultation: *Award of the 700 MHz and 3.6-3.8 GHz spectrum bands. Revised proposals on auction design***

### **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. 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, and 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.

## Arqiva Response

Question 3: Do you have any other comments you wish to make on our proposals for this award?

The process to consider the changes that Ofcom has proposed has implications beyond those discussed in this consultation. Specifically, it means that the statement in relation to Ofcom's December 2018 consultation<sup>1</sup> has not been published. This means that industry does not know what decisions Ofcom will make in relation to the other topics that Ofcom has consulted on.

Of particular concern is the lack of certainty on Ofcom's proposal to grant Arqiva licences to broadcast TV in the 700 MHz duplex gap one month at a time. The implication of this is that it also only gives one month's notice to TV viewers and the TV channels carried on our multiplexes.

One month's notice does not take into account the commercial realities of the markets that Ofcom regulates. Ofcom is aware through the work that it does to regulate TV broadcasters, that the advertising market that supports commercial TV broadcasters works on longer timeframes than the one month that Ofcom proposes.

As a result of this regulatory intervention our broadcast customers are facing difficult decisions on whether they can continue to operate their service on DTT, or whether they should close the service. There is a real risk that Ofcom's decisions could result in the unnecessarily early closure of one, or both, of Arqiva's DVB-T2 multiplexes. This would cause harm to TV viewers as they lose the TV services that value.

More widely Ofcom's proposal for one month's notice leads to an unnecessary detrimental impact to consumers. Specifically it has a negative impact on TV viewers (from losing TV services) without *any* additional benefit to mobile users. As Ofcom is aware, mobile operators will know more than one month in advance when they will roll out new services. The lead time for ordering, and deploying, equipment, as well as ensuring adequate handset penetration is far longer than that. Therefore, a longer notice period for the DVB-T2 multiplexes will not stop the mobile operators from rolling out mobile services when they are ready to do so.

Ofcom is proposing a policy that will make TV viewers worse off without making mobile users, or mobile operators, better off.

The remainder of this response reiterates some of the key points that we have previously made to Ofcom in relation to this issue.

### **DTT use of the 700 MHz Duplex Gap**

This is an area of significant interest and importance for Arqiva as ongoing access to the 700 MHz duplex gap for DTT would support the platform and ensure that UK viewers have access to a broad range of UK free-to-air content in an increasingly competitive TV platform market. Allowing these TV services to remain on air is consistent with Ofcom's statutory

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<sup>1</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0019/130726/Award-of-the-700-MHz-and-3.6-3.8-GHz-spectrum-bands.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0019/130726/Award-of-the-700-MHz-and-3.6-3.8-GHz-spectrum-bands.pdf)

duties as it minimises the risk of Ofcom carrying out a policy which switches off popular free-to-air TV services with fallow spectrum left in their place.

Ofcom *can* realise this policy successfully but is introducing unnecessary risks to reaching the above objectives. This is due to its inflexible approach to allowing continued access to the spectrum, especially with its proposal to allow access for DTT past June 2020 on a wholly inadequate one-month rolling basis. This is in the additional context of duplex -gap dependent mobile services being highly unlikely to deploy in the UK anywhere near the time of the award. Furthermore, our own experience of working on 4G expansion demonstrates mobile operators will have significantly more than a one-month horizon for planning the roll-out of these services.

In our view, Ofcom should be more whole-heartedly supporting the UK's primary free-to-air platform. As Sharon White noted<sup>2</sup>, this is happening at a time when global players such as Netflix, Google and Amazon Prime are posing increasing threats to UK-based media platforms.

We propose the following, therefore:

- Establish a more flexible approach to revoking our post June 2020 licence but based, in principal, on a 6-month notice period mindful that:
  - The proposed one-month rolling notice period risks creating a chaotic switch-off of TV services for millions of viewers
  - Broadcasters book advertising time over much longer periods
  - There is now little prospect of mobile services being ready to use the duplex gap by May 2020 and Ofcom and the MNOs would, in any case, know at least 12 months in advance when such services were due to be deployed
- Acknowledge that the wider political context may facilitate DTT use of this spectrum *legally* beyond May 2022; and
- Consider protection into DTT services in the duplex gap in the event that they to continue beyond the shorter-term.

We welcome confirmation that the multiplexes (Com 7 & 8) which were set up in 2014 to carry additional HD and SD services can, subject to certain conditions, continue in the 700 MHz duplex gap beyond May 2020 on a licensed basis. However, such access would need to be able to meet the interests of viewers and on a sustainable commercial term for broadcasters.

There is, of course, no point in Arqiva gaining access to this spectrum if our customers cannot agree commercial deals with us on the basis of the short-term arrangements that Ofcom are proposing.

A further worrying background to these unresolved issues continues to be the residual threat to the DTT platform from a removal of Com 7 & 8 services in 2020. These multiplexes include three-quarters of DTT's existing HD services together with other PSB and free-to-air

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<sup>2</sup> <https://www.ofcom.org.uk/about-ofcom/latest/media/speeches/2018/british-tv-stronger-together>

channels. Our 2016 consultation response set out the risk of churn to the platform<sup>3</sup> were this to happen and our ongoing assessments lead us to believe that this is still the case.

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<sup>3</sup> At that time, independent analysis pointed to churn levels away from DTT of between 550,000 and 1.1m viewers