

25th March 2008

Authorisation of terrestrial mobile networks complementary to 2 GHz mobile satellite systems

T-Mobile welcomes the opportunity to respond to Ofcom's consultation 'Authorisation of terrestrial mobile networks complementary to 2 GHz mobile satellite systems' ('the Consultation').

In general we are supportive of Ofcom's approach and we have welcomed the regular Stakeholder meetings which have allowed the issues associated with the introduction of 2 GHz mobile satellite systems and any complementary ground component to be discussed.

As noted in the consultation, this spectrum is adjacent to the 2GHz spectrum that is allocated to the 3G mobile operators. As such this is prime mobile spectrum which ideally should have been auctioned. However we recognise that this is harmonised Mobile Satellite spectrum and as such it has been decided to award the spectrum via a European process.

T-Mobile believes that the CGC licensing process must be transparent, fair and non-discriminatory. It should also be what is described, complementary to the satellite segment. Ofcom should set licence fees that are consistent with the fees paid for Mobile Services spectrum and licence conditions should avoid discrimination against "conventional" terrestrial mobile operators.

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

Given the nature of satellite services we would suggest that a coverage obligation might be appropriate so that the special position of the licensee translates into services where additional mobile coverage is required (see also response to Question 6).

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

Awarding such licences on a UK-wide basis is a sensible approach.

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

T-Mobile agrees that the CGC licence should authorise the complete set of frequencies assigned under the EC process.

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

T-Mobile agrees.

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?

T-Mobile agrees that Ofcom should proceed to license CGCs only once the EU level selection of MSS operators is completed. However we are concerned that Ofcom is considering allowing the CGC to be brought into operation before launch and operation of the associated satellite network. The CGC should only be used as a complement to the satellite component and not be allowed to operate as a stand-alone system.

In this regard we support the GSME response to the EC Public Consultation on the Selection and Authorisation of Systems Providing Mobile Satellite Services (MSS)¹ which states that:

“GSME believes that the CGC should not be allowed to continue operating for as much as 18 months in case of failure of the satellite component and should not be allowed to be brought into operation before the satellite component starts functioning.”

We would be concerned if this process resulted in operators being able to obtain quality mobile spectrum cheaply and thereby compete unfairly with mobile operators who have bought spectrum via auctions. If it is clear that an operator does not intend to operate a satellite network then the CGC licence should be revoked and the spectrum auctioned by Ofcom.

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

No. Licence conditions should avoid discrimination against “conventional” terrestrial operators. Mobile operators have been subject to coverage obligations for both GSM and UMTS spectrum. Ofcom should therefore impose a coverage obligation for the combined coverage of both the satellite and terrestrial component within the UK. This obligation should be set at a level at least the same level as per the 2.1 GHz award i.e. an obligation to roll out a combined satellite and terrestrial network covering an area where at least 80% of the population of the UK live.

¹http://ec.europa.eu/information_society/policy/radio_spectrum/docs/current/ong_consult/2ghz_mss/gsm_europe.pdf

It should be easier for the satellite operator to meet this obligation given the ability of the licensee to cost effectively provide services in areas which are more difficult for terrestrial mobile operators to reach.

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?

T-Mobile does not understand why a CGC licence should be tradable – unless the satellite component operator can also change ownership. Ownership needs to be permanently linked

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

T-Mobile would be concerned if a CGC licence was charged at a lower value than the associated opportunity cost.

In this regard we support the GSME response to the EC Public Consultation on the Selection and Authorisation of Systems Providing Mobile Satellite Services (MSS) which states that:

“national administrations should set authorisation fees that are consistent with the fees paid for Mobile Services spectrum”

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

T-Mobile agrees that the licence fee should be set at the same level as currently paid by the GSM1800 operators i.e. £554,000 per 2 x 1MHz.

If the AIP fee was lowered for CGC operators then there would be a case for the GSM operators to also expect an even lower AIP figure to be applied to their spectrum given the longer tenure of the CGC operator.

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.



T-Mobile believes that if there is a business case for CGC systems at 2 GHz then the operators should be able to afford to pay an annual licence fee which reflects the opportunity cost of the spectrum.

T-Mobile (UK)
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