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## **"Innovative Uses of Spectrum"**

### **Consultation Response**

*December 2008*

*Question 1. Do you agree with our proposal to create a new innovation (Spectrum Access: Non-Protected) licence class?*

Yes, we believe this will create a good environment for companies to trial new services commercially.

*Question 2. Do you agree with our proposal to grant innovation licences on a first-come-first-served basis?*

Yes, we believe this is the only suitable method.

*Question 3. Do you agree with our proposal that innovation licences be service and technology neutral?*

Yes. It is not the place of Ofcom to predict or judge the uses for spectrum, and bureaucratic restriction seems unnecessary and inflexible. The gains of creating innovation licenses would be diminished if use of the spectrum was defined and restricted.

*Question 4. Do you agree with our proposal that innovation licences should include a "non-interference non-protected" licence condition?*

We believe this is acceptable, and does not significantly diminish the value of innovation licenses.

However, we feel that a degree of protection would be beneficial. Companies making use of an innovation license will likely incur substantial investments, and operating commercial services where risks of interference exist may jeopardise a project. Uncertainty increases risk, and disincentivising investment may lead to sub-optimal use of spectrum.

*Question 5. Do you agree with our proposal that, in general, innovation licences have an indefinite duration?*

Yes. We agree with Ofcom's analysis that indefinite terms are beneficial, insofar as licenses are not protected from free market forces.

*Question 6. Do you agree with our proposal that innovation licences have no initial period?*

The absence of an initial period may discourage investment and lead to sub-optimal use of the spectrum. Networks are capital intensive and return on investment windows are stretched. Reducing uncertainty over license tenure substantially increases the risk of investment and may have consequences on the ability to raise capital to undertake a project and thus jeopardise trials.

We feel that a reasonable initial period is desirable. Allowing the notice period to overlap mitigates the potential for sub-optimal use whilst providing certainty over tenure.

*Question 7. Do you agree with our proposal that innovation licences have a minimum notice period for variation or revocation on spectrum-management grounds of one year?*

Yes, one year is reasonable.

*Question 8. Do you agree with our proposals for varying or revoking innovation licences at any time?*

Yes.

*Question 9: Do you agree with our proposal to allow only outright total transfers of innovation licences?*

Yes, although restricting tradability because circumstances cannot be conceived of, bearing in mind the seemingly small administrative cost, appears unnecessarily limiting.

*Question 10: Do you agree with our proposal to charge a fixed fee of £2,000 per innovation licence per year?*

Yes, this seem reasonable.