

Response to Ofcom's Second Consultation on
"Applying Spectrum Pricing to the Aeronautical Sector"
by the
EUROCONTROL Agency
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Spectrum Efficiency

Spectrum efficiency is of paramount importance to Ofcom yet there is no clear definition of "efficiency". It needs to be measured for effective management but the metrics are not stated. For example, should "efficiency" be measured in bits/Hz or using a financial methodology?

Furthermore, Ofcom's second Consultation states:

"we note that the purpose of pricing is to promote efficiencies that cannot all be anticipated in advance. It is not therefore possible or meaningful to attempt to fully anticipate the efficiency responses to pricing. "

The imposition of pricing on the aviation industry without fully analysing the potential impact cannot be supported.

The statement :

"AIP is designed to change behaviour in relation to spectrum use."

brings uncertainty as to the true intent of AIP. It presumes that behavioural change can only be brought about through the imposition of fees. Aviation is already demonstrating its recognition of the value of spectrum through introduction of new technology and management processes.

Business Radio Model

The Consultation states:

"We are proposing to vary AIP fees for some aeronautical frequencies according to the location of the ground based transmitter. In these cases, we propose that fees should broadly reflect the varying probability of encountering excess demand during the period for which the proposed fees will be in operation in different parts of the country based on analysis by our consultants Helios Technology Ltd."

This analysis is based on a Business Radio Model that is not relevant to aviation. Among other things, this model uses population distribution to determine demand.

Aviation demand is not linked to terrestrial population. It is a function of air traffic movements of which a significant percentage over fly the United Kingdom.

Opportunity Cost

The Consultation states:

"Spectrum is a finite resource, in that the use of spectrum for one purpose denies its availability to other users".

Opportunity cost is fundamental to the Consultation's analysis. Yet this conflicts with the Radio Business Model assumption that the value of spectrum in the South of England is far superior to that of Scotland. The opportunity to assign aeronautical VHF frequencies in the South of England is directly dependent on current, or planned, assignments of core Europe. This substantially reduces opportunity to assign. However, assignment in the Highlands is not constrained to the same extent implying it is more valuable.

Aviation is already very aware of the value of spectrum and is introducing new technology to increase efficiency. However, aviation is a global industry and any system that is fitted to commercial aircraft has to provide global interoperability achieved through ICAO Standards and Recommended Practices. The United Kingdom cannot, and would not wish to, act alone.

Given, for reasons including safety, that the aeronautical VHF frequencies are only available for aeronautical use the opportunity cost for other industries is zero. Within aviation, the economic argument for AIP could result in a "bidding war" for frequency assignments. This would be to the detriment of general aviation and create an artificial constraint on many airspace users.

European Union – SESAR

The Consultation accepts that :

"The civil aeronautical sector is a significant contributor to the UK economy".

However, the European Union is heavily investing in the future Single European Sky through the SESAR initiative. Indeed:

"Ofcom acknowledges that the SESAR programme is a major international public/private undertaking which could, potentially, transform the way air traffic control services in Europe are delivered. In Ofcom's view, however, it is too early to judge what impact this may have on spectrum use and within what timeframe in different applications in the various administrations affected by SESAR."

As is too early to judge the impact, it is believed that the European Union should be given the necessary time so that the actual impact may be better assessed.

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

No. Generally, the United Kingdom cannot assign frequencies without international coordination. The imposition of fees to encourage change effectively becomes a tax if the payee is unable to change due to international constraints.

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?*

Yes.

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

Yes. There should not be fees for frequencies used for any emergency purpose.

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

No because the imposition of AIP is not supported given its impact has not been analysed.

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. The introduction of datalink is a step towards better use of spectrum and should be encouraged and not financially hindered.

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?*

The proposed introduction of AIP is considered inappropriate to meet Ofcom's objectives.

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.*

The financial impact needs to be developed with all users of VHF communications spectrum. It is considered that consultants' opinions are not sufficient on their own.

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.*

Definitely not. The Consultation itself makes the point that "It is not therefore possible or meaningful to attempt to fully anticipate the efficiency responses to pricing."