

RESPONSE TO COMMENTS RECEIVED

IN RE SPECTRUM AUCTION REQUEST TO BID DOCUMENT

On 1 August 2022, the Authority published a notice on its website and various newspapers that it intends to award the radio frequencies **1960-1965 MHz (1x 5 MHz) paired with 2150-2155 MHz (1x 5 MHz)** and **1970-1975 MHz (1x 5 MHz) paired with 2160-2165 MHz (1x 5 MHz)** on a competitive basis by means of a spectrum auction.

The public was requested to submit written comments on the Request to Bid Document by 15 August 2022. Conversely, the Authority undertook to provide responses to the public comments by no later than 25 August 2022.

The table below is a summary of all comments received and the Authority's response to the comments. The comments are cited verbatim and dealt with as a collective and do not refer to the identity of the authors:

No.	Comment from public	Response from the Authority
1	<i>Is the reserve price for the spectrum as indicated per 5 MHz block or is it for the full block (10 MHz in 2100 MHz)?</i>	The reserve price is for the two (non-contiguous blocks) of 2 x 10 MHz. Please refer to p.8 of the Request to Bid Document
2	<i>Can a bidder bid for multiple lots?</i>	As set out on p.8 of the Request to Bid Document, only one lot will be auctioned. As such there is no multiple lots to bid for.
3.	<i>If an operator bids for both 5MHz blocks of the 2100 MHz spectrum, would it be possible to harmonise the band with Telecom Namibia so as to have a contiguous 10MHz carrier – can the regulator help facilitate this if need be?</i>	There is only one lot to bid for (containing both blocks of spectrum. A bidder can therefore, not bid for a 5MHz block of spectrum. The spectrum licensing regulations makes provisions for amendment of spectrum licences. However, the amendment of Telecom Namibia's licences to create a contiguous block of spectrum must be discussed with Telecom Namibia to assess the feasibility thereof, both technically

Board Members:

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Chief Executive Officer: Mrs. Emilia Nghikembua

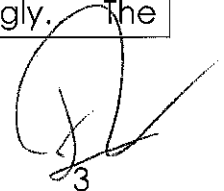
Governance Executive: Mr. Tanswell Davies




		<p>and financially. The Regulator can facilitate the discussions and subsequent amendments if any.</p> <p>(Please see page 8 of Request to Bid Document).</p>
4.	<p><i>Is it imperative that the 2100 spectrum be use for 3G services, or can it be used for 4G services as well? The question refers to immediate use and not a potential refarming in time.</i></p>	<p>A Licensee may use the spectrum for implementation of 3G mobile services and re-farm the spectrum for implementation of IMT (4G). However, this band is currently used for 3G services by all licensees utilizing this spectrum. Any immediate deployment of 4G services must not cause interferences with 3G services offered by other licensees.</p> <p>(Please see page 10 of Request to Bid Document).</p>
5.	<p><i>Item 7.4 refers to 2G sites to be converted to 3G sites – as indicated in the previous point, can this be a 2G to 4G progression</i></p>	<p>Yes, the progression may be from 2G to 4G. The intention is to move from 2G to broadband technologies. The higher the better.</p>
6.	<p><i>Can you elaborate a bit on the 5G use case requirement? Perhaps an example of what you are looking for?</i></p>	<p>5G has numerous use cases in e-education, e-health, e-agriculture, etc and licensees are at liberty to build business plans around any focus area.</p>
7.	<p><i>There is a reference to independent verification of funding viability; how does the regulator see this playing out in reality? Auditing firm or?</i></p>	<p>The obligation is on the Licensee to provide independent evidence of the availability of the funds identified in the financial plan. The licensee may utilize an audit firm, provide a bank confirmation or any other means that verifies funding viability.</p> <p>(Please see page 14 of Request to Bid Document).</p>



8.	<p>The Regulator is proposing to auction the following lot: 1960-1965 MHz (1x 5 MHz) paired with 2150-2155 MHz (1x 5 MHz) and 1970-1975 MHz (1x 5 MHz) paired with 2160-2165 MHz (1x 5 MHz) at N\$ 9 500 000 for use over a period of 10 years.</p> <p>The spectrum will be assigned in blocks of 2x 5 MHz (10 MHz). Spectrum may be renewed upon submission of a renewal application to be submitted 6 months prior to expiry.</p> <p>The spectrum shall be utilized to provide international mobile services (IMT) maintaining a downlink data speed of not less than 2 Mbps. The Licensee may use the spectrum for implementation of 3G mobile services and re-farm the spectrum for implementation of IMT (4G/5G) services going forward. This spectrum may not be utilized for provisioning of 2G services. However, rollout for 5G can only occur upon receipt of authorization for deployment of IMT-2020 (5G) networks as per Cabinet Decision No. 10TH 21.07.20/006.</p>	<p>The comments appear to be a high-level summary of p.8 to p.10 of the Request to Bid Document and requires no response from the Authority.</p>
9.	<p>The rollout obligations requires licensees to construct or upgrade sites as specified above.</p> <p>In light of advancement of telecommunications industry and the provision of broadband to the entire Namibia, the Licensee has undertaken to only build 4G sites and any upgrades to sites be for 4G technology. As such in order to upgrade existing sites to LTE technology licensees will incur an</p>	<p>The Authority notes the tangible arguments pertaining to the OPEX costs of the rollout obligations.</p> <p>The Authority has also considered that this spectrum will serve to increase network capacity and improve service quality, and consequently resolved to forego imposition of rollout obligations.</p> <p>The final Request to Bid document will be amended accordingly. The</p>



<p>estimate of cost of N\$ 770 025 per site, with an estimate of N\$46 201 500 for 60 sites as per rollout obligations.</p> <p>In order for licensees to construct new sites with LTE technology, licensees will incur an estimate cost of N\$ 3 125 511.69 per site, with an estimate of N\$125 020 467.60 for 40 sites. Bearing in mind that the cost estimate does not include the full cost for fiber/ Microwave backbone upgrades, should the need arise, full costs can only be established upon identification of coordinates of the sites to be upgraded or constructed.</p> <p>The rollout obligations would amount to an estimated cost of N\$ 171 221 967. 60, which CAPEX licensees have to spend within the two years. The rollout obligations are exorbitant to say the least, the rollout obligations are more than triple the cost of the reserve price.</p> <p>The Licensee notes the Regulator's aim to ensure the provision of broadband services to the entire Namibia and provision of coverage nationwide, however, the Regulator needs to have sight of licensee's business operations and financial positions.</p> <p>The cost of the rollout obligations far outweighs revenue expectations, licensees would only recoup such exorbitant cost years after rollout. Further to that, the areas within which licensees are required to rollout services to are areas where customers do not</p>	<p>successful bidder must however utilize the spectrum to improve quality of service, increase capacity and increase access.</p> <p>Furthermore, the Authority is amendable to revise the payment schedule to allow for payment of the auction price in equal annual payments over the license period of 10 years.</p> 
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	<p>possess 4G handsets, as such does not guarantee uptake of services. In the setting of rollout obligations the Regulator needs to consider costs of rollout versus the return licensees would receive.</p> <p>The Licensee submits that such rollout obligations will affect licensee's CAPEX and licensees would have to pass the cost down to the end user, being the customers. The Regulator requests licensees to provide more affordable services, however, neglecting to consider the costs licensees occur in order to provide services, with such excessive rollout obligations adding to licensee's operating costs.</p> <p>The rollout obligations would render it impossible for licensees to provide affordable services and to bring forth technological advancements, these being the objectives of the Communications Act and that of the Regulator. The Regulator aims to create an industry that allows for new entrants, however, such excessive rollout obligations in specific will pose a hurdle for new entrants into the market.</p>	
10.	<p>In terms of Regulation 6 (3) (i) and (j), the request for bid must specify the selection process and the evaluation criteria. This request for bid fails to provide same, the Regulator to kindly advise.</p>	<p>Criteria for and evaluation of bidders are addressed in section 8 of the Request to Bid Document (p.13-14 refers).</p>
11.	<p>The Regulator to kindly advise on the coordinates where sites need to be upgraded and constructed, as this will allow for licensees to</p>	<p>Given the decision to forego rollout obligations, the successful bidder can consider network expansion in any area of its choice within the borders of</p>

	better assess their affordability of the auction price coupled with the rollout obligations	Namibia.
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DATED THIS 24TH DAY OF AUGUST 2022

PER: EMILIA NGHIKEMBUA (MRS)
CHIEF EXECUTIVE OFFICER

