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Response to Spectrum Auction (Make the Air Fair Campaign) – December 2016

Thank you for contacting me about the auctioning of spectrum.

Ofcom is responsible for the health of the UK mobile market, in line with its statutory duties. These duties include the promotion of competition and efficient use of spectrum.

Ofcom recently launched a consultation on the upcoming spectrum auction. The auction consists of 2.3 GHz spectrum, which is already useable for better 4G services and 3.4 GHz spectrum which is unlikely to be useable for at least two to three years, but could help unlock a new wave of future services such as 5G.

Ofcom agrees that there is a competition concern around the 2.3 GHz spectrum available and it has therefore imposed a cap on bidding. The cap prevents any one company holding more than 45 per cent of spectrum that can be used immediately after the auction. It also argues that by the time 3.4 GHz spectrum is usable, other bands will become available and there is therefore no immediate necessity for action on competition grounds in respect of this spectrum.

Ofcom has been clear that its intervention has been minimal as it does not want to distort the auction by giving the smaller operators a price break through the weakening of competition. Furthermore, there are concerns it would provide a perverse incentive for smaller operators to under-bid in this and future auctions if they always expected intervention in their favour on grounds of lacking spectrum.

I join the Government in welcoming Ofcom's focus on ensuring effective competition in the mobile market and on getting the spectrum into use as quickly as possible.

Thank you again for taking the time to contact me.

Kind regards,

Craig Whittaker MP