

December 2016

Dear Constituent

Many of you have written to me concerning Ofcom and improving mobile services.

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 have passed your correspondence onto the Chief Executive of Ofcom.

Yours sincerely



Richard Benyon