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Dear Jo

Digital 3&4 response to Ofcom Consultation - Spectrum Pricing: A framework for setting cost based fees

I am responding to the Ofcom consultation on Spectrum Pricing: A framework for setting cost based fees on behalf of Digital 3&4 and its shareholders ITV plc and Channel 4.

Thank you for the opportunity to respond to this important issue.

Q1: Comments on the proposed cost allocation methodology.

We are broadly sympathetic with the approach proposed in Section 3 of the consultation and believe that the approach is logical and the categories proposed for the breakdown of costs (spectrum policy, engineering, etc.) are reasonable.

Q2: Proposed licence fee for national multiplex operators.

We agree that equal division of the relevant costs equally between national multiplex licensees is reasonable. The planning and operational framework of the digital terrestrial television (DTT) multiplexes has been subject to substantial changes over the last ten years. These initially related to the policy and planning of the digital switchover programme and latterly to the policy development, planning and implementation of the channel 61 and 62 (800 MHz) clearance programme.

We understand that the 800 MHz programme itself has been mainly funded by the government through Ofcom via grants to the multiplex operators and our suppliers such as Arqiva who implemented the changes to the transmission network and DUK who have co-ordinated the process. We have also assumed that the planning and policy development costs have similarly been funded



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directly by the government or by the main beneficiaries of the clearance process, those being the mobile operators who have successfully purchased the cleared spectrum.

Both of these activities have now been successfully completed and hence we would expect that the related level of activity in both policy development and international spectrum management to now reduce. However, we note that the share of cost calculations is based upon 2011/12 figures and we would like confirmation that these would exclude such clearance related costs.

We would also like to ask that Ofcom confirms to us that any new costs related to the current policy development and consultation around clearing the 700 MHz band are either funded by the government or by the sector that stands most to gain from any further clearance programme. We as broadcasters can only expect to see further disruption to our existing services from any further moves to clear UHF spectrum and do not think that it would be reasonable to load additional spectrum fees on to our payments to prepare and manage this process.

I hope that this response is helpful, please feel free to contact me if you wish to discuss our views.

Yours sincerely

A handwritten signature in black ink, appearing to read "Gregory Bensberg". The signature is stylized and cursive.

Gregory Bensberg
General Manager – Digital 3&4