



## ***BT's Response to Ofcom's consultation: The Future of Digital Terrestrial Television***

### **Introduction**

BT welcomes the opportunity to respond to this consultation. BT is not a Public Service Broadcaster (PSB) but believes that it is important for consumer choice and for the development of the digital TV and IPTV industry that free-to-air High Definition (HD) services are widely available. As such, BT is supportive of measures that allow the coverage and capacity of DTT to increase such that HD services can be supported on the platform. We do however have some specific concerns about certain aspects of Ofcom's proposals and these are set out below.

### **Timing**

Under Ofcom's proposals, DTT technologies will be upgraded to encompass MPEG4 coding and DVB-T2 equipment. Hence, new set-top boxes (STBs) will be required by consumers. While these technology improvements are necessary, depending on implementation they could provide a commercial challenge to platform operators who have to factor in the economics of changing-out boxes and potentially bearing write-off costs.

Based on our discussions with manufacturers, we believe Ofcom may be over-optimistic about industry's ability to roll these new STBs out within the suggested timescales. It will be important to minimise any uncertainty in the roll out to give platform operators the opportunity to meet and stimulate demand in the most efficient manner. We would therefore encourage Ofcom to work with industry to ensure that these roll-out dates can be met or at least to achieve greater certainty about achievable dates.

The suggested regional roll-out will also cause difficulties for commercial VOD operators, such as BT Vision, who market to their customers on a national basis. This will compound the impact of the uncertainty over timing of the availability of the new STBs on business cases, and potentially cause customer confusion.

### **Commercial use of spectrum**

While we generally support public service broadcasting in HD over DTT, we have concerns over the potential use of this privileged access to transmission capacity and the associated administratively priced radio frequencies by PSBs in competition with commercial VOD operators; for example, if some of this spectrum were used overnight by PSBs for NVOD (Near VOD applications). BT understands Ofcom's proposals for allocating the proposed additional capacity for HD (and SD) channels will be by means of a beauty parade of

PSBs (hence excluding companies such as BT). Ofcom should, however, consider enabling a more open allocation process for any non-broadcast or 'downtime' transmission capacity since this could be used for commercial NVOD, by BT and other VOD operators.