

Response to Queries on IM

Spectrum Auction for Next Generation Mobile Services (NGMS) in Pakistan 2021

20th August 2021

Sr.	IM Reference	Questions	PTA's response
1	1.7.1. Table 1	Timeline for sealed bid submission should be extended by at least 3 weeks. PTA would appreciate the fact that there are a lot of internal approvals requirements, corporate governance requirements and the Board-level approvals to participate in the auction.	Enough time has been provided as per international practice and past precedence in Pakistan.
2	1.5.3	<p>a) does the Rationalisation Process include the consolidation of the currently non-contiguous 2x....MHz and 2x....MHz spectrum allocations of ABC in the 1800MHz band into a single allocation?</p> <p>b) Would this rationalisation apply with and without newly acquired spectrum by ABC in 1800MHz band?</p> <p>c) In the event there are unsold portions of 1800MHz band, where will these unsold assignments be placed in the band? At the beginning, at the end or elsewhere?</p> <p>d) in the event there are unsold portions of the 1800MHz band, does the PTA plan on a future auction event to re-issue this unsold spectrum?</p>	<p>a) Yes, understanding is correct.</p> <p>b) Yes, understanding is correct.</p> <p>c) This will depend on the auction outcome though the PTA will seek to maintain contiguous spectrum holdings and recognises that a further rationalisation may be required once that unassigned spectrum is awarded.</p> <p>d) This is subject to GoP policy directions.</p>

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3	1.5.9	<p>a) When is this proposed 2100MHz band rationalisation process expected to occur, approximately? Weeks, months or years after the auction?</p> <p>b) If there is a planned band rationalisation for 2100MHz, what is the purpose of bidding for frequency specific blocks in 2100MHz band?</p> <p>c) Should bidders bid for blocks in 2100MHz with the assumption that no 2100MHz band rationalisation will occur?</p> <p>d) It is understood that there is a possibility of increased risk of interference from WLL1900 operations into Block 11 compared to Block 9 for example. If a bidder bids on Block 9 and is assigned Block 11 on rationalisation this places increased burden to deploy interference protection measures. Can PTA share any provision rationalisation rules so bidders can make informed bids for blocks 9, 10, 11 in 2100MHz band?</p>	<p>a) Any rationalisation plan for 2100 MHz will be implemented with mutual consultation of CMOs.</p> <p>b) The PTA sees merits in auctioning specific blocks in the 2100 MHz band, due to the prevailing uncertainties on the rationalisation within this band and in recognition of CMOs' demand for this spectrum may differ by block.</p> <p>c) Bidders should make their own evaluation.</p> <p>d) Refer to response of para (a) above.</p>
4	1.6.2	<p>If the Judicial review concludes that the currently assigned temporary spectrum can't be used by XYZ, will this be released in a future auction event, and how would such spectrum be packaged? If the Judicial review concludes that this spectrum can be used by XYZ should we consider that it will be changed from Temporary to Permanent?</p>	<p>PTA / FAB will determine appropriate course of action in due course. However, the PTA's objective is for the band to be utilized efficiently.</p>

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5	2.2.1 a) ii)	<p>Can the PTA provide further information relating to WLL licenced operations in the 1900MHz Band? We would wish to understand:</p> <p>a) When do WLL1900 licenses expire? We had understood this to be 2024.</p> <p>b) What spectrum ranges and ERP levels are currently operational/licensed?</p> <p>c) Any geographic information as to the locations/extent of WLL1900 base stations?</p> <p>d) Will there be a future auction event to release Block 12 of the 2100MHz band (1975-1980/2165-2170MHz) and if so, in what timeframe?</p> <p>e) What is the current status of Block 8 of the 2100MHz band (1955-1960/2145-2150MHz)?</p> <p>f) What is the current status and licensing of Blocks 1&2 issued to XYZ? It is understood these blocks are experiencing interference.</p> <p>g) What is the current status and licensing of Block 7 of the 2100MHz band which is understood as being temporarily issued to XYZ as compensation to the interference experienced in Blocks 1&2? Please clarify the status further in terms of expected (most likely actions by the PTA) and timing of such actions</p>	<p>a) Yes</p> <p>b) The details regarding spectrum assignments are available on FAB website. The max ERP allowed is 20 watts.</p> <p>c) Please visit FAB website for region wise spectrum assignments.</p> <p>d) PTA / FAB will determine appropriate course of action in due course</p> <p>e) Block 8 is currently vacant, however, it is not part of the auction.</p> <p>f) Blocks 1&2 are licensed to XYZ and the matter is subjudice in the court of law.</p> <p>g) Block 7 is not licensed or assigned to XYZ, however, the same is being used by XYZ being subjudice in court of law.</p>
6	3.8 b) i) of Annex-A to IM	<p>a) What timeframe is expected for release of 700MHz spectrum?</p> <p>b) How much of the 700MHz band is expected to be made available?</p>	<p>a) To be decided as per policy directions of GoP</p> <p>b) The availability of amount of spectrum will be in accordance with the policy of the GoP.</p>

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7	3.8 b) ii) of Annex-A to IM	a) Can the PTA clarify the timeframe for this band release as it currently states 2020-2022? b) How much of the 2300MHz is expected to be made available?	a) To be decided as per policy directions of GoP. b) The availability of amount of spectrum will be in accordance with the policy of the GoP.
8	3.8 b) iv) of Annex-A to IM	a) Can the PTA clarify the timeframe for this band release as it currently states 2021-2022? b) How much of the 3300-3400MHz is expected to be made available?	a) To be decided as per policy directions of GoP b) The availability of amount of spectrum will be in accordance with the policy of the GoP.
9	3.8 b) v) of Annex-A to IM	Can the PTA confirm when the current FWA licenses operating in this band are due to expire?	To be decided as per policy directions of GoP
10	1.4.8 b) ii)	Please confirm that if there is excess demand for only 1 (or only 2) blocks of 2100, then there is going to be a SMRA auction for all blocks of 2100?	Yes, understanding is correct.
11	4.1.2 b	Is it possible for a bidder to reduce demand for Product 2 and to increase demand for Product 1?	No - Switching between Product 1 and 2 is not allowed.
12	1.8.1 c)	appears to suggest that coverage obligations can be met through national roaming agreements. Can you please confirm if this is the case?	Yes, please refer to Appendix 1, A1 - Network-Rollout, note vi of the license template in Annex F of the IM.
13	1.8.1 e) ii)	Please provide a timeline for the implementation for the framework?	Framework is in process and will be issued in due course of time.
14	2.1 b)	For planning and valuation purposes, please provide guidance as to what expectations should be held regarding the renewal process and the price for renewal?	This will be determined in due course in line with Government Policy at that time.
15	2.2.1 a) i)	Please explain what is meant by "non-exclusive" License and with whom would the licence be shared if it is non-exclusive?	This is the standard wording in PTA's already issued Cellular Mobile Licenses, which means that such license could be issued to other applicants.
16	3.8.2	Under what circumstances would the Government decide to withhold the spectrum in the context of this auction?	Self-explanatory, no elaboration required
17	4.1.3 a) i) (3)	Will all bidders know the eligibility of all other bidders or only their own eligibility?	Bidders will only know their own eligibility, but not the eligibility of other Bidders.

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18	4.1.3 h) i) (2)	Will all bidders know the eligibility of all other bidders or only their own eligibility?	See Question 17 above.
19	1.4	Spectrum in the 1800 and 2100 MHz bands are substitutes for each other. Auctioning spectrum sequentially creates substitution risk for bidders and may result in an inefficient allocation of spectrum. Substitution risk can be reduced by auctioning the spectrum simultaneously.	As these are different auction formats, it would not be possible to run them simultaneously. Instead, the auctions will be run sequentially. However, the possibility for substitution is recognised through the Eligibility Adjustment (discussed in Section 3.4 of the IM).
20	1.7.1	Whether an auction takes place for 2100 MHz may depend on the outcome of the clock auction for 1800 MHz. How is it possible to determine whether the 2100 MHz auction will proceed to the SMRA stage prior to the completion of the 1800 MHz clock auction?	<p>Whether an auction for the 2100 MHz spectrum is needed may depend on the outcome of the 1800 MHz auction. However, in these circumstances, there is excess demand for 1800 MHz spectrum and an electronic auction for the 1800 MHz spectrum is needed.</p> <p>Therefore, at that point, the PTA will inform the Qualified Applicants that the Spectrum Auction is progressing to the Electronic Auction Stage – first the clock auction for the 1800 MHz spectrum and, if required, the SMRA for the 2100 MHz spectrum.</p>
21	2.4.1 Table 5	Please provide more information on the method by which the cost based interconnection rates will be determined - for example, will they be determined through a full LRIC modelling exercise?	Please refer Rule 16 of Telecom Rules.
22	1.5.5	How long will it take for the PTA to develop the rationalization plan?	Please refer to item 14 of Table 1 in Section 1.7 of the IM.
23	1.5.6	The bids in the auction will be based on the value of the spectrum following rationalisation and the value of the spectrum will be based on contiguous spectrum. The value of the spectrum will be lower until such time that it has been rationalised. It is not equitable for pay for spectrum until such time that it has been rationalised.	As set out in Table 1 of the IM, the auctions (if required) will take place before the rationalisation process. This is to taking into account of any existing and auction spectrum of the CMOs during the rationalisation process. As such Applicants will need to value the spectrum to be auctioned prior to rationalisation.
24	2.5.1 Table 6	Please confirm that the ASAF levels are the same as current levels and if not, please provide the level of the ASAF.	Self-explanatory, no elaboration required.

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25	2.5.1 Table 6	The high LPAF has caused issues in the past for operators and we recommend that a more reasonable basis is used for the determination of the charge	LPAF is levied according to regulations and license conditions.
26	1.4.1	If the licence duration is not altered to reflect the termination date of existing spectrum licences then an operator acquiring say, only 2 x 0.2 MHz of spectrum, will need to develop a business case for a small amount of spectrum at the time of renewal. If all licenses were co-terminus this would make the renewal process more effective and efficient.	Policy Directive addresses the issue. Also refer to Section 2.7 of the IM.
27	1.4.5	In calculating the level of require bid-deposit, should this include the base price for 2100 MHz in which a bidder will only express an interest if they are unsuccessful in the award of Product 2? Please confirm the basis of the bid-deposit calculation at the time of application for those bidders that wish to avail themselves of the eligibility adjustment mechanism.	The Base Price is implicitly included in the Pre-Bid Deposit for Product 2 as the Eligibility Adjustment only applies if a Bidder is unsuccessful in winning Product 2. So if a Bidder only wishes to bid on Product 2 (no demand for Product 1) and use the Eligibility Adjustment, but has no other demand for 2100 MHz spectrum, its Pre-Bid Deposit would be 20% of the Base Price for Product 2.
28	4.1.3 d) i)	Even small bid increments can result in very significant increases in the total price paid for spectrum. Bid increments should be small to ensure that spectrum prices do not increase too rapidly.	Bid increments will be set as per International benchmarks keeping in view the demand and supply.
29	5.3.3	Spectrum will only be awarded once the winner of the spectrum has conformed with the requirements of the rationalisation plan. What will be the procedure in the event that those operators that have not acquired spectrum decide not to conform with the plan or to not do so in a timely manner?	Please, refer to 1.5 of the IM.
30	5.1.4	In the event that monies are returned, please confirm in what currency the monies will be returned? In the event that the monies are returned in a different currency to that in which they were paid, please confirm whether the translation into the currency of payment will take place at the date at which the return is made?	Please refer to Section 5.3.5 of the IM.
31	Appendix 1 A2	Do we have to submit performance bond of \$15m (even if we are to bid for only 0.2mhz – or \$6.2m value	Yes, please refer to Section 5.4 of the IM for details.

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32	2.3.2 Table 4	At what points in time will the QoS obligation be tested? Will the 4 Mbps be tested after two years or will their be an interim, test for the 2 Mbps requirement? In the case of the latter, at what point will be the 2 Mbps requirement be tested?	Existing, threshold of 2Mbps has to be increased to 3Mbps on 1st license anniversary and to 4 Mbps on second anniversary onwards.
33	2.3.2 Table 4	At what point in time will the signal strength requirement be tested? How will network blank spots be treated, where, for whatever reason, it is not possible to provide coverage?	Pls refer to Section 2.3 of the IM and Appendix 3 of the License Template.
34	2.3.1	If an operator only acquires a minimum amount of additional spectrum, such as 2 x 0.2 MHz, will they be required to meet the obligations, irrespective of the amount of spectrum acquired?	Yes, please refer to Appendix -1 of the license template.
35	2.3.2 Table 4	Operators with a lower level of existing coverage face a less demanding coverage and QoS obligation compared to those operators with more extensive coverage. This does not create a level playing field amongst the operators.	Concern is not valid.
36	2.2.1 ii)	Please provide a detailed definition of interference and explain the role that FAB will take in addressing identified issues of interference?	<p>Radio interference is defined by Provision No. 1.166 of the International Telecommunications Union (ITU) Radio Regulations as "the effect of unwanted energy due to one or a combination of emissions, radiations, or inductions upon reception in a radiocommunication system, manifested by any performance degradation, misinterpretation or loss of information which could be extracted in the absence of such unwanted energy".</p> <p>The phenomenon of receiver blocking, if any, has to be mitigated by the licensees through all possible technical means such as installation of filters etc. PTA/ FAB will not bear any responsibility for such mitigation as clearly spelt out in the IM. Interference issues other than receiver blocking, if any, will be dealt as per procedure in vogue on case to case basis.</p>

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37	1.4.3	<p>It appears from the packaging of spectrum in product 1 and product 2 that the winning price/ MHz can be different between the two products. Please correct our understanding? Moreover, both the products are essentially same in characteristics so we don't understand why this has been packaged into two different products? Also how can the price /MHz of these two products be different?</p>	<p>The 1800 MHz spectrum is packaged into two different Products to achieve two main objectives: 1) to standardise the existing spectrum holdings (Product 1); and 2) to allow Bidders to increase their existing spectrum holdings (Product 2). The Base Price of Product 1 and Product 2 is the same (on a per MHz basis). The final prices of these products may be different depending on relative demand for these products. It is not unusual for the same spectrum to sell at different prices (on a per MHz basis).</p>
38	<p>Clause 5.4 of IM, Clause A2 of Licence template</p>	<p>We understand that only one performance bond of total amount of USD 15 M would be required to submit to PTA against the Rollout obligations, regardless of the spectrum bands and amount of spectrum acquired. Please confirm.</p>	<p>Yes, understanding is correct.</p>