

## **PMSE clearing the 700 MHz band – Support for PMSE equipment owners**

**The DTG Submission 13.07.2017**

### **Question 1 Do you agree with our proposed criteria for who should be eligible for the grant scheme?**

We agree with 3.2.1, 3.2.2 & 3.2.3 however we disagree with 3.2.4 & 3.2.5 for the following reasons:

3.2.4: Some types of equipment will become redundant after 700 clearance, even with more than 50% of tuning range in the sub-700MHz band. From the DTG's research it is clear that it may not be possible to remove parts of integrated turnkey solutions for studio and other productions. In addition, talk-back equipment is FDD with uplink and downlink in separate frequencies. If either of these is in the 700MHz band the equipment is redundant, regardless whether in theory >50% of the tuning range is in the retained band (470-694MHz).

3.2.5: It was highlighted at the PMSE Implementation Group that some organisations have purchased 700MHz equipment after the 2016 statement and will have to continue purchasing equipment in the 700MHz band as it is essential to provide continued operations up to 2020 for large scale events. As there is currently no equipment available in the 960MHz band, the only option to replace 700MHz band equipment that has worn out is to continue to use the 700MHz band.

### **Question 2 Do you agree with our assessment of the impact clearance will have on equipment which operates exclusively below 694 MHz?**

DTG: Disagree for the following reason:

Consideration should be given to sub-700MHz band equipment that is owned but not operable in a certain location after 700MHz clearance. It was highlighted by the BBC at the last DTG PMSE Group (14th June 2017), that after 700 Clearance, there will be more 8 MHz DTT channels in use than prior to the clearance: 3811 transmissions in plan V6.20 vs. 3858 transmissions in V7.21 post 700 clearance plan. As such there will be a denser network in a reduced amount of spectrum which will have an impact on the quality of available PMSE spectrum in certain locations, meaning that some sub-700MHz equipment will no longer be usable. The PMSE Implementation Group felt that selling equipment is not a feasible option and Ofcom has provided no evidence of the value of the secondary market. Compensation should be paid for sub-700MHz equipment if it can be proven that it no longer works in a certain location as a result of 700 Clearance.

### **Question 3 Do you agree with our analysis of the impact clearance will have on equipment which straddles the 700 MHz band and the spectrum below 694 MHz?**

We disagree for the reasons given in the Q1 response regarding turnkey solutions and talk back equipment.

**Question 4 Do you have any evidence that an alternative boundary for the tuning range of equipment should be drawn?**

In principle, any equipment which is made redundant as a result of 700 clearance should be compensated for. However, it was discussed at the DTG PMSE Implementation Group (14th June 2017) that the tuning boundary should not be changed due to the parallel Ofcom consultation on allocating the guard band for PMSE users. This was because it is unclear as to the quality of guard band spectrum for PMSE usage. Additionally, waiting for the outcome of the guard band consultation adds further uncertainty to PMSE users trying to plan ahead for 700 clearance. Therefore, the boundary should be fixed at 694MHz regardless of the PMSE guard band consultation and (should it be decided that PMSE can use the guard band 694-703MHz) users can decide whether to surrender PMSE equipment that operates in the guard band if they wish.

**Question 5 Do you agree with the proposed formula to estimate the level of funding?**

We disagree with the formula for the following reasons:

The formula does not consider incremental costs which PMSE users incur to claim compensation for equipment. This represents a significant problem to many large-scale PMSE users. This point was discussed at the DTG PMSE meeting (14th June) which highlighted that a significant amount of time and resource will need to be spent: re-planning PMSE installations to ascertain the changes that are required; preparing chartered accountant endorsed asset registers; finding proof of ownership; swapping out equipment that needs to be surrendered for compensation. In general, the formula results in just fewer than 50% funding towards the replacement cost of PMSE equipment, and we believe funding should be provided for 100% of the cost of replacement PMSE equipment.

**Question 6 Do you agree with our approach to calculating asset life?**

We disagree for the reasons given in Q5.

**Question 7 Are you aware of any developments which would mean data from the 2013 equipment survey or the 2010 Channel 69 statement are likely to misrepresent average asset life?**

We disagree for the reasons given in Q5.

**Question 8 Do you agree with the use of an average asset age for the estimation of funding entitlements? If not, do you have any suggestions for an alternative approach?**

In question 5 there are a number of reasons explaining why the formula for calculating compensation levels for PMSE equipment is not adequate. Therefore, fundamentally the formula and use of average asset age does not provide sufficient compensation for PMSE users replacing equipment and removes incentives for PMSE users to upgrade equipment to more spectrally efficient models that could cost more money.

**Question 9 Are we correct in our assumption that a large proportion of PMSE equipment owners will not have evidence of when they purchased their equipment?**

During the DTG PMSE Implementation Group meeting on the 14<sup>th</sup> June, the point was raised that studio equipment was bought as a package in some cases, so sourcing asset registers for individual pieces of equipment is often not possible. Additionally, others at the meeting agreed that providing proof of when equipment was bought is often difficult but the DTG do not have any direct experience of this issue, not being a user of PMSE equipment.

**Question 10 Do the data in the 2013 equipment survey provide a reasonable basis for calculating average equipment age? If not do you have an alternative approach for gathering relevant data for making this calculation?**

No information to add on this point.

**Question 11 Do you have any comments on our proposals for how the claims handling process should operate?**

During the DTG PMSE Implementation Group meeting on the 14<sup>th</sup> June, the following points were raised regarding the claims process:

- It is currently not clear how equipment that is no longer available will be dealt with via the rate card process;
- Equipment returned during the last grant scheme for channel 69 is still appearing on the secondary market. Anything returned for compensation should be destroyed;
- The claims handling process previously took a significant amount of time to provide compensation, during which PMSE users had to pay for replacement equipment to continue operations. This resulted in relying on credit to bridge the period between surrendering equipment and receiving compensation. The process from the channel 69 grant scheme should be reviewed and used to highlight where timescales could be reduced.