

TELEFÓNICA O2 UK LIMITED RESPONSE TO:

“APPLICATION FOR A VARIATION TO 3G LICENCES (AND CONSEQUENT PROPOSAL TO VARY DRAFT 2GHZ MSS/CGC BASE STATION LICENCES)”, PUBLISHED BY OFCOM

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TELEFÓNICA O2 UK LIMITED RESPONSE – “APPLICATION FOR A VARIATION TO 3G LICENCES (AND CONSEQUENT PROPOSAL TO VARY DRAFT 2GHZ MSS/CGC BASE STATION LICENCES)”

INTRODUCTION

1. Telefónica O2 UK Limited¹ (O2) welcomes the opportunity to respond to the Ofcom Consultation on “*Application for a variation to 3G licences (and consequent proposal to vary draft 2GHz MSS/CGC Base station licences)*” (the Ofcom Consultation)².
2. O2 is a leading communications company for consumers and businesses in the UK, with 21.3 million mobile customers and over 591,500 fixed broadband customers as at 31 December 2009.

OFCOM’S PROPOSALS

The proposal in respect of the 5 existing 3G licences

3. O2 supports Ofcom’s proposal to vary all five existing 3G licences to increase the permitted power limits in those licences to 68dBm EIRP.

Ofcom’s assessment and preliminary conclusions

4. We note and support the basis upon which Ofcom has reached its general conclusions (as explained in Section 7 and summarised at §7.13), namely:

¹ Telefónica O2 UK Limited is part of Telefónica Europe plc which is a business division of Telefónica S.A. and which owns O2 in the UK, Ireland, Slovakia, Germany and the Czech Republic, and has 49.2 million customers.

² <http://www.ofcom.org.uk/consult/condocs/3Glicences/3glicencescondoc.pdf>

- *“technology has changed and developed since the initial setting of a maximum licensed power [³] and there is new equipment on the market that is capable of using increased powers more effectively;*
- *operators wish to deploy the latest available technology to provide services that deliver services efficiently to their customers;*
- *..... any increase in detrimental impacts on spectrum quality for others in neighbouring bands, are unlikely in practice to change those effects already being experienced by PMSE users;*
- *there is therefore no spectrum management reason for not increasing the power levels in 3G [and 2 GHz MSS/CGC licences to 68dBm EIRP].”*

Benefits for consumers

5. As Ofcom notes at §7.4, the licence variation has the potential to facilitate the creation of benefits for consumers. O2 shares the view that the variation can enable operators to deliver customer benefit. O2 believes that the increase in maximum permissible power will help O2 provide more capacity and a higher quality service to our customers.
6. O2 has deployed high speed data (HSDPA) technology and we anticipate that use of increased transmission power will increase network capacity along with greater ability to support high-speed data rates including in-building service in relevant areas⁴ for our customers. In addition, use of increased transmission power may also enhance coverage in some scenarios.

³ As Ofcom explains [§3.6], at the time of the 3G Auctions it was explicitly identified that:

“...In the light of operational experience and in line with further developments in the 3G standards, it may subsequently be found that some or more of the emissions limits stipulated in the WT Act Licences are too stringent ...If it is subsequently felt by the RA and licensees that the limits may be relaxed, they will be.”

⁴ Although, as Ofcom notes at §3.8, it is not envisaged that the increased power level would necessarily be employed at all transmitter sites.

Timing of the licence variation

7. We support Ofcom's conclusion that, subject to the Consultation, there is no reason why the variation should not be applied as soon as possible. O2 already finds itself constrained by the current permitted power levels in certain deployments such that attenuation is necessary to meet current limits – thereby unnecessarily impacting the customer experience. The increase in power limit will allow improvements in network optimisation in these areas and elsewhere.

Ofcom's Spectrum Liberalisation Programme

8. We recommend that Ofcom takes the opportunity to ensure that the corresponding increased power limits are built into the liberalisation of 2G licences under Ofcom's Spectrum Liberalisation programme such that deployment of 3G equipment under these liberalised licences benefits from the increased power limits from day one (and does not have to wait for a separate equivalent consultation to the current Ofcom Consultation in respect of the existing 3G licences).⁵

The proposal in respect of future 2G MSS/CGC licences

9. We note Ofcom's intent is to also apply the increased permitted power maximum in-band EIRP to future 2 GHz MSS/CGC licences. We do not object to Ofcom's approach here.

⁵ As the Department for Business Innovation and Skills recent consultation on a Direction to Ofcom to implement the Wireless Radio Spectrum Modernisation Programme points out: "*Liberalising these licences [2G] will allow operators to deploy new technologies which will benefit consumers...*". Page 40, "*A Consultation on a Direction to Ofcom to Implement the Wireless Radio Spectrum Modernisation Programme*", the Department for Business Innovation and Skills, October 2009 <http://www.bis.gov.uk/assets/biscore/corporate/docs/migrated-consultations/digital%20britain%20report-%20a%20consultation%20on%20a%20direction%20to%20ofcom%20to%20implement%20the%20wireless%20radio%20spectrum%20modernisation%20programme.pdf>

CONCLUDING COMMENTS

10. O2 supports Ofcom's proposal to vary all five existing 3G licences to increase the permitted power limits in those licences to 68dBm EIRP (and we do not object to the proposal in respect of 2 GHz MSS/CGC licences). O2 believes that the increase in maximum permissible power will help O2 provide more capacity and a higher quality service to our customers. We will be pleased to discuss our views in greater detail if that would assist Ofcom in confirming its proposals.

Telefónica O2 UK Limited

19 March 2010