



## Spectrum Pricing

Notice of proposal to make the Wireless Telegraphy  
(Licence Charges) (Amendment) Regulations 2009

Consultation

Publication date: 2 December 2008

Closing Date for Responses: 6 January 2009



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## Section 1

# Executive Summary

## Introduction

- 1.1 This document consults on draft regulations to change the fee for Satellite (Permanent Earth Station) licences. Also we are also proposing two administrative changes in order reduce the number of satellite earth station network licence products and to simplify the coordination process for these licences. This Statutory Notice relates to our proposal to make the Wireless Telegraphy (Licence charges) (Amendment) Regulations 2009 (the “Proposed Regulations”).
- 1.2 The changes outlined in the Proposed Regulations would update the Wireless Telegraphy (Licence Charges) Regulations 2005 as follows:
  - introducing the full Administrative Incentive Pricing (AIP) rate for the Satellite (Permanent Earth Stations) licence class;
  - reflecting the merging of the Satellite (Aircraft Earth Station) and the Satellite (Earth Station on Board Train) licence classes into the Satellite (Earth Station Network) licence class; and
  - reflecting changes to the arrangements for technical coordination of satellite terminals.
- 1.3 The Proposed Regulations are intended to complete the implementation of the fee change that was outlined in our statement published in January 2008.<sup>1</sup> The Proposed Regulations would increase the fees for some Satellite (Permanent Earth Station) licensees. The other proposed changes are administrative and will not impact on the level of fees paid for these licence classes. This consultation is specific to the drafting of the Proposed Regulations and does not address the general policy of introducing AIP to satellite services.
- 1.4 A Regulatory Impact Assessment (RIA) for the Regulations is available at Annex 4 to this document. The RIA sets out the risks, costs and benefits of our decision and the effects that these will have on the costs to business.
- 1.5 The Proposed Regulations are included in this document at Annex 5.<sup>2</sup> Comments on the regulations are invited by **5pm on 6 January 2009**. Subject to consideration of responses we intend to bring the new regulations into force no later than the end of February 2009.

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<sup>1</sup> Available at <http://www.ofcom.org.uk/consult/condocs/wt/statement/statement.pdf>.

<sup>2</sup> Further copies may be obtained from [www.ofcom.org.uk](http://www.ofcom.org.uk) or from Ofcom at Riverside House, 2a Southwark Bridge Road, London SE1 9HA.

## Section 2

# Introduction

## Notice of proposals

- 2.1 Under section 3 of the Communications Act 2003 (the “Communications Act”), we have a general duty to secure the optimal use for wireless telegraphy of the electromagnetic spectrum. The Wireless Telegraphy Act 2006 (the “Wireless Telegraphy Act”)<sup>3</sup> not only enables us to recover the cost of managing Wireless Telegraphy licences but also permits the use of market mechanisms in spectrum management, including setting licence fees. These licence fees must be prescribed in regulations in the form of a Statutory Instrument.
- 2.2 Under section 403(4) to (6) of the Communications Act, we are required to publish a notice of our proposal to make any regulations setting out their general effect and consider any representations that are made to us before the time specified in the notice.

## Background

- 2.3 On 6 July 2006 we published a consultation document on modifications to spectrum pricing.<sup>4</sup> That consultation included proposals to update pricing for some satellite licence classes in accordance with the powers granted to us under the Wireless Telegraphy Act. The proposals included an update of Administrative Incentive Pricing (AIP) for the Satellite (Permanent Earth Station) licence class so that the fees paid are comparable to those paid by other sectors (e.g. Fixed Link services) which use the same or similar spectrum.
- 2.4 The proposals were made to ensure that licence charges reflect the opportunity cost of the spectrum used, thus providing incentives to use spectrum more efficiently. We carefully considered the responses to the policy consultation and on 10 January 2007 issued a statement on modifications to spectrum pricing, explaining our decisions.<sup>5</sup>
- 2.5 In the policy statement, we noted that some respondents were concerned that the relatively large increases of fees for the Satellite (Permanent Earth Station) licence class could have significant financial impact on businesses. We therefore chose an implementation plan involving a 1-year stand-still period followed by a phased introduction of the fee increases for the Satellite (Permanent Earth Station) licence class in two annual steps.
- 2.6 On 13 November 2007, we published a notice of our proposal to make regulations relating to Satellite Services licences.<sup>6</sup> On 23 January 2008 we published a statement advising that we had made regulations which implemented the proposed

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<sup>3</sup> Wireless Telegraphy Act 2006 [http://www.opsi.gov.uk/acts/acts2006/pdf/ukpga\\_20060036\\_en.pdf](http://www.opsi.gov.uk/acts/acts2006/pdf/ukpga_20060036_en.pdf).

<sup>4</sup> Modifications to Spectrum Pricing: <http://www.ofcom.org.uk/consult/condocs/pricing06/pricing06.pdf>

<sup>5</sup> Modifications to Spectrum Pricing (Statement):  
<http://www.ofcom.org.uk/consult/condocs/pricing06/statement/statement.pdf>

<sup>6</sup> Notice to make Wireless Telegraphy Licence Charge Regulations  
<http://www.ofcom.org.uk/consult/condocs/wt/condoc.pdf>

fee changes.<sup>7</sup> The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2008 came into force on 13 February 2008.<sup>8</sup>

- 2.7 In those regulations, the first of the phased increments for the Satellite (Permanent Earth Station) licence class was introduced. This was achieved by introducing band factor values in the Satellite (Permanent Earth Station) fee formula.

### **Proposed changes to the regulations**

- 2.8 We now propose to introduce the second phased increment for the Satellite (Permanent Earth Station) licence class through a further amendment to the Wireless Telegraphy (Licence Charges) Regulations 2005 (the “Principal Regulations”).<sup>9</sup> This will implement the full AIP rate for Satellite (Permanent Earth Station) licences as proposed in the policy statement of 10 January 2007.
- 2.9 Some additional housekeeping changes are proposed. The first is to reflect the reduction in the number of satellite earth station network licence products. References to the following licence classes are being removed and existing licensees will be transferred into the Satellite (Earth Station Network) licence class, there is no impact on the level of fees charged to licence holders.
- Satellite (Aircraft Earth Station)
  - Satellite (Earth Station on Board Train)
- 2.10 The second housekeeping change is to reflect the new way in which we will deal with coordination requests for Satellite (Earth Station Network) licences. Currently, an additional charge of £200 is made for each terminal that requires technical coordination by us resulting in the variation of a licence. We have simplified our approach so that terminals requiring technical coordination undergo a simple registration process rather than a licence variation. The charge for technical coordination of a terminal will remain at £200.

### **Satellite (Permanent Earth Station)**

- 2.11 The increase for Satellite (Permanent Earth Station) licence fees will apply the full AIP rate for charging and will provide incentives to use spectrum more efficiently. We decided to use a phased approach after considering responses from stakeholders on the original policy consultation. This method for a phased implementation of the full AIP rate was set out in the policy statement published on 10 January 2007. The structure of the fee formula remains unchanged but some of the band factor values have been increased to represent the full AIP rate as indicated in the notice.
- 2.12 The fee formula is shown below with the modified band factor values shown in column 3 of Table 1. We propose that these band factors will replace the existing band factor values which are shown in column 4.

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<sup>7</sup> Decision to make Wireless Telegraphy Licence Charge Regulations

<http://www.ofcom.org.uk/consult/condocs/wt/statement/>

<sup>8</sup> The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2008

[http://www.opsi.gov.uk/si/si2008/ukSI\\_20080139\\_en\\_1](http://www.opsi.gov.uk/si/si2008/ukSI_20080139_en_1)

<sup>9</sup> Wireless Telegraphy (Licence Charges) Regulations 2005 <http://www.opsi.gov.uk/si/si2005/20051378.htm>

$$AS = \sum_{bands} \left[ 28 \times BF_{band} \times \sqrt{\sum_{paths_{band}} (P_{path} \times BW_{path})} \right]$$

where:

“AS” means the appropriate sum;

“bands” mean the numbers listed in Column 1 of Table 1, corresponding to the range of frequency band listed in Column 2 of that table which are authorised by the licence;

“ $BF_{band}$ ” means the band factor applying to each band, being the number in Column 3 of Table 1 corresponding to the band listed in Column 1 of the same table;

“ $paths_{band}$ ” means the set of those transmission paths authorised by the licence for which the authorised transmission frequency lies within the frequency range of each band as set out in Column 2 of Table 1;

“ $P_{path}$ ” means the authorised peak transmit power (in Watts) at the flange of the antenna of the earth station for each transmission path;

“ $BW_{path}$ ” means the authorised transmit bandwidth (in MHz) for each transmission path; and

“transmission path” means a combination of a satellite earth station transmitter, a satellite receiver, a transmission frequency, and polarisation for which transmissions are authorised by the licence.

**Table 1. Changes in Band Factors.**

Band	Range of frequency band ( <i>fb</i> ) (in GHz)	Proposed new Band factor (BF)	Existing Band Factor (BF) ( <i>introduced in February 2008</i> )
1	$fb < 5$	2.33	1.54
2	$5 \leq fb < 10$	1.72	1.23
3	$10 \leq fb < 16$	1.00	0.87
4	$16 \leq fb < 24$	0.70	0.70
5	$fb \geq 24$	0.60	0.60

### **Satellite (Aircraft Earth Station), Satellite (Earth Station Network) and Satellite (Earth Station on Board Train)**

- 2.13 Presently we have three licence classes for satellite earth station networks - Satellite (Aircraft Earth Station), Satellite (Earth Station Network) and Satellite (Earth Station on Board Train). The only difference between the licence classes is the type of installation, i.e. fixed or mobile.
- 2.14 In order to simplify the licensing process we are proposing to merge all three licence classes into the Satellite (Earth Station Network) licence product. The three products are similar in nature in that they all involve very small aperture terminal (VSAT)-type satellite terminals operating in a network. This proposal will not increase the fees as

all three licences are charged in the same way and are subject to the same charging principals.

- 2.15 In order to combine Satellite (Aircraft Earth Station) and Satellite (Earth Station on Board Train) licences into the Satellite (Earth Station Network) licence class we propose to issue a Notice of Variation to licensees.
- 2.16 As well as merging the existing earth station network licences as described above, we are also proposing to make some changes which relate to the arrangements for technical coordination (site clearance) of the satellite terminals. When a terminal needs to be coordinated by us we will no longer vary the licence but will move to a simple registration process.
- 2.17 The proposed change of wording in the Proposed Regulations ensures that an additional charge of £200 for coordination of a terminal still applies once we move to the registration process. The changes have no impact on the level of fees charged to licence holders.

### **Next steps**

- 2.18 Following the publication of this consultation document, stakeholders are welcome to provide their feedback. The deadline to submit responses to us is 5pm on 6 January 2009.
- 2.19 The consultation period is shorter than our standard 10 week consultation period because this statutory notice follows a previous policy consultation and regulatory statement, which have already fully considered the policy impact of the proposals.
- 2.20 We expect to release a Statement on this consultation in January 2009, having taken into account the stakeholder responses to our proposals and to make, and bring into force, regulations by no later than the end of February 2009.



## Section 3

# General effect of the Wireless Telegraphy (Licence charges) (Amendment) Regulations 2009

- 3.1 The Proposed Regulations, once they come into force, will amend the existing legal framework for the spectrum pricing arrangements that apply to some Wireless Telegraphy Act Satellite Services licence classes. In making the Proposed Regulations, we have had regard to the matters specified in section 3 of the Wireless Telegraphy Act and are exercising our powers under sections 12 and 13 of the Wireless Telegraphy Act and section 403 of the Communications Act.

## Extent of application

- 3.2 The draft pricing regulations will apply in the United Kingdom, Guernsey, Jersey and the Isle of Man.

## Proposed changes to the existing pricing regulations

- 3.3 Regulation 1 sets out the citation and commencement of the draft pricing regulations.
- 3.4 Regulation 2 provides for the amendment of the Principal Regulations.
- 3.5 Regulation 3 removes the licence classes Satellite (Aircraft Earth Station) and Satellite (Earth Station on board Vessel) from the interpretation in Regulation 3 of the Principal Regulations.
- 3.6 Regulation 4 amends Schedule 2 to the Principal Regulations to omit the licence classes Satellite (Aircraft Earth Station) and Satellite (Earth Station on board Train) from the Satellite Services sector.
- 3.7 Regulation 4(2)(c) deletes “resulting in the variation of a licence” from the text for variable sums for Satellite (Earth Station Network) licences. The revised text would read to “For each terminal requiring technical coordination by Ofcom £200”.
- 3.8 Regulations 5(1) and 5(2) change the fee table used for the calculation of Satellite (Permanent Earth Station) licence in Part 2 of Schedule 8 to the Principal Regulations.

## Annex 1

# Responding to this consultation

## How to respond

- A1.1 We invite written views and comments on the issues raised in this document, to be made **by 5pm on 6 January 2009**.
- A1.2 We strongly prefer to receive responses using the online web form at [http://www.ofcom.org.uk/consult/condocs/spec\\_pricing08/](http://www.ofcom.org.uk/consult/condocs/spec_pricing08/), as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses - particularly those with supporting charts, tables or other data - please email [Paul.Chapman@ofcom.org.uk](mailto:Paul.Chapman@ofcom.org.uk) attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.
- Paul Chapman  
Floor 3  
Spectrum Policy Group  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- Fax: 020 7981 3921
- A1.5 Note that we do not need a hard copy in addition to an electronic version. We will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.

## Further information

- A1.6 If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Paul Chapman on 020 7981 3069.

## Confidentiality

- A1.7 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk), ideally on receipt. If you think your response should be kept confidential, can you please specify what part or whether all of your response should be kept confidential, and specify why. Please also place such parts in a separate annex.
- A1.8 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this. But sometimes we will need to publish

all responses, including those that are marked as confidential, in order to meet legal obligations.

- A1.9 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Our approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/account/disclaimer/>

### Next steps

- A1.10 Following the end of the consultation period, we intend to publish a statement in early 2009.
- A1.11 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: [http://www.ofcom.org.uk/static/subscribe/select\\_list.htm](http://www.ofcom.org.uk/static/subscribe/select_list.htm)

### Ofcom's consultation processes

- A1.12 We seek to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.13 If you have any comments or suggestions on how we conduct our consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We would particularly welcome thoughts on how we could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.14 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Vicki Nash, Director Scotland, who is our consultation champion:

Vicki Nash  
Ofcom  
Sutherland House  
149 St. Vincent Street  
Glasgow G2 5NW

Tel: 0141 229 7401  
Fax: 0141 229 7433

Email [vicki.nash@ofcom.org.uk](mailto:vicki.nash@ofcom.org.uk)

## Annex 2

# Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

### Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

### During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened Plain English Guide for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will consult for up to 10 weeks depending on the potential impact of our proposals.

A2.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. Ofcom's 'Consultation Champion' will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why.

### After the consultation

A2.8 We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish all the responses we have received on our website. In our statement, we will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

## Annex 3

# Consultation response cover sheet

- A3.1 In the interests of transparency and good regulatory practice, we will publish all consultation responses in full on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk).
- A3.2 We have produced a coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). This will speed up our processing of responses, and help to maintain confidentiality where appropriate.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore we would encourage respondents to complete their coversheet in a way that allows us to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the 'Consultations' section of our website at [www.ofcom.org.uk/consult/](http://www.ofcom.org.uk/consult/).
- A3.5 Please put any parts of your response you consider should be kept confidential in a separate annex to your response and include your reasons why this part of your response should not be published. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only, so that we don't have to edit your response.

## Cover sheet for response to an Ofcom consultation

### BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

### CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

☐

Name/contact details/job title

☐

Whole response

☐

Organisation

☐

Part of the response

☐

If there is no separate annex, which parts?

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

### DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

☐

Name

Signed (if hard copy)

## Annex 4

# Regulatory Impact Assessment

## Introduction

- A4.1 In accordance with Government practice, where a statutory regulation is proposed, a Regulatory Impact Assessment (“RIA”) must be undertaken. The analysis presented here, when read in conjunction with the rest of this document, represents a RIA as defined by section 7 of the Communications Act 2003 (the “Communications Act”) for amending the Wireless Telegraphy (Licence Charges) Regulations 2005 (SI 2005 No. 1378) (the “Principal Regulations”).<sup>10</sup>
- A4.2 RIAs provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best practice policy-making. This is reflected in section 7 of the Communications Act, which stipulates that generally we have to carry out impact assessments where our proposals would be likely to have a significant effect on businesses or the general public, or when there is a major change in our activities. However, as a matter of policy we are committed to carrying out and publishing impact assessments in relation to the great majority of our policy decisions. For further information about our approach to impact assessments, see the guidelines, “Better policy-making: Ofcom’s approach to impact assessment”, which are on our website: [http://www.ofcom.org.uk/consult/policy\\_making/guidelines.pdf](http://www.ofcom.org.uk/consult/policy_making/guidelines.pdf).

## Background

- A4.3 In the UK, we are responsible for the authorisation of civil use of the radio spectrum and achieve this by granting licences under the Wireless Telegraphy Act 2006 (the “Wireless Telegraphy Act”). Section 12 grants us the power to recover charges, as determined by us and prescribed by regulations, for the grant of a Wireless Telegraphy Act licence. This power enables us to recover the cost of administering and managing Wireless Telegraphy Act licences. We also have a range of duties under section 3 of the Wireless Telegraphy Act which require us to promote the efficient management and use of the part of the electromagnetic spectrum available for wireless telegraphy. Accordingly, in order to provide incentives to licensees to use their spectrum more efficiently, section 13(2) of the Wireless Telegraphy Act permits us to prescribe and recover sums for Wireless Telegraphy Act licences greater than those necessary to recover the costs that we incur in undertaking our spectrum management functions. This is known as Administrative Incentive Pricing (AIP).
- A4.4 We issued a consultation document in July 2006<sup>11</sup> and subsequent statement in January 2007<sup>12</sup> concerning modifications to spectrum pricing. The policy consultation concerned changes to a number of Wireless Telegraphy Act licence charges and categories, namely those applicable to Broadcasting, Business Radio, Community Radio, Fixed Links, Fixed Wireless Access, Maritime, Programme Making and Special Events, Public Wireless Networks, Satellite Earth Stations and Science and Technology. The majority of these changes were implemented by the

<sup>10</sup> Wireless Telegraphy (Licence Charges) Regulations 2005: <http://www.opsi.gov.uk/si/si2005/20051378.htm>.

<sup>11</sup> Modifications to Spectrum Pricing: <http://www.ofcom.org.uk/consult/condocs/pricing06/>

<sup>12</sup> Modifications to Spectrum Pricing (Statement): <http://www.ofcom.org.uk/consult/condocs/licencecharges/statement/wtstatement.pdf>

Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2007 which came into force on 27 August 2007.<sup>13</sup>

- A4.5 On 13 November 2007, we published a notice of our proposal to make Wireless Telegraphy (Licence Charge) (Amendment) Regulations relating to Satellite Services licences.<sup>14</sup> On 23 January 2008 we published a statement advising that we had made regulations which implemented the proposed fee changes.<sup>15</sup> The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2008 regulations came into force on 13 February 2008.<sup>16</sup>

## Proposal

- A4.6 This RIA relates to the proposal to update and modify licence charges for Wireless Telegraphy Act licences. The Proposed Regulations will amend the Principal Regulations. This update will amend the existing Regulations. The nature of the changes is primarily to introduce the full AIP rate for Satellite (Permanent Earth Station) licences. The other changes are intended to simplify the earth station network licence class.

## The citizen and/or consumer interest

- A4.7 We take account of the impact of our decisions on both citizen and consumer interests in the markets we regulate. In proposing changes to the existing pricing regulations we have considered the wider impact beyond immediate stakeholders in the radiocommunications community. We believe that the proposals will be of benefit to citizens and consumers for the following reasons:
- i) extended application of AIP will encourage more efficient use of the radio spectrum, potentially making more available to potential new uses and users; and
  - ii) a combined Satellite (Earth Station Network) licence class will reduce the overall number of satellite licence products available and therefore simplify licence processes and reduce regulatory burdens.

## Ofcom's policy objective

- A4.8 We have a statutory obligation to make efficient use of the radio spectrum. The Wireless Telegraphy Act enables us to charge administered incentive pricing for Wireless Telegraphy licences. Additionally, we seek wherever possible, to reduce the regulatory burden upon our stakeholders, in this instance users of satellite earth station networks. One way in which we can do this is to simplify and rationalise licence products available to consumers.

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<sup>13</sup> Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2007

<http://www.opsi.gov.uk/SI/si2007/20072326.htm>

<sup>14</sup> Notice to make Wireless Telegraphy Licence Charge Regulations

<http://www.ofcom.org.uk/consult/condocs/wt/condoc.pdf>

<sup>15</sup> Decision to make Wireless Telegraphy Licence Charge Regulations

<http://www.ofcom.org.uk/consult/condocs/wt/statement/>

<sup>16</sup> The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2008

[http://www.opsi.gov.uk/si/si2008/uksi\\_20080139\\_en\\_1](http://www.opsi.gov.uk/si/si2008/uksi_20080139_en_1)



## Options considered

### Satellite (Permanent Earth Station) licence fee change

A4.9 The options open to us in relation to the proposed fee change to Satellite (Permanent Earth Station) Wireless Telegraphy Act licences fall into the following categories:

- i) maintain existing charges for licences; or
- ii) charge licensees based on full AIP rate.

### Satellite Earth Station Network licence class change

A4.10 The options open to us in relation to the proposed changes to licence class are as follows;

- i) maintain existing licence classes and categories of licence products; or
- ii) merge licence classes.

## Analysis of options

### Satellite (Permanent Earth Station) licence fee change

#### Maintain existing charges for licences

A4.11 By maintaining existing charges for licences we may not be complying with our duty to promote the efficient use and management of spectrum.

#### Charge for licences based on full AIP rate

A4.12 It may be appropriate to charge licensees the full AIP rate, in order to reflect the value of spectrum as a scarce resource and promote efficient use and management of spectrum.

### Satellite Earth Station Network licence class change

#### Maintain existing licence classes and categories of licence products

A4.13 By maintaining existing licence classes and products we may not be acting to reduce regulatory burdens in areas where it is possible for us to do so. In addition, we may be failing to consider whether existing licence classes and products are adequate or necessary to meet the needs of stakeholders.

#### Merge licence classes

A4.14 By merging the existing satellite earth station network licence classes we would simplify the licensing process for these classes of licence and may reduce regulatory burdens on licensees.

## The preferred options

A4.15 In relation to the Wireless Telegraphy Act licence fee change and the changes associated with satellite earth station network licences, our preferred options are to:

- adjust licence charges in order to introduce the full AIP rate comparable with other sectors (for example fixed links, which use the same or similar spectrum) specifically in relation to Satellite (Permanent Earth Station); and
- simplify the licence classes to merge the Satellite (Aircraft Earth Station) and Satellite (Earth Station on Board Train) licences into the Satellite (Earth Station Network) licence product.

## Benefits

A4.16 The benefits of the Proposed Regulations are a reduction in the regulatory burden on stakeholders arising from the simplification of licence processes and removal of the Satellite (Aircraft Earth Station) and Satellite (Earth Station on Board Train) licences and their merger into the Satellite (Earth Station Network) licence class. Continued use of AIP, where relevant, will help to ensure efficient use of spectrum.

## Costs to business

A4.17 The fee increases for the Satellite (Permanent Earth Station) will affect a number of licensees. Typical increases for licence charges in various frequency bands are shown below

**Table 2: Typical impact of fee increase on Permanent Earth Station licensees**

Licence Type	% increase in licence fee
Permanent Earth station operating at 6 GHz	~40%
Permanent Earth station operating at 14 GHz	~15%
Permanent Earth station operating at 28 GHz	No change

A4.18 While the cost of the Satellite (Permanent Earth Station) licence will increase as a result of the introduction of the regulations, these costs will be offset against the benefits to the UK economy as a whole from more efficient use of spectrum.

## Costs to us

A4.19 There are one-off administrative costs associated with making a Statutory Instrument. We consider the implementation costs to be low and offset by the benefits outlined in section 2 of the consultation document.<sup>17</sup> There may be a slight reduction in spectrum management costs in certain areas.

## Conclusion

A4.20 We consider that promoting more efficient use of spectrum and reducing the regulatory burden on some licensees brought about by the introduction of the regulations outweigh the costs of their introduction. We have therefore decided to amend the existing pricing regulations. We will continue to monitor the effect of the regulations as part of our ongoing review of spectrum pricing policy. We usually review the pricing regulations themselves every two years.

<sup>17</sup> <http://www.ofcom.org.uk/consult/condocs/pricing06/>

## Annex 5

# Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2009

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## STATUTORY INSTRUMENTS

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**2009 No. x**

### ELECTRONIC COMMUNICATIONS

#### The Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2009

*Made* - - - - - \*\*\*

*Coming into force* - - - - - \*\*\*

The Office of Communications (“OFCOM”) make the following Regulations in exercise of the powers conferred by sections 12, 13(2) and 122(7) of the Wireless Telegraphy Act 2006<sup>(18)</sup> (“the Act”).

Before making these Regulations OFCOM have given notice of their proposal to do so in accordance with section 122(4)(a) of the Act, published notice of their proposal in accordance with section 122(4)(b) of the Act, and have considered the representations made to them before the time specified in the notice in accordance with section 122(4)(c) of the Act.

#### Citation, commencement and interpretation

**1.**— These Regulations may be cited as the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2009 and shall come into force on \*\*\*.

(1) In these Regulations “the principal Regulations” means the Wireless Telegraphy (Licence Charges) Regulations 2005<sup>(19)</sup>.

#### Amendment of the principal Regulations

**2.** The principal Regulations shall be amended in accordance with the following provisions of these Regulations.

#### Amendment of regulation 3

**3.** In regulation 3 (interpretation) in paragraph (7)—

- (a) omit “a Satellite (Aircraft Earth Station) Licence,”; and

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<sup>(18)</sup> 2006 c.36

<sup>(19)</sup> S.I. 2005/1378 as amended by S.I. 2006/2894, S.I. 2007/2326, S.I. 2008/139 and S.I. 2008/2106

- (b) omit “and a Satellite (Earth Station on board Train) Licence”.

## Amendment of Schedule 2

**4.**—Schedule 2 (licence charges and payment intervals) shall be amended in accordance with the following paragraphs of this regulation.

(1) Under the heading “Satellite Services”—

- (a) in relation to the licence class “Satellite (Aircraft Earth Station)” omit all of the entries in Columns 1 to 4;
- (b) in relation to the licence class “Satellite (Earth Station on Board Train)” omit all of the entries in Columns 1 to 4; and
- (c) in relation to the licence class “Satellite (Earth Station Network)” for the entries in Columns 1 to 4 substitute the following entries—

“Satellite (Earth Station Network)	£200		12 months
		For each terminal requiring technical coordination by Ofcom £200.”	

(2) In this regulation—

- (a) the column headed “Class of licence” in Schedule 2 to the principal Regulations shall be designated as “Column 1”;
- (b) the column headed “Fixed sums” in Schedule 2 to the principal Regulations shall be designated as “Column 2”;
- (c) the column headed “Variable sums” in Schedule 2 to the principal Regulations shall be designated as “Column 3”;
- (d) the column headed “Prescribed payment interval” in Schedule 2 to the principal Regulations shall be designated as “Column 4”; and
- (e) where the amendments to Schedule 2 to the principal Regulations prescribed in paragraph (2) of this regulation are set out within a four column grid, the four columns of that grid are to be inserted as Columns 1 to 4 of the Schedule.

## Amendment of Schedule 8

**5.**—Schedule 8 (Fees payable for Satellite (Permanent Earth Station), (Transportable Earth Station) and (Transportable Very Small Aperture Terminal) Licences) shall be amended in accordance with the following paragraphs of this regulation.

(1) In relation to Part 2 (Band factor for calculating the appropriate sum for a Satellite (Permanent Earth Station) Licence—

- (a) in the first row of Column 3, for “1.54” substitute “2.33”;
- (b) in the second row of Column 3 for “1.23” substitute “1.72”; and
- (c) in the third row of Column 3 for “0.87” substitute “1.00”.

Date

Name  
Position

For and by the authority of the Office of Communications