



First Floor, 3 St George's Place,
Brighton, East Sussex.
BN1 4GA

Metranet Communications Ltd
Company No: 4708765
VAT reg: 938 5873 66

Web: www.metranet.co.uk
Email: info@metranet.co.uk
Phone: 01273 777 300

Metranet's Response to Ofcom's Consultation on Innovation Licences, also on behalf of Reading Borough Council and Peter Brett Associates

Metranet is basing this response on its experience delivering the wireless infrastructure using MoD frequency for a £1.8M Intelligent Transport Services R&D project with Reading Borough Council, match-funded by South East England Development Agency (SEEDA). This response has the full backing of others involved in this project including Reading Borough Council and the programme managers Peter Brett Associates.

Metranet welcomes Ofcom's well considered and well presented consultation paper. It provides a clarification of the situation appertaining to innovative licensing and the chance to comment on future developments. Two areas merit specific comment, the interface with the public sector spectrum and the transit between pilot trials and commercial operation.

The MoD's policy considerations on the reform of the public sector spectrum are taking place in parallel with this Ofcom consultation. It is hoped that the liaison between the two authorities will remain at the level appropriate to such a significant undertaking. It would seem that Ofcom, in encouraging innovation through licensing, is allowing the MoD a suitable level of control over its own spectrum. This should allow the public sector to get the maximum benefit over the longer term.

Trials have proved that with suitable mitigation large amounts of the public sector spectrum can be treated as 'clean'. That is to say that bandsharing with public sector spectrum can allow contiguous blocks of 300MHz or more to be available for new services. Aggregation, as described by the Treasury funded Spectrum Efficiency Scheme (SES) research programme can make these individual contiguous blocks appear as very large and unused tracts of available spectrum.

It will require innovative and imaginative companies to make best use of this new opportunity. The full application of emerging technologies used in innovative ways will make a revolutionary difference the use of the UK spectrum at a time when economic stimulus is vital. Ongoing co-ordination between the public sector and Ofcom will be required and should a third party band manager be appointed for

the public sector then that authority should take control over their own spectrum's innovation process.

The transition between existing pilot trials and new innovation licences will be crucial. This is to ensure that others follow on thus encouraging the economic growth that should be enabled by new spectrum. Public sector spectrum reform should, over time, add up to 60% more raw material to an industry already worth £40 billion to GDP. The seeds of this growth will come from highly innovative but safety-justified and appropriately monitored new systems. However all this innovation needs to be funded.

The business case should be detailed at the start of any innovation application and should be given the same scrutiny as the safety case. An adequate return to the innovating company through subsequent commercial operation should be granted and this will be proportional to not only the cost incurred but also the entrepreneurial risk that has been involved.

The sensible application of the above principles to a new licensing regime, particularly one led by an independent third party band manager, would give this spectrum-dependent section of UK industry the boost it needs, indeed that may make a real difference in helping to end the current recession.

To support the two principles emphasised in this response the answers at Annex A are offered to the questions posed in the Ofcom consultation document.

Kind regards,

Roger Horlock
Managing Director
Metranet Communications Ltd

roger@metranet.co.uk

Annex A to Metranet's Response to Ofcom's Consultation on Innovation Licences

Consultation questions

Proposed approach

Question 1. Do you agree with our proposal to create a new innovation licence class?

Yes; very strongly. The historical use of the miscellaneous licence class has not led to sufficient innovation.

Question 2. Do you agree with our proposal to grant innovation licences on a first-come-first-served basis?

Yes; Those already struggling to create innovative services under the existing T&D regime should be further encouraged as they are the pioneers who will lead the others and indeed help economic recovery in the UK.

Licence conditions

Question 3. Do you agree with our proposal that innovation licences be service and technology neutral?

Yes, provided those in bands used by the public services subject themselves to the scrutiny of the PSSTG and furnish a safety case supported by trials results to prove the necessary co-existence is possible with incumbents.

Question 4. Do you agree with our proposal that innovation licences should include a "non-interference-non protected" licence condition?

Yes; though in a new form. The principle is sound. However, the precedent set by the Ofcom/MoD sharing trials in the radar bands has shown that the setting of protection criteria is a routine a part of system design. Methodologies have already been provided at public expense and the filling in of the data sets are a simple matter of following the methodology by the proposed innovator in a professional manner. Assessment of applications should be designed such that neither Ofcom nor the public sector requires additional technical staff and the onus of proof of non-interference should fall on the incoming service.

Question 5. Do you agree with our proposal that, in general, innovation licences have an indefinite duration?

Yes. The true free market trading of spectrum will easily accommodate this element.

Question 6. Do you agree with our proposal that innovation licences have no initial period?

Yes; with reservations for special cases. The radar bandsharing trials showed that the greatest innovation is brought about by the most expensive trials. There were cases of trials where both the public sector and industry incurred costs. If the public sector wishes to use innovation licences as a means of saving such costs then large scale trials will only come about when there is a suitable commercial

return. Allowance should be made for special cases where large scale trials are required.

Question 7. Do you agree with our proposal that innovation licences have a minimum notice period for variation or revocation on spectrum-management grounds of one year?

Yes; with a provision for exceptional cases. A realistic negotiation between the spectrum managing authority and the incoming service should be allowed for. Huge public benefits could accrue from large scale trials conducted as pilots and then converted to innovation licences but the full expense of such services should be recovered. This will be possible in public sector spectrum as the incumbents will be protected by mitigation, a safety case and trials. There is sufficient information in the Ofcom SES library for a pre-screening to be possible when second, third and more new services are added to spectrum already accommodating an incumbent and initial pilot trial.

Question 8. Do you agree with our proposals for varying or revoking innovation licences during the minimum notice period?

Yes; with the proviso for special case of very large trials as outlined above at answer 7.

Question 9. Do you agree with our proposal to allow only outright total transfers of innovation licences?

Yes; with reservations. Should the public sector adopt the use of a third party band manager as advocated by the Cave Audit there should be provision for this new body to negotiate specific license conditions for very innovative services. This is especially true where spectrum efficiency would benefit from extensive, expensive trials that could not be afforded by either the public or commercial sector alone and where a partnership is required. The bringing in of additional partners throughout a trial may require some novel usage rights transfers.

Question 10. Do you agree with our proposal to charge a fixed fee of £2,000 per innovation licence per year?

Yes. Especially at times of economic downturn this is a reasonable fee (for example when assuming the 'downturn' case in the Cave Mason-Analysis study). We have to bear in mind that £2,000 is not the only cost to the operator here; that the yet-to-be-decided fee from the MoD needs to be included in the business model.