



Office of Utility Regulation

Amendment to Guernsey Airtel Ltd 's 2G and 3G Mobile Licences

Statutory Invitation to Comment

Notice of Proposal to Modify the Licence for 2G and 3G Mobile Telecommunications Networks and Services issued to Guernsey Airtel Ltd under Part 1, Section 1 of the Telecommunications (Bailiwick of Guernsey) Law, 2001

Document No: OUR 07/10

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Office of Utility Regulation
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Notice of proposal to Modify the Licence of Guernsey Airtel Limited

In accordance with

- Section 8 of the Telecommunications (Bailiwick of Guernsey) Law, 2001; and
- Condition 6 of the 2G and 3G Mobile Telecommunications Licences issued to Airtel Guernsey Ltd on 15 September 2006 under Part 1, Section 1 of the Telecommunications (Bailiwick of Guernsey) Law, 2001, (collectively the “Licence”)

the Director General of Utility Regulation hereby gives notice of his intention to modify the Licence as set out in this notice.

Proposed Modification

The Director General proposes:

- (i) to extend the deadline for the commencement of public mobile telecommunication services as set out in condition 15 of the Licence by removing the reference to 15th September 2007 and replacing it with the date of 15th December 2007:
- (ii) to include a firm commitment from Airtel regarding benefits to be provided to Airtel’s customers: and
- (iii) to replace the reference to 15th September 2007 in condition 16.2 with a reference to 15th December 2007. It is also proposed to amend section 16.2 of Airtel’s licences as set out in Appendix 1.

The text of the said conditions 15 and 16 amended as proposed is set out in Appendix 1.

Reason for Modifications

Airtel was granted the Licence in September 2006 and is actively engaged in rolling out its network. Since earlier this year it has been engaged in discussions with the Environment Department and over the past number of months Airtel has submitted a number of planning applications to the Environment Department for the purpose of seeking approval to erect a number of mobile base stations to facilitate its network roll-out.

The Director General understands that recent developments in the States’ policy regarding grant of planning permission for masts are having a direct effect on Airtel’s ability to roll out its mobile telecommunications network.

In particular it is understood that the Environment Department has recently indicated to Airtel that, in implementing the States’ policy on land use and resources and conscious of increased public concern about the proliferation of masts in Guernsey, its

primary objective when considering planning applications for masts, will be to minimise the need for new greenfield mast development and to focus on redevelopment of existing mast sites as an alternative to erection of additional masts in locations close to existing masts. The practical effect of this is that the Environment Department requires that any application for planning permission for a mast which Guernsey Airtel submits, insofar as the application relates to a mast site near an existing mast (from which an existing telecoms operator is operating), must:

- relate to a structure which is / will be constructed so as to be capable of carrying the Airtel equipment and the equipment of the other operator currently operating on a nearby site, and which is not significantly higher than the existing mast on the nearby site;
- be a joint application from Airtel and the other operator; and
- be made in a context whereby the operator currently operating on a mast near the site where Airtel proposed to erect a mast agrees to move to the Airtel site and to dismantle its own infrastructure.

In order to encourage effectively the sharing/redevelopment of the existing masts as an overall policy approach the Department has made clear in particular with regard to Guernsey Airtel that it is not currently in a position to approve any of applications for new greenfield masts submitted by Airtel to date.

As a result of this development in the application of the States' policy on planning permission for masts, Airtel's dependence on the cooperation of other mobile telecommunications operators in order to complete roll-out of its mobile network is increased. The Director General understands that from initial discussions a wide variety of issues will need to be resolved. Such discussions will take time as it is likely to involve the need for other mobile operators to consider the implications for their mobile networks and associated technical, operational and commercial arrangements.

As a result Airtel on 17th August 2007 submitted a request to the Director General seeking an extension of 6 months – to 15th March 2008 - to the time period set out in Condition 15.2 of Airtel's licences. The request was made on the basis that the position adopted by the Environment Department constitutes an alteration to the planning environment which existed in 2006 at the time of the application for the Licence. Airtel has confirmed that it will not be able to meet its deadline of 15th September 2007. In making this request Airtel has confirmed that it will honour the performance guarantees contained in its Licence with regard to the roll-out obligations associated with the 15th September 2007 launch date notwithstanding any change in the deadline for roll-out which the Director General may be minded to make. Consumers will therefore still be entitled to the benefit of the Airtel performance guarantees even if the required launch date is postponed.

The Director General is disappointed that Airtel will not launch its services as required under its Licences. However he must have regard to his wider duties, in considering objectively the current circumstances in which Airtel now finds itself which differ from those pertaining at the time of grant of the Licence, in particular the new requirements imposed by the Environment Department and the requirement for increased cooperation between Airtel and other operators.

The Director General is therefore minded to grant an extension and modify Airtel's licence. However he does not believe an extension of the length sought by Airtel is justified. The Director General believes it is in everyone's interest that a timely resolution is sought to the current planning issues – in particular to give direct implementation of the approach being adopted by the Environment Department – and therefore he proposes to grant an extension of three months, to 14th [15?] December 2007.

Separate to this modification the Director General is proposing to modify the licences of all mobile operators to strengthen the requirement to share infrastructure where possible and to co-ordinate the development of their mobile networks. This will help assist the Director General in ensuring the Environment Department approach is implemented in a timely manner and will complement the current voluntary code being discussed by the mobile operators. The proposals on this modification are set out in OUR 07/11.

Representations or Objections

In accordance with section 8(2)(c) of the Telecommunications (Bailiwick of Guernsey) Law, 2001, interested parties are invited to submit written representations or objections to the proposal in this notice within 10 days of publication of this notice.

Written representations or objections should be clearly marked “**Representations re proposal to modify the licence of Airtel Guernsey Ltd**” and be submitted by 12 noon on Thursday 30th August 2007 to:

The Office of Utility Regulation
Suites B1&B2
Hirzel Court
St Peter Port
Guernsey
GY1 2NH

Following consideration of any representations or objections the Director General will publish notice of his decision to modify or not to modify the licence.

/END

APPENDIX

Condition 15

The Text of Condition 15 of the Licence amended as proposed would be:

15. DEVELOPMENT OF NETWORK AND SERVICES

- 15.1 The Licensee shall roll-out and operate the Licensed 3G Mobile Telecommunications Network so as progressively to achieve standards in line with international best practice and in particular, the Licensee shall achieve and comply with relevant standards established by ETSI, the ITU and such other international benchmarks as the Director General may direct from time to time. More particularly the Licensed 3G Mobile Telecommunications Network shall be implemented in accordance with the European UMTS standard.
- 15.2 The Licensee shall roll-out the Licensed 3G Mobile Telecommunications Network and shall commence provision of Licensed 3G Mobile Telecommunications Services by 15th December 2007 with Coverage of at least 55% of the population (by resident) of the Bailiwick of Guernsey. In addition Licensed 3G Mobile Telecommunications Services will be provided to Guernsey, Alderney, Sark and Herm by 15th December 2007.
- 15.3 The Licensed 3G Mobile Telecommunications Network shall provide Coverage as set out in the following table by the years set out in that table. The figures below are with respect to Voice Coverage field strength of -84 dBm (95% probability) or 58 dB μ V/m.

	15th December 2007	[XXX]	[XXXX] and remainder of Term
Minimum demographic Coverage % of population	[XX%]	[XX%]	[XX%]
Minimum total geographic land Coverage, %	[XX%]	[XX%]	[XX%]
Total geographic land Coverage, km²	[XX]	[XX]	[XX]
Coverage on all four islands in the Bailiwick by 15th December 2007			

- 15.4 The Licensed 3G Mobile Telecommunications Network shall provide Coverage for coastal areas out to a minimum range of 2.1 km. In addition the

Licensee shall also provide specific Coverage of Sea Lanes using, where necessary, directional antennae. The Licensee shall provide Coverage by 15th December 2007 for the type of service set out below.

Area Coverage	Voice	CS64/ PS64	PS128 (UDD 144)	PS384
Sea Lane Guernsey-Alderney	[XX%]	[XX%]	[XX%]	[XX%]
Sea Lane Guernsey-Sark	[XX%]	[XX%]	[XX%]	[XX%]
Sea Lane Guernsey-Herm	[XX%]	[XX%]	[XX%]	[XX%]

- 15.5 The License hereby undertakes that its Users (having purchased Licensed Mobile Telecommunications Services with the Licensee within the first three months of the commercial service being launched) will receive [XXX] additional airtime at no extra cost to the users. Subscribers will receive [XXX] more contracted minutes. The Licensee's pre-pay Users will obtain [XXX] additional minutes at the next top-up.
- 15.6 The Licensed 3G Mobile Telecommunications Network shall be capable of offering Data Transmission Bearer Services by the times and to the extent as set out in the following table:

	Measured by Demographic availability (% of residents)	Measured by Geographical availability (% of land)
By 15th December 2007		
64 kbps circuit switched data transmission	[XX%]	[XX%]
Up to 384 kbps data transmission	[XX%]	[XX%]
By [XXXXXX]		
64 kbps circuit switched data transmission	[XX%]	[XX%]
Up to 384 kbps data transmission	[XX%]	[XX%]

- 15.7 The Licensee shall ensure seamless roaming between the Bailiwicks of Guernsey and Jersey, the Licensee shall ensure that its Users are not required to pay charges higher than the Licensee's equivalent charges for calls made in the Bailiwick of Guernsey for calls made while roaming into the Bailiwick of Jersey.

Condition 16

The Text of Condition 16.2 of the Licence amended as proposed would be:

16. TECHNICAL QUALITY OF NETWORK

16.2. The Licensee shall ensure that the Call Drop Rate with respect to voice services shall not exceed the following rates at the times indicated below:

- (a) 2% by 15th December 2007 through to [XXX]; and
- (b) 1.2% for the remainder of the Term.