

**Antenna Hungária ZRt Comments to the RSPG Draft Opinion on the Digital Dividend,
RSPG09-272**

June 29, 2009

Antenna Hungária ZRt, as a member of the TDF group, welcomes the opportunity to present its comments on the RSPG Draft Opinion on the Digital Dividend.

The digital dividend is an opportunity for both broadcasters and telecom players. Broadcasters will need additional DTT capacity for more quality – HD will become a must -, for more services (push-VoD, interactive services...), or more channels. Telecoms Operators can access to additional low frequencies to deliver high-speed wireless broadband in particular for rural areas.

Antenna Hungária ZRt is of the opinion that, to ensure a smooth transition and acceptance from broadcasters, EC should:

1. Secure to broadcasters long term access to spectrum they need for continuation and development

For Member States deciding to reallocate the 800MHz band, there is a necessity to find replacement frequencies for existing services. Furthermore, in most cases, broadcasters also need additional frequencies for current and future development (additional channels, HD, 3D, new services, ...).

EC should support a competitive terrestrial broadcasting platform, as it is the one that allows “universal” access to TV for EU citizens.

For audiovisual and media policy reasons and because of the dominant market position of the cable and satellite platform (using pay TV model) in Hungary, we consider it important to maintain the competitiveness of the digital terrestrial broadcasting (mainly free-to-air) in the long run and also to ensure the availability of the necessary frequency band. Narrowing the frequency band useable for broadcasting would mean a significant decrease of market opportunities of the terrestrial platform, which would be prevented from launching new innovative broadcasting services, and as a way of consequence distort competition against the dominant broadcasting platforms (e.g. cable, satellite, etc.). This restriction of the frequencies accessible to broadcasting, in terms of competition, could not be regarded as technology – or platform neutral approach.

This needs a large frequency planning optimization work both at a national and international (for coordination purpose) level.

In order to realise the Digital Dividend, coordination is necessary between countries to find alternative frequencies for allotments falling in the 790-862 MHz sub-band. EC should recognize the effort done by broadcasters to optimize spectrum usage, and facilitate different parties to work in finding acceptable replacement and development frequencies for broadcasting.

The extension of the number of broadcasting services should be studied based on the GE06 rules and the coordination process between countries that exists well before GE06,

2. Guarantee to broadcasters that they will not bear any part of the burden for the migration (costs, interference, ...)

The costs to migrate broadcasting from channels 61-69 to other channels will be very high:

- Frequency planning and network modification
- Cost/inconvenient for viewers (retuning, in some cases antennas replacement or re-orientation)
- Costs due to measures necessary to solve interference problems
- Public information/assistance including potential help scheme

As a general principle of the electronic communication law in Hungary the frequency user is entitled to compensation if the use of a given frequency is no more possible due to an order of the authority (this order may be based on international frequency co-ordination or internal regulation). The probable reallocations in the 800 MHz band will be a typical example of such case; the reallocation will cause significant costs to the operator of the digital network and the reallocation will serve the interest of other market players (e.g. MNOs).

Antenna Hungária ZRt. has a right to built and operate nationwide terrestrial broadcasting. One of the three existing multiplexes contains channels in the 61-69 band and due to it migration costs are relatively high in our country. It will also cause losses to the consumers who for the most part will have recently bought a new reception antenna for the sake of the reception of the new multiplexes (most of the existing reception antennas in Hungary are not able to receive these frequencies), which might lead to certain claims for compensation.

We support the thought of Ofcom when it states that the migration costs must not be borne by existing users, in order to ensure a cooperative project: "Funding should be made available so that the existing and planned users of this spectrum do not have to bear extra costs as a result of these changes" – Ofcom Feb 2009.

Furthermore, EC should guarantee to fully protect broadcast services up to channel 60 at no cost for broadcast users, while looking at acceptable conditions of use for the 800 MHz

3. Let Member States decide to implement the digital dividend or not depending on national specificities

A full EU harmonisation is not needed as a significant number of countries already decided to allow telecom allocation of the 800MHz band: Denmark, Finland, France, Germany, UK, Spain, Switzerland, Sweden ...

It is not necessary to have all the EU countries adopting the sub-band. 200 M people market would be large enough to reap the harmonization benefits, even if interference issues at borders would still need to be addressed.

For some countries including Hungary, the potential benefits of the sub-band may not be significant or may not compensate migration costs:

- In some countries, there may be no use for extra spectrum for wireless very high speed broadband (existing and planned spectrum, no/few coverage issues), thus very low economic value
- In some countries, there may be a very strong case for a 100%-broadcast scheme
- In some countries, the migration costs may be very high, especially where the channels 61-69 are heavily used
- Hungary has many parts of the spectrum of the frequencies for mobile services (450 MHz, 900 MHz, 1800 MHz, 1900-2100 MHz) which are not fully exploited nor even attributed to date
- In April 2009, the increase of the mobile phone services market stopped and it began to decrease
- One of the three available multiplexes till Analogue Switch-Off is reserved for mobile TV. Antenna Hungária ZRt. has prepared the launch of a DVB-H transmission B2B service on this multiplex but the Mobile Network Operators have declared that for the time being they are considering that there is no mass market for a B2C mobile TV service in Hungary and they do not want to launch such service on UHF frequencies,

As a consequence we believe that in Hungary there are already enough available frequency opportunities for mobile services (voice, data, broadband internet); the reallocation of frequencies in the 800 MHz band would not be completely justified or necessary and would further lower the chances of a competitive terrestrial platform in a context of strong TV delivery platform competition.

4. Set up an efficient framework for migration for Member States wishing to reallocate the 800 MHz band (frequency re-planning and optimization, international coordination) on a non-mandatory basis

EC should provide guidelines/recommendations to Member States willing to free the 800 MHz band asking them to

- Make a full evaluation of the migration costs before deciding to implement the 800 MHz band

- Favour the migration at the same time at Analogue Switch Off
- Identify adequate funding from State or future spectrum users and do not ask current users to bear the costs
- Have bilateral discussions with neighbouring countries, under GE06 agreement, regarding the identification of new usable frequencies under channel 61, based on best practices and innovative spectrum planning tools (site per site coordination rather than allotments, antennas tilts, SFN, ...).
- Optimize national planning not only to compensate lost frequencies in channels 61-69 (in countries deciding to reallocate the 800 MHz band) but also to identify additional capacity for current and future development
- Avoid a new RRC (new GE06 agreement), that would be very long to prepare and to hold, and above all not be efficient enough (not deep enough)

5. Not try to push non-pragmatic and non-market-oriented approach (multimedia cluster, different sized sub-band for telecoms)

There is no economic neither technical interest for a “multimedia” cluster. Indeed, DVB-H services are better designed to be developed within the broadcast cluster and a third cluster would introduce useless constraints to the use of spectrum, thus leading to inefficient use

There is no sense to have a different sub-band scheme than the 800 MHz band that benefits from a de facto harmonisation in many EU countries.

About Antenna Hungária ZRT

Antenna Hungária is a key participant in the Hungarian telecommunication sector. Its core activities include national terrestrial analogue and digital television and radio broadcasting and distribution, as well as satellite broadcasting and distribution. With the development of telecommunication services, our company has an increasingly important role in telecommunications too.

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