

Arqiva response to the consultation on authorisation of terrestrial mobile networks complementary to 2 GHz mobile satellite systems

Question 1: Do you agree that the CGC licence should be in the form of a spectrum access licence with standard terms and conditions?

Yes, and that the CGC licence should be coterminus with the licence granted for the associated mobile satellite system.

Question 2: Do you agree that such licences should be awarded on a UK-wide basis?

Yes.

Question 3: Do you agree that the CGC licence should authorise the complete set of frequencies assigned under the EC process?

Yes.

Question 4: Do you agree that the initial grant of the CGC licence should made be to the MSS operator only?

Yes, on the assumption that licences awarded for CGC will be tradable and could therefore subsequently be transferred by the MSS operators to the proposed operators of their CGCs, to the extent that they were different companies.

Question 5: Subject to certain safeguards, would it be appropriate to license the CGC in advance of the satellite service coming into operation and if so, what criteria should be applied to determine whether the satellite component of the MSS network is operational and what period of time do you consider would be appropriate?

Arqiva agrees that CGC licences should not be awarded until completion of the EC administered selection and authorisation process.

Arqiva strongly agrees that a CGC should be permitted to be brought into operation in the UK before launch and operation of the associated satellite network, within a reasonable time period to be specified by Ofcom.

Question 6: Do you agree that the CGC licence should not include a coverage obligation?

Yes.

Question 7: Do you agree that the CGC licence should be provided on a service and technology neutral basis?

Yes.

Question 8: Do you agree that CGC licences should be tradable and, if so, that they should be both totally or partially tradable and both outright or concurrently tradable, that Ofcom's consent should be required for transfers and that the grounds on which Ofcom may withhold consent should be limited as proposed?

Yes.

Question 9: Do you agree that AIP should be applied to CGC licences at a level that reflects the associated opportunity cost?

Question 10: Do you agree that the licence fees should be set at around £554,000 per 2 x 1MHz?

Arqiva supports the principle of charging AIP based on opportunity cost, however we have concerns that Ofcom is over-optimistic about the potential for the considerable constraints attaching to this spectrum to be lifted.

Even if this were to happen (and neither CEPT nor the EU are renowned for their speed in revising previous decisions), setting the level of AIP on the basis that there are no constraints suggests that the pursuit of economic principles has become divorced from reality.

Either constraints exist, and should be reflected in the price, or they do not – there are no two ways about it.

Arqiva is also concerned that Ofcom believes that the highest value alternative use for the CGC spectrum to be 3G, when the adjacent 2.1 GHz spectrum is considerably underused and additional suitable, harmonised spectrum at 2.6 GHz will have been auctioned in advance of the award of the CGC licence. Arqiva detects little market interest in additional spectrum for 3G outside of the UHF (digital dividend) spectrum.

Ofcom could consider imposing an initial level of AIP which reflects the considerable constraints on use of this spectrum and reserve for itself the right to review that AIP should constraints be subsequently lifted or weakened.

Question 11: If you believe that setting fees at this level would result in CGC systems not being deployed, please provide your reasons and full supporting evidence including a detailed business case.

Arqiva is not in a position to comment on this.