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DIGITAL DIVIDEND REVIEW: GEOGRAPHICAL INTERLEAVED AWARDS 470-550MHz AND 630-790 MHz CONSULTATION ON DETAILED AWARD DESIGN

The Scottish Government welcomes the opportunity to respond on Ofcom's consultation on the detailed award design for the geographical interleaved spectrum (470-550 MHz and 630-790 MHz) which will be available after digital switchover.

In general, we are broadly supportive of the approach proposed by Ofcom as set out in the consultation document. Whilst we do not have detailed views on the minutiae of auction design and packaging, we are generally supportive of measures designed to encourage the participation of small operators in the auction process, and similarly, measures designed to prevent anti-competitive behaviour in the process. The plan to award the geographical interleaved spectrum in lots that would be suitable for local television but not restricted to it is also welcome as is the proposal to allow for the purchase of aggregated licences to cover larger geographical areas.

In addition, we would urge Ofcom to consider the findings of the Scottish Broadcasting Commission's final report, due to be published early in September, during the ongoing work on the Digital Dividend Review.

In respect of the full detailed consultation questions as set out in the consultation document, we have not provided a response to all, however we wish to offer some high level observations on a number of aspects of the consultation which are important to us, as follows below:

Question 8: Do you agree with the proposal for a series of awards of spectrum lots – an award for Caldbeck, Winter Hill and Wenvoe in late 2008 or early 2009, a single award in 2009 of larger lots and awards of other lots lined to DSO?



Yes. However, efforts must be made to ensure that any party wishing to aggregate geographical interleaved spectrum to provide a wider service should be given priority where appropriate.

Question 20. Do you agree that we should facilitate interoperability between existing DTT multiplex operators and new operators using cleared spectrum?

Ofcom should facilitate interoperability between existing DTT multiplex operators and new operators.

Question 24: Do you agree with our proposals to include an information provision licence condition to help facilitate efficient secondary trading?

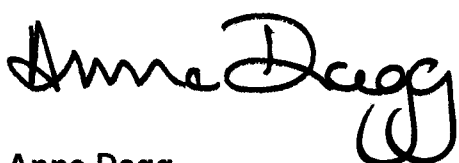
We agree with these proposals and are in support of secondary trading appropriate as it has the potential to improve the efficient use of spectrum in the market. Moreover, we would like to see the regulator implement a licence condition which actively encourages trading of unused spectrum, with similar conditions imposed on any subsequent buyer.

Question 25. Do you agree with our view that we should not apply any general remedies other than for information provision in the geographic interleaved award?

In line with our response to the first DDR consultation, we disagree and would be supportive of the regulator implementing a “use it or lose it” clause. Whilst we agree that the nature of likely uses of the interleaved spectrum is different to that of the cleared spectrum, our concern over hoarding of this spectrum – to prevent use by others – is nevertheless a potential issue. We note that Ofcom does not propose to implement a safeguard cap for the interleaved spectrum as it is proposing to do for the cleared spectrum. We are not fully convinced of the arguments for this course of action as we feel that some sort of cap—even a ‘soft’ cap, may have the potential to prevent hoarding.

I hope this information is useful.

Yours sincerely



Anne Dagg
Creative Scotland and Broadcasting Team