



Regulatory Impact Assessment

The Wireless Telegraphy (Limitation of Number of
Licences) Order 2013

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Regulatory Impact Assessment

Introduction

- 1.1 The analysis set out in this document represents a Regulatory Impact Assessment ('RIA'), following Ofcom's notice of proposals to make the Wireless Telegraphy (Limitation of Number of Licences) Order 2013, published on 29 April 2013 (the 'Notice')¹.
- 1.2 RIAs provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best practice policy-making and are commonly used by other regulators. In producing the RIA in this document, Ofcom has had regard to such general guidance as it considers appropriate, including related Cabinet Office guidance.

Proposal, purpose and intended effect

- 1.3 Following the statement published on 16 July 2013 on the award of the 600 MHz spectrum band ("the Statement"), Ofcom has decided to award a single licence to enable the establishment of digital terrestrial television ("DTT") multiplexes in accordance with conditions specified in a licence².
- 1.4 The Limitation Order to which this RIA relates is intended to allow Ofcom to limit the number of users of the spectrum band through the award of licences, as opposed to exempting from licensing the use of all radio equipment in the band, and so allowing an unlimited number of users.
- 1.5 The way that Ofcom will award the licence is as set out in the Statement and in accordance with the Wireless Telegraphy (Licensing Procedures) Regulations 2010.

Costs to Ofcom and the public sector

- 1.6 The costs to Ofcom of limiting the number of licences in the spectrum bands relate mainly to the cost of carrying out the award process. Ofcom has existing regulations to award the use of the spectrum. The administrative costs of the award will be small, relative to the benefit generated to citizens and consumers through the availability of additional DTT services.
- 1.7 The costs to Ofcom of awarding the spectrum will be recovered by the application of a cost-based fee (i.e. fees based on the regulatory administration of the licence) which the licensee will be obliged to pay. The fee represents a contribution towards the costs of Ofcom making the award plus the annual cost of administration.
- 1.8 In comparison, making the spectrum available on a licence-exempt basis would mean that Ofcom would not incur the costs associated with the award. However, as discussed in the following section, the cost to business may be relatively high, as

¹http://stakeholders.ofcom.org.uk/binaries/consultations/600-mhz-limitation/summary/600_MHz_Limitation_Condoc.pdf.

² Ofcom also intends to enable the concurrent use of the 600 MHz spectrum for the purposes of Programme Making and Special Events ("PMSE") and the operation of white space devices ("WSD").

Ofcom would need to put in place appropriate measures to prevent interference between the various users of the spectrum. This is unlikely to lead to the most efficient or optimal use of the spectrum.

Cost to business, including small business and the voluntary sector.

- 1.9 The business sectors who are most likely to be affected by the proposals in the Notice are the broadcasting and Programme Making and Special Events (“PMSE”) sectors, as well as those operating white space devices (“WSD”). The types of service which will be provided as a result of the award are DTT multiplex services. In addition, interleaved spectrum that is not being used by the DTT multiplexes will be available for use by PMSE operators (on a licensed basis) and by WSD operators (on a licence-exempt basis).
- 1.10 The decision to license the 600 MHz spectrum band, as opposed to making its use licence exempt, imposes a relatively small administrative compliance cost on the business that wishes to use the spectrum for the purpose of providing DTT multiplex services. However, if the use of the spectrum band was licence exempt, it would not be possible to impose any constraint on the number of users or to ensure that these users co-ordinated with each other. Ofcom’s technical research has shown that this would impose large costs due to interference between users. These costs would outweigh the benefit of licence exemption.
- 1.11 Ofcom has also considered the possible impact on business of offering only a limited number of licences for the purpose of providing DTT multiplex services in the 600 MHz band. Having consulted on this issue and offered an opportunity for all businesses to express an interest in applying for the proposed licence³, only one business has done so. The impact on businesses who are not awarded the licence is, therefore, likely to be negligible.
- 1.12 Ofcom does not consider that its decision to make this Order will have any material implications for the voluntary sector.

Conclusion

- 1.13 Ofcom has assessed the impact of limiting or not limiting the number of licences in the spectrum band and has concluded that the better option is to limit the number of licences. This is primarily because the number of individuals who may wish to make use of the 600 MHz spectrum generally (ie. not just for the purposes of providing DTT multiplex services) could be large. If the spectrum was made available on a licence-exempt basis, it might be difficult for Ofcom to ensure that DTT multiplex services were made available in this spectrum band, in accordance with our strategic objectives and statutory duties of ensuring the optimal use of the spectrum.
- 1.14 Further, Ofcom would need to put in place appropriate measures to ensure co-ordination and prevent interference amongst users, which may result in all users incurring substantial costs.

³ <http://stakeholders.ofcom.org.uk/binaries/consultations/600mhz-award/summary/condoc.pdf>

Declaration:

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed:

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For and by authority of the Office of Communications**

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