

# **Award of the 600 MHz spectrum band**

**BFI response to Ofcom consultation**

**April 2013**

## Summary

1. Ofcom's consultation on the award of the 600 MHz spectrum band covers the elements of spectrum policy that are of most interest to the BFI, relating to Programme Making and Special Events (PMSE) devices and DTT services. PMSE licences are required for radio equipment needed for the production of TV programmes and films. TV channels account for 80% of all "views" of films by UK audiences, and viewing on the free-to-air DTT channels represents a significant part of this figure.
2. With regards to Ofcom's overall objectives for spectrum, the BFI believes that it is important to strike an appropriate balance between measures ensure the efficient use of spectrum, that promote innovation (e.g. to encourage new mobile services), and that ensure the provision of sufficient spectrum to maintain a strong universally-available DTT platform. In particular, we want to see spectrum policy pursued in such a way that helps ensure that as many people as possible have access to the widest possible range of films and moving images.
3. Ofcom's UHF strategy (published last November) details plans to release the 700 MHz spectrum band for mobile broadband use, in line with international spectrum agreements, and to allocate alternative frequencies to the DTT platform, using the 600 MHz band. This 700-600 MHz swap would not take place until 2018 at the earliest. While the current consultation relates to the usage of the 600 MHz band in the intervening period between now and 2018, the BFI's responses are informed by the longer-term UHF strategy.
4. The proposed clearance of the 700 MHz band will be a significant undertaking that has the potential to be highly disruptive for citizens and the communications sector alike, necessitating upgrades for set-top boxes and aerials. The BFI believes that this process needs to be carefully planned and managed by the Government and Ofcom, with clear communications and marketing. As consumer demand is unlikely by itself be sufficient to achieve the desired upgrading of equipment within the relevant timeframe, a help scheme to enable citizens to make the transition is likely to be needed. The BFI does not believe that broadcasters should be obliged to meet these costs, as it would have a detrimental impact on their investment in content in general, and PSB programming in particular. Our view is that it should be funded by the primary beneficiaries of the clearance of the 700 MHz band, e.g. from receipts derived from auctioning the spectrum to new users.
5. The BFI supports Ofcom's proposals to licence new interim DTT multiplexes in the 600 MHz band up to 2018. New HD services will make DTT more competitive with satellite and cable services, which offer a wider range of HD channels than DTT currently does. The BFI especially welcomes the additional DTT capacity to the extent that it will enable viewers to watch films in HD on the main PSB channels and services such as the Film4 channel.
6. The BFI also welcomes Ofcom's plans for PMSE, which aim to minimise costs and disruption. Ofcom confirmed that PMSE will continue to be authorised to access spectrum in the 600 MHz band in the interleaved spectrum left

open by DTT. Over the longer term, Ofcom plans to ensure continued access to the 600 MHz spectrum, which will avoid the potential ‘double hop’ that might have been required if PMSE was moved back and forth between the 600 and 700 MHz bands.

## Introduction

7. The British Film Institute (BFI) is the lead organisation for film in the UK. Since 2011, it has combined a creative, cultural and industrial role as a Government arm’s length body and distributor of National Lottery funds. Its key priorities are to support a vibrant UK film culture by investing in film education, audience access, filmmaking and film heritage. Founded in 1933, the BFI is a registered charity governed by Royal Charter.
8. In October 2012, the BFI published ‘Film Forever, Supporting UK Film 2012-2017’, which set out its strategy for the next five years, following an extensive industry consultation. It described the activities underpinning the BFI’s three strategic priorities:
  - i. Expanding education and learning opportunities and boosting audience choice across the UK
  - ii. Supporting the future success of British film
  - iii. Unlocking film heritage for everyone in the UK to enjoy.
9. The BFI welcomes the opportunity to respond to Ofcom’s consultation on the award of the 600 MHz spectrum band. This consultation covers both areas of spectrum policy that are of most interest to the BFI: the use of spectrum by Programme Making and Special Events (PMSE) devices, and spectrum used for DTT services:
  - Spectrum policy relating to PMSE is important to the BFI given its duties as a distributor of National Lottery funds for film. PMSE licences enable the use of a wide range of radio equipment needed for the making of TV programmes, films, staging of events, etc. This includes radio microphones, the use of which is ubiquitous in film production. The BFI wishes to ensure that the needs of PMSE users are properly reflected in Ofcom’s spectrum policies.
  - The BFI’s interest in DTT stems from the importance of TV as a platform for viewing films (which is, of course, just one part of the public value provided by public service broadcasters across their digital channel portfolios). BFI research shows that TV channels account for 80% of all “views” of films by UK audiences (with viewing in cinemas, on DVDs, etc together comprising the remaining 20%). Viewing of films on the free-to-air TV channels on DTT represents a significant part of this figure.
10. With regards to Ofcom’s overall objectives for spectrum, the BFI recognises the need to ensure efficient use of spectrum, and we particularly support measures that promote innovation – for example by making spectrum available to enable new mobile services to be launched. More and more people are watching TV programmes, films and other video content on mobile devices, leading to a rapidly-growing demand for bandwidth. At the

same time, it is important not to undermine the viability of a robust DTT platform that delivers near-universal, low-cost access to PSB programmes, and choice for consumers in services and platforms. The BFI's view is that, in implementing its spectrum plans, Ofcom should ensure that an appropriate balance is struck between the various (and sometimes competing) objectives of promoting encouraging efficiency, promoting innovation and safeguarding a strong universally-available DTT platform.

11. This consultation forms part of Ofcom's UHF strategy. In its UHF strategy statement published in November 2012,<sup>1</sup> Ofcom described its long term strategy as aiming "to secure the dual objectives of providing more low frequency spectrum for mobile broadband whilst also securing the ongoing delivery of benefits provided by DTT" (paragraph 1.8). Ofcom set out plans to "enable a harmonised release of the 700 MHz [spectrum] band for mobile broadband use" – in line with international spectrum agreements – and to allocate alternative frequencies to the DTT platform, using the 600 MHz band. The timings of the new international agreements mean that the 700-600 MHz swap would not take place until 2018 at the earliest.
12. While the current consultation relates to the usage of the 600 MHz band in the intervening period between now and 2018, our responses to the issues raised in Ofcom's consultation document are informed by the longer-term UHF strategy, and its impact on the DTT platform in particular. The BFI's views on the proposed clearance of the 700 MHz band are as follows (we will return to these points in more detail in subsequent spectrum consultations):
  - The BFI strongly supports Ofcom's core objective of securing the long-term benefits provided by the DTT platform, for the reasons given above.
  - The proposed clearance of the 700 MHz band – described by some as a "second digital switchover" – will be a significant undertaking in terms of its scale and the associated costs. It has the potential to be highly disruptive for citizens and the communications sector alike, not least because it could necessitate upgrades for millions of set-top boxes and aerials. It is vital that this process is carefully planned and managed by the Government and Ofcom, with clear communications – and, where relevant, marketing – to all parties throughout the process.
  - The consumer benefits of the upgraded service – primarily, the provision of more DTT services in HD – are much more modest than the corresponding benefits associated with the analogue-to-digital switchover that was completed in 2012. As it seems unlikely consumer demand will by itself be sufficient to achieve the desired upgrading of equipment within the relevant timeframe, a help scheme to enable citizens to make the transition will be needed. The BFI does not believe that broadcasters should be obliged to meet these costs, as it would have a detrimental impact on their investment in content in general, and PSB programming in particular. Our view is

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<sup>1</sup> "Securing long term benefits from scarce low frequency spectrum: UHF strategy statement", Ofcom, 16 November 2012

that it should be funded by the primary beneficiaries of the clearance of the 700 MHz band, e.g. from receipts derived from auctioning the spectrum to new users.

## **Overarching responses to consultation**

13. The 600 MHz spectrum band was cleared of analogue TV during the digital switchover process that was completed in 2012. This spectrum is currently unused, other than by PMSE, access to which is provided by Ofcom on the basis of a six-month rolling notice period. Plans for the use of the 600 MHz band are impacted by the proposed clearance of the 700 MHz band some time after 2018, as described above. Ofcom's medium-term plans are to enable DTT services to access the 600 MHz band when they are forced to vacate the 700 MHz band. The current consultation relates to the period between now and 2018, during which time Ofcom intends to make the cleared spectrum available for interim DTT multiplexes.
14. The BFI supports Ofcom's proposals to licence new interim DTT multiplexes. We agree this will help to strengthen the DTT platform, one of Ofcom's core objectives, which the BFI shares. To the extent that the new multiplexes will be used for HD services, this will make DTT more competitive with satellite and cable services, which offer a wider range of HD channels than DTT currently does. Greater competition between TV platforms will benefit consumers, TV channels and other content service providers alike, and will spur innovation in the sector. From the BFI's perspective, we especially welcome the additional DTT capacity to the extent that it will enable viewers to watch films in HD on the main PSB channels and services such as the Film4 channel. With consumers buying ever bigger and higher-quality TV screens in their homes, the demand for HD content is growing.
15. Turning to PMSE, the BFI welcomes Ofcom's confirmation that it will continue to be authorised to access spectrum in the 600 MHz band in the interleaved spectrum left open by DTT. Given the importance of avoiding costly disruptions, we also welcome Ofcom's longer term plans for PMSE beyond the 700 MHz clearance. Ofcom states that it intends "that PMSE access will continue throughout the period of the interim DTT licence and – at this stage – anticipate that such use will continue after any 700 MHz clearance" (paragraph 4.28). Ofcom also states that it will replace the current six-month rolling notice period with longer term access arrangements. It is committed "to working with PMSE users to reduce and potentially avoid the impact of any costs and disruption, and to help manage the transition of existing and planned services. Continued access to the 600 MHz spectrum for PMSE will avoid the potential 'double hop' that might have been required in cases where PMSE was moved from the 600 MHz band to the 700 MHz band, only to be moved back again should the 700 MHz be cleared in the future" (paragraph 4.29).
16. The remainder of this response relates to the individual questions in the consultation document. Several of the consultation questions cover points of technical detail, and the BFI has only responded to those questions to which it is in a position to express a view.

## **Availability and use of the 600 MHz spectrum**

17. The BFI's views on Ofcom's proposals relating to the availability and use of the 600 MHz spectrum for DTT services and PMSE devices are set out in the preceding section.

*Question 1: Do you agree with our proposal not to include Channel 36 in the spectrum to be awarded?*

18. The BFI has no specific view on this question.

## **Non-technical licence conditions**

*Question 2: Do you agree that the 600 MHz band should be awarded as a single 'lot'?*

19. The BFI agrees that the 600 MHz band should be awarded as a single lot, in order to minimise time delays, given the limited time window available before the potential 700 MHz clearance.

*Question 3: Do you agree that the licence should have an end date of 2026, with a minimum term until 31 December 2018 and a clause enabling it to be revoked after that date, subject to at least 12 months notice having been given?*

20. The BFI has no specific view on this question.

*Question 4: Do you agree with the proposed service obligations for the licence, including roll-out and coverage obligations to ensure 50% UK coverage (and a minimum 25% in each UK Nation)?*

21. The BFI believes that coverage should be as wide as possible to ensure the greatest benefits are enjoyed by citizens, subject to appropriate consideration of the costs associated with upgrading the transmitter network. The proposed thresholds seem reasonable (although the BFI is not in a position to take a detailed view of the coverage plan detailed by Ofcom).

*Question 5: Do you agree with our proposals to apply a cost-based fee instead of AIP?*

22. The BFI agrees that a cost-based fee seems reasonable, given that there is little or no scope for licence holders to respond to AIP in ways that would lead to more efficient use of spectrum in the time period of the licence. We will set out our views on AIP in more detail in our response to Ofcom's consultation on spectrum pricing for terrestrial broadcasting.

*Question 6: Do you have any other comments on the non-technical licence conditions that are being proposed?*

23. The BFI has no specific view on this question.

## **Technical licence conditions**

*Question 7: Do you agree with the technical licence conditions we propose to include in the licence?*

24. As the consultation document explains, there is potential for interference in both directions between PMSE devices operating in Channel 38 and the proposed temporary DTT multiplexes in the 600 MHz band.
25. In terms of interference caused by PMSE devices, Ofcom argues that the impact in practice is likely to be limited as PMSE devices generally operate at very much lower powers than broadcast transmitters (paragraph 6.20). We recognise the need to address even this limited potential interference with the measures described by Ofcom, e.g. a guard band at the top and bottom of Channel 38. This will enable PMSE to coexist with the proposed temporary DTT multiplexes in the 600 MHz band.
26. In terms of interference caused by the new DTT multiplexes, we note Ofcom's argument that use of Channel 38 by PMSE should not be materially affected by a new DTT multiplex in the 600 MHz band if the network arrangement is similar to existing DTT multiplexes, with appropriate site location, power limitation and application of proposed technical standards (paragraphs 6.40-6.41). The BFI would like to emphasise the importance of ensuring that appropriate arrangements are in place to prevent channel interference that could be detrimental to PMSE users in Channel 38.

### **Proposals for award process**

*Question 8: Do you agree with our proposal not to restrict any party from participating in this award process?*

27. In the consultation document, Ofcom raises the possibility of other platform providers bidding for the 600 MHz spectrum in order to protect their main platforms from competition with DTT. It argues that the strategic benefits to a rival from acquiring the licence and preventing improvements to the DTT platform (e.g. by not launching attractive services on the new multiplex), and the potential harm from such an outcome, are likely to be relatively limited. Ofcom does not therefore propose introducing measures to prevent such an outcome.
28. The BFI believes that there is merit in considering a measure that requires the multiplex to be used – wholly or primarily – for free-to-air HD services. This would meet the objective of promoting a strong DTT platform without preventing any individual parties from bidding for the licence. And by encouraging voluntary consumer take-up of HD-compatible devices that are future-proofed with respect to the planned 700-600 MHz swap, this would serve to reduce the stockpile of DTT set-top boxes that would need to be replaced as part of the 700 MHz vacation after 2018. This could bring significant benefits that endure beyond the licence period for the interim multiplexes: the more people choose to purchase HD DTT boxes, the more quickly manufacturers will be able to reduce the prices of their set-top boxes by exploiting economies of scale. This could therefore greatly reduce the costs associated with the proposed clearance of the 700 MHz band, including the necessary help schemes.

*Question 9: Do you have any comments on the proposed award process in the case of a single compliant Notice of Intention to Apply?*

29. The BFI has no specific view on this question.

*Question 10: Do you have any comments on the proposed award process in the case of more than one compliant Notice of Intention to Apply?*

30. The BFI has no specific view on this question.