

Response from Ofcom Advisory Committee for England: **Consultation on 800 MHz and 2.6 GHz competition assessment**

Introduction

Ofcom's Advisory Committee for England (ACE) is delighted to have the opportunity to respond to Ofcom's consultation on the forthcoming auction of spectrum in the bands 800MHz and 2.6Ghz. The Committee welcomes the consultation and believes that the auction presents an opportunity to ensure that all stakeholders are involved and fully informed about the 4G services that the use of the spectrum will offer.

Our comments below reflect assumptions on how the spectrum will be used and we recognize that at this stage this will be the subject of future papers from Ofcom.

Having said that, we have made the assumption that the wholesale operators will also be retail service providers in some cases, and therefore believe our comments to be valid in informing the spectrum auction consultation.

We support the aims of the auction, particularly in encouraging wholesale market competition and the possibility of new entrants.

We have framed our responses to the questions posed in the consultation document.

Where there is no response, it should be taken that the issue falls outside of ACE's involvement or that we have no comment to make.

**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.**

Lessons from other 4G markets (albeit at an early stage), would suggest that competition is strongest in the area of data service coverage and data speeds.

This would suggest that measures to promote competition in this area would be of benefit to the largest population densities; however ACE has some concerns about the effects of this competition on rural services, which may receive less attention if service roll-out is concentrated among urban populations.

**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.**

ACE disagrees with this assumption. We see no connection between competition and sub-national RAN. Competition will lead service providers to address the largest possible population with the lowest cost of service coverage and delivery. Sub-National RAN may need to be stimulated by a “must-carry” type of regulation, whereby, the build out of such networks be a condition of national licences.

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

ACE would agree that, at a UK national level, more competitors should drive greater benefits for the majority of users. However as stated above we have concerns about the lack of pro-active regulation to ensure that the many rural areas of England, not currently well served, will be no better catered for if intense competition increases the economic non-viability of service delivery in the rural area.

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?

ACE does agree that the proposals 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?

ACE agrees that this is true for National (whole UK) use of the spectrum , but would want to know that this approach has no adverse effect on users living and working outside of the main centres of population.

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?

We consider that there is value in this approach. We would like to see proposals that consider this approach for communities in rural areas as well as campus environments.

Since historically, the former are seen as market failure deployments, we believe that they will continue to be unattractive to network operators and therefore will not interfere with the assessment of value of contiguous blocks.

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?

It is the view of ACE, that this is a very un-ambitious target.

Those markets where auctions have been held and service roll-out commenced are providing services with higher data rates and better coverage.

We would prefer to see LTE specifications used and expect consistent average rates of greater than 5Mb/s.

We would also prefer to see coverage mandated by post code area.

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?

As above, we would suggest that each post code area have a minimum coverage requirement.

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

ACE member are frequently involved in discussion concerning poor coverage across the UK road (and Rail) network.

This is of particular importance away from motorways, affecting, for example, parts of Cumbria less than 2 miles from the M6. This is common throughout the UK.

We believe that all 'A' roads should be served. In addition, we would like consideration given, at a later stage, to issues associated with data roaming.

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

We believe that this runs counter to expectations around NGA, where most stakeholders are expecting, 4G networks to provide "fill-in" as part of a suite of technologies.

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?

ACE is strongly of the opinion that the rapid roll-out of high capacity data services is essential to the economic strength and social fabric of the country. We would ask that this approach be examined closely as we do not think it is in the best interests of the population for spectrum to be unused, particularly if there was evidence of speculation.

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?

We expect to see provisions for revocation in the event of failure to use the awarded spectrum within a reasonable time and in particular where an expected service has not launched.

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.

ACE welcomes the approach to information provision, but would ask that, in addition to the documents proposed, a summary of Next Generation Access expectations be included to ensure that there is sufficient clarity on the role of 4th Generation data services in ensuring NGA is fully provisioned across all UK geographies.

*John Varney
for and on behalf of
Ofcom’s Advisory Committee for England*