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Press release

## FREQUENCIES – FRENCH OVERSEAS TERRITORIES

### Arcep launches a public consultation on the procedure for awarding 700 MHz and 3.4 – 3.8 GHz band frequencies in Reunion and 700 MHz and 900 MHz band frequencies in Mayotte

Paris, 18 December 2020

On 18 December 2020, Arcep launched a public consultation on draft procedures for awarding 700 MHz and 3.4 – 3.8 GHz band frequencies in Reunion, and 700 MHz and 900 MHz band frequencies in Mayotte. Stakeholders are invited to send their contribution to Arcep before 26 February 2021.

This public consultation is part of the process for awarding new frequency bands to deploy public mobile networks in France's overseas territories, to be able to satisfy consumers' and business users' ever increasing demand for access to high quality and reliable superfast mobile services.

The awards procedure and conditions align with the guidelines set by the Government, in a letter dated 15 December 2020, from Cédric O, the Secretary of State for the Digital Transition and Electronic Communications. These guidelines relate to regional digital development and ensuring fair and effective competition in Reunion and Mayotte. In particular, the procedure and conditions for awarding spectrum include a series of provisions designed to improve mobile coverage and connectivity in these territories, which were established in concert with local authorities.

The contributions to the public consultation will enable Arcep to finalise the award procedure. It will then submit a proposal to the Government, with a view to awarding the frequencies in 2021.

The attached press kit provides a summary of the award procedure's parameters.

#### **Associated documents:**

- [The public consultation](#)
- [Stakeholders' contributions to the December 19, 2019 consultation on new frequencies for mobile networks in Reunion and Mayotte](#) (zip - 4.20 MB)
- [Stakeholders' contributions to the consultation of April 3, 2020 on the additional public consultation: new frequencies for mobile networks in Reunion and Mayotte](#) (zip - 1.36 MB)

#### **Arcep at a glance -**

The Regulatory Authority for Electronic Communications, Postal Affairs and Print Media Distribution (Arcep), a neutral and expert arbitrator with the status of independent administrative authority (IAA), is the architect and guardian of internet, fixed and mobile telecoms and postal networks in France.

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# Procedure and conditions for awarding frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Reunion and in the 700 MHz and 900 MHz bands in Mayotte: publication of draft decisions for public consultation

On 18 December 2020, Arcep launched a **public consultation** on draft procedures for awarding 700 MHz and 3.4 – 3.8 GHz band frequencies in Reunion and 700 MHz and 900 MHz band frequencies in Mayotte. Contributions to the public consultation, which must be submitted to before 26 February 2021, will enable Arcep to finalise the award procedure and to then submit a proposal to the Government in the following weeks.

## 1 Award of 700 MHz band frequencies in Reunion and Mayotte and 3.4 – 3.8 GHz band frequencies in Reunion

To be able to satisfy local authorities' and consumer and business users' ever increasing demand for access to high quality and reliable superfast mobile services, Arcep has allocated and continues to award new frequency bands for the deployment of public mobile networks.

### 1.1 Award objectives

The Government communicated to the regulator the goals that must underpin the specifications for the award of 700 MHz and 3.4 – 3.8 GHz band spectrum in Reunion and 700 MHz band spectrum in Mayotte:

- **Regional development:** coverage of the priority areas identified by the territories themselves (local authorities and prefectures) in 2019;
- **Competition:** protecting competition dynamics in these markets by providing all of the players with an opportunity to improve their spectrum holdings, to then improve mobile networks' quality of service, notably by giving access to lower frequency bands to those operators that are currently without it.

The draft procedure being published today for public consultation satisfies the objectives set by the Government, through the procedure and the planned licensing obligations.

### 1.2 Proposed award procedure

#### 1.2.1 In the 700 MHz band in Reunion and Mayotte

The draft procedure being published today for consultation sets forth the terms for awarding a **30 MHz duplex of frequencies in the 700 MHz band**, to cover Reunion on the one hand, and Mayotte on the other. This procedure will determine the winning candidates, the amount of spectrum each one is awarded, and their specific position on the band. **Every winning candidate will be subject to obligations.**

This will be a mixed allocation mechanism that is not based solely on financial bids, as was the case with the award procedure for 3.4 – 3.8 GHz band frequencies in Metropolitan France in 2020. The procedure will include a first part whereby up to four operators will be able to obtain additional blocks of spectrum in exchange for additional commitments, before the auctions carried out in the second part allow them to obtain additional frequencies.

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### a) First part: Optional commitments in exchange for blocks of frequency

Arcep is giving applicants the option of making a series of commitments when submitting their tender package.

These commitments, designed to improve connectivity for users and give local authorities more clarity on network rollouts, include:

- Supplying a dedicated fixed access product on their mobile network;
- Activating Voice and SMS over Wi-Fi services, to improve indoor coverage;
- Increased transparency from operators on rollout forecasts;
- Increased transparency from operators on service outages.

If these commitments are made, they will be written into the obligations attached the frequency licences that are awarded to the winning candidates, and come to supplement the obligations that will apply to all of the successful applicants (described in 1.2.1e)).

If four or fewer candidates agree to make these commitments when submitting their tender package, each will be able to obtain a **5 MHz duplex in the 700 MHz band**. If their number is equal to or over five, the applicants will bid for the four blocks in a separate auction.

### b) Second part: Auction enabling each operator to acquire additional frequencies

The auction will then be held to allocate the frequencies that are still available after the first round of commitment-based spectrum awards. The qualified applicants, regardless of whether or not they obtain a block in the previous phase, will thus have the possibility of acquiring additional frequencies, **by blocks of 5 MHz**.

This will be a single-round second-price combinatorial auction. The candidates indicate the amount they commit to pay for each number of possible blocks, within the authorised amount of spectrum described in part 1.2.1 **Erreur ! Source du renvoi introuvable.**

Arcep then determines the value of each of the valid award combinations. For instance, if two blocks are available to be awarded, and there are two candidates, A and B, that both want up to two blocks, the valid combinations are as follows:

- One block for A and one block for B;
- Two blocks for A and no block for B;
- No block for A and two blocks for B.

The value of a combination is the sum of the amounts bid by the candidates for the number of blocks they obtain under this combination.

The combination with the highest value is the winning combination.

Lastly, Arcep determines the amount due from each candidate. This is the minimum amount that the candidate must have bid for the chosen winning combination.

### c) Third part: positioning auction

Once the amount of spectrum allocated to each winner is known, there are multiple combinations for positioning them on the band. A new (single-round, second highest bid) auction will be held to determine each of the winners' positions. They will thus have an opportunity to express their preferences on position on the band.

### d) Capping the amount of spectrum available per applicant

In the public consultation, Arcep plans to set a cap on the total amount of spectrum any one applicant can obtain in the 700 MHz band (during both phases of the procedure), which is compatible with Government's objective of ensuring a competitive marketplace:

- planned maximum of a 15 MHz duplex in the 700 MHz band;

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- planned maximum of a 30 MHz duplex from the combined amount of spectrum available in the 700 MHz, 800 MHz and 900 MHz bands.

e) **Planned obligations for the successful 700 MHz band candidates**

The proposal being presented today plans for every candidate that is awarded frequencies in the 700 MHz band, regardless of whether or not they chose to make optional commitments, to be subject to three mainly coverage-centric obligations:

- An obligation to cover certain pre-identified areas, based on the needs expressed by local authorities. Operators will be fully responsible for providing coverage in these areas. As an adjunct, bringing coverage to certain areas that carry special constraints will depend on the availability of infrastructures and the granting of administrative authorisations;
- An obligation to deploy a certain number of cell sites using 700 MHz band frequencies within five years;
- An obligation for the mobile network to be IPv6-compatible, to accelerate the transition to this protocol.

### 1.2.2 In the 3.4 – 3.8 GHz band in Reunion

The draft procedure being published today for consultation sets forth the terms for awarding a **380 MHz of frequencies in the 3.4 – 3.8 GHz band**, for the whole of Reunion. This procedure will determine the winning candidates, the amount of spectrum each one is awarded, and their specific position on the band.

Arcep is proposing an awards procedure based on a financial auction.

a) **First step: auction to determine the quantities of spectrum obtained by each operator**

An auction will then be held to allocate frequencies in the 3.4 – 3.8 GHz band in **19 blocks of 20 MHz**.

This auction will take place after the main auction for the award of 700 MHz band spectrum described in part 1.2.1b).

This will be a single-round second-price combinatorial auction, as in the second step of the award procedure for 700 MHz band spectrum (see 1.2.1b). The candidates indicate the amount they commit to pay for each number of possible blocks, within the authorised quantities of spectrum described in part 1.2.1 **Erreur ! Source du renvoi introuvable.**

Arcep then determines the value of each of the valid award combinations. For instance, if two blocks are available to be awarded, and there are two candidates, A and B, that both want up to two blocks, the valid combinations are as follows:

- One block for A and one block for B;
- Two blocks for A and no block for B;
- No block for A and two blocks for B.

The value of a combination is the sum of the amounts bid by the candidates for the number of blocks they obtain under this combination.

The combination with the highest value is the winning combination.

Lastly, Arcep determines the amount due from each candidate. This is the minimum amount that the candidate must have bid for the chosen winning combination.

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## b) Second part: positioning auction

Once the amount of spectrum allocated to each winner is known, there are multiple combinations for positioning them on the band. A new (single-round, second highest bid) auction will be held to determine each of the winners' positions. They will thus have an opportunity to express their preferences on position on the band.

## c) Capping the amount of spectrum available per applicant

In the public consultation, Arcep plans to set a cap on the total amount of spectrum any one applicant can obtain in the 3.4 – 3.8 GHz band, which is compatible with Government's objective of ensuring a competitive marketplace:

- a planned minimum of 40 MHz in the 3.4 – 3.8 GHz band;
- a planned maximum of 100 MHz in the 3.4 – 3.8 GHz band.

### 1.2.3 Planned obligations for the successful 3.4 – 3.8 GHz band candidates

The proposal being presented today plans for every candidate that is awarded frequencies in the 3.4 – 3.8 GHz band to be subject to two obligations:

- An obligation to deploy a certain number of cell sites using 3.4 – 3.8 GHz band frequencies within five years;
- An obligation for the mobile network to be IPv6-compatible, to accelerate the transition to this protocol.

## 1.3 Licence duration and rendez-vous clause

The frequencies will be allocated for a period of **15 years**. The procedure provides for a possible **five-year** extension.

In addition, an **interim review** is planned for before 2030 to verify operators' implementation of their obligations, along with market requirements, notably in the areas of mobile network coverage and quality of service. Obligations could be revised based on the findings of these reviews, after having reached an agreement with the licence-holder.

## 2 Award of 900 MHz band frequencies in Mayotte

A 2.6 MHz duplex in the 900 MHz band will be available for allocation in 2021.

The proposed procedure, designed to ensure fair and effective competition and efficient use and management of the frequencies, includes three stages:

- First, the frequencies are awarded to candidates that have less than a 5 MHz duplex in the 900 MHz band, up to that ceiling and subject to the frequencies' availability. If there are several candidates, they will be ranked by their population coverage commitments.
- Second, the frequencies will be awarded to candidates that have less than a 10 MHz duplex in the 900 MHz, up to that ceiling and subject to the frequencies' availability. If there are several candidates, they will be ranked by their irrevocable financial commitment, in euros per MHz, to obtain frequencies in the 900 MHz band.
- Third, regarding positioning in the band, Arcep is proposing one or several arrangements (including in concert with other, non candidate operators). The operators will offer feedback on the proposed arrangements, then Arcep will determine the final positioning in light of those comments.

In the public consultation, Arcep plans to set a cap on the total amount of spectrum any one applicant can obtain in the 900 MHz band:

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- planned minimum of a 3 MHz duplex;
- planned maximum of a 10 MHz duplex.

Licences will be awarded up to 30 April 2025, so that expiration dates to align with those of other licences to use the 900 MHz band.

### 3 Public consultation

The draft documents will be submitted to public consultation from today up to 26 February 2021. Stakeholders are invited to visit the Arcep website and use it to submit their contributions.

### 4 Other overseas territories

Regarding the award of 700 MHz and 3.4 – 3.8 GHz band spectrum in France's other overseas territories, a public consultation has been underway since 2 October 2020 and will run until 15 January 2021, with a view to finalising the procedure for awarding this spectrum in Guadeloupe, in Guiana, in Martinique, Saint-Barthélemy, Saint-Martin and in Saint-Pierre-et-Miquelon.<sup>1</sup>

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<sup>1</sup> <https://www.arcep.fr/actualites/les-consultations-publiques/p/gp/detail/nouvelles-frequences-reseaux-mobiles-atlantique-2-octobre-2020.html>

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