



NEWS

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See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).

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FCC LAUNCHES FIRST-IN-THE-WORLD INCENTIVE AUCTION TO REPURPOSE BROADCAST TELEVISION SPECTRUM FOR MOBILE BROADBAND; AUCTION SET TO UNLEASH WAVE OF ECONOMIC & INNOVATION OPPORTUNITIES FOR U.S.

Market-based policy innovation will help alleviate growing ‘spectrum crunch’ while providing unique financial opportunities and other benefits to broadcasters; Auction planned for 2014

(Washington, D.C.) – The Federal Communications Commission today voted to officially launch the incentive auction process, making the United States the first nation in the world to implement this major policy innovation, which aims to repurpose broadcast television spectrum for mobile broadband use. The concept was first introduced in the National Broadband Plan as part of the Commission’s multi-pronged strategy to meet skyrocketing demand for mobile Internet in the United States, and became the foundation for legislation that was signed into law in February 2012. As mobile device adoption continues to grow around the world, this incentive auction will be a model for many countries facing similar spectrum challenges.

Spectrum is our nation’s ‘invisible infrastructure,’ supporting mobile devices like smartphones and tablets that require much more spectrum than traditional cell phones to support the rapidly growing demands of consumers, businesses and entrepreneurs who increasingly rely on mobile Internet to communicate and innovate. For instance, today’s smartphones use 35 times more spectrum than traditional cell phones, and tablets use 121 times as much spectrum. This consumer demand puts a tremendous strain on the nation’s invisible infrastructure in ways that require innovative new approaches to spectrum policy in order to spur continued economic growth, and help maintain America’s global leadership in mobile.

Incentive auctions are one way to satisfy this consumer demand. These auctions are a market-based tool to repurpose broadcast television spectrum for mobile broadband by offering unique financial opportunities to broadcasters, including a portion of the auction proceeds for participants. The Commission expects a healthy and vibrant broadcasting industry to thrive after the auction, with expanded business opportunities for multi-platform growth in a more robust mobile ecosystem.

In addition, this incentive auction is expected to deliver enormous benefits for the American people and the U.S. economy. The mobile apps economy barely existed in 2009 but today, it supports nearly 500,000 jobs. The wireless industry contributes about \$150 billion annually to U.S. GDP – and that

number is growing. Moreover, an advanced mobile infrastructure supports innovators in verticals across the economy, including education, healthcare and public safety. This proceeding also offers the possibility of unique benefits to entrepreneurs and innovators of unlicensed spectrum for game-changing applications like next-generation Wi-Fi. Additionally, as Congress directed, certain proceeds from the incentive auction will be deposited in the Public Safety Trust Fund to fund a national first responder network, state and local public safety grants, public safety research, and national deficit reduction.

The Commission today voted to approve the *Incentive Auction Notice of Proposed Rule-Making* (formally called “Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions”), and seeks public comment from all stakeholders as well as the public.

In addition, please find a brief summary of the major outlines of the incentive auction NPRM, below:

Congress directed that the incentive auction of broadcast television spectrum have three major pieces: (1) a “reverse auction” in which broadcast television licensees submit bids to voluntarily relinquish spectrum usage rights in exchange for payments; (2) a reorganization or “repacking” of the broadcast television bands in order to free up a portion of the ultra-high frequency (UHF) band for other uses; and (3) a “forward auction” of initial licenses for flexible use of the newly available spectrum.

The reverse auction consists of three broad issues: bid collection, determination of which bids are accepted, and determination of payment amounts to winners. We seek comment on all of these issues, for example, whether to collect sealed bids or use a multiple round bid collection format such as a descending clock auction

Repacking involves reorganizing the broadcast television bands so that the television stations that remain on the air after the incentive auction occupy a smaller portion of the UHF band, subject to interference and other constraints imposed by the Spectrum Act and treaties with Canada and Mexico. Repacking will enable us to configure a portion of the UHF band into contiguous blocks of spectrum suitable for flexible use.

The forward auction will resemble prior competitive bidding systems that the Commission has utilized, but with important differences. Its interdependence with the reverse auction and the repacking mean that we will not know in advance the amount of spectrum we can make available in the forward auction, the specific frequencies that will be available and, perhaps, the geographic locations of such frequencies. Instead of a single band plan with identified frequencies, a set number of spectrum blocks and a uniform set of geographic area licenses, the auction design must provide a framework that is flexible enough to accommodate varying amounts of newly available spectrum in different locations.

More specifically the notice seeks comment on the following issues:

Auction design. We invite comment on auction design choices and the tradeoffs they present. For both the reverse and forward auctions, we invite comment on different procedures to collect bids, determine which bids are accepted, and what each bidder pays or receives in payment. We also seek comment on methodologies for the repacking process, which is part of the process for determining which broadcaster bids will be accepted in the reverse auction. And we seek comment on an Incentive Auction Rules Option and Discussion report prepared by Auctionomics and Power Auctions illustrating a comprehensive approach to the auction design choices presented. Further, we invite comment on how to design the incentive auction so as to facilitate the participation of a wide array of broadcasters and make it as easy as possible for them to submit successful bids.

Participation in the Reverse Auction. We interpret the Spectrum Act to limit eligibility to participate in the reverse auction to commercial and noncommercial full power and Class A broadcast television

licensees. We invite comment on whether to establish reverse auction bid options including but not limited to those identified in the Spectrum Act (to go off the air, to move from a UHF to a VHF television channel, and to share a channel).

Repacking. We invite comment on how to implement Congress’s mandate to make “all reasonable efforts” to preserve the “coverage area and population served” of television stations as of the date of enactment of the Spectrum Act. In particular, we propose to interpret “coverage area” to mean a full power television station’s “service area” as defined in the Commission’s rules, and we seek comment on several approaches to preserving population served.

600 MHz Band Plan. We seek comment on a band plan for reclaimed broadcast television spectrum using 5 megahertz blocks, in which the uplink band would begin at channel 51 (698 MHz) and expand downward toward channel 37 based on the amount of reclaimed spectrum, and the downlink band would begin at channel 36 (608 MHz) and likewise expand downward. We seek comment on establishing 6 megahertz guard bands between mobile broadband use and broadcast use, and propose to make this spectrum available for unlicensed use. In addition, we seek comment on a number of alternative band plan approaches.

Channel 37. We invite comment on whether or not to relocate the Radio Astronomy Service and wireless medical telemetry systems now operating on channel 37, and on whether and how to address the post-auction availability of UHF band spectrum for fixed broadcast auxiliary stations, low power auxiliary stations, and unlicensed wireless microphones.

Unlicensed Use of Spectrum. We invite comment on measures that would make a substantial amount of spectrum available for unlicensed uses, including a significant portion that would be available on a uniform nationwide basis for the first time. Television white spaces will continue to be available for unlicensed use in the repacked television band. In addition, we seek comment on making the guard bands spectrum in the 600 MHz band plan available for unlicensed use, making channel 37 available for such use, and making two channels currently designated for wireless microphone use available for white space devices.

Transition. We seek comment on how to implement the repacking of broadcast television spectrum and clear the reclaimed spectrum as expeditiously as possible while minimizing disruption to broadcast television stations and their viewers. In particular, we propose streamlined broadcast license modification procedures, invite comment on reasonable deadlines for stations to transition to any new channel assignments or cease broadcasting, and propose to allow stations eligible for reimbursement of relocation costs to elect between actual cost-based payments or advance payments based on estimated costs.

Action by the Commission September 28, 2012, by Notice of Proposed Rulemaking (FCC 12-118). Chairman Genachowski, Commissioners McDowell, Clyburn, and Rosenworcel with Commissioner Pai approving in part and concurring in part. Separate statements issued by Chairman Genachowski, Commissioners McDowell, Clyburn, Rosenworcel and Pai.

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