

Office of the Director of
**Telecommunications
Regulation**

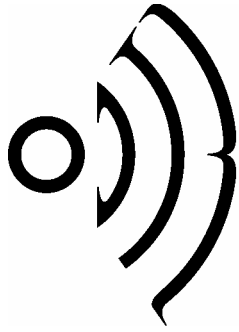
INFORMATION MEMORANDUM

COMPETITION FOR AWARD OF LICENCES TO PROVIDE FIXED WIRELESS POINT TO MULTIPOINT ACCESS

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INFORMATION MEMORANDUM

COMPETITION FOR AWARD OF LICENCES TO PROVIDE FIXED WIRELESS POINT TO MULTIPOINT ACCESS

1. Introduction

The Director of Telecommunications Regulation has launched a competition for the award of up to eight licences to use Fixed Wireless Point To Multipoint Access (FWPMA) to provide telecommunications services in Ireland. The term of the licences will be ten years. It is expected that the highest ranked applicants will be known in July 1999.

Fixed Wireless Point to Multipoint Access (FWPMA), which is sometimes referred to as 'Wireless in the Local Loop', offers an alternative means to provide the connection from the customer's premises to the nearest network access point for the provision of telecommunications services. It offers a radio-based alternative to copper or optic fibre cable. FWPMA is not a telecommunications service per se, but makes available an important network element to be used in the provision of services.

This memorandum provides information to all interested parties about the licensing process. It sets out the objective, a description of the licensing process itself, the proposed licensing framework, and fees and time-scales. Full details of the licensing process are contained in the tender documentation, which is available from the Office of the Director of Telecommunications Regulation (ODTR) on payment of a non-refundable fee of £5,000.

This document is an information memorandum only and the conditions of the competition are laid down in the tender documentation which shall prevail over this memorandum.

2. Objective of the Competition

The overall objective of this competition is to facilitate increased competition and choice so that the Irish consumer benefits from lower tariffs and the availability of high quality services. The introduction of further competition to the Irish telecommunications market by the full liberalisation of voice telephony on the 1st December 1998 has led to significant reductions in national and international call charges. The issuing of FWPMA licences will further contribute to these improvements, and offer increased choice of service provider and a wider range of advanced telecommunications services to the telecommunications end-user. Ireland is amongst the most vibrant and rapidly growing economies in Europe and offers major opportunities to existing and new businesses.

Although there has been unprecedented developments in the telecommunications sector over the past decade, Ireland's household telephone penetration rate at 83% (1997) is amongst the lowest in the European Union. There remains great potential for telecommunications companies to increase the number of fixed lines to residential and business customers.

3. Licence Framework

The Director undertook a public consultation on FWPMA in the latter half of 1998. Following this consultation, it was decided that the issuing of national licences was considered to be the best approach to achieve the overall objective of facilitating increased competition in the telecommunications sector. It is proposed to offer four licences for broadband services and four for narrowband. Broadband will cater for the needs of medium to large users of telecommunications services, and will enable

services such as PABX connection, broadband Internet access, multi-media, bandwidth on demand, and fast file transfer.

Narrowband FWPMA is an alternative to copper in the local loop, which at present connects the majority of residential and business customers to their local exchange, and will offer mainly basic telephony, Internet and ISDN connections, and is especially suited to rural areas. It will provide choice for many consumers and bring the opportunity of joining the 'Information Society' to many more homes and businesses.

When all the licences are issued, Ireland will be in the forefront of European Union countries in enabling service providers to use wireless in the local loop. The Director believes that this will contribute to effective competition in the immediate future. She will consider the further use of spectrum for FWPMA to address market segments not provided for through national licences.

Licensees will be granted the right to use Fixed Wireless Point to Multipoint Access (FWPMA) technology to offer telecommunications services to the public, in accordance with section 111 of the Postal and Telecommunications Services Act 1983, as amended, and in accordance with the Wireless Telegraphy Acts, 1926 to 1988. The term of the licence will be 10 years.

3.1. *Spectrum Allocation*

The licences are divided into two groups across four frequency bands. The available licences are shown in the table below:

Name of licence	Licence group	Band	Bandwidth of the Licence
FWPMA A(1)	Broadband	24.5 - 26.5 GHz	2 x 56 MHz
FWPMA A(2)	Broadband		2 x 56 MHz
FWPMA A(3)	Broadband		2 x 56 MHz
FWPMA A(4)	Broadband		2 x 56 MHz
FWPMA B(1)	Narrowband	3.4 - 3.6 GHz +	2x25 + 2x10 MHz
FWPMA B(2)	Narrowband	2.0 - 2.3 GHz	2x25 + 2x10 MHz
FWPMA C	Narrowband	2.4 - 2.5 GHz	60 MHz
FWPMA D	Narrowband	10.1 -10.7 GHz	2 x 30 MHz

Table 1: Overview of licences.

The available spectrum per licence may be taken up immediately or, depending on the requirements of the licensee, on a phased basis. An equal amount of spectrum has been reserved in the case of the broadband licences at 26 GHz, and may be made available in the future to the licensees in this competition on demonstration of need, or may be used for new licences.

The Director will conduct a review from time to time, which will have regard to international developments, new technologies and market requirements. The review will include an examination of the allocation of spectrum and the terms and conditions of the licences awarded. The first review will not take place before 2003.

3.2. Licence Conditions

The licences will incorporate specific provisions relating to the FWPMA service, which will be additional to the standard provisions of the Telecommunications Licence, and the Wireless Telegraphy Licence. The additional specific provisions will comprise both general FWPMA provisions applicable to all FWPMA licensees, and individual conditions which will apply to the individual FWPMA licensees, based on their proposals in their applications.

3.3. Licence Fees

3.3.1. Administrative fee

Applicants offered a licence will be liable to pay an administrative fee to cover the costs of the ODTR in running the competition. The fee will be calculated as follows:

Where less than five licences (the total of broadband and narrowband licences) are offered, the Administrative Fee will be set at IR£ 375,000 (EURO 476,152)

If more than four licences are offered, the Administrative Fee will be reduced on a pro rata basis:

$$\text{Administrative fee} = \frac{\text{IR£ 1,500,000 (EURO 1,904,607)}}{\text{Number of licences offered}}$$

When submitting an application, each Applicant must provide a bank draft for IR£ 375,000 (EURO 476,152) as a deposit to cover the maximum amount of the administrative fee. This will be refunded to unsuccessful applicants.

3.3.2. Annual spectrum fees

Within the total reserved for the licence, the licensee can decide how quickly and how much spectrum is required as the network is rolled out. Spectrum fees are payable according to the following table:

Licence group	Name of licence	Fee per MHz	Maximum fee using full bandwidth
Broadband	FWPMA A(1)- A(4)	£1,500	£168,000
Narrowband	FWPMA B(1)- B(2)	£1,500	£105,000
Narrowband	FWPMA C	£750	£45,000
Narrowband	FWPMA D	£1,500	£100,000

Table 2: Licence Fees

The fees will be discounted by 60% in the first year, 30% in the second year and 0% thereafter.

These annual fees for FWPMA are fixed for two years, but the Director proposes to conduct a full spectrum pricing review of all spectrum fees in the interim, which may result in changes after this period.

3.4. *Site and mast sharing*

Sharing of sites and masts will be encouraged within the framework of existing or proposed national and European Union legislation.

4. The Licensing Process

The competition will be administered by the Director, who has established a Steering Group which is responsible for the evaluation of applications and management of the selection process. Andersen Management International of Copenhagen has been appointed to assist in the competition.

Applicants will be restricted to a maximum of one licence in the narrowband group and one in the broadband group. In the narrowband competition, an applicant may apply for each of the three licence types, but must state an order of preference, which will be used if necessary to decide which licence will be offered to it.

The selection between applicants competing for the same licences will be carried out by way of open tender using the 'best application' method. According to the best application methodology, the applications which are awarded the highest marks in the comparative evaluation process, will be ranked at the top of each category. The evaluation will be in accordance with the evaluation criteria explicitly outlined and weighted in the tender document.

There will be common minimum conditions included in the licences, and further conditions arising out of the licensee's bid.

The tender document is in two parts. The first part is divided in three sections: the detailed description of the process; detailed requirements regarding the form and content of the applications; and descriptions of the regulatory, commercial and calculatory assumptions to be used. The second part comprises appendices containing complementary information.

Written questions will be permitted from purchasers of the tender documents until five weeks before the closing date for receipt of applications. Answers will be circulated to every other purchaser, but without disclosing the identity of the party posing the question.

The closing date for receipt of applications will be eleven weeks from the issuing of the tender. The timetable below sets out the key events:

Event	Date
Launch of Competition	Feb. 18 1999
Question and Answer Phase	Feb 18 – March 31 1999
Deadline for Receipt of Bids	May 6 1999
Evaluation of Bids	Approx. 2 Months from May 1999
Announcement of results	July 1999

The Director reserves the right to alter the above dates.

5. Request for Tender Document

Requests for the tender document should be accompanied by a bank draft for IR£5,000 made payable to the Office of the Director of Telecommunications Regulation. All requests should be addressed to:

Ms. Joan Phelan,
Office of the Director of Telecommunications Regulation,
Abbey Court,
Irish Life Centre,
Lower Abbey Street,
Dublin 1,
Ireland.

19 February 1999

Appendix 1

The Irish Telecommunications Sector - Regulatory and Legal Framework

The Director of Telecommunications Regulation

The regulation of the telecommunications sector is carried out by the Director of Telecommunications Regulation appointed pursuant to the Telecommunications (Miscellaneous Provisions) Act, 1996. The Office of the Director of Telecommunications Regulation is independently funded and independent in the exercise of its functions. The Director has responsibility for the exercise of powers accorded to national regulatory authorities pursuant to EU and national legislation. Further powers will be conferred on the Director as the developing EU regulatory framework for telecommunications is formally adopted.

Radio Frequency Spectrum

The use of radio frequency spectrum in Ireland is governed by licences issued pursuant to the Wireless Telegraphy Acts, 1926 to 1988. The appropriate authority for assigning spectrum in Ireland is the Director of Telecommunications Regulation. Operators will be expected to use the spectrum in an efficient manner.

The Minister for Public Enterprise

Responsibility for national telecommunications policy and, in particular, for the Government shareholder role in respect of Telecom Eireann is exercised by the Minister for Public Enterprise and her Department.

Appendix 2

Legislative Background to this Competition.

The licence will be awarded by the Director under the Postal and Telecommunications Services Act, 1983, as amended and the Wireless Telegraphy Acts, 1926 – 1988.

As required under section 111 of the Postal and Telecommunications Services Act, 1983, the Director has also sought and obtained the consent of the Minister for Finance for the licence fee.

The European Commission has also been advised of the Director's proposals and account has been taken of its views.