

Press release

## FREQUENCIES – FRENCH OVERSEAS TERRITORIES

### Frequency awards in the 700 MHz and 3.4 – 3.8 GHz bands in Guiana, in Saint Barthélemy and in Saint Martin and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy:

### Arcep invites interested stakeholders to submit a tender package

Paris, 30 September 2022

The Orders launching the procedure for awarding frequencies in the 700 MHz and 3.4 - 3.8 GHz bands in Guiana, in Saint Barthélemy and in Saint Martin, and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy, were published on 29 and 30 September in the Journal officiel. The deadline for submitting tender dossiers with Arcep has been set at 12 pm Paris time, on 13 December 2022.

Any requests for additional information on the procedure must be sent to Arcep by 12 pm Paris time, on 15 November 2022 at the latest.

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

This awards procedure 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. These guidelines relate to regional digital development and ensuring fair and effective competition in Guiana, in Saint Barthélemy and in Saint Martin. 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 the Government and with local authorities.

#### As stipulated in the provisional timetable below, Arcep plans for the procedures to be completed by Q2 2023, at which point it will be able to award frequency licences to the winning candidates.

Separately, regarding Martinique and Guadeloupe, on the matter of ongoing border agreement negotiations between French broadcasting authority, ANFR, and neighbouring administrations, and the feedback it received to the public consultation on its planned frequency assignment procedures, Arcep has decided at this stage not to propose procedures and conditions for the assignment of frequencies in the 700 MHz and 3.4 - 3.8 GHz bands in these territories to the Minister responsible for Electronic communications.

#### **Associated documents**

- Arcep Decision No. 2022-0721 of 31 March 2022 proposing to the Minister responsible for Electronic communications the procedures and conditions for the assignment of frequencies in the 700 MHz and 3.4 - 3.8 GHz bands in Guiana to establish and operate a public mobile radio network / Erratum of 14 November 2022
- Arcep Decision No. 2022-0723 of 31 March 2022 proposing to the Minister responsible for Electronic communications the procedures and conditions for the assignment of frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Saint Martin and Saint Barthélemy and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy to establish and operate a public mobile radio network / Erratum of 14 November 2022

- Order of 23 September 2022 regarding the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 3.5 GHz bands in Guiana to establish and operate a public mobile radio network
- Order of 23 September 2022 regarding the procedures and conditions for awarding licences to use frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Saint Martin and in Saint Barthélemy, and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy to establish and operate a public mobile radio network
- Arcep Opinion No. 2022-0722 of 31 March 2022 on the draft Decree amending 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 3.4 – 3.8 GHz bands in Guiana
- Arcep Opinion No. 2022-0724 of 31 March 2022 on the draft Decree amending Decree No. 2007-1532 of 24 October 2007 (amended) and on the draft Orders permitting the launch of the procedure for awarding new licences to use frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Saint Barthélemy, in Saint Martin, in Martinique and in Guadeloupe, and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy
- <u>Stakeholders' contributions to the public consultation that Arcep held from 10 January to 25 February</u> 2022 on the draft annexes to the Decisions proposing procedures for assigning frequencies in the 700 <u>MHz and 3.4 – 3.8 GHz bands in Guiana</u>
- Stakeholders' contributions to the public consultation that Arcep held from 13 September to 26 November 2021 on the draft annexes to the Decisions proposing procedures for assigning frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Saint Martin and in Saint Barthélemy, and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy

#### 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 communications and postal networks in France.

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



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# Procedures and conditions for awarding frequencies in the 700 MHz and 3.4 – 3.8 GHz bands in Guiana, in Saint Barthélemy and in Saint Martin, and in the 900 MHz and 2.1 GHz bands in Saint Barthélemy

To be able to satisfy the ever-growing needs of local authorities and of consumer and business users wanting to access high quality and reliable superfast mobile services, Arcep has assigned and continues to assign new frequency bands for the deployment of public mobile networks.

# 1. Frequency assignment objectives in Guiana, in Saint Barthélemy and in Saint Martin

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 Guiana:

- **Regional development:** coverage of the priority areas identified by the territories themselves (local authorities and prefectures) in 2019 and 2020;
- **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.

Through the procedure and the planned licensing obligations, the specifications proposed to the minister satisfy the objectives set by the Government.

## 2. Award procedure in Guiana

## 2.1 700 MHz band

The procedures being published today are for the assignment of **30 MHz of paired spectrum in the 700 MHz band**. The purpose of this procedure is to 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.** 

Arcep is proposing 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 optional commitments, before the auctions carried out in the second part allow them to obtain additional frequencies.

#### 2.1.1 First part: Optional commitments in exchange for blocks of spectrum

Arcep is giving applicants the option of making four 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;

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- 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 minimum obligations that will apply to all of the successful applicants (described in 2.1.5).

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**. If their number is equal to or over five, the applicants will bid on the four blocks in a separate auction.

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

An auction is then held to assign the frequencies that are still available after the first round of commitmentbased spectrum awards. The qualified applicants, regardless of whether 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**.

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 2.1.4.

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.

## 2.1.3 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.

### 2.1.4 Capping the amount of frequencies available to each candidate

Arcep plans on setting 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 (paired) from the combined amount of spectrum available in the 700 MHz, 800 MHz and 900 MHz bands.

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#### 2.1.5 Planned obligations for the winning applicants for 700 MHz band spectrum

The procedures set forth today stipulate that every candidate that is assigned frequencies in the 700 MHz band, regardless of whether they have chosen to make optional commitments, will be subject to a set of 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 most of 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.

#### 2.1.6 A planned mechanism for improving coverage in remote areas

Given the existence of remote, hard to reach areas in Guiana, with no prospects of obtaining superfast mobile coverage in the medium-term, Arcep plans for secondary use of the frequencies to be authorised before 1 January 2031, for any entity wanting to use these frequencies to provide coverage in these areas.

### 2.2 In the 3.4 – 3.8 GHz band

In light of the particular features of the Guianese territory, it is proposed that licences to use frequencies in the 3.4 - 3.8 GHz band be awarded at the outcome of an awards procedure whose **geographic scope is limited to only a portion of this territory.** Under this proposal, the areas that are not included within this perimeter can be the subject of future, local-scale licences to use this frequency band.

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

#### 2.2.1 Auction to determine the blocks assigned to the candidates

An auction is held to assign 3.4 – 3.8 GHz band frequencies in 4 blocks:

Block	Frequencies	Amount of spectrum in the block
Block 1	3480 – 3530 MHz	50 MHz
Block 2	3530 – 3590 MHz	60 MHz
Block 3	3670 – 3730 MHz	60 MHz
Block 4	3730 – 3800 MHz	70 MHz

This auction will take place after the principal auction for the assignment of 700 MHz band spectrum described in part 1.1.2.

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 3.2.2. The candidates indicate the amount they commit to pay for each possible block or, in applicable, each possible combination of blocks, within the authorised quantities of spectrum described in part 2.2.2.

Arcep will then determines the value of each of the valid award combinations. If there are four candidates, A, B, C and D, and candidates, A and B both want block 1 or block 2, and candidates C and D both want block 3 or block 4, then the valid combinations are as follows:

- Combination 1: Block 1 for A, block 2 for B, block 3 for C, block 4 for D;
- Combination 2: Block 1 for A, block 2 for B, block 3 for D, block 4 for C;
- Combination 3: Block 1 for B, block 2 for A, block 3 for C, block 4 for D;
- Combination 4: Block 1 for B, block 2 for A, block 3 for D, block 4 for C;

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Anne-Lise Lucas anne-lise.LUCAS@arcep.fr Tel.: 01 40 47 71 37 Follow ARCEP

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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.

#### 2.2.2 Capping the amount of frequencies available to each candidate

The awards procedures set a cap of 70 MHz on the total amount of spectrum any one applicant can obtain of all of the frequencies ranging from 3400 MHz to 3800 MHz, which is compatible with Government's objective of stimulating competition.

Should the maximum possible combined amount requested by all of the candidates not permit the assignment of all of the available blocks, this cap will be set at 130 MHz.

#### 2.2.3 Proposed obligations for the winning candidates for 3.4 – 3.8 GHz band frequencies

The proposed specifications stipulate that every candidate that is assigned frequencies in the 3.4 - 3.8 GHz band will be subject to a set of obligations, including:

- 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.

#### 2.2.4 A planned mechanism for improving coverage in remote areas

As with the provisions planned for the 700 MHz band, Arcep plans for secondary use of the frequencies to be authorised before 1 January 2031, for an entity wanting to use these frequencies to provide coverage in those areas with no prospects of obtaining superfast mobile coverage in the medium-term.

### 2.3 Licence duration and rendez-vous clause

The frequencies will be assigned for a period of **15 years**. The procedures provide for a possible **five-year** 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.

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# 3. Award procedure in Saint Martin and in Saint Barthélemy

## 3.1 In the 700 MHz band in Saint Martin and in Saint Barthélemy

The award procedure is being proposed for 2 x **20 MHz of paired frequencies in the 700 MHz band (divided into 4 blocks of 5 MHz paired each),** for the whole of Saint Martin on the one hand, and the whole of Saint Barthélemy on the other. The remaining 2x 10 MHz (paired) in the 700 MHz band are excluded from assignment for reasons of actual availability.

This procedure will determine the winning candidates, the amount of spectrum awarded to each and their exact position in the band.

# 3.1.1 First stage: Main auction to determine the amount of spectrum obtained by each operator

An auction is held to allocate the frequencies (4 blocks of 2 x 5 MHz paired). This auction will take place before the principal auction for the assignment of 3.4 - 3.8 GHz band frequencies described in part 3.2.2.

This will be a single-round second-price combinatorial auction, as with the second stage of the awards procedure for the 3.4 - 3.8 GHz band. The candidates indicate the amount they commit to pay for each number of possible blocks, within the authorised amount of spectrum described in part 3.1.3.

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.

### 3.1.2 Second stage: 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 is held to determine each of the winning candidates' positions. They will thus have an opportunity to express their frequency position preferences.

### 3.1.3 Capping the amount of spectrum 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, which is compatible with Government's objective of fostering a competitive marketplace:

- a maximum of 2 x 10 MHz of paired frequencies in the 700 MHz band;
- a planned maximum of a 2 x 30 MHz of paired frequencies from the combined amount of spectrum available in the 700 MHz, 800 MHz and 900 MHz bands.
- a maximum 2 x 25 MHz of paired frequencies, compatible with neighbouring territories' frequency plans, of the total quantity of spectrum 700 MHz, 800 MHz and 900 MHz bands.

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#### 3.1.4 Planned obligations for the winning candidates for 700 MHz band spectrum

The procedures published today stipulate that every candidate that is assigned frequencies in the 700 MHz band will be subject to the following 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.
- 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.

## 3.2 In the 3.4 – 3.8 GHz band in Saint Martin and in Saint Barthélemy

The stipulated procedures are for the assignment of **380 MHz of spectrum in the 3.4 – 3.8 GHz band,** to cover each of these territories. 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.** 

Arcep is proposing 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 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.

#### 3.2.1 First part: Optional commitments in exchange for blocks of frequencies

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 3.2.5).

If four or fewer candidates agree to make these commitments when submitting their tender package, each will be able to obtain a **50 MHz block frequencies in the 3.4 – 3.8 GHz band**. If their number is equal to or over five, the applicants will bid on the four blocks in a separate auction.

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

An 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 they obtain a block in the previous phase, will thus have the possibility of acquiring additional frequencies, **by blocks of 10 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 3.2.4.

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- 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.

#### 3.2.3 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.

#### 3.2.4 Capping the amount of spectrum available to each candidate

Arcep plans on capping the total amount of spectrum any one applicant can obtain in the 3.4 - 3.8 GHz band (during the two parts of the procedure), 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.

#### 3.2.5 Proposed obligations for the winning candidates for 3.4 – 3.8 GHz band spectrum

The proposed specifications stipulate that every candidate that is assigned frequencies in the 3.4 - 3.8 GHz band, regardless of whether they have chosen to make optional commitments, will be subject to a set of mainly coverage-centric obligations, including:

- 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.

### 3.3 Licence duration and rendez-vous clause

The abovementioned frequencies will be assigned for a period of **15 years**. The procedures provide for a possible **five-year** 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.

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### 3.4 Assignment of 900 MHz and 2.1 GHz band frequencies in Saint Barthélemy

A block of 2x 4.8 MHz (paired) frequencies in the 900 MHz band and 2 x 5 MHz (paired) in the 2.1 GHz band are available for assignment in Saint Barthélemy.

A similar procedure is planned for each of these blocks. Designed to ensure fair and effective competition and efficient use and management of the frequencies, each procedure plans for a single-round sealed bid auction, with qualified candidates ranked in descending order according to their financial bid. The top qualified candidate will be awarded the block. The amount due from the winning candidate is the amount bid by the second highest bidder.

These auctions are scheduled to take place before the 3.4 - 3.8 GHz band auctions and after those for 700 MHz band frequencies.

Licences will be awarded up to 30 April 2025, so that expiration dates to align with those of existing licences to use the bands in question.

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