



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Robert Emson,
Floor 3, Spectrum Group
Riverside House
2A Southwark Bridge Road
London
SE1 9HA

30 January 2017

Dear Robert,

I am writing to you in response to your current consultation titled 'Award of the 2.3 and 3.4GHz spectrum bands: Competition issues and auction regulations'.

The Ofcom Connected Nations report 2016 highlighted that mobile connectivity in Wales needs to be improved if it is to enjoy the levels of connectivity of other parts of the UK.

In recognition of this, the Minister for Skills and Science, Julie James AM, announced last week her intention to publish a mobile action plan for Wales.

How regulation works in Wales will be a central element in developing that plan. In particular, how regulation could be tailored to reflect the topography and population density of Wales to support improvements in coverage and capacity. This includes how spectrum auctions and associated coverage obligations can play a role. We are working with your colleagues in Wales to look at the issues.

We recognise, however, that the spectrum which is at the heart of this consultation is best suited to improving capacity rather than extending coverage.

I do not intend to comment here on the detail of the competition rules nor to comment substantively on the auction regulations but will reflect on some of the key issues raised.

The asymmetric nature of the spectrum holdings has been raised on a number of occasions with us by representatives of the mobile industry and your consultation paper succinctly sets out the position. Ofcom appears to advocate that a healthy and competitive mobile market in the UK needs four main competitors. If this is the case, then Ofcom may need to consider not only how to address market imbalances through future spectrum releases, but also,

perhaps, should not shy away from exploring mechanisms to address historic imbalances in spectrum distribution.

Our primary concern is to ensure that as many people in Wales as possible can access the services they need through mobile devices and that industry and the wider economy can benefit from connected machines, the internet of things and is ready for 5G. We want network operators in Wales to have the spectrum at their disposal to support this

Competition should ensure that prices remain affordable and it should drive innovation. To this end we share your concerns that the auction should not weaken competition and welcome efforts which would preserve or increase competition.

I look forward to seeing your further proposals.

Yours sincerely

Richard Sewell
Deputy Director – ICT Infrastructure