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Response from Tele2 Group on the draft RSPG Opinion on the Digital Dividend (RSPG09-272)

June 2009

Tele2 AB ("Tele2") welcomes the opportunity to comment on the RSPG's recommendations to the European Commission stated in the draft RSPG Opinion on the Digital Dividend. Tele2 generally supports the objectives, especially the need for harmonisation and coordination measures, and would hereby like to submit the following remarks.

Comments on the Opinion of the RSPG

Section 7.1

As the RSPG correctly points out in their draft Opinion, the digital dividend is a unique opportunity out of which significant benefits are to be gained. The 800 MHz band is, due to its physical qualities, optimal to use for mobile radio communication and a change in the 470 – 862 MHz provides a unique once-in-a-generation opportunity to create the best prerequisites for a stable fundament for future mobile infrastructure all around Europe. Making the 800 MHz band available for telecoms services would mean great societal and economic benefits. Further, in Tele2's view a coordinated use of the 800 MHz band among Member States, on issues such as making available similar frequency ranges, channeling arrangements and technical conditions, would imply economies of scale for the industry and benefits for society.



However, the full benefits of this unique opportunity deriving from the digital dividend can, in Tele2's view, only be realised if a harmonised and coordinated approach to the allocation of the 800 MHz frequency band is secured. Since the coming years will be crucial for the development of the digital dividend, it is in Tele2's view of utmost importance to secure that the harmonizing aspect, as well as a coordinated and foreseeable timetable to be applicable for all Member States, are carefully considered in order to secure a future functional and optimal use of this frequency band, as well as legal and market certainty.

If this is not assured, there is a risk that uncoordinated solutions with different frequencies and technologies as a result might be seen in various countries. This will lead to a situation where it is impossible to make use of the full potential of the frequency bands and thus that this European opportunity will soon go to waste. Further, such uncoordinated solutions would also lead to considerable delays, causing damages and problems, such as interference leading to a non-optimized usage of the spectrum both within and between the Member States, and a risk of creating non-synchronized choices of the frequency bands.

According to Tele2's opinion, the possibilities of realization of more bandwidth in this band should also be highlighted in this regard. It is thus important to prepare and plan for any such future allocation of the band in question. If this is not paid attention to, there is a risk of locking up the technical solutions around this limited band, which would mean that the unique opportunities that the 800 MHz band provides are substantially limited and that there is a risk losing spectrum efficiency and synergisms in the form of adaptations of technical equipment.

Section 7.2

As the RSPG correctly points out, the need to minimise EU level uncertainty is a very important aspect in this regard. In Tele2's view, it is important that the Commission acts in order to secure that the Digital Dividend is treated with a harmonised and coordinated approach in all Member States.

It should be noted that it is crucial that the Member States act in the same way and within the same time frame in order to avoid an uncoordinated approach that might lead to devastating consequences. For example, borders with neighbouring countries might fall out of coverage as an unharmonised use of frequencies in practice may result in making it impossible to coordinate between countries and hence preclude the availability of services within large geographical areas. Another serious risk is that the terminals of the end-users will only work within limited markets. This implies that the end-users' possibilities to move within the EU with a continued availability of services most likely will be subject to a substantial limitation. Hence, there is a risk that the EU ends up in a situation similar to the one previously seen in the USA where

the end-users needed access to various types of terminals in order to be able to retain the functionality when moving between various states.

This means that an inadequate harmonization in this regard will require a demanding national adaptation of base stations as well as of handsets from the suppliers. Thus, a lack of a uniform European standard will undoubtedly result in higher prices and reduced technical resources, which will be to the detriment of the end-users.

According to Tele2's opinion, even though a time frame in itself is important in order to achieve legal certainty, it is however even more important to secure that the 800 MHz band is treated in a harmonised and coordinated way in order to secure this unique once-in-a-generation opportunity for the future mobile infrastructure all around Europe that the Digital Dividend actually provides. In order to create the best prerequisites for a stable starting point and a fundament for such future pan-European mobile developments, this aspect must be carefully considered and worked out thoroughly by the Commission. This is of utmost importance, even though this might imply a delayed timeframe. In Tele2's view, the proposed deadline as such is not the most important aspect to secure in this regard, but the most important goal is to achieve a correct and future proof fundament in accordance with the above-mentioned. Further, a delay of approximately 6-12 months of the proposed deadline would not be to the detriment of the digital dividend as such, since the development of technical equipment in this regard is still ongoing and is not foreseen to be available in the nearest future.

Further, Tele2 would like to highlight the importance of increased bandwidth in the 800 MHz band. Increased bandwidth means an increased possibility to higher data speeds. It should be pointed out that the maximum efficiency of the LTE technology is achieved today with a bandwidth of 20 MHz. This means that without the availability of 20 MHz per operator, the end-users will not be able to reach and thus fully benefit from the performance of the new generation (LTE) of mobile communications.

Already today there are operators around Europe that have access to 20 MHz in other frequency bands, which are preferably dedicated for the GSM (1800MHz) and UMTS (2100MHz) technologies. Currently, the 2600 MHz band is mainly dedicated for the LTE (4G) technology. However, due to the physical qualities in the 2600 MHz band (high frequencies means less coverage) operators are, in practice, unable to use this bandwidth to create the necessary coverage outside urban areas. In order to avoid a digital divide between urban and rural areas, it is crucial to release enough bandwidth in the 800 MHz band in order to secure that several operators are subject to the same conditions in each country and hence are able to contribute to a nationwide competition.

Section 7.3

According to Tele2's opinion, the principles of technology and service neutrality should apply to the 800 MHz band. It should however be mandatory for all Member States to make it available for telecommunications services as well.

In this regard it should be pointed out that it is crucial to ensure that all necessary measures are taken in order to prevent a situation where different countries create their own solutions. It should be noted that technology neutrality as such demands great efforts in terms of coordination, harmonization and regulation. If this is not dealt with in a correct manner, there would be a considerable risk losing the now available unique possibility to create a well-functioning platform for the future of telecommunications.

Section 7.4

Tele2 considers it important to highlight the need for a harmonising approach regarding technical elements as well as technical advance planning and to aim for a long-term coordination in relation to choice of frequency areas and bandwidth. It should be noted that it is crucial that the Member States act in the same way and within the same time frame in order to avoid an uncoordinated approach that might lead to devastating consequences.

Tele2 agrees with the RSPG's recommendation that any EU harmonisation of technical elements for spectrum use should be based on CEPT work. In this regard CEPT has the very important task to secure that the technical elements in the band in question is dealt with from a long-term perspective.

Section 7.5

Tele2 supports this recommendation.

It is crucial that the Member States establish cross-border coordination agreements in order to avoid an uncoordinated approach that might lead to devastating consequences. For example, borders with neighbouring countries might fall out of service as an unharmonised use of frequencies in practice may result in making it impossible to coordinate between countries and hence preclude the availability of services within large geographical areas. In Tele2's view, the cross-border coordination agreements should be available before the allocations of the frequencies in question take place, since this has a major impact on the value assessment. Also, a technical standardisation for how to handle the problems involved in cross-border related matters should be available.

Section 7.6

As has been stated above, borders with neighbouring countries might fall out of service as an unharmonised use of frequencies in practice may result in making it impossible to coordinate between countries and hence preclude the availability of services within large geographical areas. Therefore, it is crucial that the Member States act in the same way and within the same time frame in order to avoid an uncoordinated approach that might lead to devastating consequences.

This is a very important question to handle in order to avoid the interference related problems otherwise foreseen. Tele2 agrees with the RSPG's recommendation in this regard and considers that the European Commission and the CEPT have a clear role to play in cross-border negotiations with non-EU countries, e.g. Russia.

Section 7.7

In view of the above stated, Tele2 considers it imperative that the RSPG recommends the Commission to carefully consider the need for increased predictability, clarity and consistency in the regulatory responses needed in order to secure a stable future development of the digital dividend throughout Europe.

Since the digital dividend is a unique opportunity, the full benefits of which can only be realised if a common approach of the use of spectrum (digital dividend) is adopted, it is imperative that the Member States act in the same way and within the same time frame. Tele2 therefore supports the recommendation that the Commission should give further consideration through a review process.

Section 7.8

The full benefits of this unique opportunity deriving from the digital dividend can, in Tele2's view, only be realised if one harmonised and coordinated approach to the allocation of the 800 MHz frequency band is secured in all Member States.

Yours sincerely,

Rebecka Frisk di Meo

Regulatory Affairs,
Tele2 AB