



BAA's Response to Ofcom's Consultation "Applying  
spectrum pricing to the Aeronautical sector - a second  
consultation"

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BAA welcomes the opportunity to respond to Ofcom's consultation "Applying spectrum pricing to the Aeronautical sector - a second consultation" published on 18<sup>th</sup> December 2009 (the "December consultation").

BAA is the world's leading private airport operator, with six UK airports including Heathrow and Stansted. Heathrow is the world's busiest international airport in terms of passenger numbers, and number two for air cargo. BAA also operates the Heathrow Express rail link. Currently over 110 million passengers travel through our UK airports annually. The UK Government predicted in 2003 that passenger numbers would double over the following 20 years.

BAA's airports are some of the most complex radio environments in the UK, with a large number of service types and a heavy demand on spectrum. Radio communications are critical to airport operations, helping to ensure the safety and security of all airport users.

BAA currently holds 10 aeronautical licences, all of them at Southampton Airport. NATS hold the aeronautical licences at BAA's other five airports.

BAA is supportive of trading and liberalisation and other measures to improve spectrum efficiency, provided these measures are demonstrated to be effective.

BAA responded to Ofcom's 2008 consultation "Applying spectrum pricing to the Maritime and Aeronautical sectors" (the "2008 consultation"), expressing significant concern about the proposals to apply AIP to the aeronautical sector. BAA therefore welcomed Ofcom's proposal in the August 2009 consultation<sup>1</sup> not to apply AIP to aeronautical radar and navaid spectrum.

Nevertheless BAA does not support Ofcom's proposals to apply AIP to aeronautical VHF spectrum for the following reasons.

**The aeronautical sector is global so unilateral action by the UK is inappropriate**

Aircraft fly across national and regional borders, so on board radiocommunications equipment (VHF communications, radar transponders etc.) must comply with international standards. There is therefore little opportunity for existing aeronautical services to vacate their current bands. Additionally ITU constraints on the relevant bands mean that usage of them for alternative services such as cellular communications is unlikely to be economically viable.

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<sup>1</sup> Ofcom's consultation "Applying spectrum pricing to the maritime sector, and new arrangements for the management of spectrum used for radar and aeronautical navigation aids - a second consultation", to which BAA responded

Within Europe the SESAR programme is expected to bring significant spectrum efficiencies by the time it is fully implemented in 2020. In our view Ofcom's proposed spectrum efficiency measures should be coordinated with SESAR to ensure they are effective.

### **Increased prices will have little or no impact on spectrum efficiency**

European states are in the process of revising the 8.33 Implementation Rule which will extend the use of 8.33 kHz assignments and significantly increase spectrum availability. However the UK cannot unilaterally mandate that all aircraft carry 8.33 kHz equipment, so airports will continue to need 25 kHz assignments until the Implementation Rule is fully implemented. AIP will therefore have little or no impact on spectrum efficiency.

### **There is a significant risk that Ofcom's proposals will adversely affect air safety**

Some licensees may decide not to maintain their licences (for VHF communications, radar, etc.) due to the huge increase in costs. This could result in increased airspace infringements and reduced air safety. See also our response to Question 8 below.

We recommend therefore that:

- AIP is not applied unilaterally without international coordination, and certainly not before the impact of SESAR is understood
- Where AIP is used then Ofcom evaluate a range of possible prices and initially choose the lowest price in this range. Prices can then be reviewed after a number of years.
- Ofcom carry out a thorough impact assessment of their proposals to ensure the benefits outweigh the costs

Answers to specific questions in the consultation document are given below.

### ***Question 1: Do you consider that our proposed fee rates for licences in the aeronautical VHF frequencies are appropriate?***

BAA accepts the relatively modest price increases (albeit by over 100%) proposed for AS and OPC assignments. However BAA believes the proposed prices for APP and ATIS assignments in particular are far too high, since we understand frequencies can be reused within the UK.

BAA nevertheless believes it is appropriate to price 8.33 kHz assignments at one third of the price of 25 kHz assignments.

### ***Question 2 In devising our revised proposals, have we identified all of the aeronautical uses of VHF communications frequencies which require a distinct approach to fee setting, as set out in tables 5 and 6?***

BAA is not aware of any other aeronautical uses of VHF communications frequencies.

**Question 3: Do you agree with our proposal not to charge any fees for Fire assignments?**

Yes.

**Question 4: Do you agree with our proposal to set a £75 fee for licences in any of the sporting frequencies?**

No comment.

**Question 5: Do you agree with our proposal to set an annual fee of £19,800 per ACARS or VDL assignment, with no variation related to the number of transmitters?**

No comment.

**Question 6 Do you consider that our proposed general approach to phasing in fees for use of the aeronautical VHF communications channels are appropriate? If there are particular reasons why you consider that any user or group of users would need longer phasing-in periods, please provide any supporting evidence for us to consider. Specifically, do you have any evidence for us to consider that would support either of Options 1 and 2 for the highest proposed fee in this sector?**

BAA is supportive of phasing in fee increases rather than a huge single step change in fees. However as stated above we believe that the costs of AIP will outweigh the benefits, and that other initiatives such as SESAR and the migration to 8.33 kHz assignments will further reduce the benefits of AIP. We propose therefore that Year 1 prices (which represent significant increases) are held for perhaps 5 years and their impact assessed before further price rises are introduced.

**Question 7 Do you have any further quantified information to contribute to the analysis of financial impacts of the proposed fees on particular spectrum users, as set out in Annex 5? We would like to publish all responses, but will respect the confidentiality of any material which is clearly marked as such.**

No.

**Question 8: Do you consider that our assessment of the impacts of our proposals has taken full account of relevant factors? If you consider that there is additional evidence that would indicate particular impacts we should take into account, we would be grateful if you could provide this.**

BAA is concerned that Ofcom has not taken sufficient account of the impact of their proposals on safety, specifically the possibility of increased risk of incursion of General Aviation (GA) aircraft into controlled airspace. Ofcom “consider that the risk of AIP discouraging use of safety critical equipment is minimal” (para. 4.51). However the GA community have expressed serious concerns, in their responses to the 2008 consultation, that AIP would lead to

less use of VHF in their aircraft. A more gradual increase in prices would allow Ofcom to assess the impact of AIP on the GA community and ensure that safety was not adversely affected.