

DIGITAL 3 AND 4 LTD RESPONSE TO CONSULTATION ON THE PRINCIPLES FOR SPECTRUM PLANNING

Introduction

Digital 3 and 4 Ltd, the DTT multiplex licensee jointly owned by Channel 4 and ITV, has played a major part in the compilation of the TDN response to the Consultation and is fully supportive of its content.

Therefore, rather than reiterate all that is in the TDN response, we concentrate in this paper on a small number of critical issues and for that reason do not attempt a question by question response.

OPTIONS

The TDN response, to which is appended the Genesis 2 Phase 2 report, demonstrates that there is a range of options available to Government in making its decisions on a choice of final switchover plan.

Option One

At one extreme the plan illustrated by Genesis 2 Phase 2 uses at least 3 conversions at each of the 80 current sites to deliver maximum coverage. This plan has the advantages of:

- Maximised coverage for 80 sites
- Defined maximum power levels at each site by use of analogue conversions at the Chester limits
- Minimum disruption to viewers and thus minimum cost
- Minimised international co-ordination level

However, this plan only guarantees the release of two nationally cleared channels. There would, however, be interleaved capacity available for regional and local uses.

Option Two

The other approach adopted in the TDN response is predicated on the need to release contiguous blocks of nationally cleared spectrum as a necessary Government pre-requisite for the final plan.

In summary, that plan adopts a two phase approach and utilises two analogue conversions at each site. The advantages to Government of this approach are:

- Phase 1 release of 4 channels of spectrum from the top of Band IV (which with Channel 36 could create a contiguous block of 5 channels)

- Possible Phase 2 release of a further 5 channels of spectrum from the top of Band V.

However this plan will result in greater disruption for viewers and thus significantly higher costs. Digital 3 and 4 believes that any costs relating to viewer aerial retuning and provision of satellite reception for disenfranchised viewers should be funded by Government and then set against any returns from released spectrum.

These are only two of a range of options that have been considered. Both are capable of further refinement once the Government's objectives are fully defined. Equally, other scenarios using options from both plans could achieve an acceptable balance between the requirements of viewers, Government and broadcasters.

The necessity for successful International Co-ordination of any plan is an area of real concern. The Radio Communications Agency will be faced with a difficult task and it is vital that the Government equips it with the highest level negotiation skills in its dealings with foreign administrations.

The Transition Process

In reaching its strategic decisions about digital switchover the Government needs to consider not only spectrum allocation but also the detail of the transition process in order to protect the income of the commercial broadcasters. The BBC's income from licence fees is assured but the revenues of commercial broadcasters are highly sensitive to any interruptions to transmission.

Once the final spectrum map is known further detailed planning work will be necessary to develop a fully workable plan but Digital 3and4 believes that such planning should be based on the following outline scenario.

The transition should take place regionally based on existing DTT sites. Preparatory work would be to install at that site and all of its dependent transmitters the equipment necessary to deliver the new services at up to final power levels.

The next step of the process would be to turn off the analogue BBC2 transmitter at the main site and convert this frequency to carry the MUX BBC signal. Over the next few days turn on the MUX BBC signal at the dependent transmitters (assuming radio fed). Depending on the take up of DTT equipment this situation may have to be left for some months with attendant publicity campaigns to increase take up.

Once 'acceptable' take up has been achieved in the area, then the analogue BBC1 service should be converted to carry the Digital 3&4 service followed by turning off ITV, Channel 4 and 5 analogue services over a period. The released frequencies may be used as part of the new digital network. This is likely to be an iterative procedure as there may well be power and frequency changes to be

carried out at both the main site and the dependent transmitters as the final network comes together.

It is possible that this process could be assisted by new contractual arrangements with transmission providers based on individual site ownership rather than the current network contracts. That would open up the possibility of reducing the current “n+n” redundancy to a more cost effective “n+1” or “n+2” system. However, there may be regulatory concerns about the creation of site based monopolies.

The Cave Report

Digital 3 and 4 has argued strongly over recent years that DTT requires a stable plan and a roadmap to full digital switchover on which business planning can be based. The outcome of the Spectrum Planning Consultation will be a major step in that direction. However, the recommendations of the Cave Report for spectrum pricing in Broadcasting further destabilise the whole process and create uncertainty which undermines business planning and acts as deterrent to future investment in DTT. It is imperative therefore that the Government responds quickly by rejecting the Cave proposals as they apply to Broadcasting.

CONCLUSIONS

Digital 3 and 4 fully supports the TDN response and believes that the Government needs to make careful judgements about the balance between the perceived advantages of spectrum release and the associated costs – for viewers, broadcasters and competition in the UK digital television market.

Once those judgements have been made a clear plan needs to be assembled quickly in an environment uncluttered by uncertainties about possible spectrum pricing so that broadcasters and others can commit the investment necessary to meet the mutually agreed objective of analogue switchover.