



Professor Martin Cave
Independent Audit of Spectrum Holding
Desk 05:45
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Our ref:
Your ref:

1 September 2005

Dear Martin

Consultation Document on Emerging Issues

BT was pleased to receive the Consultation Document on Emerging Issues released in July by your team conducting the Independent Audit of Spectrum Holdings. We believe this audit to be a natural follow-on to the earlier work of the Independent Spectrum Review and Ofcom's Spectrum Framework Review (SFR).

BT has taken a consistent position in earlier consultations that, as far as is practicable, all spectrum should be subject to pricing and market forces, and thus BT fully supports this Audit and its terms of reference.

The Audit team have clearly been very thorough in their research and successful in compiling a clear review of the many frequency bands and numerous issues affecting the public sector spectrum holdings. BT congratulates the team in its presentation of this material and we believe it will prove to be a useful catalyst for the coming debate on the future management of public sector spectrum.

Most of the bands mentioned are not currently of direct relevance to BT. We believe it would be necessary for the audit to progress its work further before we could assess the potential value to BT of any changes to the public sector spectrum holdings in any detail. Indeed we have found during the progress of Ofcom's SFR and the associated Implementation Plan that the potential value of certain frequency bands can vary markedly depending on the terms and conditions attached to the bands, and particularly whether or not any spectrum to be released or to have sharing possibilities established would be "UK only" opportunities. Such opportunities are difficult to handle in a commercial sense as economies of scale will not exist and the scope for manufacturers to conduct R&D to miniaturise components etc. is relatively small.

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Head of Radio Spectrum Policy

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It is not therefore really possible to predict the value of the bands in the Audit team's Emerging Issues consultation document at this time, or to express preferences etc. Indeed it might be quite misleading to the team for BT to suggest a set of possible future applications when we cannot yet assess their commercial viability.

BT has therefore decided not to directly provide detailed answers to the consultation questions on this occasion. However, as we have identified that there is some common ground in the preliminary views of a number of industry players, we have decided to work within the UK industry association Intellect to support their response to your consultation. In this way we can make a constructive input to the work of your team.

We look forward to seeing the report from the Independent Audit of Spectrum Holdings and the specific recommendations that it will contain. At that stage BT will be able to analyse the potential of any likely specific changes to the spectrum regime of the bands under review, and to offer our opinion on those recommendations.

BT wishes you team every success in its valuable and extensive task.

Yours sincerely,

Tim Hewitt

Head of radio spectrum policy
BT Group plc