



Questions and answers – The auction of the 2,6 GHz- og 3,6 GHz-bands

Last updated: 1 September 2021

New questions and changes to previously published questions (compared to the version 20 August 2021) are highlighted in turquoise.

Question 1:

What is the minimum amount of time between the publication of the auction date and the first day of auction? In other words, can Nkom guarantee a certain time period the actors will have to prepare after the publication of the auction date?

Answer:

Nkom has planned for, and is working based on, being able to give the actors at least three months of preparations in the time period between the publication of the final auction rules and terms of licenses and the publication of the auction date, and the first day of auction.

Question 2:

When it comes to the credit rating that shall be delivered in the registration process, is it a requirement for a credit rating of the company that registers, or can a company group credit rating be delivered?

Answer:

The credit rating that is supplied in conjunction with the registration process, must be in relation to the company that registers for participation in the auction.

Question 3:

Questions regarding payment of the auction price;

Have we understood it correctly assuming that the price for placement in the band is published for each band and that the total price for the 2.6 GHz- and 3.6 GHz bands equals the price for quantity of spectrum won plus the price for placement in the respective band?

Section 12.2 describes 3 different alternative payment plans i) full payment «up front» ii) payment over 5 years, iii) payment over 20 years (plus 6% in interest).

To avoid misunderstandings, we ask that NKOM publish a complete payment plan for a hypothetical license price (for example 1000) for the 3 different alternatives where the following elements are described:

- Date of payment,
- Installments in kroner,
- Interest payment in kroner (only relevant for payments over 20 years)

Since the deadline for payment is different depending on the band, we request that an individual overview is made for both the 2.6 and 3.6 GHz band.

We also request that NKOM informs from which date interest in alternative iii) starts to accrue.

Answer¹:

As stated in the auction rules, section 13, Nkom will publish the price bidders must pay for placement in the 2.6 GHz band and the 3.6 GHz band separately. The total price Nkom will publish per frequency band for each of the winning bidders, is the price they must pay per band for the frequency amount they win (which is decided in the «lot assignment stage») and the price the bidders must pay for placement in the respective band (which is decided in the «frequency assignment stage»), if applicable, as stated in the auction rules section 13.

For the payment option over 20 years, the interest runs from the payment deadline for the first installment of the auction price for each of the bands; 1 December 2021 for the 3.6 GHz band and 1 December 2022 for the 2.6 GHz band.

For winning bidders who opt in for the voluntary coverage obligation, Nkom will deduct any discount per frequency band that the winning bidder obtains in the auction, from the total price before payment, as stated in the auction rules section 12.1. Nkom will notify the winning bidders of this in the formal notification the winning bidders receive after the auction has ended. However, Nkom may claim repayment of all or part of the discount amount that the winning bidder has been deducted, in 2025, if they do not fulfill the coverage obligation.

Winning bidders can choose from three payment options. If a bidder chooses to pay the entire auction price (minus the discount) within the payment deadline, Nkom will send one invoice per band before the payment deadline to the bidder. For the 3.6 GHz band, the payment deadline is 1 December 2021 and for the 2.6 GHz band, the deadline is 1 December 2022, see the auction rules, section 12.2.3.

¹ The answer to this question was amended after it was first published.

Winning bidders can also choose to pay the auction price in several installments; either over five years or over 20 years at an annual interest rate of 6%, as stated in the auction rules section 12.2.1 and in the overall framework for the auction, section 6.2. Bidders who choose these options will be sent a payment plan that shows how much is to be paid in each installment. The first installment must be paid on 1 December 2021 for the 3.6 GHz band, and on 1 December 2022 for the 2.6 GHz band. The remaining installments must be paid by 1 February each year as stated in the draft frequency licenses.

Nkom has prepared an example of a complete repayment plan for each of the three scenarios described in 12.2. For the example an auction price of 1,000 is assumed and we assume that the companies take on the optional coverage obligation and receive a discount of 400 at the time of the auction. In the examples below, the time for repayment in case the coverage obligation is not fulfilled, is set for 1 February 2026, but this date has not been finally determined.

T = repayment if the auction winner does not fulfill the coverage obligation

i) Full payment up front

3.6 GHz band:

2021	2022	2023	2024	2025	2026
1 Jan.					1 Feb.
-600	0	0	0	0	T

2.6 GHz band:

2022	2023	2024	2025	2026
1 Dec.				1 Feb.
-600	0	0	0	T

ii) Payment over 5 years

3.6 GHz band:

2021	2022	2023	2024	2025	2026
1 Dec.	1 Feb.	1 Feb.	1 Feb.	1 Feb.	1 Feb.
-100	-100	-100	-100	-100	-100 + T

2.6 GHz band:

2022	2023	2024	2025	2026	2027
1 Dec.	1 Feb.	1 Feb.	1 Feb.	1 Feb.	1 Feb.
-100	-100	-100	-100	-100 + T	-100

iii) Payment over 20 years (6% interest)

3.6 GHz band:

Settlement date	Payment date	Payment number	Term	Interest	Term fee	Forward amount	Residual loans
Auction date	1 Dec. 21	0	29		0	29	571
1 Jan. 22	1 Feb. 22	1	29	3	0	31	543
1 Jan. 23	1 Feb. 23	2	29	33	0	61	514
1 Jan. 24	1 Feb. 24	3	29	31	0	59	486
1 Jan. 25	1 Feb. 25	4	29	29	0	58	457
1 Jan. 26	1 Feb. 26	5	29	27	0	56 + T	429
1 Jan. 27	1 Feb. 27	6	29	26	0	54	400
1 Jan. 28	1 Feb. 28	7	29	24	0	53	371
1 Jan. 29	1 Feb. 29	8	29	22	0	51	343
1 Jan. 30	1 Feb. 30	9	29	21	0	49	314
1 Jan. 31	1 Feb. 31	10	29	19	0	47	286
1 Jan. 32	1 Feb. 32	11	29	17	0	46	257
1 Jan. 33	1 Feb. 33	12	29	15	0	44	229
1 Jan. 34	1 Feb. 34	13	29	14	0	42	200
1 Jan. 35	1 Feb. 35	14	29	12	0	41	171
1 Jan. 36	1 Feb. 36	15	29	10	0	39	143
1 Jan. 37	1 Feb. 37	16	29	9	0	37	114
1 Jan. 38	1 Feb. 38	17	29	7	0	35	86
1 Jan. 39	1 Feb. 39	18	29	5	0	34	57
1 Jan. 40	1 Feb. 40	19	29	3	0	32	29
1 Jan. 41	1 Feb. 41	20	29	2	0	30	0

2.6 GHz band:

Settlement date	Payment date	Payment number	Term	Interest	Term fee	Forward amount	Residual loans
Auction date	01.des.22	0	29		0	29	571
1 Jan. 23	1 Feb. 23	1	29	3	0	31	543
1 Jan. 24	1 Feb. 24	2	29	33	0	61	514
1 Jan. 25	1 Feb. 25	3	29	31	0	59	486
1 Jan. 26	1 Feb. 26	4	29	29	0	58 + T	457
1 Jan. 27	1 Feb. 27	5	29	27	0	56	429
1 Jan. 28	1 Feb. 28	6	29	26	0	54	400
1 Jan. 29	1 Feb. 29	7	29	24	0	53	371
1 Jan. 30	1 Feb. 30	8	29	22	0	51	343
1 Jan. 31	1 Feb. 31	9	29	21	0	49	314
1 Jan. 32	1 Feb. 32	10	29	19	0	47	286
1 Jan. 33	1 Feb. 33	11	29	17	0	46	257
1 Jan. 34	1 Feb. 34	12	29	15	0	44	229
1 Jan. 35	1 Feb. 35	13	29	14	0	42	200
1 Jan. 36	1 Feb. 36	14	29	12	0	41	171
1 Jan. 37	1 Feb. 37	15	29	10	0	39	143
1 Jan. 38	1 Feb. 38	16	29	9	0	37	114
1 Jan. 39	1 Feb. 39	17	29	7	0	35	86
1 Jan. 40	1 Feb. 40	18	29	5	0	34	57
1 Jan. 41	1 Feb. 41	19	29	3	0	32	29
1 Jan. 42	1 Feb. 42	20	29	2	0	30	0

Question 4:

Regarding the validity of clock-round bids. Do we understand it correctly that;

The auction system will ignore previous clock-round bids after new clock-round bids have been submitted. Exit bids, however, from previous rounds remain valid (unless they have been actively deleted or a bidder increases the number of lots included in its clock bid in the relevant lot category above the exit bid's base).

Answer:

This is correct, see also the answer to question 5.

Clock bids are only taken into account when processing bids at the end of the round but are discarded if additional rounds are needed.

Exit bids made in any clock round will remain valid in subsequent rounds, unless:

- 1) It is cancelled in accordance with section 11.2.6.5 of the auction rules – i.e. where a bidder actively cancels an exit bid made in a previous clock round (the bidder may only do this when submitting its bid form in a round in which the bidder's eligibility is still greater than zero); or
- 2) where the exit bid is automatically cancelled due to the bidder increasing its clock bid demand for the relevant category above the exit bid's base in a subsequent round (the auction system will automatically cancel any previous exit bids with a smaller base than the number of lots in the clock bid), see section 11.2.6.5 of the auction rules.

Question 5:

Regarding the validity of clock-round bids. Do we understand it correctly that;

A bidder needs to actively submit new clock-round bids every new round (including reconfirmation of clock-round bid in the previous round), also if clock-round prices for the categories the bidder is bidding for remain unchanged.

Answer:

This is correct. A bidder must submit a clock bid for each clock-round for the duration of the lot assignment stage, or for as long as the bidder wants to make bids for lots at clock prices.

Failure to submit a clock bid in a round will default as a clock bid for zero lots in each lot category, and the bidder's eligibility for the following round will be zero. As an implication, failure to make a clock bid in a round also means that the bidder will not be able to make any new bids



or cancel any exit bids from previous rounds in subsequent rounds, as this is only possible when the bidder has eligibility greater than zero.

Notice that after the first round the bid form is prefilled with the bidder's clock bid from the previous round. This is only to make it easier for bidders to maintain or make small adjustments to their clock demand relative to the previous round. However, failure to confirm submission of the bid form will still default as a clock bid for zero lots.

Notice also that where a bidder with eligibility greater than zero and with extensions left fails to submit its bid form before the scheduled end of the round, this will trigger an extension, see section 11.1.3 of the auction rules. Therefore, even where a bidder wishes to make a clock bid for zero lots, the bidder is advised to submit its bid form with the zero bid, in order to avoid using an extension.

Question 6:

Regarding the validity of clock-round bids. Do we understand it correctly that;

A bidder can (in the next round) maintain/reduce/increase demand in a category with no price increase and maintain/increase/reduce demand in a category with price increase (as long as eligibility allows the bidder to do so)

Answer:

This is correct. As long as the bidder has eligibility to do so, a bidder may maintain, reduce and/or increase demand in different lot categories subject to its activity not exceeding its eligibility in the round. This is only dependent on the bidder's eligibility, and not on whether there has been a price increase in the relevant lot categories.

Question 7:

When will the dates for the mock auctions be decided?

Answer:

Nkom has previously announced that mock auctions with registered bidders are planned medio September, see the auction rules section 10.2. Nkom plans to carry out the mock auctions during week 37. The specific time for the mock auctions will be decided after the deadline for registration. The deadline for registration is 31 August 2021 at 10:00 and Nkom is planning on distributing information to registered bidders early September.

Question 8:

The auction rules states that the bank guarantee may be delivered using SWIFT. At the same time, Annex 2 states that written power of attorney for the persons signing the guarantee for the bank/financing institution issuing the bank guarantee must be delivered along with the bank guarantee. This is also stated in the information regarding which documents must be delivered upon registration, in section 7.1 of the auction rules. If the guarantee is sent as a SWIFT message, the authentication takes place when the guarantee is sent, and it will not be signed by persons in the bank. Is it then necessary to deliver a written power of attorney for the bank?

Answer:

It is not necessary to deliver a written power of attorney for the bank/financing institution when delivering the bank guarantee by SWIFT.

Question 9:

By delivering a bank guarantee using SWIFT, it is not possible to fully use Nkoms template. In addition to that no one is signing the guarantee, some characters like æ,ø, å and § cannot be used. Will Nkom still approve the bank guarantee?

Answer:

It is important that the bank guarantee is in line with Nkoms template, but Nkom will accept deviations that is caused by the fact that not all characters may be used when sending the guarantee using SWIFT and this does not change the content of the guarantee. Nkom will e.g. accept that the characters æ,ø, å and § are replaced with other characters.

Question 10:

Will the list of registered bidders be published before the auction?

Answer:

Nkom will not publish information regarding registered bidders before the auction starts. We will however publish a statement shortly after the auction, stating which bidders won spectrum in the auction, which frequencies the winners will be assigned and the auction price.

Question 11:

About the “minimum bandwidth requirement”: Have we understood this correctly? The registration form gives a possibility to register a minimum bandwidth requirement. This requirement is only relevant if the bidder does not include any C or D lots in its clock bid in the final clock round.

Answer:

It is correctly understood that the "minimum bandwidth requirement" will not occur if the bidder submits a bid for C- or D-blocks in the last round. More generally, however, it is also the case that the "minimum bandwidth requirement" does not occur if the bidder submits a clock bid, in any clock round, on a combination of C- and D-blocks that is lower than the bidder's "minimum bandwidth requirement" (even if the bidder's clock bid in the last clock round does not contain C- or D-blocks). The fact that the «minimum bandwidth requirement» does not apply if the bidder includes C- or D-blocks in its clock bid in the last clock round is a consequence of;

- i) the bidder's clock bid in the final clock round is below its requirement, and therefore this clock bid invalidates the requirement; or
- ii) the bidder is already winning a bandwidth that satisfies the requirement, so in this case the requirement is redundant when evaluating exit bids.

Note that the "minimum bandwidth requirement" has been included as a measure to reduce "aggregation risks" when bidding on both C- and D-blocks for bidders who have stopped bidding on these blocks in their clock bids, but who have submitted exit bids in both block categories. Where applicable, the "minimum bandwidth requirement" will ensure that the bidder does not win a combination of C- and D-blocks through exit bids (which will otherwise be evaluated separately for each block category) that provide a lower bandwidth than the specified level. The bidder will either win a combination of blocks that at least corresponds to the "minimum bandwidth requirement", or no spectrum in the 3.6 GHz band. "Minimum bandwidth requirement" is not necessary when the bidder still offers C- and / or D-blocks in his clock bid, since clock bids can include blocks in different block categories and the bidder can thus ensure that they will not gain insufficient bandwidth by just bid on their preferred combination of C- and D-blocks.

Question 12:

About the "minimum bandwidth requirement": Have we understood this correctly? The only possibility to set a "minimum bandwidth requirement" are in the registration form; i.e. it is not possible to set a "minimum bandwidth requirement" later than 31 August.

Answer:

Your understanding is correct. It will not be possible to set (or change) a "minimum bandwidth requirement" after the deadline for registration 31 August 2021, 10:00.
