

Question 1

Do you agree that the MOD has identified the options and factors that MOD should consider before deciding whether or not to extend the audit of the spectrum it uses?

Response

Generally we consider that the issues identified in paragraph 4.31 are valid though we consider that there should be an additional factor namely ensuring the efficient use of spectrum. We consider this factor must be one of the key drivers for the auditing of MOD's spectrum holdings.

Question 2

Do you have any views on the priority with which MOD should audit its spectrum use?

Response

The initial priority should be the audit of the MOD managed and shared bands above 70 MHz and below 15.7 GHz though a road map should be developed for the auditing of all MOD managed and shared bands together with MOD use of civil bands. There should be regular reporting of the progress made in meeting the road map mile stones.

Question 3

Do you agree with the phased approach to applying for RSA that the MOD is proposing?

Response

We note that the band 2700 – 3100MHz has disappeared from the list and we understand the reasons for this. However we feel that there is a need to consider if the granting of RSA would make the management of this band easier.

When Table 2 is read in conjunction with the notes it appears that significant parts of the identified spectrum will not be subject to RSA so the table appears to give a misleading impression. We consider that more accurate information on the spectrum that is actually subject to RSA is required before any decisions can be reached on the phasing

Question 4

Do you agree with the MOD's plans for releasing and sharing the spectrum it uses?

Response

The spectrum identified for release appears to be identical to that identified for application of RSA. However not all this spectrum will be available for release and we consider that greater clarification of the actual available spectrum should be provided. We further consider that more attention should be given to using the spectrum efficiently and that this should be the MOD objective.

Excluding these comments and other issues noted in this response we are generally in agreement with the proposals.

Question 5

Do you agree with MOD's priorities for releasing and sharing spectrum?

Response

Generally we are in agreement with the proposals.

Question 6

Do you agree with MOD's outline timetable for initial spectrum releases?

Response

It is considered that more detail of the spectrum that will actually be released is required. Apart from that we are generally in agreement with the proposals.

Question 7

Do you agree that MOD has correctly and fully identified the factors and options that should be considered before deciding to release and acquire spectrum in the market?

Response

We consider that a range of factors has been considered which appear to be comprehensive. However we consider that more attention should be given to developing mechanisms for working with other spectrum users to ensure efficient use of spectrum in the shared bands.

Question 8

Do you agree that MOD has correctly and fully identified the factors and options that should be considered before deciding the best means with which to interact with the market?

Response

A comprehensive range of factors has been considered. However we consider that there should be multiple points of interaction with the market rather than a single Third Party.

Question 9

Can you identify any different approaches for the MOD to manage the spectrum it uses and engage with the market to deliver better value for money for defence and the taxpayer?

Response

To some extent this is considered in the following questions though there is a need to ensure flexibility so that spectrum is always used in the most efficient manner and value for money is obtained.

Question 10

Which options (from paragraph 6.7) should be considered, or discounted, and if so why; either in respect of options already identified in section 6, or additional options, not identified?

Response

For the option “cease to hold and manage spectrum and hand spectrum to Ofcom” we consider that this is inappropriate as it is not opening the spectrum up to full market forces.

For the option “continue to hold spectrum and reform Defence-related spectrum management by establishing an organisation to manage, exploit and acquire spectrum on the commercial market” we consider that this is inappropriate as an internal organization is unlikely to have the depth of experience and market knowledge to efficiently use market forces.

For the option “continue to manage and use spectrum and reform Defence-related spectrum management for military use of spectrum whilst using a Third Party to manage, exploit and acquire spectrum on the commercial market” we consider that there are some benefits in this option but we question if this is the most efficient means of using market forces.

We propose the following option

“that the MOD continue to manage and use spectrum and reform Defence-related spectrum management for military use of spectrum but for disposing or acquiring spectrum it uses spectrum brokers”. These spectrum brokers are external organizations managed to trade spectrum. These spectrum brokers could bring blocks of surplus spectrum together from a number of sources to obtain a higher value for the spectrum and similarly could obtain required spectrum from a number of sources which could result in lower costs. We consider is that this is most efficient means of using market forces for meeting spectrum needs.

Question 11

Which issues relating to section 6 should be considered when evaluating options, and if so why; either in respect of issues already identified in that section, or additional issues, not identified?

Response

There are large parts of section 6 that we are in full agreement with and consider that these parts should be taken into account when evaluating options. However our proposal for independent spectrum brokers rather than a third party does have some impact on this section. Specific points are

Paragraph 6.11 we consider that some of the points are too restrictive

Paragraph 6.14 we consider that the spectrum scope should be as wide as possible though we note that the national frequency allocation table does impose some constraints and limitations. In due course we consider that these constraints should be reviewed.

Paragraph 6.16 we consider that this should be a responsibility of the spectrum brokers rather than the MOD and indeed the number of trades should be a fundamental of their business case.

Paragraphs 6.18 and 6.19 may need redefining to include the use of spectrum brokers.

Paragraphs 6.21 and 6.22 may not be fully appropriate if spectrum brokers are used. Paragraphs 6.23 – 6.26 may need to be changed to reflect the use of spectrum brokers.

Question 12

Is the scope of decisions required against each of the four questions at paragraph 6.3, as indicated in section 6, sufficient and, if not, how and why it should be extended?

Response

Paragraph 6.3 raises four top-level questions concerning the potential use of a Third Party to enable the MOD to engage with the market:

1. Does the MOD need a Third Party?
2. What would a Third Party be required to do?
3. How would a Third Party operate?
4. How would the MOD establish a Third Party?

These are important questions that need to be addressed though they make the assumption that a MOD created Third Party is the solution. We do not agree that this is the most appropriate solution as we consider that single organization is unlikely to have expertise in all parts of the spectrum market and there needs to be competition to ensure that the market forces are fully efficient.

Now answering the paragraph 6.3 questions in a more neutral manner

Question 1

MOD needs a number of external organizations to trade spectrum so as to ensure that full value is obtained from spectrum trades.

Question 2

The external organizations would dispose of surplus spectrum and acquire wanted spectrum in the most efficient manner possible based on their market knowledge.

Question 3

The spectrum brokers would liaise with organizations that had surplus spectrum and also organizations requiring spectrum and based on this information make the best possible deal for the parties concerned. It is envisaged that some situations the spectrum brokers would just bring the organizations together though in other situations they would buy or sell the spectrum and could accumulate spectrum holdings. In part the mode of operation would be determined by market forces.

Question 4

It is expected that the spectrum brokers as business opportunities are seen in this area. It is also expected that Ofcom should be encouraging the emergence of these spectrum brokers. Already for civilian spectrum there are some brokers beginning to emerge though more are required to ensure a fully efficient market.