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Radio Spectrum Policy Group

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RSPG WORK ON COMPETITION ISSUES IN 2010

The 2010 RSPG work programme undertook to continue the joint ERG-RSPG work on competition issues and described two main areas of work to be pursued under this topic. The first deals with the impact of implementation of the newly revised GSM Directive and the issue of refarming, as affected by the availability of the 800 MHz band and other relevant spectrum. The second deals with the possible effects on completion of infrastructure sharing, including spectrum sharing, between wireless broadband operators.

The attached annex sets out a draft outline for the two reports, one for each area of work. These two outlines were briefly discussed at a Working Group meeting in January and the outlines were subsequently circulated to the Working Group. Comments received have been taken on board.

In terms of taking forward through 2010, it is envisaged that we will collect information from Member states on national cases in early spring and draft the reports, in parallel, over late spring and summer. The work will be led jointly by AGCOM and Ofcom. It is anticipated that we should have a stable draft of the reports in November 2010, with adoption either then or in February 2011.

The RSPG is invited to comment and provide guidance on the two outlines contained in the annex and on the proposals for taking forward.

Report 1: Transitional, assignment and pricing issues

Introduction

- Explain background to work
 - o note previous ERG-RSPG work and report
 - o focus on mobile broadband
- Two reports in 2010
 - o First focuses on transitional issues, especially in relation to use of spectrum for mobile broadband applications and effects of assignment and pricing methods
 - o Second focuses on longer term competition concerns, in particular relating to network and spectrum sharing

Implementation of the amended GSM Directive, 2.6 GHz Decision and draft EC Decision on 800 MHz

Consider questionnaire to Member State to understand plans in relation to:

- Timing of clearance of 790-862 MHz (in countries where this is being done) and issues being considered at national level
- Impact of the coordination with systems in adjacent bands on the usefulness and value of spectrum in the 800 MHz and 2.6 GHz band (e.g. impact of the coordination constraints and of the potential for interference with broadcasting below 790 MHz on the value of the lower blocks of the 790-862 MHz band)
- Awarding spectrum at 800 MHz (where relevant) and 2.6 GHz
 - o Goals of the award procedure (s)
 - o Possible award mechanism
 - o Other linked awards, eg plans for combined auctions
- Liberalisation of 900 MHz and 1800 MHz bands (comment on asymmetric spectrum holdings in Member States)

Competition concerns and any other relevant transitional issues raised by implementation of the above Directive and Decisions

- What are the concerns/potential distortions of competition?
 - o Timing issues (liberalisation of 900 and 1800 MHz by 9 May 2010 with respect to availability of 2.6 GHz and, in particular, 800 MHz)
- How are the concerns being addressed?
 - o Ex ante versus ex post mechanisms
 - o Technical spectrum conditions attached to award/liberalisation mechanisms
 - o Other (non-spectrum conditions), e.g. coverage, spectrum caps, licence duration, wholesale spectrum access obligations

The role of spectrum pricing and other mechanisms

- Can incentive pricing help to mitigate competition concerns?
- Spectrum trading and other market mechanisms
- What, if any, is the effect of different assignment and pricing methodologies on competition?

Longer term (non-transitional) competition issues (likely to be mainly covered by second report)

- Mainly covered by second paper on different sharing arrangements, pros and cons, objectives of sharing etc.
- Mobile Broadband : check whether some issues could be picked up around access to sub 1 GHz spectrum and possible future demand for large contiguous blocks]

Potential for sharing experience and offering any guidance

- Not expecting at this stage to make specific recommendations
- Different national circumstances (such as different spectrum holdings) likely to mean that competition concerns best addressed at Member State level.
- Any potential for offering guidance at EU level?

Conclusions

Report 2: Infrastructure and spectrum sharing

Introduction

- Explain background to work
 - o note previous ERG-RSPG work and report
 - o focus on mobile broadband
- Two reports in 2010
 - o First focuses on transitional issues, especially in relation to use of spectrum for mobile broadband applications and effects of assignment and pricing methods
 - o Second focuses on longer term competition concerns, in particular relating to network and spectrum sharing

Pros and Cons of sharing

- Why do operators share, what are the expected benefits?
- What issues does it raise?

Different types of sharing (RAN, infrastructure, spectrum)

- Experience to date in Member States and outside Europe
- What effect could there be on end users ?
- What effect could there be on product development ?
- What concerns (if any) have they raised, including in terms of compliance with regulatory obligations

Expected trends and anticipated future demands for spectrum sharing (i.e. pressure for such types of sharing likely to increase?)

- Increasing network capacity and coverage
- Addressing spectrum scarcity, especially sub 1 GHz
- Addressing possible future demand for larger contiguous blocks of spectrum (eg for LTE) in mobile bands

What does this mean for spectrum managers and competition authorities?

- Ex ante versus ex post mechanisms
- National competence versus European level solutions
- Any potential for offering guidance at EU level?

Conclusions