

## **Introduction of licensing fees for High Duty Cycle network relay points; introduction of licensing fees for Manually Configurable White Space Devices (MCWSDs) and Spectrum Access Offshore Mobile (SOAM)**

**Ofcom**

**RPC rating: validated**

This Opinion covers the introduction of three licensing regimes and their associated fees ; for each, a brief description of the change, its impacts (as set out in the IA) and the quality of the submission is given in the table below. All three have an Equivalent Annual Net Direct Cost to Business (EANDCB) which rounds to zero.

Measure	Description	Impact	Quality of submission
Licence fees for High Duty Cycle Network Relay Points	High Duty Cycle Network Relay Points are used to collate information gathered from other devices and transfer it back to the network. They are used in Smart Metering networks and are an important element in the Internet of Things, where many devices will be transmitting information back to a central hub or network. Ofcom has introduced a light-touch application process and fee for the use of these devices in order to allow it to manage interference and recoup the associated costs.	Ofcom suggests that the number of businesses affected is likely to be small, because it received only one consultation response. Ofcom also notes that the unit costs of familiarisation and application will be small – the guidance comprises four pages, the application form is six pages long and the application fee is £75.	The assumption that the number of businesses affected will remain very small throughout the assessment period is not evidenced, especially given that the developing nature of the affected market suggests that the number of affected businesses is likely to increase in future years.. However, the very small unit costs estimated by Ofcom imply that the BIT score is likely to round to zero under any reasonable assumption about growth in the market.

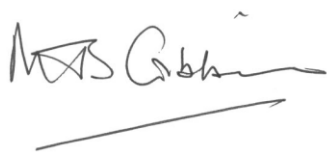
Measure	Description	Impact	Quality of submission
<p>Licence fees for Manually Configurable White Space Devices (MCWSDs) and Spectrum Access Offshore Mobile (SOAM)</p>	<p>White space devices improve efficiency by using unoccupied spectrum bands to support local applications such as rural broadband. Spectrum access for offshore mobile use facilitates spectrum access and mobile telephony for wind farms, oil rigs and other offshore installations outside the normal territorial limits of Ofcom’s licensing regime. Ofcom has introduced formal licensing regimes for both activities to allow it to manage interference and recoup the associated costs. It has set fees that it believe will appropriately reflect its costs.</p>	<p>Ofcom argues that the number of firms affected in each case is very small, even though the unit costs of application can be quite substantial (£1500 in the case of MCWSDs and £5000 over 5 years in the case of SOAM). It notes that MCWSDs are at present entirely experimental, and that the development of a mass-market product is not expected during the period of the appraisal. For offshore access, it currently operates an <i>ad hoc</i> application and fee setting process, which receives very few applications.</p>	<p>The assessment is clear and concise. It would have been helpful if Ofcom had been able to provide a more precise assessment of the number of businesses affected by offshore mobile access to support its argument that the BIT score will round to zero despite the relatively large unit costs of licensing.</p>

### Departmental assessment

Classification	All Qualifying regulatory provisions
Equivalent annual net cost to business (EANCB)	All £0.0 million
Business net present value	All £0.0 million

### RPC assessment

Classification	All Qualifying Regulatory Provisions
EANCB – RPC validated <sup>1</sup>	All £0.0 million
Business Impact Target (BIT) Score <sup>1</sup>	All £0.0 million



**Michael Gibbons CBE, Chairman**

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.