

FCS Regional Meeting Coventry

14th April 2010
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Agenda

- Business Radio Portfolio and Licence Products
- Outline of licensing system features
- Licence Renewal Process
- Spectrum Trading Update
- Business Radio Future Strategy
- SRSP: The revised framework for Spectrum Pricing
- Digital Economy Bill
- Industry – What issues are you facing?
- Questions

Business Radio Portfolio

- Traditional PMR
 - Area Defined
 - Technically Assigned
 - Light Licence
 - Suppliers
 - Simple Site (with base station)
 - Simple UK
- Marine
 - CSR International
 - CSR UK
 - CSR Marina
 - Suppliers & Demo
 - Training School
 - Radar & Aids to Navigation
 - Ship radio licence
 - Ship portable
- Amateur
 - Foundation, Intermediate and Advanced
- Aeronautical
 - Delegated to CAA
- CB



Maritime Radio – Ships

- Ship radio licences and Ship portable radio licences
 - Some 96,000 in total
 - Free on-line
 - Validation (or any amendments) required at least every 10 years
 - Plans underway to implement further validation of data entry on web portal
 - Recently implemented a process to facilitate UK vessels traversing European inland waterways using an Automatic Transmitter Identification System (ATIS)
- International aspects – some WRC-11 agenda items associated with maritime issues
 - Item 1.9 – revision of HF frequencies and channelling arrangements
 - Item 1.10 - Examination of frequency allocation requirements for operation of safety systems for ships and ports

Maritime Radio – Coastal Stations and Navigational Aids

- Licensing now similar to Business Radio “Unify” process
 - New look to licences – essentially the same – different format
 - Some 1500 licences
 - Some 3,500 assignments
 - Currently annually renewable
- Further AIP consultation primarily on maritime VHF in early July – taking into account feedback from stakeholders. (No AIP for ship radio licences).

Amateur radio

- Some 70,000 licences (including lower levels and Clubs) – licences generally free on line. (Validation or amendments required at least every 5 years).
- Ongoing licensing of Repeaters (including digital) , Beacons, Special Event Stations etc.
- Where appropriate, specific requirements dealt with through Notices of Variation (NoVs) to the licence
- Regular meetings being held with the Radio Society of Great Britain, addressing policy and regulatory issues
- International aspects – some WRC-11 agenda items impacting Amateur radio service
 - Item 1.23 - requests a 15 kHz secondary allocation between 415 and 526.5 kHz
 - Item 1.15 - potential radiolocation allocation for oceanographic radars in the 3 to 50 MHz band
- Studies being addressed in ITU relating to Power Line Adaptors/PLT

Where we are

- The BR Reform process completed over a year ago
- All Business Radio licences have now migrated across to our new licensing system
- All Business Radio PMR licences are now fully tradable – except E&PSS/GSM-R
- Licensees have more responsibility to manage their licences
- There are now just 5 Business Radio licence types and 3 fee approaches:
 - **Area Defined:** national or large areas – approximately 100 licences
 - **Technically Assigned:** smaller areas, carefully managed frequency assignment process – approximately 35,000 licences
 - **Light licences:**
 - Simple UK - approximately 5,000 licences
 - Simple Site - approximately 10,000 licences
 - Suppliers - approximately 400 licences
- Now developing the strategy for the future

New features

All Business Radio licences now searchable on WTR (Wireless Telegraphy Register)...

Wireless Telegraphy Register

Home
EFIS
UKFAT
UKPFA
WTR
TNR
Apply for an Ofcom licence
Help and FAQs
About this system

I'm looking for this licence number:

OR

Licence type

I'm looking for this sort of licence:

for this purpose:

Between these frequencies:

From to


In this area:

Enter the area centre point (in NGR format e.g. XX 123 456) and minimum search distance

Search centre (NGR format) minimum search distance +/- km

OR

Or select an area on the map below:



move map select area

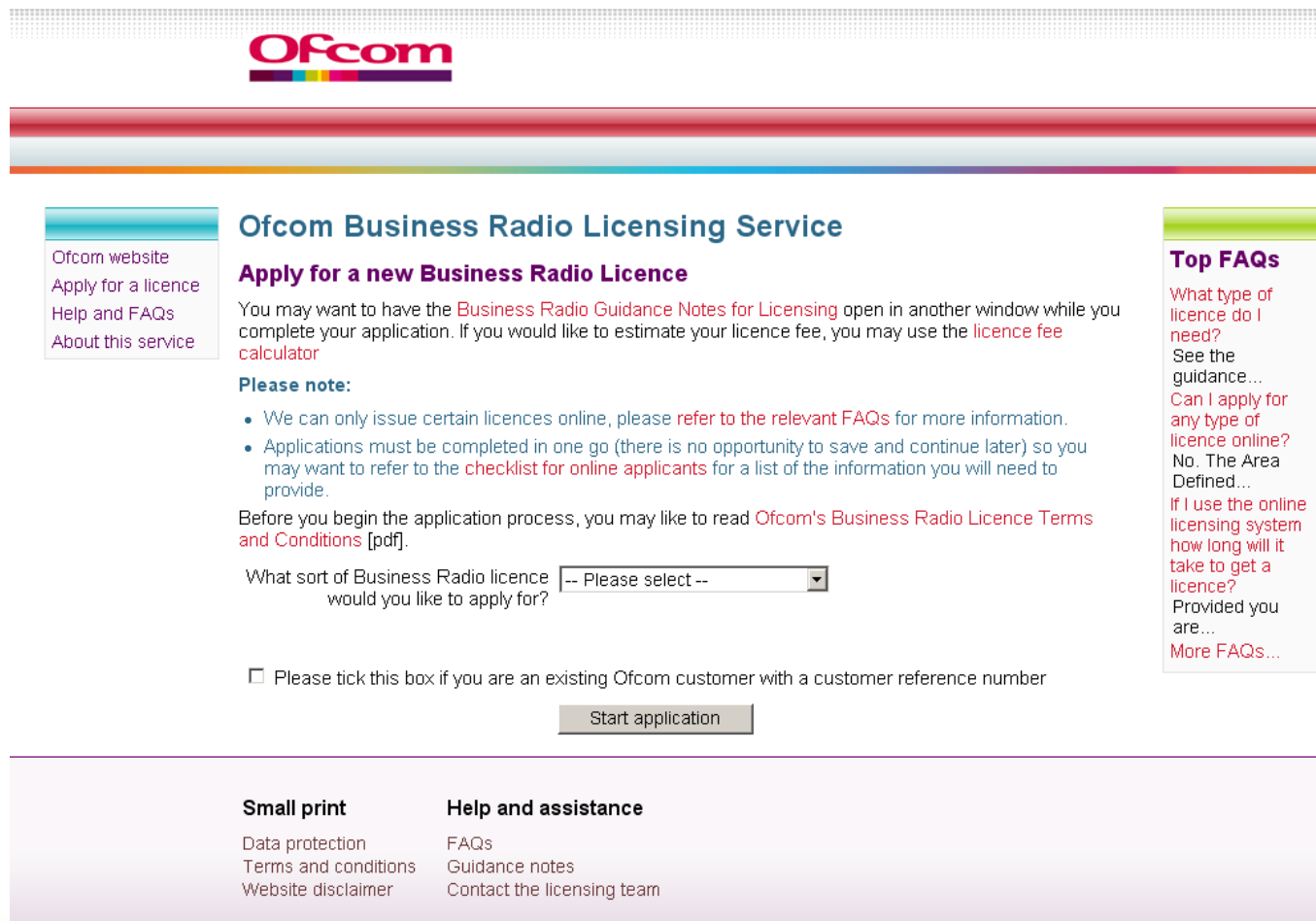
Submit search Clear search

Top FAQs

- What is the WTR?
- The Wireless Telegra...
- How do I search the Wireless Telegraphy Act Register?
- The WTR is searchabl...
- How do you search a specific area?
- You are able to...
- More FAQs...

New features (cont'd)

- We have a new improved online application system for Business Radio – further facilities to be added in August for Area Defined applications and Variations



The screenshot shows the Ofcom Business Radio Licensing Service page. At the top is the Ofcom logo. Below it is a navigation menu with links: Ofcom website, Apply for a licence, Help and FAQs, and About this service. The main heading is "Ofcom Business Radio Licensing Service" followed by "Apply for a new Business Radio Licence". The text explains that users may want to have the Business Radio Guidance Notes for Licensing open in another window while they complete their application. It also mentions a licence fee calculator. A "Please note" section contains two bullet points: one stating that only certain licences can be issued online and referring to relevant FAQs, and another stating that applications must be completed in one go and referring to a checklist for online applicants. Below this, there is a prompt to read Ofcom's Business Radio Licence Terms and Conditions [pdf]. A form asks "What sort of Business Radio licence would you like to apply for?" with a dropdown menu set to "-- Please select --". There is a checkbox for existing customers and a "Start application" button. On the right, a "Top FAQs" sidebar lists questions like "What type of licence do I need?" and "Can I apply for any type of licence online?". At the bottom, there are sections for "Small print" (Data protection, Terms and conditions, Website disclaimer) and "Help and assistance" (FAQs, Guidance notes, Contact the licensing team).

New features (cont'd)

- We have new improved application and variation forms...

Ofcom form OfW435

Variation Form for a Business Radio Technically Assigned Licence

www.ofcom.org.uk

C Technical details

C.1 How do you wish to vary your technical details?

BASE STATION

Add Please tick and complete section D

Modify Please tick and complete section D

Delete Please tick and complete section H

OPERATIONAL AREA

Add Please tick and complete section E

Modify Please tick and complete section E

Delete Please tick and complete section H

SPECTRUM

Add Please tick and complete page 9

Modify Please tick and complete page 10

Delete Please tick and complete section H

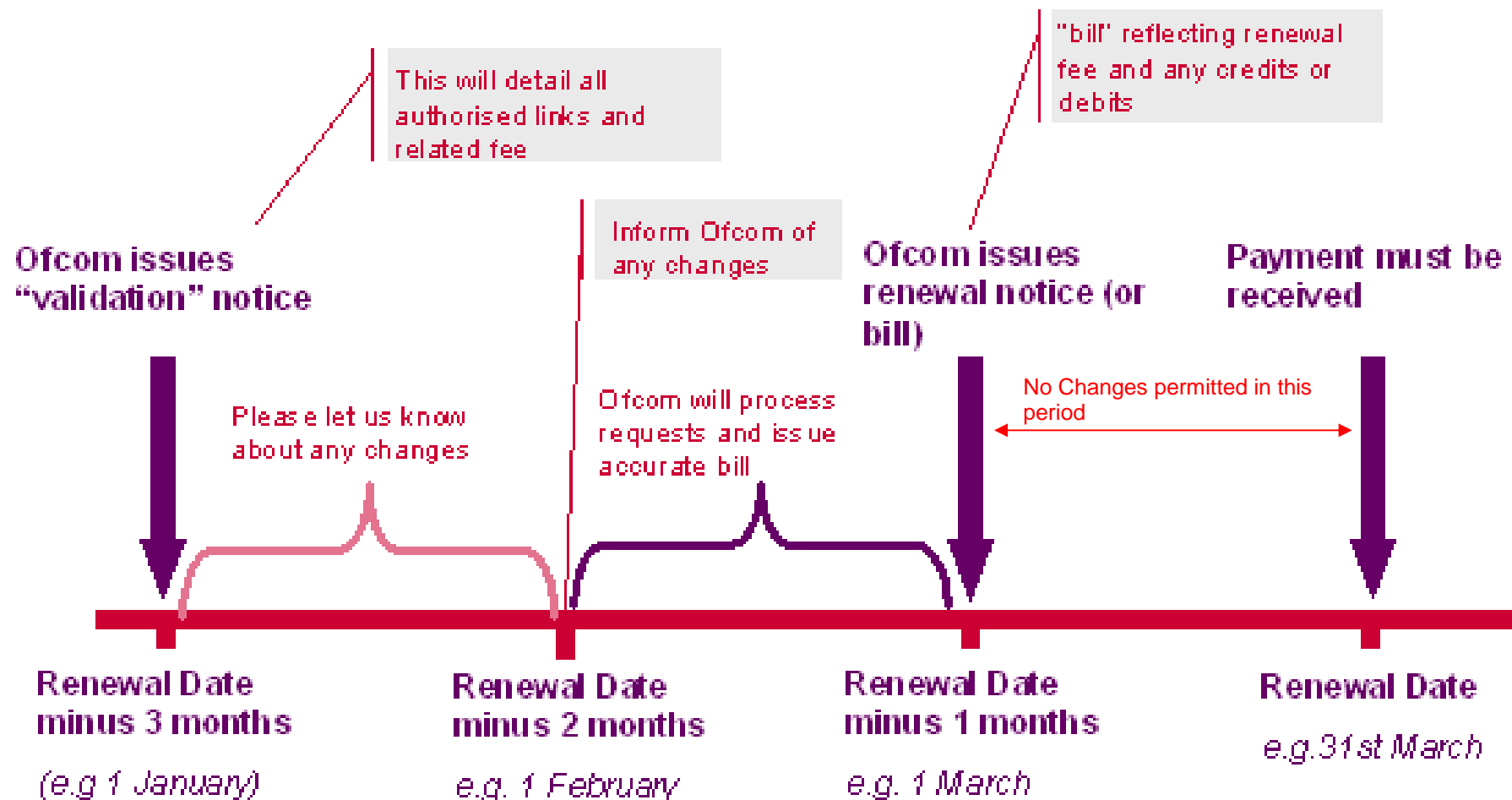
REMOTE CONTROL POINT

Add Please tick and complete section G

Modify Please tick and complete section G

Delete Please tick and complete section H

New renewal process



New renewal process (cont'd)

- Variations to licences will now result in a debit or credit at the next renewal date
- However, licensees must inform us of changes (including cancellation of licences) 2 months in advance of renewal date
- If un-required assignments have not been notified during the validation period the fee will have been calculated on the information Ofcom holds and must be paid otherwise the whole licence will enter revocation. It is **very important that the licence fee is paid on time**, once a licence is revoked the spectrum can be reassigned to the next applicant.

Business Radio Trades

- Trades are a quick and easy way of transferring rights.
- Simplifies takeovers
- New 'owner' keeps the remaining term on the licence
- Number of Trades now over 600 covering:
 - Area Defined
 - Technically Assigned
 - Light Licence
 - Simple site
 - Simple site with base station
 - Suppliers

Business Radio Strategy for the Future

PMR

Maritime

Aeronautical

Amateur

- PMR products
 - Equipment
 - Licence products
 - Integration
- Life cycle of PMR and Ofcom licence products
- Identify future technologies and any licensing implications (IR's etc)
- Economics of PMR spectrum
- How to assess Value to Society
- Access to Spectrum
- Digital Britain
- Maintaining healthy competition
- European and World Issues
- Develop a Strategy for medium to long term (Road Map for PMR)

SRSP

- The revised Framework for Spectrum Pricing

Introduction – Strategic Review of Spectrum Pricing (SRSP) launched March 2009

- Terms of reference:
 - Theme 1: Is spectrum pricing still needed?
 - Theme 2: Is our existing approach to “administrative fees” still appropriate?
 - Theme 3: How do we calculate the opportunity cost of spectrum?
 - Theme 4: How do we set AIP fees?
 - Theme 5: How do we evaluate the impact of fees?
 - Theme 6: Forward plan for specific fee reviews

- Issues out of scope:
 - Ongoing projects proposing specific changes to fees:
 - Programme making and special events PMSE
 - 2G liberalisation
 - Maritime and aeronautical
 - Business radio - Band I
 - BBC’s analogue radio
 - Fees policy recently consulted on and concluded:
 - Digital TV and audio broadcasting – no change before 2014
 - Amateur and Ships – free on line

SRSP Consultation

- Pre-consultation workshops held 26th – 29th May 2009
- Consultation Document published: 29th March 2010, available <http://www.ofcom.org.uk/consult/condocs/srsp/>
- Stakeholder workshops:
 - Fixed links and space services, 19th April
 - Business radio and others, 20th April attended by maritime and aeronautical stakeholders
 - Mobile Network Operators and auctioned spectrum, 26th April
 - National workshops, Cardiff, Glasgow and Belfast (videoconference)
- Consultation period: 12 weeks, ends 21st June 2010 Consultation response to: <https://www.ofcom.org.uk/consult/condocs/srsp/howtorespond/form> or SRSP.contact@ofcom.org.uk
- Statement, October 2010

SRSP proposed principles (1)

SRSP proposed principle 1: AIP should continue to be used in combination with other spectrum management tools, in both commercial and public sectors, with the objective of securing optimal use of the radio spectrum in the long term. AIP's role is securing optimal use is in providing long-term signals of the value of spectrum which can be indicated by the opportunity cost

SRSP proposed principle 2: users can only respond in the long term: The purpose of AIP is to secure the optimal use of spectrum in the long term, so as to allow users to be able to respond to AIP as part of their normal investment cycle. Even where users have constraints imposed on their use of spectrum, in general, some if not all users have some ability to respond to AIP

Proposed principle 3: when AIP should be applied: AIP should apply to spectrum that is expected to be in excess demand from existing and/or feasible alternative use, in future, if cost-based fees were applied. In determining feasible alternative uses, we will consider the relevant timeframe, any national or international regulatory constraints, the existence of equipment standards, and the availability and cost of equipment

Proposed principle 4: the 'relevant timeframe' for AIP: In general, we seek to assess excess demand, congestion and feasible alternative use over a timeframe that reflects the length of existing users' investment cycles

SRSP proposed principles (2)

Proposed principle 5: AIP and spectrum trading: Many secondary markets are unlikely to be sufficiently effective to promote the optimal use of the spectrum without the additional signal from AIP. Therefore AIP will likely continue to be needed to play a role complementary to spectrum trading for most licence sectors

Proposed principle 7: AIP and the promotion of innovation: It will generally not be appropriate to provide AIP concessions in order to promote innovation. We may consider whether cost-based fees should be set at a lower level in order to promote innovation

Proposed principle 8: use of market valuations: We will take account of observed market valuations from auctions and trading alongside other evidence where available. However, such market valuations will be interpreted with care and not applied mechanically to set AIP fees

Proposed principle 9: setting AIP fees to take account of uncertainty: Where there is uncertainty in our valuations and the likelihood of demand for feasible uses appearing we will consider the risks from setting fees too high, or too low, in light of the specific circumstances. When spectrum is tradable we will consider the extent to which trading is expected to promote optimal use, and will also have particular regard to the risk of undermining the development of secondary markets

SRSP proposed methodology

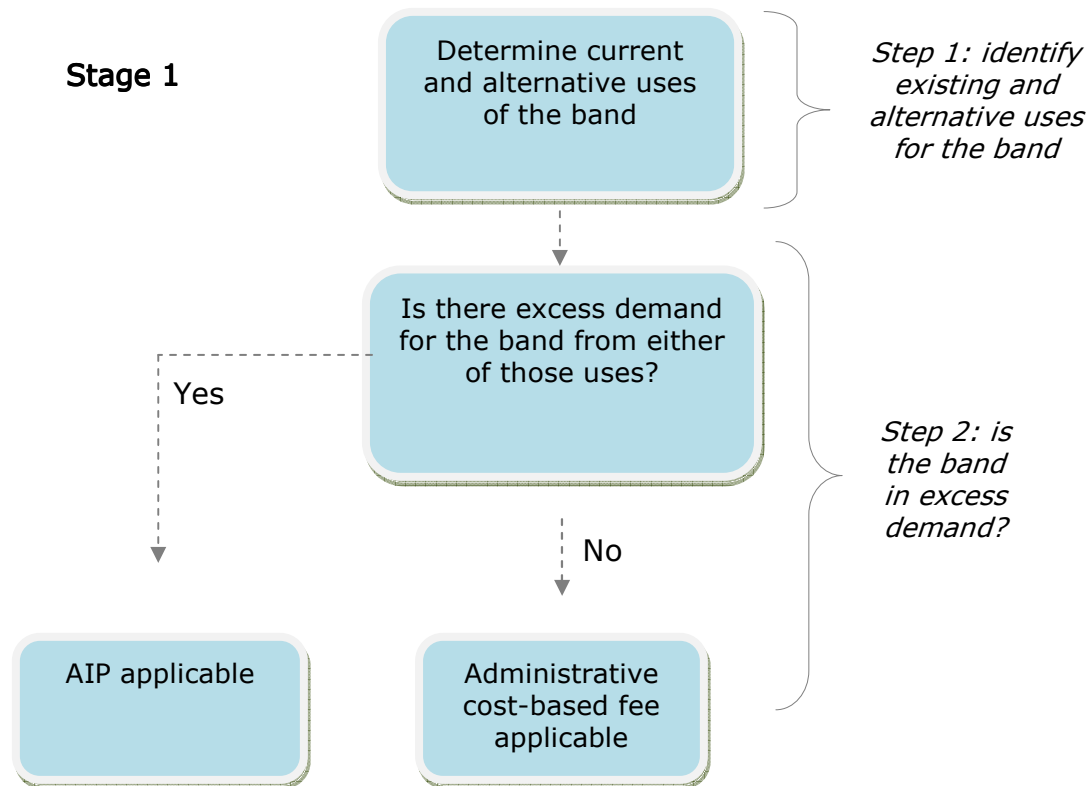
Proposed methodology 1: AIP and congestion: In setting AIP fees, we will assess current and future congestion in existing use and demand for feasible alternative uses in the frequency band in question and at different geographic locations over the relevant timeframe, given technological, regulatory and international constraints and using readily available evidence

Proposed methodology 2: reference rates: Reference rates will be based on the estimated value of the spectrum in the current use and any feasible alternative uses. These estimates will be informed, where appropriate, by the available market information (if any), and economic studies of spectrum value

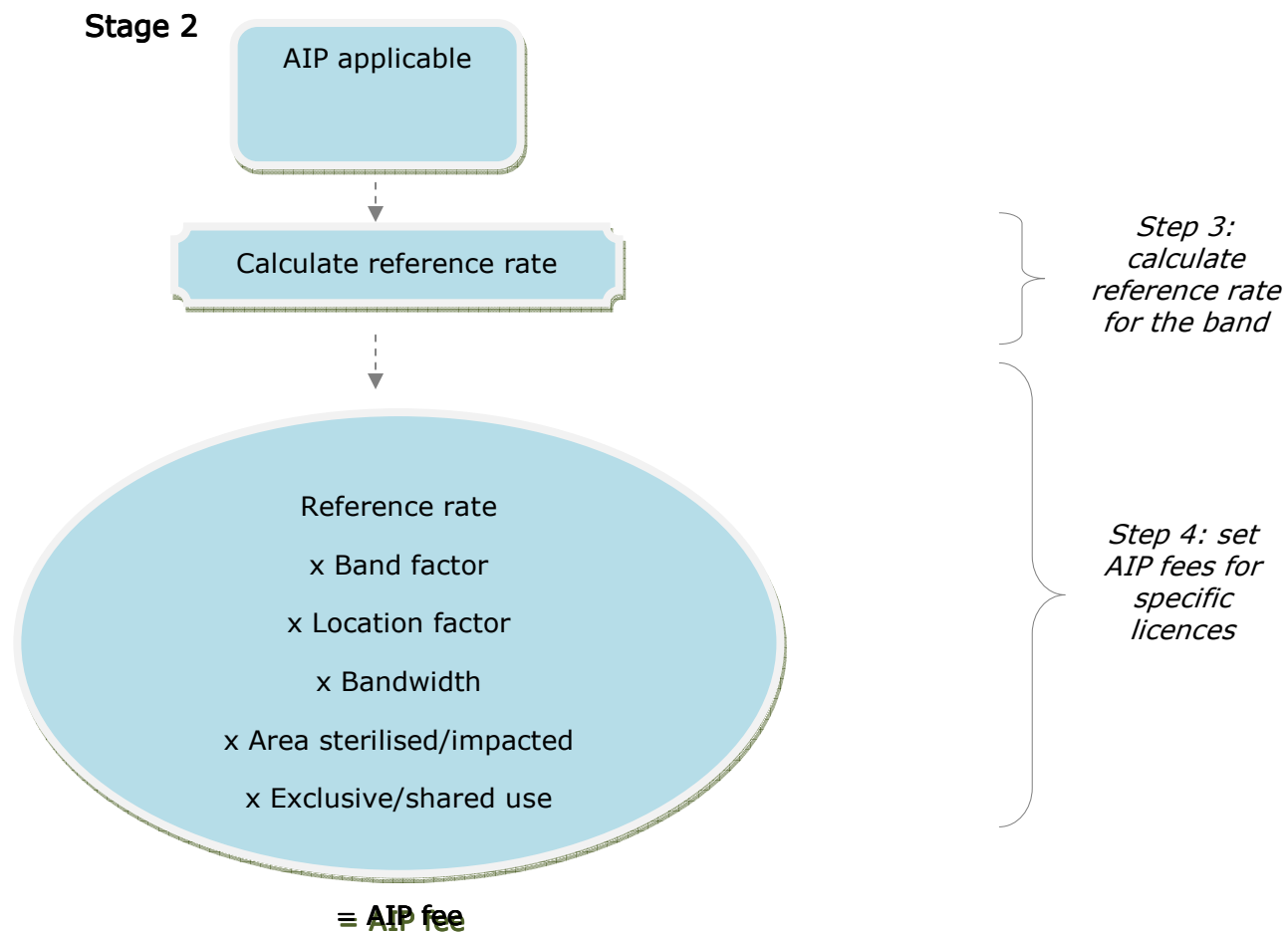
Proposed methodology 3: calculating individual licence fees: In converting reference rates to fees, we will take account of the value of the amount of spectrum denied to others. This will generally be based on frequency, geographical location, bandwidth, geographical coverage or other measure that reflects the geographical extent of co-ordination requirements, and in some cases the exclusivity of an assignment

Proposed methodology 4: impact assessments: We will undertake Impact Assessments on our fee proposals to identify any potential detrimental impacts to spectrum users, consumers and citizens. We will need to consider carefully the balance of benefits and risks of the implementation of all changes in fees

The key steps we take when setting AIP fees: stage 1



The key steps we take when setting AIP fees: stage 2



SRSP – what is the role of AIP?

- The Communications Act 2003 requires that Ofcom secure the optimal use of spectrum
- What do we mean by ‘optimal use’ of spectrum?
 - Spectrum is used to those that will provide greatest benefits to society
 - Individual users economise on their use of spectrum so as to not ‘waste’ spectrum
 - Spectrum becomes available over time for new and innovative uses
- Absent AIP there would be less incentive for licensees to use spectrum optimally: spectrum would be a “free” incremental resource to licensees
- AIP must be set with the intention of promoting optimal use: our legal duties do not include a revenue raising role for AIP
- AIP is designed to provide a long-term signal of the (long-term) value of spectrum

SRSP proposed principle 1:

AIP should continue to be used in combination with other spectrum management tools, in both commercial and public sectors, with the objective of securing optimal use of the radio spectrum in the long term. AIP’s role is securing optimal use is in providing long-term signals of the value of spectrum which can be indicated by the opportunity cost.

SRSP - when should we apply AIP? (1)

- AIP is a regulatory tool designed to be used where demand for spectrum (at a non-AIP fee level) is greater than supply, now or in the future (over the relevant timeframe)
- We consider excess demand from either:
 - those services currently having access to the band (existing uses), or
 - those services that might be able to use the spectrum, but that currently do not have access to the band (alternative uses)
- When considering alternative uses it is important that they are realistic and feasible, over the relevant timeframe:
 - practically possible in the relevant timeframe
 - (excess) demand exists (now on the future) for new spectrum for the alternative use
 - cost effective over the relevant timeframe (equipment standards and equipment availability)
 - this includes uses that might be (technically) incompatible with the current use

SRSP - when should we apply AIP? (2)

- Feasible alternative use:
 - International agreements impose some constraints on spectrum use in UK:
 - Flexible harmonisations
 - Exclusive harmonisations – spectrum designated for a specific use and/or technology
 - International co-ordination agreements and Treaty obligations
 - International constraints, in general, do not rule out all flexibility per se.
 - Provided we protect the current use, there may be scope for other uses,
 - This may be more or less technically challenging depending on the uses
 - Need to protect neighbouring countries use (if consistent with Radio Regulations)
 - Need to protect overflying aircraft and visiting ships
 - a matter of technical interference management

Proposed principle 3: when AIP should be applied

AIP should apply to spectrum that is expected to be in excess demand from existing and/or feasible alternative use, in future, if cost-based fees were applied. In determining feasible alternative uses, we will consider the relevant timeframe, any national or international regulatory constraints, the existence of equipment standards, and the availability and cost of equipment

SRSP - should AIP be set at a level that promotes wider policy objectives?

- Many uses of spectrum generate wider social benefits, both commercial and public uses e.g. mobile phones can provide safety for people looking to order a taxi late at night
- Market failures can arise where the market left to itself would not deliver some services in sufficient quantity (or at all) to meet societal needs
- In general it is more efficient to secure these services directly through funding (e.g. NHS) or regulation (e.g. requirement to offer 999 services) because:
 - subsidising spectrum creates risk of distorting licensees choices
 - providing subsidies on spectrum use does not ensure that the services will be provided

Proposed principle 6: AIP and wider policy objectives:

Socially beneficial uses of spectrum do not, as a general rule, justify AIP fee concessions, because direct subsidies and/or regulatory tools other than AIP are normally more likely to be efficient and effective. For cost-based fees there might be some circumstances in which it could be appropriate to provide a concession

Next steps

- Completion of stakeholder workshops
- Summary of clarification questions available on the SRSP Web Page shortly
- Stakeholder responses, by 21 June:
 - By email SRSP.contact@ofcom.org.uk
 - By webform <https://www.ofcom.org.uk/consult/condocs/srsp/howtorespond/form>
 - By Post Alison Esslemont, SPG, Ofcom, 3:103, Riverside House, 2A Southwark Bridge Road, London SE1 9HA
 - By Fax : 020 7981 3208
- Statement October 2010

The Digital Economy Act

Access to electromagnetic spectrum

Ofcom is currently considering all the implications of the Digital Economy Act. My initial interpretation is that the existing spectrum access arrangements for BR remain unchanged. The Act is referring to spectrum acquired by awards.

Enforcement of Licence Terms

Here again Ofcom needs to consider this carefully but the Act is referring to multiplex operators and the penalties that could be imposed upon an illegal broadcaster or a licensee that isn't meeting the obligations, from a broadcasting act perspective.

Ofcom will place guidance to the Act on its website when we have considered the implications of the changes made in

Industry

What issues are facing you at the moment?

Questions?

Thank You