

Philip Marnick
Group Director, Spectrum
Ofcom

Stephen Lerner
Hutchison 3G UK Limited
Company registration number 1743099
Star House
20 Grenfell Road
Maidenhead SL6 1EHR

16 November 2020

Dear Stephen

Shared Rural Network – Initial Radio Plan

Thank you for submitting Three's initial radio plan detailing how Three intends to comply with the "2020 coverage obligations" set out in its 1800 MHz licence¹ (the "**2020 Coverage Obligations**") and confirming that this plan has been approved by your Chief Technology Officer in accordance with the Ofcom's "**Compliance Methodology**"² (paragraph 2.8).

We have reviewed the information provided to us for the purpose of commenting on whether, in our view, your overall plan has been developed on a reasonable basis to deliver a level of coverage that, if delivered, would meet the 2020 Coverage Obligations (see Compliance Methodology, paragraph 4.28). We can confirm that our review has not identified any unreasonable assumptions or practices that would suggest otherwise and that if delivered, this plan would meet the 2020 Coverage Obligations.³

Below, we provide further detail on the factors that we have taken into account in reaching this view:

- We understand that you are planning to meet the 88% Geographic Coverage Obligation [X]. We welcome your confirmation that your initial radio plan has been constructed on standard network operator parameters.

¹ Schedule 1, paragraph 8 of Three's licence;

https://www.ofcom.org.uk/data/assets/pdf_file/0020/83261/Cellular-LICENCE-Hutchison-3G.pdf

² Ofcom's document of 18 March 2020 entitled "2020 Coverage Obligations - Notice of compliance verification methodology"; https://www.ofcom.org.uk/data/assets/pdf_file/0031/192919/notice-of-compliance-verification-methodology.pdf

³ For the avoidance of doubt, this assessment includes the "88% Geographic Coverage Obligation", the "90% Geographic Coverage Obligation", the "Initial Nations Requirements", the "Subsequent Nations Requirements", the "Total Not Spot Requirement", the "EAS Coverage Obligation", the "Premises Requirement" and the "Road Requirement", as defined in the Compliance Methodology. We note that at this point we have not undertaken a specific check on condition 2 i) c) (overspill from full coverage into total not spot areas) given this outcome will be particularly sensitive to any changes in your delivery plan, but will undertake this check at the time of verifying compliance.

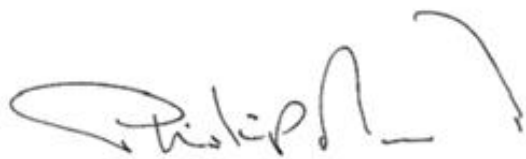
- We note that your initial radio plan assumes deployment on the complete set of Extended Area Service sites (the “EAS sites”) annexed to the funding agreement entered into by Government and the SRN Entity in March 2020 as indicating those sites which are provisionally intended to be available to MNOs.
- We also note that your TNS plan has had a number of checks and balances applied to it, including checks on sites deployed in mountainous locations and far away from roads, where access routes and power can become more costly. We can confirm from our analysis that most of TNS sites are planned for areas less than 450m above sea level, and that the majority of sites are located less than 1km from a road. We note that a good proportion of sites are located further away, and that you would expect costs could be higher in these cases.

We recognise that this is an initial radio plan and that there will inevitably be changes to your deployment plans as roll out begins and specific on the ground challenges are encountered and resolved.

However, as set out in the Compliance Methodology (paragraph 2.9), the information you have submitted in your initial radio plan will be used by Ofcom in determining whether the 90% Geographic Coverage Obligation, the Total Not Spots Requirement and the Subsequent Nations Requirement(s) will be subject to a proportionate reduction in line with the approach outlined in the Compliance Methodology (paragraph 4.26-4.35).

Ofcom will now retain this information to inform our assessment of compliance with your licence conditions and any subsequent enforcement activity deemed necessary in the years ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Marnick', with a stylized flourish at the end.

Philip Marnick