

Response to Queries on IM – Spectrum Auction for Next Generation Mobile Services (NGMS) in Pakistan 2021

26th August 2021

Sr.	Reference	Questions	PTA's response
39	Section 2.3 of the IM and Appendix A-1 of the license template	Elaborate on the population numbers to be used for each province that will be used for evaluating coverage and whether these would be locked for future evaluation?	Provincial Population is as per PBS website including the yearly growth rate in each province and ICT. Yes, the same will be locked on the date of signing of license.
40		Elaborate on X and Y (initially declared coverage) in the rollout obligations and clearly demonstrate with an example how this would be calculated and incremented over the years.	X = Claimed Voice Coverage by CMO in % value Y= Claimed MBB Coverage by CMO in % value (X and Y to be locked on date of signing) Initial calculation of X and Y will be provided by the CMOs based on population vector and RF coverage predictions of CMOs (up to -100dBm).
41	General question	How the spectrum chunk won by the bidders will be allocated? A new license will be granted or the addendum of existing license(s) will be issued? We understand that new license would not be required for a smaller chunk of spectrum as range of 2100 and 1800 Bands are already mentioned in the previous licenses.	Please refer to Clause 3(j) of Policy Directive dated 4 th Aug 2021. Any Successful Bidder will be granted a new License (based on the License Template in Annex F of the IM). This new License will cover all spectrum blocks won in this Spectrum Auction.
42	General question	How the spectrum chunk won by the bidders will be allocated? A new license will be granted or the addendum of existing license(s) will be issued? We understand that new license would not be required for a smaller chunk of spectrum as range of 2100 and 1800 Bands are already mentioned in the previous licenses.	Please refer to Clause 3(j) of Policy Directive dated 4 th Aug 2021. Any Successful Bidder will be granted a new License (based on the License Template in Annex F of the IM). This new License will cover all spectrum blocks won in this Spectrum Auction.
43	General question	In case of a bidder winning spectrum both in 1800 and 2100 MHz Bands, would the allocation be accorded through the same license or two separate licenses?	Pls see response to Query 42 above.
44	General question	Would the right to use spectrum (won in auction) will be linked to implementation of rationalization plan after the auction is completed? What if the rationalization plan takes more than the stated time due to any unforeseen reason?	Please refer to undertaking part of Application Form (i.e Annex B) and Clause 1.5.6 & 3.9 of the IM.

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45	Performance Bank Guarantee	Same amount of Bank Guarantee is mentioned for rollout under this auction regardless of the extent of spectrum acquired. Kindly clarify the Bank Guarantee requirement in case of the acquisition of chunk of spectrum primarily for rationalization in the 1800 Band.	Please refer to Section 5.4 of the IM for details.
46	Rollout (Appendix-1) and QoS (Appendix-3) obligations set out in the License Template, Annex F of the IM	Clarity is required on definition and standardization of Urban and Rural Population and Areas for which a standard criterion would be required based on mutual consent between the regulator and operators.	Detailed stakeholder consultation has been held; revised Network Rollout of the license template is attached at "Annex-A" of this document.
47		Clarity is required on target population benchmarks (baseline) on the basis of which additional 5% commitment each year will apply. 5% annual increase seems very aggressive for a period of 6 years (over and above the current footprints) and would result in substantial coverage obligations in commercially non feasible areas by all 4 CMOs and therefore is recommended to be lowered.	Detailed stakeholder consultation has been held; revised Network Rollout of the license template is attached at "Annex-A" of this document.
48		Clarity is required on PTA methodology to ascertain the existing population coverage as well as the yearly targets (including field surveys) so that there is no ambiguity down the road.	Detailed stakeholder consultation has been held; revised Network Rollout of the license template is attached at "Annex-A" of this document.
49		Alignment with the QoS KPIs on recently renewed AJ&K and GB License is recommended. (For example alignment of CST and MOS targets).	Detailed stakeholder consultation has been held; No further change is required.
50		Further enhancement of rollout after 6 years through a wholesome review, as indicated in the proposed license section A-1 (vii) needs to be deleted as it cannot be quantified for business case preparation and shareholders' approval, as well as a commitment over and above the already defined aggressive rollout/coverage obligations.	Will be reviewed with mutual consultation in due course of time as per network rollout status after six years.
51		Appendix 3 of the License template mentions that <i>PTA may revise the QoS standards and targets at any time</i> . Any revisions should be based on mutual consensus.	This is already part of existing cellular licenses.
52	MBB (3G/4G) throughput should not be benchmarked where high capacity backhaul technically or commercially is challenging.	MBB (3G/4G) throughput QoS KPIs are on the average basis and said request is already addressed.	

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53	Annex-B - Application Form: Information requirements set out in the table of Annex B	<p>Note at Page 54; clarity on following points are required on immediate basis please:</p> <p>1. It is stated that "Information marked with (*) is only required to be provided by New Entrants into the mobile market in Pakistan"; therefore, we understand that information/documents marked as (*) are not required from XYZ as an applicant in this Auction of 2100 and 1800 MHz Spectrum. Kindly confirm and endorse our understanding in this regard: Items 9-14 of the Table in the Application Form.</p>	Understanding is correct. All items marked as (*) are required from a New Entrant, but not from existing CMOs.
54	Annex-B - Application Form: Undertaking "-----"	Kindly provide the details of the rationalization plan published by PTA/referred in the IM, against which undertaking is required at application stage	Refer to Section 1.5 of the IM.
55	Annex-B - Application Form: Undertaking -----	Kindly re-consider requirement of this undertaking; and confirm the waiver for the XYZ as an applicant.	Auction rules are same for all participants.
56	Table 6 of IM and Clause 4.1.2.4 of License Template w.r.t. ASAF --- --	<p>We understand that this provision is contrary to the provisions of the Telecom Policy 2015 (as well as draft Telecom/National Broadband Policy shared in 2021) and the License template shared in NGMSA 2017 (potentially the license granted to). Therefore, same needs to be aligned with the 2017 IM/License template as well as the applicable/prevaling GoP policy provisions (Please amend and confirm accordingly):</p> <p>Clause 4.1.3 of 2017 License Template "... Any change, in payment mechanism of Annual Spectrum Administrative Fee (ASAF) will be carried out in light of Telecommunication Policy 2015."</p>	<p>Noted, the last part of clause 4.1.2.4 will be reworded as below:</p> <p><i>Any change, in payment mechanism of Annual Spectrum Administrative Fee (ASAF) will be carried out in light of applicable GoP Policy."</i></p>
57	Auction rules	Please confirm whether a bidder in the 1800 MHz clock auction may substitute eligibility points between product 1	See Section 4.1.2 b) of the IM - during the Clock Auction Bidders can maintain and reduce demand for each Product.

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		<p>and product 2 or whether a bidder may only reduce demand for a product. Consider the following example:</p> <p>a. In round 1, suppose a bidder bids for 10 blocks of product 1 and 1 block of product 2. In round 2, can it bid for 15 blocks of product 1, and 0 blocks of product 2?</p>	<p>Switching between Product 1 and Product 2 is not allowed. In your example, the Bidder will not be able to bid on 15 blocks of Product 1 in round 2, if it bid on 10 blocks in round 1.</p>
58	Auction rules	<p>Please confirm that a bidder that bids for a single block of 2100 MHz, will be able to bid for the other 2100 MHz blocks (in rounds after round 1) should such blocks be included in an SMRA. Consider the following example:</p> <p>a. Demand conditions in the sealed-bid offers are such that an SMRA occurs and blocks 9, 10, and 11 are all included in the SMRA.</p> <p>b. Suppose a bidder bids only for block 9 in its sealed bid offer.</p> <p>c. After processing round 1 result, the bidder is not standing high bidder on block 9. Can it bid for block 10 or 11 in round 2?</p>	<p>See Section 4.2.1 e) of the IM - during the SMRA Bidders can bid up to their eligibility, less the Eligibility Points associated with their Standing High Bids. As such, a Bidder may bid on a different Product 3 Block, as long as it has sufficient Eligibility Points at the start of that auction round.</p>
59	Auction rules	<p>Will the 2100 MHz auction proceed if there is excess demand for a block including eligibility-adjustment bids, but after the 1800 MHz auction, there is no longer any excess demand as an eligibility-adjusted bid that caused excess demand no longer applies (since that bidder won the 2x5 MHz block of 1800 MHz)?</p>	<p>If there is no excess demand for any of the blocks in the 2100 MHz band after the completion of the 1800 MHz Clock Auction (i.e. no Eligibility Adjustment is required), then the 2100 MHz spectrum will be allocated at the Base Price based on the Sealed-Bids.</p>
60	Auction rules	<p>Will PTA report the level of aggregate demand for each product after the sealed bid phase? What information about the forthcoming auctions will be provided?</p>	<p>After the deadline for prospective Applicants, the PTA will notify all Qualified Applicants whether an Electronic Auction State is needed and for which Products/Blocks. This will not include any information on the aggregate demand for any Product. The PTA will also provide Qualified Applicants with an information pack containing confidential information and instructions to participate in the Electronic Auction.</p>
61	Auction rules	<p>Will the PTA mock auctions have the same products available as the actual auctions? Will bidders have the same</p>	<p>There will be joint mock auction for all prospective Bidders. Products will not be modified for the mock auction (i.e. same</p>

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		eligibility and initial bids? Will PTA conduct separate sessions for each bidder?	supply); however, there could be some dummy bidders and dummy initial demand, different for each bidder.
62	Auction rules	Please confirm that in the 2100 MHz SMR auction, bidders cannot submit new bids while using a waiver. However, confirm that submitting a waiver does not modify any blocks in which the bidder is standing high bidder.	Bidders cannot submit new bids while using a waiver, or, to put it differently, Bidders cannot use a waiver if they submit new bids. Bidders can also not submit a waiver while being a Standing High Bidder on any Blocks.
63	Auction rules	If after the sealed bid round, there is excess demand for some products but excess supply for others, will the products with excess supply be excluded from the auctions? If so, what will happen with these unsold blocks? Will they be rationalized with the rest of the band if and when they are sold in the future?	<p>If at the Sealed-Bid Stage there is excess demand for Product 2, but excess supply of Product 1, only Product 2 will be included in the Clock Auction.</p> <p>Similarly, if at the Sealed-Bid Stage, there is excess demand for Product 1, but excess supply in Product 2, only Product 1 will be included in the Clock Auction. If at the Sealed-Bid Stage, there is excess demand for one block of 2100 MHz (e.g. Block 9) and excess supply of the remaining Blocks, all three Blocks will be allocated using the SMRA as Bidders can switch between these Blocks.</p> <p>Unsold spectrum in any product may be allocated as per GoP policies at a later point in time (i.e., not as part of this Spectrum Auction).</p>
64	Auction Logistic	Can bidders install the Electronic Certificate on multiple machines?	Information will be provided in Information Package
65		Will the auction systems accept upload files to bid? If so, what is the format?	No - The auction system will not accept upload files to bid.
66		Will the auction systems provide download files with round results? If so, what is the format?	Information will be provided in Information Package
67	License Template, APPENDIX- 1, A1 - Network-	i. Whist the +5 percentage points per annum increase in population coverage is a laudable target, it does not take into account the complexities associated with the expansion of networks in increasingly rural areas including but not limited to gaining access to rights of way and the Backhaul challenges as well as the commercial	Detailed stakeholder consultation has been held; revised Network Rollout of the license template is attached at "Annex-A" of this document.

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	Rollout, Notes (i) & (iii)	considerations/ feasibility under hyper-competition among 4 existing CMOs (+ new entrant, if any). Based on our XYZ's, analysis it is requested to revise the mandatory requirement to 2% increase annually till 6th year only while any additional population coverage above this mandatory regulatory target of 2% should be left to market dynamics (competition).	
68		ii. It is highlighted that this type of population coverage based targets are being introduced for the first time. It is, therefore, important that a consistent standardized methodology be agreed with CMOs for this purpose including, but not limited to, Population database (digital maps), RF Planning tool (including underlying terrain & clutter databases as well as propagation models and parametric settings) and Geo analysis tool. PTA is requested to share its road map to achieve the same.	Noted, standard methodology will be devised before first anniversary of the license with mutual consultation of all existing CMOs.
69	License Template, Appendix-3- Quality of Service Standards, Operator Service	PTA is requested to remove these from QoS standards as Directory Assistance and Emergency Calls Handling are provided by external Operators/ Government Agencies while CMOs only provide interconnection for such services. Hence, delivery of the proposed KPIs is not in entirely CMOs' control.	Please refer to clause 1.3 of appendix 3 of the license.
70	Information Memorandum, Table 1	Please provide exact schedule of auction process?	Same is updated on PTA website
71	Information Memorandum, Clause, 3.5.1.b.ii	It would appear from the current articulation that excess demand in any single block will stimulate an electronic auction in all three 2100 MHz blocks. However, given that each block is effectively subject to its own auction and each block is an independent unit, this would imply that an electronic auction should apply to those blocks for which there is excess demand. PTA is requested	Yes understanding is correct. Please refer to section 4.2 of the IM

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		to provide clarity with respect to the auction mechanism applied to the 2100MHz band blocks.	
72	<ul style="list-style-type: none"> • IM, Clauses 2.2.1 (ii); • License Template, clauses 5.4.2, 6.1.1. 	The complex issue of interference between spectrum bands does not appear to have been taken into account. In case use of newly auctioned spectrum by any CMO requires deployment of hardware solutions by the subject CMO and/or an existing operator to mitigate inter-system interference, PTA should compensate both operators for investments needed in such interference mitigation solutions.	Please refer to response of Query 36 published on 20 th August, 2021.
73	License Template, Appendix-3-Quality Service Standards, Directory Assistance. of	PTA is requested to remove these from QoS standards as own Directory Assistance is mainly applicable to fix line operators. CMOs are currently providing interconnection with external fixed line operators for the directory assistance request	Please refer to clause 1.3 of appendix 3 of the license.

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74	Reference Appendix-III of License Template; please revise following KPIs:	Key Performance Indicator	Current Benchmark	Proposed Benchmark	Remarks	<p data-bbox="1228 389 1995 462">Detailed stakeholder consultation has been held; No further change is required.</p> <p data-bbox="1228 812 1995 950">Necessary modification will be made in IM including License Template if required (as addendum) as a result of consultation process as per timelines given in table 1.7 of the IM (where applicable).</p> <p data-bbox="1228 1031 1995 1136">This consultation period is for complete IM including its Annex F (License Template). No other consultation will be held after due date.</p>	
		Complaint Turnaround Time					
		%age of Billing Complaints Resolved within 24 Hrs.	98%	95%	The threshold may be revised as the CDR based evaluation takes time		
		%age of Billing Complaints Resolved within 48%	100%	100%, within 72 Hrs.	Some work codes are assigned to third party (vendors), where possible turnaround is 72 hrs.		
		Operator Service					
		Operator Assistance Response Time within 30 Sec.	>=98 %	>= 80%	Thresholds may be revised as multiple channels are available for customers including digital channels		
		Dedicated Customer Complaint Helpline Response Time within 30 sec.	>=98%	>= 80%			
<p data-bbox="430 828 1207 966">Note: This is in continuation of XYZ earlier Query Sets w.r.t. the license obligations which will eventually prevail as per clause 2.1(c) of IM in case of any difference between IM or reply to queries.</p> <p data-bbox="430 1047 1207 1307">Kindly re-consider and confirm the amendments in License Template (Annex-F) as we understand that discussion on the queries will be limited to the spectrum auction at this time (Ref. 3.2 of IM w.r.t. information session for prospective applicants). Therefore, the applicants are constrained to have opportunity to understand/negotiate the license terms in a consultation phase at the subsequent stage.</p>							

APPENDIX- 1

A1 – Network-Rollout Obligations

Network Rollout obligations in terms of percentage population coverage increase each year in each province is as under:

Year	Date	Punjab		Sindh		KPK		Baluchistan	
		Voice Population %	MBB Population %						
Claimed Population Coverage (%) on effective date X= Voice Y= MBB		X	Y	X	Y	X	Y	X	Y
Year-1	2022	X + 4%	Y + 4%						
Year-2	2023	X + 8%	Y + 8%						
Year-3	2024	X + 12%	Y + 12%						
Year-4	2025	X + 16%	Y + 16%						
Year-5	2026	X + 20%	Y + 20%						
Year-6	2027	X + 24%	Y + 24%						

Note:

- (i) The Licensee has to meet/exceed the QoS targets mentioned in Appendix 3 in the areas claimed to be covered as 'X' and 'Y' above.
- (ii) X and Y above and yearly increase (up to year 6), will be calculated on basis of agreed population distribution vector / PBS (including annual population growth) and would be locked for future evaluation. Population vector / PBS (including annual population growth) used for all coverage calculations will be same for all cellular licensees.
- (iii) Rollout Obligations will be analysed by the Authority in accordance with population coverage statistics along with RF coverage predictions of licensee, submitted by the Licensee on an annual basis.

- (iv) Rollout Obligations could be fulfilled by the frequencies stated in Appendix 2 or by any other frequencies for mobile communications the Licensee is entitled to use.
- (v) Further to the population coverage obligations set out in the table above, the Licensee also needs to meet within these coverage areas the Quality of Service parameters set out in Appendix 3 below.
- (vi) Rollout Obligations can also be fulfilled through National Roaming, Universal Service Funding, Active Sharing, Spectrum Trading and Sharing as per Authority approved frameworks.
- (vii) Population Coverage increase to be undertaken with appropriate distribution in urban and rural areas.
- (viii) A wholesome review at National level will be carried out after 6 x years with mutual consultation and future rollout targets will be set, if required.
- (ix) For purpose of PBG release rollout obligations / claimed targets will be verified every second year.

A2 - Performance Bond as a Guarantee

- (i) As a guarantee for the performance of Licensee’s network roll-out obligations set out in A1, the Licensee shall deliver to the Authority a Performance Bond in the form of an unconditional, irrevocable and continuing Bank Guarantee from a local bank in Pakistan with credit rating of AA+ and above, or a foreign bank having credit rating of A1 and above, acceptable to the Authority for the amount of USD15,000,000 (US Dollars Fifteen Million only) or its equivalent in Pakistan Rupees of the value prior to Effective Date.
- (ii) The Licensee shall be entitled to release and exchange part of the Performance Bond according to meeting the network roll-out obligations specified in the table in A1 above. In case any yearly population rollout obligation is not fulfilled, the performance bond proportionate to the rollout obligation not met shall be encashed by the Authority. The performance bond (or parts of it) shall remain in force until six months after the associated phase of the network rollout is completed.

The share of the total performance bond to be released upon the Licensee meeting the required network roll-out obligations is set out in the table below:

Years	Year 2		Year 4		Year 6	
Total Value of the performance bond to be released (USD)	5,000,000		5,000,000		5,000,000	
Share of performance bond to be released (USD)	Voice	MBB	Voice	MBB	Voice	MBB
	2,000,000	3,000,000	2,000,000	3,000,000	2,000,000	3,000,000