

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

It is not ESA's remit to put a view on this question. ESA would only like to express that if there will be a national license regime for CGC, that this regime is such that it does not impact unnecessarily the Satellite Operators and the Satellite Industry.

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

If there is a license regime the answer would be yes, since in any case the MSS licenses are expected to be awarded for the same spectrum block on a European wide basis.

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

Yes, this is because the MSS operator needs flexibility to assign frequencies operationally within its coverage and it will be difficult a-priori to determine which set of frequencies can be used for the CGC in any one country (these may be dynamically assigned). Furthermore, the frequencies cannot be assigned to other services (e.g. FS), as these would generate interference.

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

In principle yes. However, some flexibility should be applied here. As long as the operators of CGC and the MSS components operate with the same frequency assignment and the two have an agreement in place, then it should not matter if the CGC is licensed to a local partner (operator of the CGC) or to the MSS operator, as long as the initial CGC license grant is for that type of MSS system authorised by Art. 95 Decision of the European Parliament. This type of arrangement would bring flexibility and reduced risks in the finance structure of the overall MSS system.

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?

ESA believes that this resolution should be left at the EC level and that OFCOM should apply the results coming out of an EC decision.

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

Yes, coverage obligations should not be included in the license as we cannot compare CGC with terrestrial MS. The intend of CGC should be that it helps in improving the MSS coverage and not at replacing it.

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

ESA believes that CGC should be an integral part of the MSS and thus it is not a service neutral application. Instead CGC technology should be such that it is compatible with (not necessarily the same as) the technology of the MSS system.

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?

ESA believes that CGC licenses should not be traded for other types of services (e.g. FS) as it is difficult to share the frequencies. Instead, if the license is assigned to a CGC operator providing service to one MSS system, then the CGC license should be as flexible as possible in order to allow the CGC operator to trade its license to another CGC operator (or the MSS operator), as long as the new CGC operator has an agreement with that same MSS operator.

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

ESA believes that as the 2 GHz MSS spectrum has been allocated at an international level and that since international studies have shown that it is extremely difficult to share with local/national (e.g. terrestrial) services, then it would not be appropriate to apply license fees based on opportunity costs. Also, CGC spectrum utilisation should be seen as an increase in spectrum utilisation, fostering local job creation, competition and lowering communication/equipment costs for the general public.

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

ESA cannot comment on spectrum pricing policies and on the precise figure proposed. However, we would like to indicate that any license fee set for CGC, should not be high as to hinder the service to be deployed in the UK and also in the overall EU countries. OFCOM should take into account that the cost of a CGC license may well be multiplied by at least 27 times (not considering also other countries in the European region) if all of the EU countries apply these fees.

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.

In a simple case, if we assume an MSS system with a lifetime of 15 years operating in 2 x 15 MHz blocks, this will result in a yearly fee of about 8.3 M€, and a total fee of nearly 125M€ over the life of the satellite. If we assume that this is required over 27 EU countries it means a total license fee of nearly 3,365M€. This amount becomes a considerable amount of investment on behalf of the Satellite/CGC operator, much greater than the cost of the MSS system, possibly resulting in a less efficient use of spectrum.