

Questions and answers to the 700 MHz and 2.1 GHz award

Updated 22 May 2019

Question 1:

According to the auction rules the 2.1 GHz band will be adjusted in connection with the upcoming award of the 700 MHz and 2.1 GHz bands 2 June 2019. When will the band be adjusted?

Answer to question 1:

As Nkom have stated in Section 9 in the document «Tildeling av 700 MHz- og 2,1 GHz-båndene – Nkoms vurderinger etter høring av auksjonsreglene», published together with the auction rules on 4 April 2019, Nkom will issue adjusted licences in the 2.1 GHz band after the auction. The adjusted licences will be valid from 1 July 2019, at the earliest.

Question 2:

In 2014 the MNOs and DTT actors signed an agreement that is valid until 2 June 2021. The agreement shall protect existing broadcasting services against interference from the 800 MHz band, which were assigned to Telia, Telenor and ICE in 2014. Will there still be a need for this agreement when NTV migrates out of the 700 MHz band? Will Nkom have a look at this agreement in connection with the refarming of NTV's digital terrestrial network?

Answer to question 2:

The requirements for the agreement and the corresponding corporation organization is related to the licenses in the 800 MHz band. The agreement are valid independent of the fact that the spectrum that is included in NTV's DTT license will be altered 1 November 2019. The background for the agreement was to protect existing broadcasting services against interference, and since it is only the transmitters that will be changed and not the receivers/set-top boxes, it is Nkoms opinion that the current agreement is needed.

Question 3:

In the auction rules provides an opportunity to postpone payment of 90 percent of the final assignment price, if the bidder commits to invest in building infrastructure. Will a bidder whom chooses to postpone payment have any restrictions in the rights of use?

Answer to question 3:

Regardless of whether a winning bidder opt for the option to pay the full auction price or postpone payment of 90 percent, the requirements in the licence will be the same. Hence, there will not be any limitations in rights of use due to a winning bidder opting to postpone payment of parts of the auction price.

However, if a winning bidder opts for the option of postpone payment of the spectrum fees with an interest, then the licences will be restricted to piloting only.

Question 4:

In appendix y to the draft licences in the 700 MHz and 2.1 GHz bands, regarding the requirement to invest, the following is stated in sections 3 and 4:

“The investment amount shall among other things be used to build at least 100 new base stations within 1 November 2021. By new base stations, this is meant:

- 1) building of green field sites; or*
- 2) new base stations in other operators infrastructure (co-location); or*
- 3) new 5G base stations in own infrastructure.*

The requirement to build a minimum of 100 new base stations may not be deviated from, even if the Licensee’s cost exceeds 250 million kroner (NOK).

All frequency bands that the Licensee possesses may be used to fulfil the requirement. The Licensee shall obtain coverage as long as the licence is valid.

4. Costs that may be calculated in to the investment amount

The Licensee fulfil the investment requirement by investing in the following:

- new antennas with associated cables and other passive components associated with the antenna*
- active components*
- software and hardware for the base station”*

Does this mean that licensees are required to roll out a green field base station with new antennas and cables? Or, will an upgrade of existing base stations and antennas that supports and are activated for 5G in own infrastructure fulfil the requirement?

Answer to question 4:

The licensee are not required to invest in completely new base station (what is defined as “green field”). On the other hand, establishing green field stations will give the opportunity to also include costs of establishing brand new transmission, power supply and tower and/or the corresponding equipment cabinet/hut.

For establishing of new base stations (including 5G) in other MNO’s infrastructure, the Licensee may include all costs as mentioned under section 4, with the exception of what is specified for “green field” base stations.

If the Licensee however wants to establish new 5G base stations in their own existing infrastructure, the first three bullets in section 4 applies. Then, upgrades of existing base stations and antennas will be included as long as this is new antennas, new active components or software or hardware upgrades to support 5G.

Question 5:

Will bidders be able to receive pre-filled files with examples of the information that can be downloaded by bidders in the auction system, in Excel, CSV or other format used in the system, at the same time as bidders receive user manuals for the system?

Answer to question 5:

Yes, Nkom will provide example files to registered bidders together with user manuals for the auction system.

Question 6:

Question to activity constraints for the sealed bid round in the auction rules section 10.2.7.5:

- a. Consider a bidder with activity of two (2) and with no (0) SHB (standing high bid) for any block after the last open bidding round. Suppose the bidder submits two (2) bids for A blocks in the sealed-bid round. Could Nkom please confirm that this bidder in addition could potentially also submit bids for R or M or R and M. Regardless of bidding, the bidder could not win more than two (2) blocks.

- b. Could Nkom please confirm that if the bidder above had been SHB for any combination of two (2) blocks or one (1) block, the bidder could do the same as a) above, but would always have bid(s) submitted equal to the SHB(s) (unless the bidder actively decides to submit higher bids within the SHB categories).

Answer to question 6:

To question a: Nkom can confirm that the bidder in the example would be able to submit bids for up to two (2) A blocks in addition to submit bids for the R block and/or the M block in a final sealed-bid round, but can (in this example) at maximum win two (2) blocks, i.e. equal to the bidders activity.

To question b: If a bidder holds an SHB then the bidder can either leave this SHB unchanged, or submit a higher bid. In addition, if the SHB were on an A block, then the bidder could also bid for the other 700 MHz lot categories (R and M blocks). The bidder can at maximum win the number of lots corresponding to the bidders activity.

Question 7:

Could Nkom please provide several examples of the sealed-bid auction stage illustrating the bidding and SHBs after the last open bidding round, bids submitted in the sealed-bid round, and the winner determination calculation in the sealed-bid round.

Answer to question 7:

Nkom has provided examples of this in the document "Final sealed-bid round examples" published 22 May 2019.

Question 8:

Section 10.2.4 in the auction rules suggests that a bidder who holds a standing high bid on a lot can voluntarily increase its bid on that lot. Can Nkom confirm this interpretation is correct?

Answer to question 8:

Yes, Nkom can confirm that a bidder who holds standing high bid on a lot may increase its bid on that lot in the following round.

Question 9:

There are no rules in the auction that suggest a bidder with a standing high bid on a lot can switch that bid to a different lot. As an example, a participant is eligible for an activity of 2 and holds 1 standing high bid, and in the next round bids for 2 lots not including the standing high

bid, hence releasing this lot. This is in contrast to some previous auctions run by Nkom. Can you confirm this interpretation is correct?

Answer to question 9:

The interpretation is correct. A bidder who holds the SHB (standing high bid) on a lot cannot withdraw this SHB to switch its activity to a different lot. So, the example you provide would not be possible under the auction rules.

This approach is consistent with the previous SMRA used by Nkom, for the award of 900 MHz spectrum in 2017. Switching was possible under the rules used in earlier auctions (in 2012 and earlier), but these used a slightly different variant of the SMRA format (called SMRA with switching) that was developed specifically to deal with the risk of winning fragmented assignments when auctioning frequency-specific lots. Nkom has not used these provisions for switching when offering frequency-generic lots.