



Commission for
Communications Regulation

DotEcon's Benchmarking Update

A report for ComReg

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An Coimisiún um Rialáil Cumarsáide
Commission for Communications Regulation

Abbey Court Irish Life Centre Lower Abbey Street Dublin 1 Ireland

Telephone +353 1 804 9600 Fax +353 1 804 9680 Email info@comreg.ie Web www.comreg.ie

Benchmarking update

October 2016

1 Introduction

In August 2016 ComReg published an update to the benchmarking results,¹ used as an input for setting the minimum prices for the Irish 3.6GHz band award. This update took account of a number of awards that occurred after the previous update of December 2015², including an award of 3.5GHz spectrum in Spain in March 2016.

We have subsequently identified that the benchmark used for the Spanish 3.5GHz award was incorrect. This arose due to an error in a third party report of the amount of spectrum awarded; we have now verified the correct amount from the official public record. In this note we present updated benchmarking results with the error corrected.

2 Updated results

The incorrect price point for the Spanish 3.5GHz award used for the August 2016 update was €0.0273 per MHz per capita. It should instead have been €0.0136 per MHz per capita.

We have corrected this in our analysis, and present updated benchmarking results in Table 1 below.³ As usual, all price estimates are given as a price per MHz per capita, normalised to the equivalent price of a 15-year licence in 2016 terms.

For comparison, we also set out in the averages presented in our benchmarking update of August 2016, and in the previous update of December 2015.

¹ ComReg 16/70b

² ComReg 15/140b

³ Note that we do not show here the averages for the 2.6GHz or 2.3GHz bands, as these are unaffected by the amendments to the data for the Spanish award and are the same as in the August 2016 update (ComReg 16/70b).

Table 1: Updated average prices per MHz per capita for a 15-year Irish licence

	All	European	Since 2010	European since 2010
All	€0.0244	€0.0190	€0.0476	€0.0370
3.6GHz	€0.0146	€0.0076	€0.0093	€0.0093

Table 2: Average prices per MHz per capita for a 15-year Irish licence, published in Aug 2016 and Dec 2015

	Update version	All	European	Since 2010	European since 2010
All	Aug 2016	€0.0247	€0.0194	€0.0484	€0.0380
	Dec 2015	€0.0221	€0.0153	€0.0367	€0.0325
3.6GHz	Aug 2016	€0.0152	€0.0084	€0.0116	€0.0116
	Dec 2015	€0.0157	€0.0071	€0.0086	€0.0086

Due to the updated Spanish award data, the benchmarks for the 3.6GHz band observations are slightly lower than in the August 2016 benchmarking update, but the change is small. The 2.6GHz and 2.3GHz benchmarks are unaffected by this correction and the results remain as previously reported in ComReg 16/70b.

The proposed minimum price for 3.6GHz in urban areas remains similar to the overall 3.6GHz benchmark, as before the correction, whilst the proposed minimum price for 3.6GHz in rural areas remains significantly below this benchmark.

As discussed in the original benchmarking report,⁴ the majority of observations available for the 3.6GHz band are quite old and are unlikely to reflect the value arising from the possibility of using the spectrum for TDD-LTE, therefore understating the current market value. On the other hand, the benchmarks for the 2.3GHz and 2.6GHz bands are likely to overestimate the current value of the

⁴ ComReg 15/72

3.6GHz spectrum, due to the better propagation characteristics of those bands and greater equipment availability than for the 3.6GHz band. On this basis (along with the approach taken to setting minimum prices), we consider that the (updated) benchmarking results continue to support the suitability of the recommended minimum prices of €0.010 and €0.015 per MHz per capita for rural and urban areas respectively, and that the changes following the correction of the Spanish data point are not significant enough to suggest amendments to these minimum prices is required.