



Vodafone Response to Ofcom Consultation:

Notice of Ofcom's proposal to make
regulations for the award of the
700MHz and 3.6-3.8GHz spectrum
bands



Response

As stated in the main response to Ofcom's consultation on the award of the 700MHz and 3.6-3.8GHz spectrum bands, Vodafone disagrees with the proposed format of auctioning the spectrum. It is also premature to consider the detailed auction regulations, while the policy proposals are still at a consultative stage. Nevertheless, we have reviewed the draft regulations and offer the following comments:

Regulation 16(3)

The rule computing F appears to be in error, as it is missing a scaling factor of 4 (corresponding to the number of eligibility points for a 700MHz FDD lot).

Regulation 29(2)

This rule is insufficiently precise. It is unclear what the circumstances are where Ofcom could be satisfied that it is "unlikely" that information made available to bidders would change the winning principal stage bids. As we do not understand the scenario that Ofcom is seeking to address, we need further clarification on the issue.

Regulation 34

Vodafone believes that this rule needs further consideration. 34(2) clarifies that the regulation applies where there is "excess demand", and the regulation states that the discount for the coverage obligation will be reduced from that of the previous round. However, 34(2) does not narrowly apply to excess demand for the coverage obligation, it refers to "excess demand" in general. As such, the implication is that if there is excess demand for spectrum triggering an additional round, but not excess demand for the coverage obligation, then the result is still that the discount for taking on the obligation will be reduced. We query whether this was actually Ofcom's intent.

Regulation 60(1)

Regulation 60(1)(a) states that a bidder may have a time extension in no more than two primary bid rounds. However, paragraphs A16.157-163 of the main consultation suggest that the norm for round extensions would be a maximum of three. We query whether the reduction is by intent or mistake.

Schedule 4, Rule 2(a)(i)

Schedule 4 sets out how winning combinations and base prices are determined. Regulation 2(a)(i) of that Schedule says that a base price must be at least the sum of reserve prices for "*the lots included in the selection of lots specified in that winning principal stage bid*". However, the word "lots" only refers to spectrum – coverage obligations are not "lots" (see Schedule 1).



Therefore, a winning bidder must pay at least the reserve prices for the spectrum they win, even if they also accepted a coverage obligation. In other words, the coverage discount can only reduce what they pay above reserve price for their spectrum. We do not believe that this is Ofcom's intention.

Vodafone UK
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