



## Topics covered

- Spectrum Leasing
  - Context and Background
  - Roles and Responsibilities
- Spectrum Efficiency
- Sharing Criteria
- Feedback from Industry

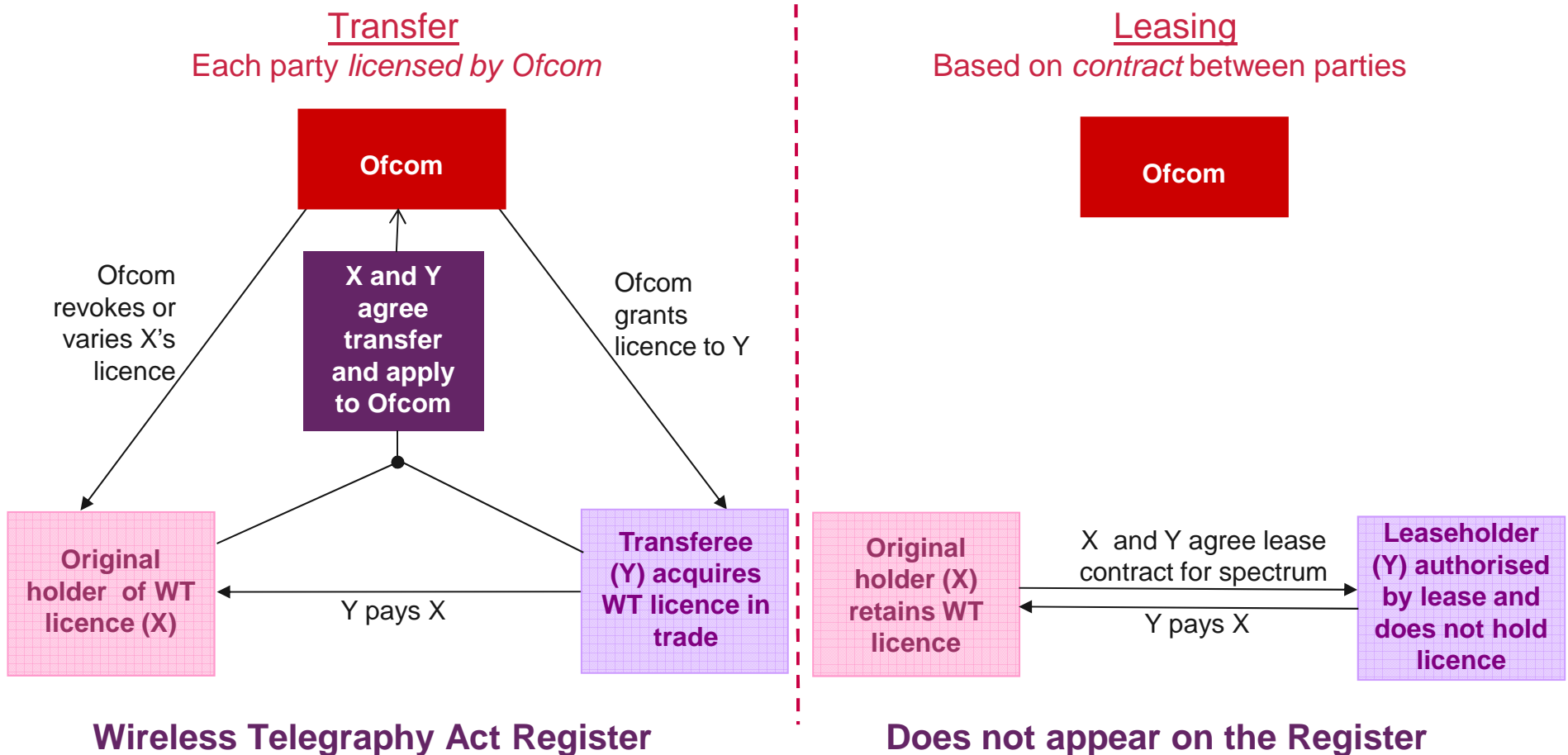


# Spectrum Leasing

## Spectrum leasing

- Streamlined way to trade spectrum by entering into lease contracts without need to notify Ofcom or for Ofcom to issue new licences
  - Following positive response to consultation, Ofcom announced intention to proceed
- Roll out initially restricted for operational and resource reasons to Area Defined BR and most – but not all – auctioned licences
- Proceeding by individual licence variation
  - Holders will need to apply for individual licence variation before granting leases
  - But Suppliers Light licence already contains the necessary terms
- Currently drafting text of licence variation that will be offered in selected licence classes
  - Hope to finalise before very much longer and will notify through usual channels when ready
- May extend to other licences in due course depending on market demand but more complicated and will need careful consideration
  - Potential to increase interference and/or congestion for neighbours
  - Might need to change assignment tool to ensure equitable sharing

## Difference between transfer and leasing



## Leasing provides a simpler way to trade spectrum

- Lessor (person granting lease) retains sole licence
  - Negotiates terms of lease including limits on leaseholders' use (within licence terms)
  - Acts as first port of call if leaseholder experiences interference and take reasonable steps to resolve issues between leaseholders
  - Required to:
    - keep records of leaseholders and sub-leaseholders with written lease contracts
    - take reasonable steps to ensure leaseholders comply with licence conditions
    - inform leaseholders of terms of licence, consequences of non-compliance and possibility of enforcement action including immediate close-down
    - Provide prompt and satisfactory resolution of disputes

- No need to grant leaseholder a separate licence or for parties to pre-notify Ofcom

- Ofcom does not need to grant new licence or record details in licensing database

→ ***Lower transaction costs + faster execution = quicker access*** for new services

## Lessors' role and responsibilities

- **Responsible** for negotiating terms of lease including technical boundaries on use of assignment within the licence terms and conditions
- **Expected to:**
  - be first port of call if leaseholder experiences interference
  - take reasonable steps to resolve issues arising between leaseholders by enforcing contracts with them although Ofcom may ultimately need to be involved
- **Required to:**
  - keep records of leaseholders and sub-leaseholders and written lease contracts
  - take reasonable steps to ensure leaseholders comply with licence conditions
  - inform leaseholders of terms of licence, consequences of non-compliance and possibility of enforcement action including immediate close-down
  - provide for prompt and satisfactory resolution of disputes

But *up to parties* to decide whether leasing or transfer suits them better

**YOU DO NOT HAVE TO LEASE**

# Spectrum Efficiency

## Market forces

- At what point will digital comprise majority of the PMR market
  - We would like your feedback to help us inform our thinking
- What is the market share for digital
  - Industry estimate is 15 – 20%
- What percentage of sales are digital
  - Industry estimate is 50%
- What about those customers who continue using analogue?
  - How long can they stay analogue before industry cuts them adrift
  - Is there enough money in analogue for manufacturer support to continue
  - Will there be a 3<sup>rd</sup> party market to support analogue (MPT1327)
  - 85% of radios worldwide are analogue
  - Ofcom continues to be technology neutral

## Spectrum Efficiency using Incentives

- Spectrum Pricing is one way to drive spectrum efficiency – for example:
  - Increase the price of a 12½ kHz efficient channel
  - Reduce the price of a 6¼ kHz efficient channel (changes to the minimum admin fee)
  - When does the price of a licence influence bandwidth?
  - Are there other incentives – features, connectivity, business efficiency...
    - 86% of Technically Assigned licence fees are £150 or less
    - Compared to cumulative cost of site rental, hardware, running costs
  - Is this is a London / conurbation issue
  - Does the cost of a BR licence encourage non-payment

## What if we mandated a move to 6¼ kHz efficiency?

- Spectrum Pricing to drive spectrum efficiency
  - Increase the price of a 12½ kHz efficient channel
  - Reduce the price of a 6¼ kHz efficient channel
  - Does customer care how much a licence costs
    - 86% of Technically Assigned licence fees are £150 or less
    - Compared to cumulative cost of site rental, hardware, running costs
- Spectrum band re-planning
  - Applies to Mid, High, UHF1 and UHF2 frequency bands
    - 13,500 customers, 27,000 licences impacted
  - Does not apply to Band One, Low Band, Band III
  - Move all customers to new frequencies
  - Allocate frequency blocks to technologies?
  - What about light licences
  - Is there sufficient benefit to Ofcom and Industry

# Sharing Criteria

## Questions re Sharing Criteria

- Should the same assignment criteria apply to all environments to ensure consistency of assignment
- To what extent should Ofcom specify the definition of shared
  - Seconds per minute
  - Minutes per hour
  - Max period for continuous transmission
- Should the same assignment criteria apply to all environments to ensure consistency of assignment
- Should we keep loading shared channels until users say stop?
- How many on-site assignments can share a simplex frequency in London within a kilometre
- Can Dealers manage this effectively

## Feedback and Questions ?

Please send feedback on leasing process and suggestions for FAQs to:

[Laurence.Green@ofcom.org.uk](mailto:Laurence.Green@ofcom.org.uk)

[Paul.Jarvis@ofcom.org.uk](mailto:Paul.Jarvis@ofcom.org.uk)

Principal Policy Advisor

Head of Business Radio