Ofcom outlines next steps for spectrum auction

Tuesday 26 May, 2015

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Ofcom has today published an update on plans to release valuable new airwaves that could be used to meet the growing demand for mobile broadband services.

Decisions announced today will help Ofcom set the groundwork for the spectrum award, including how these frequencies will be licenced and the mechanics of the auction.

Potential bidders are also being asked for their views on how to best proceed with the auction.

While no specific uses for this spectrum have been prescribed, it is likely to interest the mobile industry, which relies on spectrum to offer internet services to consumers' smartphones and tablets.

The 2.3 GHz and 3.4 GHz spectrum bands are being released for civil use and could be suitable for providing very high data capacity.

Since Ofcom's last consultation on the auction, BT has announced plans to buy EE, while Hutchison Whampoa - the owner of Three - has reached agreement to acquire O2 from its current owner Telefonica. If the latter merger goes ahead it would reduce the UK wholesale mobile market from four major operators to three.

It is not Ofcom's role to decide whether these mergers should go ahead. This rests with the relevant competition authorities. However, Ofcom has a duty to secure the optimum use of spectrum.

Flexible approach

Ofcom's objective is to award the frequencies in a way that will allow consumers to enjoy greater access to high-capacity mobile internet without undue delay.

Today's consultation invites potential bidders to comment on an option where Ofcom would award most of the newly available spectrum later this year, or early in 2016. The remaining frequencies would be held back for award at a later date.

This approach may be preferable to the alternatives of either awarding all of the spectrum, or delaying the award - although both those options remain open. Ofcom will determine later in the year the best approach to making the spectrum available, following stakeholder responses and the condition of the market.

Licensing decisions

Under decisions announced today, Ofcom would issue licences for the 2.3 and 3.4 GHz bands for an indefinite period, but with an initial term of 20 years after which licence fees may be payable.

There will be no coverage obligations placed on this spectrum. This is because the frequencies being auctioned are better suited for high capacity and faster speeds, rather than achieving wide geographical coverage.

The closing date for this consultation is 26 June.

ENDS

NOTES FOR EDITORS:

1. Ofcom does not have formal merger control functions - in the UK mergers are considered by the Competition and Markets Authority (CMA) or the European Commission, depending on whether the necessary jurisdictional thresholds are met. Ofcom works closely with both the CMA and the European Commission in relation to mergers in its sector, where it can provide useful sector expertise.

2. This spectrum is currently used by the Ministry of Defence, and is being made available as part of a

wider Government initiative to free up public sector spectrum for civil uses.

3. Ofcom is the independent regulator and competition authority for the UK communications industries, with responsibilities across television, radio, telecommunications, wireless communications and postal services.

4. For further information about Ofcom please visit: www.ofcom.org.uk. Ofcom's news releases can be found at:http://media.ofcom.org.uk/

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