

Ericsson's response to Ofcom's Digital Dividend: clearing the 800 MHz band consultation of 2nd February 2009

Introduction

Ericsson welcomes the opportunity to respond to this consultation. A short discussion of Ericsson's views on general issues arising from the award of the digital dividend spectrum is set out below, followed by more detailed responses to Ofcom's specific questions.

General comments

Ericsson strongly supports the Ofcom proposal to clear the 790MHz – 862MHz range in line with the expected critical mass of other European countries.

Ericsson agrees that the most likely use of this spectrum will be for mobile services and particularly for mobile broadband services.

Ericsson agrees that this proposal would realise benefits to the UK in terms of lower equipment costs resulting from greater economies of scale, fewer restrictions on spectrum use resulting from harmonisation with neighbouring countries, availability of more valuable spectrum resulting from harmonisation and the potential for increased competition resulting from increased spectrum available for mobile services.

As Ericsson said in response to the Digital Dividend consultation in 2008: "It is widely understood that the particular values of the GSM as well as the IMT-2000 "Core" bands can be referred to the fact that they are internationally harmonised. Harmonisation of the spectrum will lead to optimal allocation of spectrum for service providers and consumers. Ericsson is aware of moves in Europe to harmonise the spectrum allocations for mobile services in the 790MHz - 862MHz range and considers complying with such harmonisation to be essential to deliver maximum value for citizens and consumers."

Responses to specific questions

Question 1. Do you agree that clearing DTT from channels 61 and 62 and PMSE from channel 69 to align the upper band of cleared spectrum in the UK with the emerging digital dividend in other European countries is likely to further the interests of citizens and consumers to the greatest extent?

Ericsson strongly supports the Ofcom proposal to clear the 790MHz – 862MHz range in line with the expected critical mass of other European countries.

Ericsson agrees that the most likely use of this spectrum will be for mobile services and particularly for mobile broadband services.

Ericsson agrees that this proposal would realise benefits to the UK in terms of lower equipment costs resulting from greater economies of scale, fewer restrictions on spectrum use resulting from harmonisation with neighbouring countries, availability of more valuable spectrum resulting from harmonisation and the potential for increased competition resulting from increased spectrum available for mobile services.

Question 2. Do you agree that the proposed DTT migration criteria are proportionate and appropriate? If not, please explain why and clearly identify any other criteria you believe should be adopted and why.

No comment.

Question 3. Do you have views on the options identified and our assessment of them? Do you believe there are other, superior options, and, if so, why? Do you agree that the hybrid option is most consistent with the DTT migration criteria?

No comment.

Question 4. Do you have views on the implementation-timing options identified and our assessment of them? Do you agree that DSO-integrated implementation is most consistent with the DTT migration criteria? If not, why not?

Ericsson believes that ideally all of the Digital Dividend spectrum would be released at the same time, delays in release of parts of the spectrum lead to issues of how the delayed portions are to be valued and auctioned compared with the spectrum which is released earlier, particularly if there is a risk of the delay extending beyond 2013. However Ericsson also recognises the practicalities of the situation.

Question 5. Do you agree that a programme-control and -governance arrangement such as that outlined above is appropriate?

Ericsson believes that effective programme management will be essential to minimise the risk of programme completion extending beyond 2013.

Question 6. Do you agree that the four cost categories adequately capture the costs associated with clearing DTT from channels 61 and 62? Are there any costs that do not appear to have been accounted for in any of these categories?

Ericsson notes that Ofcom has identified two potential sources of funding to clear channels 61, 62 and 69 – the Government and/or the new licensees. Ofcom expresses the view that the new licensees would be in broadly the same position under either approach as their bidding strategies would reflect the extent of funding that new licensees would be required to provide. However, we also note that Ofcom estimates of the funding required have quite a wide range of uncertainty (£90m - £203m) and there is also the risk that the upper bound could prove to be wrong.

Question 7. Do you agree that our cost profile is a reasonable basis for planning the capital expenditure for clearing DTT from channels 61 and 62?

Ericsson notes that Ofcom has identified two potential sources of funding to clear channels 61, 62 and 69 – the Government and/or the new licensees. Ofcom expresses the view that the new licensees would be in broadly the same position under either approach as their bidding strategies would reflect the extent of funding that new licensees would be required to provide. However, we also note that Ofcom estimates of the funding required have quite a wide range of uncertainty (£90m - £203m) and there is also the risk that the upper bound could prove to be wrong.

Question 8. Do you agree that these are the most appropriate criteria to assess which spectrum is the best alternative to channel 69 for PMSE?

No comment.

Question 9. Do you agree with our technical and coverage analysis of the possible alternatives to channel 69 for PMSE?

No comment.

Question 10. Do you agree with our economic assessment of the realistic alternatives to channel 69 for PMSE?

No comment.

Question 11. Do you agree that channel 38 is the best alternative to channel 69 for PMSE?

No comment.

Question 12. Do you agree that we should award channel 38 to the band manager on the same terms as would have applied to channel 69?

No comment.

Question 13. Do you agree with our proposal to maintain PMSE access to channel 36 on 12 months' notice to cease and to the rest of the cleared spectrum (channels 31-35, 37 and 61-69) until DSO is completed in the UK in late 2012?

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Question 14. Do you agree with our approach to determining eligibility for, and our assessment of the level of, funding to move PMSE from channel 69?

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Question 15. Do you agree that three years is long enough for PMSE to move from channel 69?

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Question 16. Do you agree that with our analysis of the key impacts of our policy options? Are there any other key impacts we should assess?

Ericsson agrees with the analysis.