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Regulatory Impact Assessment

Consolidated Wireless Telegraphy Licence-Exemption Regulation

[November 2002]

The Radiocommunications Agency is an Executive Agency of the Department of Trade and Industry.
The Agency's website is located at www.radio.gov.uk

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1. Title

Consolidated Wireless Telegraphy Licence-Exemption Regulation 2002.

1(i) This RIA has been published to support both the consolidation of existing Statutory Instruments on Wireless Telegraphy licence-exemption i.e. SI 1999/930, SI 2000/1012, SI 2001/730 and SI 2002/1590, and to allow additional equipment to be deemed licence-exempt which will allow these devices to be used without the need for licensing or payment of licence fees under Section 1(1) of the Wireless Telegraphy Act 1949.

1(ii) The RIA is also to support the change in the Wireless Telegraphy Regulations 1999 to allow public telecommunications services into both the 5GHz and 58GHz licence-exempt bands.

2. The Issue

The new Regulations will consolidate the existing Statutory Instruments on licence-exemption, and will also include additional equipment, which will be made exempt from the Wireless Telegraphy licensing regime. Equipment using both the 5GHz and 58GHz bands will be allowed to use this spectrum on a licence exempt basis and will also be able to provide public telecommunications services. All proposals for new equipment exemptions have been subject to previous consultation.¹

3. The Objective

The objective of the proposed Regulations are:

- To aid transparency on licence-exemption regulation through a consolidated Statutory Instrument

¹ Consultation on proposals for Technical Requirements for Short Range, High Data Rate Equipment operating in the frequency range 5150 to 5875 MHz - Final Stage (December 2001).
Consultation on the use of licence-exempt spectrum for the provision of public telecommunication services (October 2001).
Proceedings of the RA's Fixed Link Consultative Committee.

See www.radio.gov for full details of consultative process mentioned.

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- To provide a stimulus for innovative radio technologies
- To increase competition and consumer choice
- To increase the market potential for affordable broadband communications
- To allow 3rd party traffic to be carried in the 58 GHz and 5GHz licence-exempt bands, and lessen the regulatory burden to this part of the radio sector
- To increase competition and consumer choice in the RLAN marketplace
- To provide spectrum for new higher data rate more spectrally efficient RLAN services.

4. Risk Assessment

4(i) Risk from maintaining the existing regulations

a. Consolidation of the existing Regulations

It is becoming increasingly unwieldy in having numerous regulations on the licence-exemption topic. Industry and members of the public are also becoming confused on what each of the existing regulations cover. Therefore to maintain the current regulations on licence-exemption will not address these concerns and will not address the transparency requirements of National Regulatory Authorities (in which the Radiocommunications Agency is one) stemming from the forthcoming Authorisation Directive.

b. Fixed Terrestrial (point-to-point) links in the unco-ordinated 57.1 to 58.9 GHz Band

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The 57.1 to 58.9 GHz band has been available for fixed terrestrial (point-to-point) links on a non-co-ordinated basis for the past ten years. A relaxed licensing regime has applied under which applicants register with the Radiocommunications Agency (RA) of the frequency they use, paying £50 on issue of the licence at annual renewal. A review of this regime through the Agency's Fixed Link Consultative Committee (FLCC) has been undertaken, and recommended that this product should be made licence-exempt to all users subject to the technical criteria stated in Interface Requirement 2000. This recommendation has industry support due to its deregulatory nature.

c. **Short Range, High Data Rate Equipment operating in frequency bands 5150 to 5725 MHz**

Licence exempt use of this equipment is not currently permitted within the 5GHz band. This technology could potentially be a ubiquitous feature of many consumer electronic products. A regulatory regime based on individual equipment licensing would be a barrier to its success. Proposals to allow licence exempt use have been subject to extensive consultation and have industry support due to their deregulatory nature. Furthermore, similar regimes have been adopted by countries throughout Europe and the rest of the world as a way of maximising the potential of this technology.

If both public and private use of this equipment is not permitted then there is a risk that the UK will fall behind other parts of the world in provision of short-range broadband public access telecommunication services, and that the demand for these services could remain unsatisfied and undeveloped. This would ultimately restrict consumer choice and reduce competition.

UK operators are currently offering public access services in the 2.4 GHz licence exempt band. Most are planning to offer a migration path to 5GHz in order to provide higher data rates and better Quality of Service than that currently available. Successful service planning for current 2.4 GHz services requires certainty in relation to availability of additional spectrum at 5 GHz.

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4(ii) Risk from changing the existing regulations

a. Consolidation of existing Regulations

No known risks in consolidating the existing regulations on Wireless Telegraphy licence-exemption.

b. Fixed Terrestrial (point-to-point) links in the unco-ordinated 57.1 to 58.9 band

The equipment used for this frequency band is for small powered short-hop links. The interference potential is small but valid. Due to the nature of deregulation the Agency will not be in a position to know where users are in this frequency band.

c. Short Range, High Data Rate Equipment operating in the frequency band 5150 to 5725 MHz

There is a risk that services operating in the 5GHz licence exempt spectrum may not be able to maintain a satisfactory grade of service to end customers, particularly in locations where there are existing or new RADAR, Outside Broadcast service deployments, and where there is an unusually high concentration of this equipment. However the large blocks of spectrum that have been allocated in this band and the technical criteria stated in Interface Requirement 2006 considerably reduce the risk of interference.

Furthermore, most respondents to the 5 GHz Consultative Document² stated that for Radio Local Area Networks (RLANs) interference could be resolved most effectively on site by the service provider. They noted that there was a commercial incentive to resolve potential interference issues as well as an understanding that licence exempt spectrum is available on a non-interference and non-protected basis.

² Consultation on proposals for Technical Requirements for Short Range, High Data Rate Equipment operating in the frequency range 5150 to 5875 MHz - Final Stage (December 2001).

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5. Identifying the Benefits

a. Consolidation of existing Regulations

The consolidation regulation will aid transparency on what equipment is exempted from needing a Wireless Telegraphy licence which will allow these devices to be used without the need for licensing or payment of licence fees under Section 1(1) of the Wireless Telegraphy Act 1949.

This will also assist the free circulation of new and existing equipment, which will benefit UK manufacturers, small businesses and UK service providers and retailers.

b. Fixed Terrestrial (point-to-point) links in the unco-ordinated 57.1 to 58.9 band

Removes the fiscal need for businesses to apply for a licence, which costs £50 annually. This will also allow quicker deployment of links due to the operator not needing the Agency's agreement before deployment of the service. This will also support the deregulatory theme set out in the forthcoming Authorisation Directive.

c. Short Range, High Data Rate Equipment operating in the Frequency band 5150 to 5725 MHz

Allowing new RLAN services to operate on a licence exempt basis in the 5GHz band is expected to enable:

- an increase in the provision of affordable broadband telecommunications;
- product innovation;
- the creation of products and services that will provide greater data rates and Quality of Service (QOS),

Ultimately, the consumer will benefit from increased choice and greater competition in the telecommunication sector. The overall benefit to the UK would be from an increase in the economic value of the 5GHz bands.

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e. Land Mobile Satellite Service terminals

Land mobile satellite service terminals: where reciprocal agreements to assist in global markets are being developed: these Regulations will encourage an open market assisting economic benefits for businesses in this sector. These personal terminals can be used almost anywhere within the UK and will particularly benefit remote communities where current fixed/ mobile telecommunications are prohibitively difficult or expensive to install.

6. **Business Sectors and end-users affected**

Many sectors of the economy and consumers would benefit by the any new proposed Regulations, including:

- The telecommunication industry
- Radio equipment manufacturers and suppliers
- The electronics consumer market
- The retail consumer market
- Fixed terrestrial network operators
- The satellite industry
- Most other business sectors (as consumers).

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7. Consultation

The Radiocommunications Agency carried out a major consultation exercise into the Public/ Private use of deregulated spectrum recently and also on the future use of 5GHz spectrum. These consultation documents can be found on the Agency's website at www.radio.gov.uk.

8. Summary and Recommendations

Objective	Costs	Benefits
<p>The Regulations will exempt additional equipment from the requirement to be licensed under section 1(1) of the Wireless Telegraphy Act 1949, specifically to the following:</p> <ul style="list-style-type: none">• fixed terrestrial (point-to-point) links in the unco-ordinated 57.1 to 58.9 GHz band;• Land Mobile Satellite Service (LMSS)	<p>No direct costs incurred for businesses or individuals as no licence fee would be payable.</p> <p>The loss in Agency revenue due to the new arrangement will be in the region of £25k;</p> <p>No direct cost to businesses or individuals. The regulations on LMSS does not affect the licensing provision of the networks, as it only concerns the user mobile</p>	<p>Facilitating an open market for businesses and individuals alike in the radio sector</p> <p>The Agency will recover most of the lost revenue through administrative cost savings;</p> <p>Facilitating an open global market for satellite personal communications service terminals and opening up communications to remote communities.</p>

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<p>Short Range, High Data Rate Equipment operating in the Frequency band 5150 to 5725 MHz</p>	<p>terminals which are configured to these networks;</p> <p>No direct cost to businesses or individuals as no licence fee would be payable.</p>	<p>Facilitating an open market for businesses and individuals alike in the radio sector. The consumer benefits generated by the introduction of public RLANS was estimated to be £500m per year³. Total welfare gains would be higher if you include the benefits of all new services and the benefits to producers.</p>
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9. Recommendation

The recommendation is to make the Regulations.

³ See Annex 1 for the calculation of the consumer benefits of introducing public RLANS.

⁴ See Annex 1 for the calculation of the consumer benefits of introducing public RLANS.

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Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed by the responsible Minister

Signature.....

Minister of State for e-Commerce and Competitiveness

Date.....

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