



Office of the Director of  
**Telecommunications  
Regulation**

**MEDIA RELEASE**

**Tuesday December 18<sup>th</sup> 2001**

## **Telecoms Regulator launches 3G Competition**

The ODTR today (Tuesday 18<sup>th</sup> December 2001) launched the competition for the selection of third generation (3G) mobile phone licences. Four 20 year licences will be awarded. It is expected that the highest ranked applicants for the licences will be announced in June 2002. The successful licensees should begin to rollout service by January 2004.

Third Generation mobile telecommunications represents a major evolution in mobile technology. 3G technology allows for the transfer of data up to 40 times faster than existing mobile phones. Wireless internet, audio on demand, video conferencing and traffic and travel information which is location specific will all be available on a 3G handset. The introduction of 3G services provides a unique combination of broadband services and mobility enabling mobile phones to rival PCs as the primary devices for internet access with a few years.

According to Etain Doyle, Telecoms Regulator “The Irish telecommunications market is vibrant and offers extensive opportunities for future owners of 3G licences in Ireland. Ireland has adapted quickly to mobile services and in particular to the use of the key current mobile data services SMS. The mobile penetration rate in Ireland is now 75%

and there are currently 2.8 million users. On average each mobile subscriber sends 46 SMS messages a month. The Irish internet market has also experienced a significant expansion with more than one third of the population having home internet access at the end of September 2001. Operators who provide a quality network and services that are relevant to a growing market have the potential to capture strong revenues from the Irish market.”

In Ireland four 3G mobile licences, one ‘A’ and three ‘B’ licences with differing terms, will be offered by means of a comparative evaluation process (“beauty contest”). The 3 B licences provide for a minimum of coverage of the five major cities (53%) and somewhat slower minimum roll-out conditions compared with the A licence. The A licence provides for 80% population coverage and potentially extra spectrum to carry MVNO services. This structure provides an opportunity for potential bidders to propose alternative ways of entering the 3G market here.

Bidders for the A licence will be invited to offer access for mobile virtual network operators (MVNOs) and will be offered additional spectrum on the basis of justifiable demand to support the MVNO requirement.

Additional spectrum will also be offered to new market entrants in order to level the playing field with incumbent operators who will have an inherent advantage in rolling out 3G networks.

Those who already have a GSM network will be obliged to provide national roaming facilities to new entrants on their networks.

The Telecoms Regulator is keen to encourage site and mast sharing and where possible to ensure that these new services can be rolled out speedily and with a minimal environmental impact. Additional marks will be awarded for such commitments. The Regulator will also look favourably on proposals for infrastructure sharing which may be made by licensed operators subsequent to award of licence, provided they can operate their services independently and do not infringe competition law.

According to the Telecoms Regulator “following the conclusion of discussions with the Minister for Finance I am pleased that we have agreed the spectrum access fee structure for the 3G licences. Taking account of market conditions and the expenditures involved in rollout and development of services, an innovative fee structure has been devised. There will be an upfront payment followed by a moratorium of 3 to 5 years and with deferred payments over the 4<sup>th</sup> to 15<sup>th</sup> of the 20 year licence period.”

The overall spectrum access fee is €27 million (£ 21 million) for the “A” license and € 74 million (£58 million) for the “B” license using the standard industry discount rate of 9%. The upfront fee for the A Licence is € 12.7 million (£10 million) and for the B licence is € 44.4 million (£35 million). There is then a moratorium of 5 and 3 years respectively on the A and B licenses to take account of network build and the need for market development. Nominal spectrum access fees will be € 50.7m (£40 million) for the “A” licence and €114. 3 m (£ 90 Million) for the “B” licence, with payments spread out up to year 15.

She continued “This approach to the fees which includes a moratorium and deferred payments is realistic given the current economic climate. The competition has been designed to promote competition in both infrastructure and services with the overall objective of generating the most competitive and robust mobile market structure possible so that the Irish consumer benefits from competitive prices and the availability of advanced services.”

All applicants can submit applications for either or both the A licence and the B licence. However each applicant can take up only one licence and the applicants will be required to prioritise their applications.

The differentiation in the fees reflects the greater cost to the A licensee of rolling out its network to meet the coverage and time constraints compared to the minimum requirements for the B licences.

The class A licence will require roll-out on a phased basis with coverage of 53% of the national population (equivalent to the five major cities) by the end of 2005 and with the fulfilment of the minimum 80% population requirement by the end of 2007.

The class B licence will also require phased roll-out but on a less stringent basis, covering 33% of the population by the end of June 2006 and 53% by the end of June 2008.

In both cases applicants will be asked to make voluntary offerings concerning rollout in excess of the minimum requirements stipulated above and other offerings such as site sharing and customer service all backed by performance commitments and associated financial guarantees.

The competition will be administered by the Director of Telecommunications Regulation who will establish a Steering Group to evaluate the applications and manage the selection process.

Only applicants that meet the formal and minimum requirements specified in the tender documents will be able to proceed to the comparative evaluation stage. The evaluation will be in accordance with the dimensions outlined and weighted in the tables below. The closing date for receipt of applications will be **27<sup>th</sup> March 2002**.

***Evaluation Dimensions and weightings (“A” licence)***

“A” licence	
Dimension	Weight
MVNO access	20%
Coverage, speed of roll-out and site sharing	20%
Quality of service	20%
Promotion of competition	10%
Performance guarantees	30%

***Evaluation Dimensions and weightings (“B” licence)***

“B” licences	
Dimension	Weight
Coverage, speed of roll-out and site sharing	30%
Quality of service	20%
Promotion of competition	20%
Performance guarantees	30%

An Information Memorandum (ODTR Document 00/96) is available from the Office of the Director of Telecommunications Regulation (ODTR) and full details of the licensing process are contained in the tender documentation, which is available from the ODTR on payment of a non-refundable fee of € 20 000.

### Time schedule for Tender Process

<b>Event</b>	<b>Date</b>
<b>Launch of Competition</b>	<b>December 18<sup>th</sup> 2001</b>
<b>Deadline for submission of Questions</b>	<b>March 1<sup>st</sup> 2002</b>
<b>Deadline for submission of tenders</b>	<b>March 27<sup>th</sup> 2002</b>
<b>Analysis of tenders</b>	<b>March 28<sup>th</sup> – June 25<sup>th</sup> 2002</b>
<b>Announcement of results</b>	<b>June 26<sup>th</sup> 2002</b>

**ENDS**

### Issued By

**This Media release is for Information purposes only and does not form part of the formal Tender Process**

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### Note to Editors

#### MVNO's

For the purpose of this competition, an MVNO is defined as an organisation operating a physical network infrastructure comprising as a minimum a mobile switching centre, home location register and authentication centre (or 3G mobile equivalents), having its own unique mobile network code with distinct IMSI and E.164 number series (where applicable), and issuing its own branded SIM-cards (or 3G mobile equivalents), but without a mobile radio access network. This definition is consistent with the Director's objective to promote competition at both the service and infrastructure level.

**Spectrum access Fee payment structure is as follows:**

**Licence A**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total Nominal Fee	Total @9% discount
Fee (IR £m)	10	0	0	0	0	0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	0	0	0	0	0	40.0	21.6
Fee (€m)	12.7	0	0	0	0	0	2.5	2.5	2.5	2.5	2.5	5.1	5.1	5.1	5.1	5.1	0	0	0	0	0	50.7	27.4

**Licence B**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Total Nominal Fee	Total @9% discount
Fee (IR£m)	35	0	0	0	3.0	3.0	3.0	3.0	3.0	3.0	6.0	6.0	6.0	6.0	6.0	7.0	0	0	0	0	0	90.0	58.1
Fee (€m)	44.4	0	0	0	3.8	3.8	3.8	3.8	3.8	3.8	7.6	7.6	7.6	7.6	7.6	8.9	0	0	0	0	0	114.3	73.8









