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For immediate release

ComReg Media Release

ComReg Announces Results of its Multi-Band Spectrum Auction

ComReg has today announced the results of its multi-band spectrum auction. This auction awarded spectrum rights in the former GSM-only bands (900 MHz and 1800 MHz) and in the 800 MHz band (the so-called 'Digital Dividend') which became available on 24 October last following the switch-off of analogue broadcasting.

The winning packages* are:

Frequency Band	Licence Period	Hutchison 3G Ireland Ltd.	Meteor Mobile Communications Ltd	Telefonica Ireland Ltd	Vodafone Ireland Ltd
800 MHz	2013-2015	-	2 x 10 MHz	2 x 10 MHz	2 x 10 MHz
	2015-2030	-	2 x 10 MHz	2 x 10 MHz	2 x 10 MHz
900 MHz	2013-2015	2 x 5 MHz	2 x 5 MHz	2 x 10 MHz	2 x 10 MHz
	2015-2030	2 x 5 MHz	2 x 10 MHz	2 x 10 MHz	2 x 10 MHz
1800 MHz	2013-2015	2 x 10 MHz	2 x 10 MHz	-	2 x 15 MHz
	2015-2030	2 x 20 MHz	2 x 15 MHz	2 x 15 MHz	2 x 25 MHz
Final Upfront Fees** (€ millions)		€51.14 m	€144.78 m	€124.93 m	€160.85 m
Total Spectrum Usage Fees*** (€ millions)		€53.87 m	€99.64 m	€99.64 m	€119.79 m
TOTAL		€ 854.64 million			

Winning Bidders will pay approximately €854.64 million for these spectrum rights, comprising of **€481.7 million in Upfront Fees** (adjusted as necessary by transitional arrangements), along with annual Spectrum Usage Fees totalling €372.95 million which will be adjusted for inflation and paid in instalments until July 2030.

All three spectrum bands are highly suitable for mobile services by virtue of their propagation properties, enabling wide area coverage and effective in-building penetration, and hence facilitate the provision of high quality national mobile network coverage.

We have recently seen important developments in mobile technology, including the advent of advanced mobile services using LTE (Long Term Evolution) and the promise of faster broadband speeds for consumers. This auction sees the release of 140 MHz of paired spectrum, more than doubling the 64.8 MHz of paired spectrum currently assigned in these bands. Winning Bidders have the opportunity to now develop and launch advanced mobile services in Ireland. This will usher in a new era of advanced wireless services including fast, high capacity mobile broadband.

Throughout ComReg's consultation process, ComReg has been guided by its statutory functions, objectives and relevant duties in relation to Ireland's radio frequency spectrum. ComReg is satisfied that the implementation of this open, objective, transparent, non-discriminatory, proportionate and competitive award process will serve to ensure that industry, competition and, ultimately, consumers benefit in the years to come.

Announcing the results of the auction, ComReg Chairperson, Alex Chisholm said: *"The assignment of these spectrum rights by ComReg has been one of the most significant pieces of work undertaken by ComReg. It is a vital step that promotes competition and allows the next generation of advanced mobile services to be made available to Irish consumers and businesses from next year."*

"On behalf of ComReg, I am delighted that the process has been completed successfully with 140 MHz of paired spectrum released to operators in a competitive and efficient process, which has also raised approximately €854 million through the release of this valuable spectrum."

"Making this spectrum available to operators in the Irish market will mean that Irish consumers will be able to avail of the next generation of mobile devices with increased speeds and data capacity due to the excellent propagation properties of this particular spectrum."

"The award of these licences, which last until 2030, provides the winning operators with more of the best possible radio spectrum available. The spectrum is being provided in a technology-neutral manner and will allow winning operators to provide innovative services using the latest mobile technologies, including LTE. The duration of the licences will provide certainty and allow mobile network operators to plan investment and development of networks on a long-term basis."

"ComReg welcomes the participation of the existing mobile network operators in the market in this auction. We see the results obtained as evidence of the dynamism and high potential of the Irish communications market, which has received today a powerful message of confidence from the international investment community."

Notes to editors.

* Winning packages do not include non-liberalised spectrum lots in the first time slice - figures presented here are rounded off.

** Final Upfront Fees is contingent on: any Licence fee refunds or adjustments in respect of delayed commencement arising from Transition; Relocation Rebates; Early Liberalisation Rebates; and/or any Advanced Commencement fees due. These are detailed in the Information Memorandum (ComReg document 12/52 available at www.comreg.ie). The amounts will be finalised over the course of the transition process.

*** Annual Spectrum Usage Fees are subject to indexation. Figures presented here are rounded off.

All spectrum in the table above is described in terms of paired spectrum.

All current mobile network operators obtained spectrum in this auction. Prices paid reflect valuations of packages of spectrum blocks, and so it is not possible to disaggregate prices to reveal valuations for individual blocks or bands. Nevertheless, the auction results obtained, which have been independently verified, reflect a sound competitive dynamic within a robust auction process. The overall revenue raised compares favourably with prices observed recently in other comparable European auctions adjusting for population size.

As set out in ComReg's Decision Document 12/25, ComReg held an open competitive selection process for the award of spectrum rights in the 800 MHz, 900 MHz and 1800 MHz bands. Following extensive consultation and consideration of materials provided by interested parties, ComReg concluded that this approach was preferable to other award options before it (including administrative assignment of liberalised spectrum rights to incumbent operators).

To promote efficient spectrum use, the following minimum prices applied to Lots in the Auction, based on a conservative lower bound estimate of the market value of liberalised spectrum derived from an international benchmarking analysis:

- €20 million per 5 MHz of paired sub-1 GHz spectrum (13 lots available); and
- €10 million per 5 MHz of paired 1800 MHz spectrum (15 lots available).

The price to be paid by the Winning Bidders is set so that it corresponds to the minimum bid amount which would have led to the same auction result. The auction price therefore effectively corresponds to the amount of the lowest bid which a bidder would have been able to make in order to acquire the frequencies won by that bidder anyway. This method was specifically chosen to reduce the incentive for strategic bidding, incentivising Bidders to bid on the basis of one's willingness to pay and thus ensure that the prices paid represent a fair and reasonable market price established by competition.

The following are the main licence conditions that will be included in Liberalised Use Licences issued by ComReg on foot of the Auction:

- a) all Licence holders must attain and maintain a minimum coverage of 70% of the population and to attain this coverage obligation within 3 years;
- b) Licence holders may use spectrum rights in multiple bands to achieve the coverage targets, but at least 50% of the coverage requirement (i.e. 35% of the population) must be met using spectrum rights in the 800 MHz, 900 MHz and/or 1800 MHz bands;
- c) minimum Quality of Service conditions require that network unavailability will be less than 35 minutes per 6 month period and the minimum voice call quality standard will comply with the levels currently set out in Existing GSM Licences;
- d) technical requirements to facilitate the co-existence of services in the 800 MHz, 900 MHz or 1800 MHz bands with services in the same spectrum band or in adjacent spectrum bands; and
- e) compliance with International Memoranda of Understanding ('MoUs') applicable to the spectrum bands.

Trading of spectrum rights attached to Liberalised Use Licences will be permitted. In that regard, ComReg recently set out its proposals on the rules and procedures associated with spectrum trading (see ComReg Document 12/76), and will shortly finalise the rules in the light of the responses received to consultation.

A more detailed document describing the award process is also being published today – Information Notice: ‘Results of the Multi-Band Spectrum Auction’ (ComReg Document 12/123). This will also contain the slides used in today’s media conference.

All public documents related to this process are also referenced on a dedicated webpage: <http://www.comreg.ie/gsm/lib>.

ENDS

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