

Jesse Norman MP

I have only responded to section 6 as the questions raised have a direct impact on my constituents.

Question 4.1: What use, if any, would you make of the top 2x10 MHz of the 800 MHz band in the second half of 2012 if it were available for use? What would be the benefits for citizen and consumers of such availability?:

Question 4.2: If we were to offer shared access low-power licences in some way, do you have any comments on the appropriate technical licence conditions which would apply for the different options?:

Question 5.1: Do you agree that national wholesalers need a reasonable overall portfolio of spectrum to be credible providers of higher quality data services? In particular, do you agree that national wholesalers need some sub-1 GHz in order credibly to be able to offer higher quality data services? Please state the reasons for your views.:

Question 5.2: Do you agree there is a material risk of a significant reduction in the competitive pressures, at least to provide higher quality data services, in retail and wholesale markets without measures in the auction to promote competition? Please state the reasons for your views.:

Question 5.3: Do you agree there is a risk of potentially beneficial sub-national RAN uses not developing without measures to promote competition? Please state the reasons for your views.:

Question 5.4: Do you agree with the analysis that at least four competitors are necessary to promote competition?:

Question 5.5: Do you agree that the specific measures we propose to take to ensure there are at least four holders of such spectrum portfolios are appropriate and proportionate?:

Question 5.6: Given the measures we propose to take to ensure four holders of spectrum portfolios sufficient credibly to provide higher speed data services, do you agree that it would not be appropriate or proportionate to introduce a regulated access condition into the mobile spectrum licences to be awarded in the combined award?:

Question 5.7: Do you consider that we should take measures to design the auction to assist low-power shared use of 2.6 GHz? If so, what specific measures do you consider we should take?:

Question 6.1: Do you have any comments on the proposal to include in one of the 800 MHz licences an obligation to serve by the end of 2017 an area in which 95% of the UK population lives, while providing a sustained downlink speed of 2Mbps with a 90% probability of indoor reception? Do you think there is another way of specifying a coverage obligation that would be preferable?:

Including a coverage obligation in only one of the licences would be a serious mistake - it would likely reduce or eliminate competition for coverage in rural areas. It would be more appropriate to include such an obligation in two or more of the licences to boost competition in rural areas.

The 95% target lacks ambition, and discriminates against people in less accessible areas; it would be possible to meet this obligation without building a single antenna in Wales. This auction is a once-in-a-generation opportunity to provide high quality connectivity to those living in the rural parts of the UK, including many of my constituents in South Herefordshire. I would recommend a 98% target. At the very least, the coverage obligation could be phased up to 98% over three years.

Treasury and OFCOM economic auction models are highly likely to understate the net benefit of a higher coverage target. A reduction in revenues generated by the auction, if any, is likely to be far smaller than the cost of direct government intervention to ensure coverage of rural areas, especially when tax revenue foregone and farm subsidies are included.

Allowing providers to count any use that they have wholesaled towards their coverage requirement would also help to ensure a vibrant market of secondary providers.

The use of a single national coverage obligation is too crude; even a rough national obligation which treated England, Wales, Scotland and Northern Ireland distinctly would yield a better result. This is discussed in more detail below.

Question 6.2: We would welcome views and evidence on the costs and benefits of imposing an additional coverage obligation focussed on particular geographical areas, and if such an obligation were to be imposed what might be the appropriate specification of geographic areas?:

The benefit of imposing a more fine-grained coverage obligation is that it could have the effect of improving coverage in rural areas. This would be in line with the Government's commitment to provide Britain with the best internet connectivity in Europe.

A crude scheme of national areas, in which England, Wales, Scotland and Northern Ireland are treated distinctly, would produce a better result than a single national coverage obligation. Better still would be a regional obligation with nations divided into regional areas such as the West Midlands and the North East. This would help to ensure that providers cannot meet the bulk of their obligation simply by blanketing the South East of England with coverage and providing a second class service to the rest of the UK.

But a still better approach would be to treat rural areas distinctly from urban and suburban ones; and within rural areas to gear coverage to areas with a high relative number of small

businesses. This would be fairer, since it would not discriminate against rural areas. And it would be economically more effective, since it would be targeting precisely the sector of the economy--technology dependent small businesses--most likely to generate new long term employment and economic growth.

Question 6.3: Do you have any comments or evidence on whether an additional obligation should be imposed to require coverage on specific roads?:

Legislating for the unbroken coverage of major non-motorway trunk routes such as the A49 would bring clear benefits, as would coverage of principle railway routes. Some regional discretion is needed here, since some railway lines are vital to a given area, yet not designated as main lines.

The 98% coverage requirement recommended above would generally include coverage on major trunk roads. But this cannot be relied upon, and there would be little incremental cost to the mobile companies in formally requiring coverage. Specified trunk road coverage should therefore be required.

Question 6.4: Do you have any comments on our proposal not to use the combined award to address existing not-spots?:

The consultation document mentions that OFCOM will "shortly be taking forward a new strand of work to better understand the costs and benefits of more comprehensive solutions to existing voice not-spots, and to assess the different mechanisms available to us to bring these about". This work is long overdue, to say the least.

There are vast swathes of the UK in which mobile phone coverage is a distant dream. Given that the proposed "new strand of work" has not yet been published, and may not have started, it is impossible to compare the effects it will have to those of a specific not-spot obligation in the 800MHz and 2.6GHz auction process.

It is therefore impossible to answer this question in a meaningful way within the context of the consultation document. It is clear that something needs to be done, and soon. The pity is that OFCOM seems only now to have noticed the problem.

Question 6.5: Do you have any comments on our proposal not to impose ?use it or sell it? obligations but to consider including an additional power to revoke during the initial term of the licences?:

In licences that do not include a coverage obligation it is clearly in the public interest for the Government to step in and insist that the spectrum space is put to good use. There would seem to be a clear risk that major fixed-line telecom providers are able to squat on spectrum to stifle competition. Your proposal seems to address this, whilst maintaining the requirement that OFCOM remain neutral about the commercial use of the spectrum licences.

Question 7.1: Do you have any comments on the proposals relating to the duration of the initial licence period, our rights to revoke the licence during

this period, the charging of licence fees after the end of the initial period and our additional revocation powers following the initial period?:

Question 7.2: Do you have any comments on the proposal to amend the spectrum Trading Regulations to apply to the auctioned licences in the 800 MHz and 2.6 GHz bands, to include a competition check before we consent to a spectrum trade of mobile spectrum and not to allow transfers that would increase the number of 2.6 GHz low-power licensees?:

Question 7.3: We welcome views on the merits of the proposed approach to information provision, in particular concerning the type of information that may be helpful and any impacts that publication of information might have both on licence holders and the wider spectrum market.:

Question 8.1: Do you agree with the way in which we are taking account of the main factors relevant to spectrum packaging and why?:

Question 8.2: Are there other factors that we should consider to develop our approach to packaging? If so which ones and why?:

Question 8.3: Do you agree with our packaging proposals for the 800 MHz band? Please give reasons for your answer.:

Question 8.4: Do you agree with our proposal not to allow relinquishment of 900 MHz spectrum and why? Do you have any other comments regarding our packaging proposals for the 900 MHz band?:

Question 8.5: Do you agree with our proposal not to allow relinquishment of 1800 MHz spectrum and why? Do you have any other comments regarding our packaging proposals for the 1800 MHz band?:

Question 8.6: Do you agree with our proposal not to make provisions to include 2.1 GHz spectrum in this auction and why?:

Question 8.7: Which aspects of our packaging proposals for the 2.6 GHz band do you agree with and why?:

Question 8.8: Do you agree with our proposed approach for eligibility points and why?:

Question 8.9: Which approach to reserve prices do you think would be most appropriate to secure optimal spectrum use in the interests of citizens and consumers, and why?:

Question 9.1: Do you agree with our proposals for the auction design and why?:

Question 9.2: Do you have any comments on the proposed auction rules as explained in section 9, Annex 9 and Annex 10?:

Question 9.3: Do you have any comments on how we should approach the payment of deposits and licence fees?:

Question 10.1: Do you have any comments on our proposal to use 800 MHz price information as derived from the auction to estimate the full market value of 900 MHz spectrum?:

Question 10.2: Do you have any comments on our proposal to use an average of 800 MHz and 2.6 GHz price information as derived from the auction to estimate the full market value of 1800 MHz spectrum?:

Question 10.3: Do you have any comments on the proposed approach to convert lump sum amounts into annual payment?: