

Consultation on the Licensing of 4G Mobile Services & Liberalisation of Mobile Bands in Gibraltar

Public Consultation 3/13

Response of Eazitelecom

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Contents

1	Introduction.....	3
2	Response to Questions	3
2.1	Question 1	3
2.2	Question 2	4
2.3	Question 3	4
2.4	Question 4	4
2.5	Question 5	4
2.6	Question 6	4
2.7	Question 7	4
2.8	Question 8	5
2.9	Question 9	5
2.10	Question 10	5
2.11	Question 11	5

1 Introduction

This is Eazitelecom's response to the "Consultation on the Licensing of 4G Mobile Services & Liberalisation of Mobile Bands in Gibraltar" issued by the Gibraltar Regulatory Authority.

In general:

- Eazitelecom would like to stress that as new entrant it is subject to certain challenges that the incumbent operator is not faced with and the terms, conditions and obligations that are readily achievable by the incumbent pose challenges for a new entrant. We would particularly point out the problems associated with acquiring sites for antennae.
- Eazitelecom would also like to stress the importance of being able to offer the full range of services and frequencies for visitors who are either roaming on our network or are using their home service devices, using our SIM's. This requires that the usage of frequencies should be consistent with European / ITU Region 1 norms.
- The key problem regarding the use of frequency bands are due to problems of co-ordination with neighbouring countries. Gibraltar consumers and telecommunications providers are entitled to the same freedom of choice and access to resources as other citizens of the European Economic Area and the United Kingdom government should press these rights at EU level. In the present climate there is no guarantee that the problems of interference already experienced in the 900 MHz and 1800 MHz band will not be experienced in the other bands and investors (such as our shareholders) have the right to expect a robust defence of their interests by the Gibraltar and UK governments.

In the following chapter, Eazitelecom has as requested made a direct response to the questions in the consultation paper and in order to make the exercise useful for GRA we have confined ourselves to direct answers to direct questions.

2 Response to Questions

2.1 Question 1

Do you agree with the GRA's evaluation of the 900 MHz band?

Eazitelecom understands the problems regarding the 900 MHz frequency band. However, these bands will increasingly be refarmed for mobile data use in the EU¹ and Gibraltar needs to be part of this process.

¹ OfCom Mobile Data Strategy 21November 2013.

2.2 Question 2

Do you agree with the GRA's evaluation of the 1800 MHz band?

Eazitelecom understands the problems regarding the fragmentation of the 1800 MHz band but would like to note that the same requirement for refarming as for the 900 MHz band applies.

2.3 Question 3

Do you consider this band suitable for 4G?

The 2100 MHz band is widely used for 3G at present and should continue to be used for this purpose for the next 5 years at least because of the population of user terminals associated with it and a relatively smaller population of user terminals on the market for 4G terminals at this point in time². Regarding the reservation of an extra 10 MHz of spectrum in this band for a third operator, Eazitelecom would consider it would be more useful to assign this spectrum to the existing 2 operators allowing a theoretical 25 MHz available for each operator in the event of refarming to LTE.

2.4 Question 4

Do you agree with the GRA's evaluation of the 800 MHz band?

Eazitelecom is in general agreement with the GRA's evaluation of this band. Eazitelecom would like to note that the 700MHz band may also be considered as a 'main low-frequency band to be used for the deployment of mobile services' in view of the likely outcome of WRC15.

2.5 Question 5

Should the channel plan be the same as the UK for the 2600MHz Band?

Eazitelecom's position is that the channel plan should be the same as that of the UK as it is in accordance with EU Commission Decision 208/477/EC with a consequent higher probability of compatibility with in-roaming terminals

2.6 Question 6

Do you agree with the GRA's evaluation of the 2600 MHz band?

As Eazitelecom does not operate radar equipment, we have no problem with agreeing with the GRA's evaluation of the 2600MHz band.

2.7 Question 7

Should the GRA proceed to liberalise the mobile bands?

The position of Eazitelecom as a mobile operator is that it supports any moves to liberalize the mobile bands. Given the problems of interference from neighbouring

² "LTE and HSPA device availability in UK-relevant frequency bands" Real Wireless for Ofcom 23rd May 2012.

countries, liberalisation may give operators the opportunity of selecting technologies that ameliorate the impact of any interference in particular band.

2.8 Question 8

Do you agree with the GRA's position regarding the 700 MHz band?

Eazitelecom does not agree with the proposition that the cost of 'restacking' TV Channel 56 should be borne by the future users of this band because the allocation to mobile is made at international level and to levy the cost of such a change in allocation is inappropriate.

2.9 Question 9

Should the GRA research in detail the potential of Spectrum Equalisation between local mobile operators before re-farming the 900 MHz & 1800 MHz bands?

Eazitelecom's position is that the first priority of the GRA is to ensure that Gibraltar consumers are able to have choice and quality of service. Therefore it is appropriate that GRA should research the issue of usage of spectrum without prejudging the optimal number of operators in each band.

2.10 Question 10

Do you agree with the proposed fee structure?

Eazitelecom welcomes the decision to lower the price for 2100MHz as the fact that the previous price was much higher than the other bands was disproportionate for no good reason.

Eazitelecom recognises that Gibraltar's spectrum pricing needs to be special because the small size of the territory gives no advantages to propagation although the indoor coverage benefits of lower frequencies still apply.

Eazitelecom's view on spectrum pricing is that the pricing should be consistent on a band by band basis and the fees should be no higher than those required to recover the cost of spectrum management and monitoring.

Further to the above point, Eazitelecom notes that the GRA has also taken into consideration the costs to the operator of the mobile spectrum fees as these influence the prices consumers will ultimately pay. In the case of Eazitelecom, as a new entrant our customer numbers are much lower than the incumbent and correspondingly Eazitelecom will have a much higher cost per customer for spectrum fees than the incumbent. Therefore, a spectrum fee that is relatively inconsequential for the incumbent becomes a burden for Eazitelecom and we urge the GRA to ensure that the spectrum fees are kept at a minimal level.

2.11 Question 11

Do you agree with the GRA proposal to include a number of service criteria in the areas outlined above within the 4G licences? Respondents are invited to provide views

on the proposed characteristics, including what parameters they believe would be appropriate for each and on the award process.

With respect to Minimum Service Criteria to be included in the 4G licences:

- Eazitelecom considers that the launch date should be **within 18 months** of the licence award. 9 months may be readily achievable for the incumbent who already has a large number of sites, but it is an onerous target for a new entrant like Eazitelecom who does not have this advantage and especially in view of the increased cost and difficulties in obtaining transmission to sites in Gibraltar.
- Eazitelecom has no objection to the proposed 70% population coverage at launch subject to this being achieved in 18 months as indicated above.
- The 95% population coverage target should in Eazitelecom's opinion be achieved within two and a half years rather than 2 years for the same reasons as above.
- Eazitelecom has no objection to the proposal that 4G operators should offer minimum download speeds of at least 5 Mbps.

With respect to the award process, Eazitelecom would like to point out that the 4G award process as proposed will result in a competitive tender if more than 3 valid applications are received. [REDACTED]

[REDACTED] Although the refarming of 900/1800/2100 MHz bands for 4G has been discussed in the consultation paper, the only frequencies clearly available for 4G at this point are the 800/2600 MHz band which are the subject of the proposed competitive process.

Gibraltar is a very small market with significant risks posed by the behaviour of neighbouring states. Consumers need choice and Eazitelecom has responded to the challenge by entering the market; however the investments are heavy and the shareholders in operators such as Eazitelecom require regulatory certainty.

In order to maintain the regulatory consistency that our shareholders expect, Eazitelecom would suggest that the Radiocommunications licences of Eazitelecom and Gibtel be amended automatically to include 800/2600 MHz spectrum for 4G. If there is more than one application for the third licence then the competition should be restricted to that for the third licensee.