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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

on the use of the 470-790 MHz frequency band in the Union

Accompanying the document

Impact assessment

**Proposal for a Decision of the European Parliament and of the Council on the use of the
470-790 MHz frequency band in the Union**

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Executive Summary Sheet

Impact assessment on the use of the 470-790 MHz frequency band in the Union

A. Need for action

Why? What is the problem being addressed?

Wireless connectivity requires access to appropriate spectrum. Mobile traffic growth, driven mainly by video content, generates pressure on the bands currently available for wireless broadband (WBB). To address this, actions and discussions at the level of the International Telecommunications Union (ITU) have been underway on the possible use of spectrum below 1 GHz. The ITU allows for the 694-790 ('700') MHz frequency band to be used for WBB. Countries from North America also plan to use the 470-694 ('sub-700') MHz frequency band for WBB. As the whole UHF band (470-790 MHz) is currently used by digital terrestrial television (DTT) and audio programme making and special events (PMSE) equipment in the EU, there is a conflicting demand for this 'prime' spectrum.

EU harmonised bands for WBB, especially those below 1 GHz, are important to achieve the Union's connectivity targets set by the Digital Agenda for Europe (DAE). EU countries support a coordinated EU approach to providing WBB services in the 700 MHz band, but have different views on the appropriate timing because their DTT needs are very different. These diverging views may delay the roll-out of advanced networks required to achieve EU connectivity targets and create cross-border interference between EU countries.

What is this initiative expected to achieve?

The digital single market (DSM) is one of the 10 key political priorities of the Commission. To achieve the DSM, universal high-speed wireless connectivity is crucial. It can be provided in a cost efficient manner to all EU citizens through equally essential fixed and wireless networks. EU-wide high-speed connectivity will make it possible for innovative services in the audiovisual and mobile markets to be developed. It will also be the basis for new services such as connected cars relying on EU-wide coverage and capacity.

The Commission sets out an EU strategy for the future use of the UHF band so that this part of the spectrum can be used efficiently to adapt to evolving telecoms and media markets while preserving the EU's audiovisual model and the current free-to-view public service broadcasting..

What is the value added of action at the EU level?

An EU coordinated approach will have the following benefits over action at national or regional level:

- it will ensure EU-wide connectivity at 30 Mbps by 2020 to allow for innovation in existing services and to provide the basis for new services that require universal connectivity;
- it will avoid interference between WBB and DTT;
- it will benefit from economies of scale of a near-global market for equipment tuned to the 700 MHz band.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

The following 4 policy options have been considered:

1 — **No EU action:** EU countries will decide independently on the service allocation and authorisation of the 700 MHz band (DTT and/or WBB), the available frequencies and the relevant technical and access conditions.

2 — **Coordinated designation and authorisation of the 700 MHz band.** This would include:

- a deadline for assignment and for cross-border coordination;
- the promotion of coverage obligations for 700 MHz licences;
- reservation of the sub-700 MHz band for DTT and audio PMSE.

A market evaluation at EU level is envisaged by 2025 to reassess the rules on the sub-700 MHz band.

3 — **Coordinated designation and authorisation of the 700 MHz band (like in option 2) and coordinated designation of the sub-700 MHz band** solely for downlink-only use under the condition that the provision of audiovisual media services (AVMS) to a mass audience, including free-to-view distribution, and audio PMSE use are safeguarded, if there is demand at national level.

A market evaluation at EU level is envisaged by 2025 to reassess the rules on the sub-700MHz band.

4 — **Coordinated designation and authorisation of the whole UHF band** for WBB services by 2020.

Policy option 3 is the preferred option because it ensures a balanced and flexible solution in support of the digital economy, the European audiovisual model and citizens' benefits.

Who supports which option?

<p>Broadcasting and media sectors support the Lamy Report¹. This report provides the basis for the preferred option 3 as it recommends a coordinated designation and authorisation of the 700 MHz band and a flexible approach for the sub-700 MHz band. In this approach, traditional broadcasting services co-exist with wireless broadband services in downlink-only mode.</p> <p>Representatives of EU Member States in the Radio Spectrum Policy Group (RSPG) adopted an RSPG opinion² in which they support the option for a coordinated EU approach to repurpose the 700 MHz band. This includes:</p> <ul style="list-style-type: none"> - harmonisation of the technical conditions for WBB use in the 700 MHz band; - setting a common deadline for release of the 700 MHz band; and - flexible use of the sub-700 MHz band. <p>Public consultations were carried out on both documents and respondents expressed support for EU coordination.</p>
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, other than the main ones)?
<p>Option 3 will:</p> <ul style="list-style-type: none"> • provide additional EU harmonised spectrum for WBB in fulfilment of the spectrum target of the Radio Spectrum Policy Programme (RSPP); • contribute to DSM connectivity targets and DAE broadband targets; • reduce fragmentation of UHF broadcasting band use and prevent interference between WBB and DTT; • facilitate innovation and market transformation towards more efficient technologies; • adapt to new forms of audiovisual consumption while sustaining the current free-to-view model; • give EU countries the flexibility to open the sub-700 MHz band for uses other than DTT and audio PMSE, where this is possible and while safeguarding those uses; • reinforce the EU's position in international negotiations on the future use of the sub-700 MHz band.
What are the costs of the preferred option (if any, other than the main ones)?
<p>DTT broadcasters (public and private) and audio PMSE users will be deprived of another portion of UHF spectrum (in addition to the 800MHz band already repurposed). Migration to the sub-700MHz band will generate transition costs to reconfigure the broadcasting networks. DTT network operators will have to upgrade to the most efficient spectrum technologies within a short timeframe, if they wish to maintain (or improve) the current variety and quality of programmes transmitted. Consumers will face the inconvenience of retuning or replacing equipment (set-top-box and in some cases a new aerial) to continue to receive DTT services.</p>
How will businesses, SMEs and micro-enterprises be affected?
<p>On the one hand, the majority of cultural and creative industries are SMEs. The most affected category is audio PMSE users, who would experience a significant reduction of available 'white spaces' for producing and recording programmes and events. On the other hand, a number of SMEs linked to the wireless broadband sector would benefit from additional spectrum availability and thus business case enhancement.</p> <p>The Commission has ensured, through an implementing decision of 2014³, that a baseline of frequency bands is available for audio PMSE. In addition, the Commission will request an opinion from the RSPG on its EU strategy for PMSE services. In option 3, EU countries may decide to use part of the 700 MHz band (up to the 25 MHz in the so-called 'duplex gap') for PMSE use.</p>
Will there be significant impacts on national budgets and administrations?
<p>For national authorities, costs and benefits will depend on the applicable national regulatory framework i.e. the possibilities and terms for licence withdrawal, renewal or modification and/or other administrative costs. A number of EU countries will have to withdraw or amend current licences in the 700 MHz band in order to enable transition within this band to mobile broadband services. While auctions would generate public revenues, potential public support measures for upgrading end user equipment may need resources from the national budget.</p>
Will there be other significant impacts?
No.
D. Follow up
When will the policy be reviewed?
<p>Market developments on the use of the sub-700MHz band will be assessed through an EU level process organised by the Commission by 2025 and the regulatory framework may be amended if needed.</p>

¹ Report by Pascal Lamy on the "Results of the work of the High Level Group on the future use of the UHF band (470-790 MHz)": <http://ec.europa.eu/digital-agenda/en/news/report-results-work-high-level-group-future-use-uhf-band>

² RSPG Opinion on "A long-term strategy on the future use of the UHF band (470-790 MHz) in the European Union" (document RSPG14-585(rev1))

³ Commission Decision 2014/641/EU