

Press release

## FREQUENCIES – FRENCH OVERSEAS TERRITORIES

### Frequency assignments in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion and in the 700 MHz and 900 MHz bands in Mayotte: Arcep invites all interested parties to submit an application

Paris, 3 August 2021

The calls for applications for the assignment of frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion and in the 700 MHz and 900 MHz bands in Mayotte, along with the Order launching the licence awards procedure were published today in the *Journal Officiel*. The deadline for submitting an application to Arcep has been set for 12 pm Paris time, on 12 October 2021.

Any requests for additional information on the procedure must be received by Arcep by 14 September 2021.

#### **New frequencies for regional digital development and superfast mobile services**

The purpose of this frequency assignment process is to satisfy the needs of consumer and business users wanting to access high quality and reliable superfast mobile services.

The planned assignment conditions and procedures align with the guidelines laid down by the Government. These guidelines seek to promote regional digital development and ensure fair and effective competition in Réunion and in Mayotte. This includes mechanisms and obligations designed to improve mobile coverage in priority rollout areas in each location, which have been established in concert with the Government and local authorities.

#### **Frequency licences will be awarded in the first half of 2022**

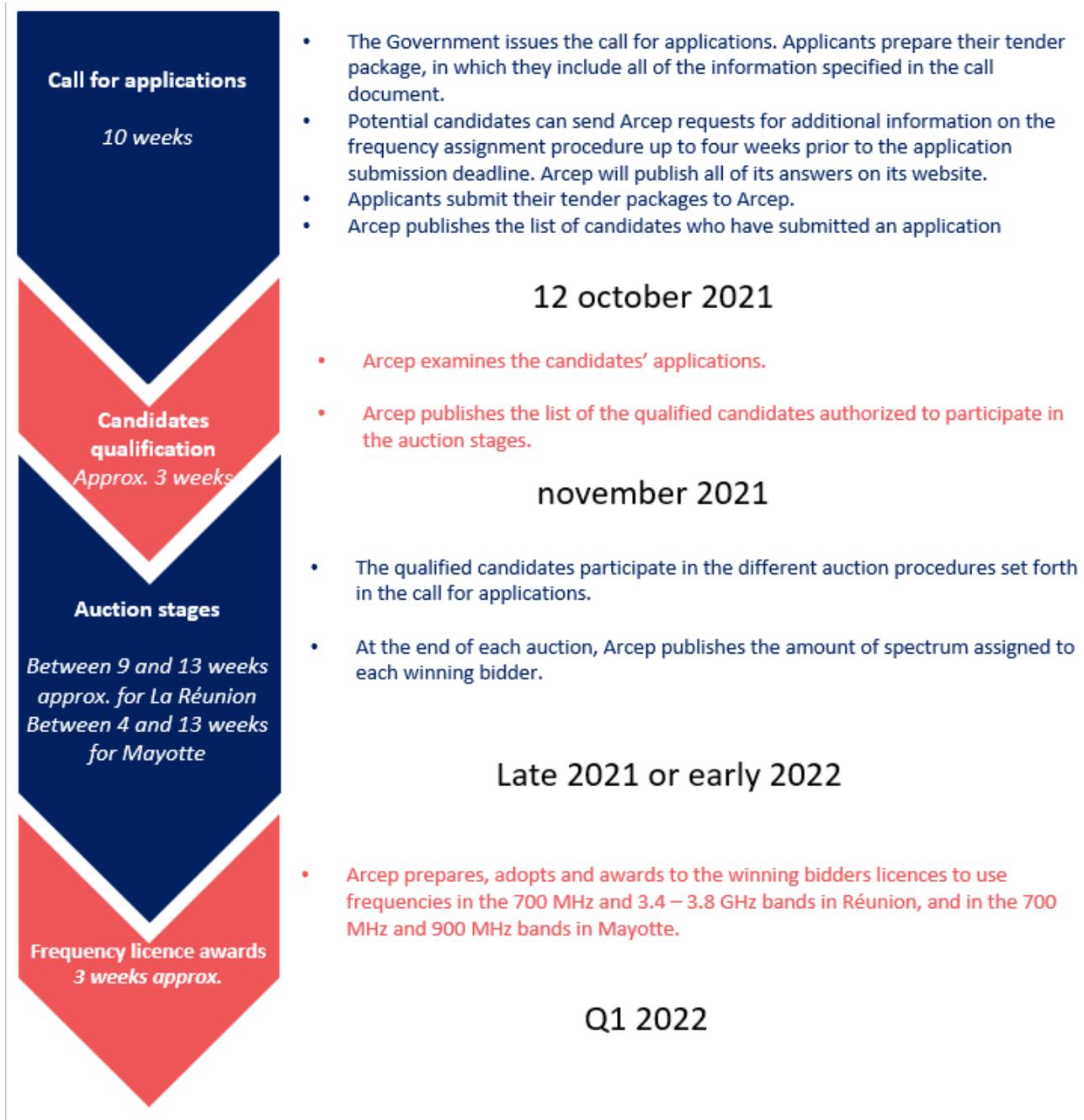
Arcep plans for the procedures to be completed in early 2022, after which it will award the licences to the winning candidates in the first half of 2022.

#### **Associated documents**

- [Arcep Decision No. 2021-0590 of 15 June 2021 proposing to the Minister responsible for electronic communications the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion to build and operate a public access mobile radio network](#)
- [Arcep Decision No. 2021-0591 of 15 June 2021 proposing to the Minister responsible for electronic communications the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 900 MHz in Mayotte to build and operate a public access mobile radio network](#)
- [Order of 30 July 2021 regarding the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 3.5 GHz bands in Réunion to build and operate a terrestrial mobile system](#)
- [Order of 30 July 2021 regarding the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 900 MHz bands in Mayotte to build and operate a terrestrial mobile system](#)
- [Decree of n° 2021-1022 of 30 July 2021 amending Decree No. 2007-1532 of 24 October 2007 \(amended\) regarding the radio frequency licencing fees to be paid by the holders of frequency licences awarded by Arcep](#)

- [Arcep Opinion No. 2021-1164 on the draft Decree No. 2007-1532 of 24 October 2007 \(amended\) and on the draft Orders permitting the launch of the procedure for assigning frequencies in the 700 MHz and 900 MHz bands in Mayotte and in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion](#)
- [Stakeholders' contributions to the public consultation that ran from December 2020 to 26 February 2021 on the draft procedures for assigning frequencies in the 700 MHz and 900 MHz bands in Mayotte and in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion](#)

## Provisional summary timetable – See Parts II.1.2 of the calls for applications for a detailed provisional timetable by frequency band and by territory



**Procedure and conditions for assigning frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Réunion and in the 700 MHz and 900 MHz bands in Mayotte**

# 1. Assignment of 700 MHz band frequencies in Reunion and Mayotte and 3.4 – 3.8 GHz band frequencies in Réunion

## 1.1 Assignment objectives

The Government informed the regulator of the goals that must underpin the specifications for the assignment of 700 MHz and 3.4 – 3.8 GHz band spectrum in Réunion 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:** safeguarding and stimulating competition 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 published calls for applications satisfy the objectives set by the Government, through the procedure and the planned licensing obligations.

## 1.2 Assignment procedures

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

The planned procedures for the assignment of **2 x 30 MHz of spectrum in the 700 MHz band**, to cover Réunion 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 frequency position. **Every winning candidate will be subject to a set of obligations.**

The specifications plan for 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 preliminary stage 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.

#### a) First part: optional commitments in exchange for blocks of spectrum

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

Designed to improve connectivity for users and give local authorities more clarity on network rollouts, these commitments 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 **Erreur ! Source du renvoi introuvable.**).

If four or fewer candidates agree to make these commitments when submitting their tender package, each will be able to obtain **2 x 5 MHz of paired frequencies in the 700 MHz band**, whose reserve price has been set by the Government at 0 euros. If their number is equal to or over five, the applicants will bid on the four blocks in a separate auction.

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

The principal auction will then be held to assign 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 2 x 5 MHz of paired frequencies**, whose reserve price has been set by the Government at 0 euros.

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 **Erreur ! Source du renvoi introuvable.**

Arcep will then determines the value of each of the valid award combinations. For instance, if two blocks are available for assignment 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 will determine 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 assigned to each winner is known, there are multiple potential frequency position combinations. A new (single-round, second highest bid) auction will be held to determine each of the winning candidates' positions. They will thus have an opportunity to express their frequency position preferences.

#### d) Capping the amount of frequencies available to each candidate

The specifications 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 fostering a competitive marketplace:

- a maximum of 2 x 15 MHz of paired frequencies in the 700 MHz band;
- a planned maximum of a 2 x 30 MHz from the combined amount of spectrum available in the 700 MHz, 800 MHz and 900 MHz bands.

#### e) Planned obligations for the winning applicants for 700 MHz band spectrum

The specifications stipulate that every candidate that is assigned frequencies in the 700 MHz band, regardless of whether or not they have chosen to make optional commitments, will 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 Réunion*

The assignment procedure is planned for **380 MHz of frequencies in the 3.4 – 3.8 GHz band**, for the whole of Réunion. This procedure will determine the winning candidates, the amount of spectrum each one is awarded, and their specific position on the band.

The specifications stipulate an assignment procedure based on a financial auction.

#### a) First stage: auction to determine the quantities of spectrum obtained by each operator

An auction will then be held to assign frequencies in the 3.4 – 3.8 GHz band in **38 blocks of 10 MHz**.

This auction will take place after the principal auction for the assignment of 700 MHz band spectrum described in part **Erreur ! Source du renvoi introuvable.**

This will be a single-round second-price combinatorial auction, as in the second stage of the assignment procedure for 700 MHz band spectrum (see **Erreur ! Source du renvoi introuvable.** The candidates indicate the amount they commit to pay for each number of possible blocks, within the authorised quantities of spectrum described in part **Erreur ! Source du renvoi introuvable.** **Erreur ! Source du renvoi introuvable.** The reserve price set by the Government for a block of 10 MHz in the 3.4 – 3.8 GHz band is 0 euros.

## b) Second stage: Positioning auction

Once the amount of spectrum assigned to each winning candidate is known, there are multiple potential frequency position combinations. A new (single-round, second highest bid) auction will be held to determine each of the winning candidates' positions. They will thus have an opportunity to express their frequency position preferences.

## c) Capping the amount of frequencies available to each candidate

The specifications 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 stimulating competition:

- 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 specifications stipulate that every candidate that is assigned frequencies in the 3.4 – 3.8 GHz band will 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 assigned for a period of **15 years**. This period can be extended by five years, provided the licence-holder agrees to the conditions attached to that extension.

In addition, an **interim review** is set to occur before 2030 to verify operators' implementation of their obligations, and take stock of 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. Assignment of 900 MHz band frequencies in Mayotte**

2 x 2.6 MHz in the 900 MHz band are available for assignment in 2021.

Designed to ensure fair and effective competition and efficient use and management of the frequencies, the procedure is made up of three stages:

- First, the frequencies are assigned to candidates that have less than 2 x 5 MHz in the 900 MHz band, up to that cap 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 2 x 10 MHz in the 900 MHz band, up to that cap and subject to the frequencies' availability. If there are several candidates, they will be ranked by their irrevocable financial commitment, in euros per MHz, in exchange for obtaining frequencies in the 900 MHz band.

- Third, regarding frequency positions, Arcep is proposing one or several arrangements (including those involving 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.

The specifications set a cap on the total amount of spectrum any one applicant can obtain in the 900 MHz band:

- planned minimum of 2 x 3 MHz;
- planned maximum of a 2 x 10 MHz.

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

### 3. Other overseas territories

Regarding the assignment of 700 MHz and 3.4 – 3.8 GHz band spectrum in France's other overseas territories, public consultations will be held in the coming months with a view to finalising the procedures for awarding these frequency bands in Guadeloupe, Guiana, Martinique, Saint-Barthélemy and in Saint-Martin.

#### 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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