

Our “Easy Guide” to Ofcom’s Digital Dividend Review Statement



December 2007

This “Easy Guide” to the Digital Dividend Review (DDR) statement aims to provide our customers with a summary of the main decisions announced by Ofcom in their statement published on 13 December 2007.

The information provided is by no means exhaustive, and focuses on the issues of particular interest to JFMG’s customers as well as the programme making industry in general.

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What is the Digital Dividend?

470-862 MHz is currently used to transmit analogue and digital terrestrial TV broadcasts to the UK. In September 2005 the Government announced that analogue transmissions would be switched off region by region between 2008 and 2012 and the remaining digital terrestrial broadcasts reconfigured for greater coverage.

Digital Television requires less spectrum than analogue television to provide equivalent coverage. As a result it was decided that the left-over spectrum will be released for new uses. This decision is the basis for Ofcom’s DDR work.

The spectrum known as Digital Dividend can be split into 3 categories:

- Cleared spectrum – the 14 channels that will no longer be needed to deliver television broadcasts
- Other blocks of spectrum that have the potential to be cleared (Channel 36 & 69)
- Digital interleaved spectrum (the “white space” left between Digital TV transmitters after switchover. Analogue interleaved spectrum is currently used by PMSE)







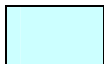
All 3 categories are used by programme makers for wireless microphones etc.

Key Decisions

The following is what JFMG understand to be the key decisions made within the Digital Dividend Review Statement. We also include a summary of each decision and any items of particular note.

The colour coded table below shows the channels/frequencies included in the DDR. Each colour refers to the Ofcom decision detailed in the key underneath.

21 470-478	22 478-486	23 486-494	24 494-502	25 502-510	26 510-518	27 518-526	28 526-534	29 534-542	30 542-550	31 550-558	32 558-566
33 566-574	34 574-582	35 582-590	36 590-598	37 598-606	38 606-614	39 614-622	40 622-630	41 630-638	42 638-646	43 646-654	44 654-662
45 662-670	46 670-678	47 678-686	48 686-694	49 694-702	50 702-710	51 710-718	52 718-726	53 726-734	54 734-742	55 742-750	56 750-758
57 758-766	58 766-774	59 774-782	60 782-790	61 790-798	62 798-806	63 806-814	64 814-822	65 822-830	66 830-838	67 838-846	68 846-854
69 854-862											

-  Cleared Spectrum – auctioned in 2009 but cleared of PMSE to DSO timetable
-  To be cleared of PMSE and airport radar use and auctioned in 2009
-  Cleared Spectrum – auctioned in 2009 but access to PMSE extended for those regions who switch prior to 2009.
-  Used for PMSE and radio astronomy – no change
-  Assigned to Digital TV but interleaved awarded to a PMSE aligned Band Manager via Beauty Contest. PMSE use guaranteed until at least 2018.
-  To be cleared of PMSE use and auctioned where not being used for Digital TV in 2009
-  Channel 69 continues to be available for PMSE and protected by licensing

Read on for more detailed descriptions of the decisions.

1. Channel 69 (854-862 MHz)

Decision: To continue licensing Channel 69.

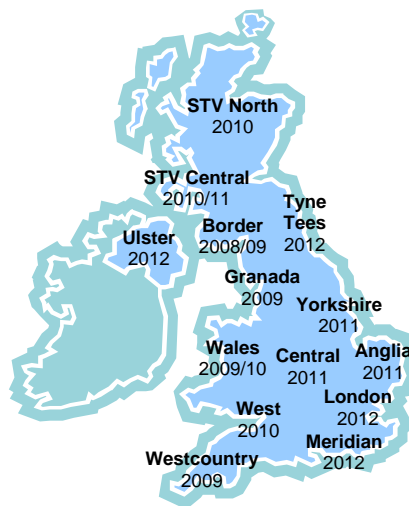
To note: The licensing will be taken over by the interleaved spectrum Band Manager in late 2008.

JFMG's view: This is a good result for the industry, their concerns regarding exempting Ch69 were taken on board and Ofcom's policy decision reflects this.

2. Cleared Channels: 31-37 (550-607 MHz), 39-40 (614-630 MHz) & 63-68 (806-854 MHz)

Decision: To clear these channels of PMSE use on a region by region basis in line with the Digital Switchover plan. To award licences to the spectrum by auction in 2009.

Although licences for these channels may be auctioned in 2009, winners will not be able to use them until the analogue TV signal is switched off in an area. This means that PMSE licensees will be able to remain in the channels until this time. This varies depending on location, for example in London this would not be until 2012. The graphic below shows Digital Switchover timing region by region.



To note: In October 2007 Ofcom announced that those regions switching to digital early would be given extended access to channels 63 – 68 until such time as the spectrum owners required their use. This means that existing users of these channels in Border, Granada, West Country and Wales can continue using them after the auction in 2009. Switchover will also mean that channels in 63 – 68 that were not available to PMSE use in these areas could be accessed by short-term users until the spectrum owners require them.

JFMG's view: The most popular channels for wireless microphones are channels 63-68. Any extension of access is useful but the extension is of limited duration especially in those regions where there is significant demand for PMSE.

3. Interleaved Channels: 21-30 (470-550 MHz) & 41-60 (790-806 MHz)

Decision: To guarantee PMSE access to most of the interleaved spectrum until at least 2018. To package interleaved spectrum and award it to a PMSE aligned Band Manager via Beauty Contest at the end of 2008. To auction 25 geographical interleaved packages for local TV or other uses at the end of 2008. To allow licence exempt use of "smart radios" providing manufacturers prove they can coexist with Digital TV and PMSE use.

To note:

- The Band Manager will need to prove that it is aligned to the PMSE industry.

- The successful Band Manager will have to pay Ofcom an annual charge based on Administrative Incentive Pricing (AIP)
- The Band Manager will charge PMSE users for access to frequencies
- The Band Manager's licence will be for an indefinite period but must provide sufficient and fair access to PMSE users until at least 2018.
- The local TV packages could be used for PMSE at fixed sites if appropriate bids were submitted.

JFMG's view: This could be a very good result for the industry. PMSE will have guaranteed access to the interleaved spectrum until 2018. The Local TV packages that will be auctioned should not impact significantly on the total spectrum available and could be purchased by large PMSE users to service theatres and studios for instance. The award of a licence to a commercial Band Manager but via a Beauty Contest moves towards Ofcom's preferred market approach whilst ensuring stability for the PMSE industry. We accept that the current regime cannot continue indefinitely and welcome this move. We do believe however, that very careful design of the Beauty Contest Criteria, Licence Terms and Conditions and Administrative Incentive Pricing will be required in order to ensure a "win, win" situation for both the eventual commercial Band Manager and the PMSE industry.

4. Channels 61 & 62 (790-806 MHz)

Decision: To clear these channels of PMSE use and auction areas where Channels 61 & 62 are not used for Digital TV in 2009.

To note: These 2 channels were not proposed for auction in the original Digital Dividend Review consultation. This decision has been made as a result of European negotiations that had hitherto been unexpected.

JFMG's view: This result is not ideal as it reduces further the interleaved spectrum available for PMSE.

5. Channel 36 (590-598 MHz)

Decision: Airport radar and PMSE to vacate Channel 36. Channel 36 will be auctioned with the cleared channels detailed in point 2 in 2009.

6. Channel 38 (606-614 MHz)

Decision: There will be no change to Channel 38 use due to a requirement to protect Radio Astronomy.

7. Other PMSE spectrum

Decision: A discussion on how the other bands currently used for PMSE will be managed in the future will be included in the Award Design consultation scheduled for Spring 2008.

JFMG's view: There were very few contributions to this topic in Ofcom's consultation. Our view is that there is no single management solution for the remaining PMSE spectrum, and that each band should be treated on a case by case basis. This is because the level of access and usage varies considerably from band to band.

Next Steps

Ofcom intend to publish detailed information on the shape and capacity of the interleaved spectrum that will be made available for PMSE after switchover shortly. In addition JFMG will be hosting an on-line look-up tool to enable users to find out what spectrum will be available on a location by location basis after 2012.

Three further consultations will be published in Spring 2008 focusing on the following three topics:

- 1) Awarding a package of interleaved spectrum with PMSE obligations to a Band Manager by Beauty Contest
- 2) Awarding geographic packages of interleaved spectrum for local television
- 3) Awarding cleared spectrum, channel 36 and interleaved channels 61 and 62

Timings

1.) Award of interleaved spectrum to PMSE Band manager by Beauty contest

What?	When?
Consultation on award design	Spring 2008
Consultation closes	Summer 2008
Invitations to tender	Autumn 2008
Award	Late 2008

2.) Award of local television packages

What?	When?
Consultation on award design	Spring 2008
Consultation closes	Summer 2008
Information memorandum and draft regulations	Autumn 2008
Awards in Border, Granada, West Country and Wales	Late 2008
Remaining awards	Summer 2009

3.) Award of cleared spectrum, channels 36, 61 and 62

What?	When?
Consultation on award design	Spring 2008
Consultation closes	Summer 2008
Information memorandums and draft regulations	Late 2008
Award	Summer 2009