

AREEBA

REPLIES TO QUESTIONS IN THE PUBLIC CONSULTATION DOCUMENT FOR WIRELESS ACCESS SYSTEMS

Questions related with the Radiofrequency Bands

E1 Do you agree with the approach that the object of the present phase of authorization shall be the 3,4 – 3,6 GHz and 24,5 – 26,5 GHz?

No comment

E2 Comments are required in relation with the proposed use of the 3,4 – 3,6 GHz band.

The use of the 3,4 – 3,6 GHz band for access purposes should be limited strictly to the fixed service and not be allowed to be used for the mobile, until at least the term specified in the GSM contest documents is over, namely five (5) years from December 2003 (December 2008) or until Areeba has achieved a market share of 25%, whichever comes first.

E3 Comments are required in relation with the proposed use of the 24,5 – 26,5 GHz band.

The use of the 24,5 – 26,5 GHz band for access purposes should be limited strictly to the fixed service and not be allowed to be used for the mobile, until at least the term specified in the GSM contest documents is over, namely five (5) years from December 2003 (December 2008) or until Areeba has achieved a market share of 25%, whichever comes first.

E4 Do you agree with proposed technical requirements for the use of the 3,4 – 3,6 GHz band, as these are described in paragraphs 3.3.1 and 3.3.2?

No comment

E5 Do you agree with proposed technical requirements for the use of the 24,5 – 26,5 GHz band, as these are described in paragraph 3,4?

No comment

Questions in relation to the Number of Individual Rights of Use of Radiofrequencies.

E6 Do you agree with the proposal in relation to the use of the 3,4 – 3,6 GHz band, not to assign in advance the exact number of authorizations, but, through the authorization process, the interested enterprises to have the possibility to establish their own paired spectrum blocks with minimum width 2x17,5 MHz and maximum width 2x35 MHz?

No comment

E7 Do you consider that the assignment of spectrum between 2x17.5 MHz and 2x35 MHz (including also the internal security bands) will satisfy your needs for spectrum in order to offer the services that you wish? If not, you are requested to declare your needs in spectrum, as well as the WAS technology and the services that you are interested to develop.

The assignment of spectrum is considered adequate

E8 Do you agree with the proposal, in relation to the use of the 24,5 – 26,5 GHz band, to assign 4 authorizations with paired spectrum width equal to 2x140 MHz and 2 authorizations with paired spectrum width equal to 2x84 MHz (including also the internal security bands)? If not, you are requested to state and properly justify your different position.

The assignment of spectrum is considered adequate

Questions regarding Matters relating to the Authorization Procedure

E9 Do you agree with the proposed Competition methodology (for the 3,4 – 3,6 GHz zone as well as for the 24,5 – 26,5 GHz zone)?

The increments in each round should be predefined.

E10 Do you agree that the Competition procedure for the 3,4 – 3,6 GHz zone takes place first, followed by the Competition procedure for the authorization of the 2x140 MHz band for the 24,5 – 26,5 GHz zone and finally the Competition procedure for the authorizations of the 2x84 MHz for the 24,5 – 26,5 GHz zone is performed?

No comment

E11 Do you agree with the proposed methodology for defining the exact spectrum block to each successful applicant (for the 3,4 – 3,6 GHz zone as well as the 24,5 – 26,5 GHz zone)?

No comment

E12 Comments are requested regarding the reserve price (starting price) for each 3,5 MHz pair and for the 2,5 MHz pair in the 3,4 - 3,6 GHz zone, as well as for each authorization of 2x140 MHz and for every authorization of 2x84 MHz in the in the 24,5 – 26,5 GHz zone.

The reserve price should be as low as possible taking into consideration the large investments that the licensees are required to make in order to meet the network rollout requirements. The high prices secured through the GSM/UMTS contest should not be considered as representative and realistic for setting the reserve price, especially due to the bad experience with the incumbent (the obvious price squeezing and the abuse of its dominant position) and the problems to be encountered with site acquisition

To this respect it is proposed that:

- a. for each 3,5 MHz pair a reserve price of Cy£50.000 per block with increments of CY£10.000 each is set
- b. for the 2,5 MHz pair a reserve price of Cy£30.000 per block with increments of CY£10.000 each is set
- c. for each 140 MHz pair a reserve price of about Cy£100.000 per block with increments of CY£25.000 each is set
- d. for each 84 MHz pair a reserve price of about Cy£60.000 per block with increments of CY£15.000 each is set

E13 Comments are requested regarding the criteria that the applicants must satisfy.

The applicants should not only have the necessary technical know-how, but it should be allowed for entities owning and controlling directly or indirectly fixed or mobile operators with experience more than 5 years to participate in the tender

E14 Comments are requested regarding the selection criteria of the applicants that will participate in the auction procedure.

By referring the selection criteria set out in paragraph 5.2 (β) (i) to (ix) we would like to comment as follows:

- 1. We note and fully support the position proposed, namely that the established operator, CYTA, should not be allowed to participate in the wireless access service. If CYTA was allowed to do so, then those CYTA fixed subscribers churning out to wireless access systems would be forced or given incentives to churn out to CYTA's wireless services, thus eliminating any possibility of introducing competition in this market.**
- 2. Paragraph (vii) should be rephrased, so that, further to restricting the applicant from concluding cooperation agreements with CYTA for the establishment of public telecommunication networks and for provision of public telecommunication services, also to prevent the future licensees from doing so for a certain period, say 5 years from the date of the license.**

E15 Comments are requested regarding the geographical coverage of the authorizations

It is understood that the percentage used (to cover 70% of the population in 5 years with the band 3,4 – 3,6 GHz) refers to the total population living in the urban areas, which was 69,4% of the total population at the end of 2004¹. We believe that the target to be set should be limited to covering 75% of the population living in urban areas in 5 years, taking into consideration administrative problems and obstacles in site acquisition, and consequently the percentage should be limited to about 50% of the population. It is also proposed that the rural areas be considered as under-served areas and be covered with the bands to be assigned for such areas. The policy and procedures for installation and operation of radiocommunication stations, approved by the Council of Ministers on 14th December 2005, should be implemented prior to the auction for WAS.

E16 Views are requested to achieve the network coverage of rural and of other under-served areas aiming at offering services to end users in these areas. What criteria do you think that an area should satisfy in order to be considered as under-served? What motives could be offered?

¹ Demographic Report 2004, Statistical Service, Republic of Cyprus

Which should be the consequent commitments of the authorized enterprises (geographic coverage commitments, coverage and service provision time-schedule)?

The rural and under-served areas should be covered with the bands to be assigned for such areas so that service provision is facilitated. All rural areas with population less than 20.000 should be considered as under-served. The price per equivalent fundamental block (3,5 MHz) of the bands to be allocated for the under-served areas should be 50% of the average price achieved during the auction process. The authorized enterprises should be obliged to achieve 25% population penetration of the under-served areas within 5 years.

E17 Comments are requested regarding the manner and time of payment of the authorization fees for radiofrequency use.

The option should also be given to the licensees for payment of the authorization fees for radiofrequency use to be equally distributed over 5 years with interest rate based on the basic rate set by the Central Bank of Cyprus.

Questions related with the Conditions of the Authorizations

E18 Comments are invited related with the duration of the authorizations.

No comment

E19 Comments are invited related with the intention to terminate the Individual right of use in case of not utilizing the spectrum within a specified period.

No comment

E20 Comments are invited related with the frame of coordination and resolution of interference problems.

No comment

E21 Comments are invited related with the antenna collocation and the joint use of facilities.

No comment

E22 Comments are invited regarding the collection, use and availability of data stated in paragraph 6.9.

As far as the keeping and provision of data to the Director there are no comments. Regarding the proposal to establish a data base for such data and to distribute the cost for its creation and maintenance to all licensees, we suggest that this should be discussed with the Director after the conclusion of the auction. The publication of such data may lead to unforeseen situations, especially in the cases of concealed base stations. Furthermore, as it is currently the case, certain operators, including CYTA, consider the provision of such data as confidential. Such confidentiality is particularly important to new entrants in rolling out their networks.

General Questions

E23 Which is the potential market that you wish to serve through the wireless access systems (large, small-to-medium enterprises, home users) and which services do you intend to provide?

The potential market to be covered refers to all current fixed subscribers and the intention is to provide telephony, high speed internet, data and video. New services may be anticipated in the future.

E24 Considering that at present the bands 3,4 – 3,6 GHz and 24,5 – 26,5 GHz will be authorized, in how long and under which terms and conditions the case of issue of additional authorizations for wireless access systems operating in radiofrequency bands (e.g. 3,6 – 3,8 GHz and 27,5 – 29,5 GHz) should be examined?

The requirement for other radiofrequency bands will depend on the result of the auction and the demand for additional high speed services.

E25 Comment on any other aspect of the subject (for which no explicit comments are asked) by justifying your position.

We would like to stress that the use of all the above bands for access purposes should be limited strictly to the fixed service and not be allowed to be used for the mobile, until at least the term specified in the GSM contest documents is over, namely five (5) years from December 2003 (December 2008) or until Areeba has achieved a market share of 25%, whichever comes first.