

Response of Channel 5 Broadcasting Ltd (Five) to the Ofcom consultation on Clearing the 800 MHz Band

Five welcomes the opportunity to submit this short response to Ofcom's consultation on clearing the 800 MHz band. We are pleased Ofcom is devoting care to planning how such a major undertaking can be achieved successfully.

Five has been closely involved in the process of digital switchover, especially through our involvement in Digital UK. As a result, we are well aware of the difficulties inherent in any developments that affect the ways in which consumers access television. We are also fully aware that the proposed programme of spectrum release is only made possible by successful completion of the digital switchover process.

However, we recognise the potential benefits accruing to the UK as a whole from Europe-wide harmonisation of channels 61-69 are considerable; we would not wish to argue against the ordered clearing of channels 61, 62 and 69.

In pursuit of this objective, we believe a number of key principles need following. There should be no disruption to the process of digital switchover; broadcasters should not be expected to bear additional costs, and they should be compensated for any costs they do incur; Digital Terrestrial Television (DTT) coverage should be protected; and the impact on consumers should be minimised.

Consultation 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?

Five recognises that it is in the broader economic and social interests of the UK for these channels to be cleared, so long as viewers and broadcasters are not materially disadvantaged.

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.

Five agrees with the criteria set out by Ofcom:

There should not be a material adverse effect on DSO. The switchover process is in full swing, with broadcasters having already ordered equipment for use several years ahead, Digital UK and the Digital Help Scheme making increasingly detailed plans and more and more consumers getting ready for switchover itself. It would be hugely disruptive to interrupt this process.

Existing authorised and planned users of channels 61 and 62 should not bear extra costs. Broadcasters have planned on the basis of existing switchover policy, and multiplex operators have committed to significant investments on the basis of those plans. It would be entirely wrong for broadcasters to bear extra costs for a process that will provide them with no direct extra benefits.

Any solution should be consistent with existing policy objectives for DTT coverage after DSO. For a long time DTT has been planned as the national default network, with close to universal coverage based on existing aerial installations. We believe it is important for public acceptance of DSO that DTT continues to offer near universal (98.5%) coverage on the PSB multiplexes and coverage commensurate to that currently planned on the three commercial multiplexes.

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?

Of the three options discussed by Ofcom, Five considers the hybrid option is preferable, as it maximises coverage and minimises the number of household aerial changes.

The main drawback to the hybrid option is the large amount of retuning that will be required. Recent experience in Selkirk and Rowridge demonstrates that retuning is a larger problem than previously anticipated, because of the wide variety of DTT receivers and limited understanding of the process by some consumers. However, precisely because of the extent of retuning that will be required as a result of switchover and such other changes as the reorganisation of the DTT platform to allow for HD services, we hope that consumers will be better prepared to undertake large scale retuning in a few years time than they are at present. Digital UK is already taking the lead in ensuring measures are put in place to raise awareness of retuning.

We have one concern about all the options: based on Ofcom's current analysis, all would lead to a reduction in the post DSO coverage of the commercial multiplexes. This is likely to mean some people will gain access to channels (including Fiver and Five USA) on these multiplexes as a result of the expansion of DTT coverage brought about by switchover - only to lose them a few years later when the spectrum reorganisation takes place. We accept that it is not currently possible to estimate precisely how many households are likely to be in this position – but it could well be several tens of thousands.

As a result, we believe particular attention should be taken to look at how the coverage of the commercial multiplexes might be boosted to avoid this; and

communications messages should make clear that any such loss is a result of the spectrum reorganisation and not due to broadcasters' decisions. We also believe that once any such loss has been more precisely quantified, a mechanism should be developed to compensate broadcasters for the commercial losses they will suffer.

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?

Five is wholly opposed to the option of recasting DSO. The switchover process, already well advanced, relies on a number of interconnected dependencies. To suspend that work now while a new spectrum plan was drawn up would risk losing momentum and cohesion; it would also undermine all the work already done by Digital UK and individual broadcasters to communicate to viewers what switchover means for them.

We believe the post DSO option is the least complicated. It would have the advantage of allowing DSO to proceed on schedule and be completed before a new process, with new governance arrangements and priorities, begins.

We are not opposed in principle to DSO-integrated implementation, so long as it does not interfere with or take resources away from the switchover process. However, we believe there may be a danger of too much being attempted at the same time, with pressure on spectrum planning and other resources, for limited gain. Because of the long lead times involved, there are a limited number of regions in which this option could be effective. And the benefits, in terms of earlier use of the spectrum, appear relatively marginal; the released spectrum would be available "from the beginning of 2014" under this option compared to "mid-to-late 2014" in the case of the post DSO option.

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

Five believes a well-thought-through programme management structure is needed. Crucial to this is that the interests of viewers and broadcasters are properly represented: to ensure firstly that switchover proceeds efficiently and on schedule; and secondly that the work to clear channels 61 and 62 does not impinge on viewers' ability to watch the programmes they choose. We believe it is important for broadcasters that are not multiplex operators, such as Five, to be represented within the governance and programme control arrangements as well as multiplex operators.

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?

As we set out in answer to Question 3, we believe there should be a mechanism for compensating broadcasters that lose out commercially as a result of the lower coverage on the commercial multiplexes brought about by this change.

We also believe that all costs of communicating with viewers should be met by the programme implementation project. There should be no assumption that broadcasters should use their own resources to communicate with viewers (as happens under switchover). If it makes best sense for broadcasters to communicate messages about the project to viewers, these should be paid for by the project at standard commercial rates.

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?

This schedule is clearly dependent on which of the options identified in Question 4 is adopted.

Questions 8 – 15. Moving PMSE from Channel 69

We have no specific comments on these questions.

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?

The Impact Assessment has not sought to address the issue of those DTT viewers who will be able to view channels on the commercial multiplexes under current plans but will not be able to view them under the proposals. The IA has not sought to quantify the loss of choice to viewers nor the commercial impact on broadcasters.

Channel 5 Broadcasting Ltd

April 2009