

VHF Spectrum for the Internet of Things

Ofcom

RPC rating: **validated**

Description of proposal

Ofcom is concerned that businesses may not understand that it is possible to use existing, low-cost Business Radio (BR) licences in the VHF spectrum for Machine to Machine (M2M) communications and applications to the Internet of Things (IoT). It has therefore issued a statement to clarify this point, which it hopes will correct this “popular misconception” and encourage investment and innovation in IoT and M2M applications. The regulations surrounding such licences remain unchanged.

Impacts of proposal

Ofcom argues that – given the wide range of businesses that may wish to invest in these applications – it is not possible to estimate how many businesses may be affected. It also argues that the measure is permissive; businesses will only make use of the information and apply for a licence if the benefits outweigh the costs to them. It expects that overall the measure will reduce regulatory uncertainty and increase innovation and market growth in IoT and M2M applications, but that the impact will be small because the market is currently small and because there is no change to the actual regulations.

Quality of submission

The submission is clear and sets out the impacts of the measure qualitatively in a proportionate way. It includes links to Ofcom’s consultation on the measure and responses to that consultation. It could be improved by giving a clearer assessment of the wider impacts of the measure.

In assessing market enabling measures, it is rarely appropriate to assume that the existing scale of the market will be unchanged over the period of the appraisal. In this case, the appraisal could be improved by giving a clearer assessment both of the scale of the “popular misconception” and the scale of the growth in IoT and M2M applications expected as a result of the clarification. However, given:

- (a) the fact that the measure does not actually change any regulatory requirement but clears up a misconception; and

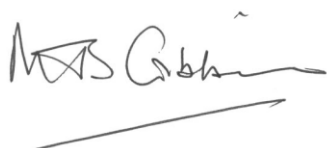
- (b) the suggestion in some consultation responses that market growth will generally be slow,
the RPC is able to validate the BIT score of zero.

Departmental assessment

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

RPC assessment

Classification	Qualifying regulatory provision
EANCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.