

**Telecom Italia response to
European Commission Consultation document
“Transforming the digital dividend opportunity into
social benefits and economic growth in Europe”**

4th September 2009

Introduction

Telecom Italia agrees with the Commission that the digital dividend is a unique opportunity for Europe to meet the growing demand for radio spectrum, particularly to allow new wireless services such as the next generation of mobile broadband, as well as to support the continuous development of terrestrial broadcasting.

We also support the opinion that the digital dividend can therefore significantly contribute to the Lisbon goals of competitiveness and economic growth and satisfy some of the important social, cultural and economic needs for the benefit of European citizens. We think the European dimension of the digital dividend can allow greater economies of scale and other internal market benefits thanks also to the fact that it allows to avoid the fragmentation on technical conditions of use between Member States.

Telecom Italia shares the necessity to take concrete steps towards a common approach to the use of the digital dividend in Europe and that all the necessary elements are now available to allow concrete proposals to be made on the way forward.

Consequently, we welcome the possibility to contribute to a specific consultation regarding actions to meet both short term as well as medium-long term objectives.

Benefits of European coordination and harmonisation

Telecom Italia is aware that a correct management and administration of the digital dividend is expected to have a consistent economic impact, and that the European coordination may boost this impact in an effective and crucial way.

In particular, Telecom Italia agrees with the promotion of the coordination of radio spectrum policy approaches in the European Union and with the application, where appropriate, of harmonised conditions of use.

Such an approach is also fully consistent with the revised regulatory framework for electronic communications services expected to be adopted by the end of this year. Telecom Italia supports the new and innovative regulatory principles and measures in favour of an efficient and flexible use of spectrum. In this framework, Telecom Italia recognises the fundamental role played by CEPT in order to assess the technical feasibility as regards the implementation of the new principles.

We deem that regulatory measures on radio spectrum use, in accordance with the revised regulatory framework, shall be consistent with the analyses carried out by CEPT and ITU. In particular, under EC mandates, CEPT is in charge of the necessary feasibility assessments and the definition of the technical conditions for the application, where possible, of the new spectrum management principles for the different frequency bands. For the digital dividend spectrum CEPT is carrying out, under EC mandate, several studies on the co-existence of broadcasting services and networks with the other electronic communication services and networks and on the harmonisation of technical elements such as channelling arrangements. In particular, in its analyses currently subject to public consultations till the beginning of September, CEPT shows the possible co-existence of the television broadcasting services and networks with other ECN and ECS under the compliance with specific technical conditions.

Telecom Italia maintains that any EC Decisions and Recommendations on digital dividend spectrum and any use of such spectrum shall be based on CEPT results and shall comply with

technical conditions defined by CEPT.

Finally, Telecom Italia points out that any harmonisation policy should however be just related to the compliance with specific technical conditions and it should not enter the area of network deployment technical solutions and modalities. Network operators, on the basis of technical and economical analyses will individuate the technical solutions that better fit their own commercial strategies.

Proposed elements for a roadmap

Telecom Italia supports the development of an "EU roadmap" to define the process and key deadlines for implementing a set of strategic actions to be undertaken together at EU level and to ensure a higher degree of consistency between Member States regarding the most important technical issues and conditions of use.

We agree that any EU roadmap should foster the long term convergence between Member States, with a view of supporting innovation and benefits for consumers, strengthening the single market, and increasing EU competitiveness, and as prescriptive as necessary to achieve the European objectives. In the following we will discuss the main components of the roadmap proposed by the EC.

Increasing the size of the digital dividend

Regarding the opportunity of further increasing the size, the quality and the flexibility of the digital dividend, we think that it should be achieved in a strict and efficient coordination with the Member States, especially considering national specificities and future needs with respect to terrestrial broadcasting.

In any case, we agree that CEPT should be the reference body responsible for feasibility assessments regarding technical aspects and harmonisation options for the digital dividend in the European Union.

Use of Digital Dividend for ECN and ECS services

As already said before and expressed also in the RSPG consultation on this matter, Telecom Italia is in favour of the use of digital dividend spectrum making available the 800 MHz band for ECN and ECS, other than broadcast transmission networks and services.

It is to be considered that several studies have demonstrated that using at least some UHF spectrum for mobile services would generate a considerable additional value for the European economy. The estimated economic output per MHz of bandwidth for mobile is in fact greater than for digital TV (source: SCF Associates study).

Telecom Italia recognizes the significance of using the 800MHz spectrum for mobile services for social purposes too. This spectrum in fact, given its excellent propagation characteristics, will allow mobile broadband to be delivered in rural areas.

Furthermore the mobile industry needs only 25% (100 MHz out of around 400 MHz) of the digital dividend spectrum, meaning there will still be plenty of available spectrum for broadcasters to develop and enhance their digital TV services.

Therefore, in accordance with EU spectrum regulatory approach and with CEPT analyses, Telecom Italia position is that 800MHz frequency bands shall be assigned to operators on the basis of non-discriminatory criteria. Hence each operator holder of digital dividend frequency rights of use can choose the technology and the service to be deployed provided that it must comply with the technical conditions and parameters drawn up by CEPT.

In relation to the use for different services of the digital dividend spectrum, considering that mobile services (broadband access and telephone services) are publicly available services with related appropriate quality and integrity requirements, they should be in principle, as an operator option, provided on a protected basis with respect to the television broadcasting services.

Summing up, Telecom Italia strongly supports a coordinated and harmonised EU approach to the availability of 800MHz band for electronic communication services and networks.

Technical developments towards High Definition Standards

Telecom Italia supports a coordinated move in Europe towards the migration to more efficient and more versatile terrestrial broadcasting systems and on the opportunity of accelerating the availability of a compression standard on all DTT receivers, with a standardized minimum quality of reception, that will make full use of the potential transmission capacity

Technological developments out of the scope of the roadmap

Telecom Italia, even agreeing with the necessity of spectrum coordination and the efficient use of spectrum, is of the opinion that some of the issues considered in the future European roadmap action should be approached in a different context as they don't strictly pertain to the digital dividend harmonization policy issues.

As matter of fact, we think that the development of "frequency agile" mobile communications systems will involve only private/proprietary network solutions; consequently we believe this issue is out of interest of public pan-European services development.

At the same time, "white spaces" usage rights is a matter that should be handled to individuate solutions targeted to private networks or professional applications operating in restricted areas.

In addition, it should also be considered out of the scope of the European Roadmap the issue regarding a "migration path" for current secondary users of the UHF spectrum (wireless microphones and similar applications).

More effective cross-border coordination with non-EU countries

Telecom Italia welcomes the availability of the Commission to provide assistance to Member States in their negotiations with non-EU countries on a bilateral or multilateral basis. Telecom Italia shall support further action in this domain to improve the international spectrum coordination and with a view to adopting a common position at the forthcoming WRC-11.

Addressing future challenges

Telecom Italia agrees on the "dynamic" nature of the digital dividend issue, by taking into account the developments in technology, services, market demand and societal requirements.

Consequently, we support the creation of a mechanism to monitor external developments affecting the roadmap and the forecasts for spectrum demand.

Next steps following this public consultation

We hope that Telecom Italia views and comments on the Commission proposals set out in the consultation document will support the Commission both in developing its official proposals related to technical harmonisation measures for the use of 800MHz band by any electronic communication service and network, as well as related to the EU roadmap for the digital dividend and in preparing the debate with the European Parliament and the Council.

Telecom Italia welcomes the intention of the Commission to adopt a Communication on the digital dividend for the development of the EU roadmap as we deem it appropriate a first regulatory act, not mandatory or excessively intrusive, by means of which the European Commission can start the regulatory path of concerted actions at European level for the allocation of the 800 MHz bandwidth.

At the same time, we agree with the opportunity of a role of coordination managed by the EC to ensure a common European deadline of the switch off; in fact, we consider as appropriate the acceleration of the switch off time table whereas this remedy does not harm in a relevant way the national development requirements.

In this view, a Recommendation can represent an adequate instrument to address these issues in the current status of switch off process in the different Member States and in the current transition to the new European regulatory framework, although, as mentioned before, it should take into account the national peculiarities of Member States.

Finally, Telecom Italia supports the proposal of a Decision, subject to the technical opinion of the Radio Spectrum Committee (RSC), on technical harmonization of the 800MHz band in order to facilitate European harmonisation in the approach to digital dividend.