

# Monthly monitoring report no. 2/2013 of the Czech Telecommunication Office February 2013

## ***Executive summary***

Within the framework of the Third cycle of analyses of relevant markets the CTU, on February 15, 2013, opened public consultation concerning the analysis of the market no. 2 – the Origin of call (origination) in public telephone network in fixed location ([market no. A/2/XX.2013-Y](#)). Comments can be raised until March 15, 2013.

On February 22, 2013 the CTU organized working meeting concerning the draft analysis of relevant markets no. 4 – Wholesale (physical) access to the infrastructure of the network (including shared or full local loop unbundling) in fixed location and no. 5 – Wholesale broadband access in networks of electronic communications with the participation of expert public. After the drafts of both analyses are finished they will be submitted to public consultation.

The CTU also initiated the analysis of the market no. 7 – Termination voice call (termination) in individual public mobile telephone networks. The information concerning beginning of the analysis of this market was published by the CTU on March 4, 2013 on its Internet pages. More information can be found in Chapter 2.

On February 28, 2013 the CTU's Council decided on displacement by one month of efficiency of new maximum prices for mobile termination in case of the company Telefónica Czech Republic, a.s. ([CEN/7/12.2012-5](#)) and T-Mobile Czech Republic a.s. ([CEN/7/12.2012-6](#)). Thus the CTU, starting from April 1, 2013, unified efficiency of new maximum price of CZK 0.41/min. (without VAT) for existing wholesale contractual relations. More information can be found in Chapter 2.

On March 8, 2013 the Chairman of the CTU's Council decided on cancellation of tender procedure aimed at awarding rights for utilization of radio frequencies serving for public communication network in the bands of 800 MHz, 1,800 MHz and 2,600 MHz, which was promulgated on July 12, 2012. The reason why the Chairman of the CTU's Council opted for this procedure was the fact that in the electronic auction extremely high prices were offered for auctioned frequencies and that its further growth would in effect lead to construction delays of new generation networks and, according to the Chairman of the CTU's Council's opinion, it would lead to high prices of new mobile data services for end users.

In the theme of the month of this Monitoring report the CTU presents a comprehensive information about procurement of basic postal services ensuing from the award of [postal licence](#) to the Česká pošta for the period terminating on December 31, 2017. On the basis of this licence the Česká pošta is bound to ensure provision of basic postal services in harmony with demands of the Act no. 29/2000 Coll., on Postal services and on the Amendment of some Acts (the Act on Postal services), as later amended.

## **1. Current situation on the market**

### **Telefónica**

The company Telefónica has changed the price of the service informing about telephone numbers in the Czech Republic (with the option of subsequent connection of

call for the price of call to 1180). The new price will be in force from April 1, 2013. The price of access to this service remains unchanged, the price for one minute of realised call to the line 1180 will increase by CZK 1.82 (from CZK 9.68 to CZK 11.50). Minimum price of call to the line 1180 from fixed network will thus be increased by 9.4 %.

The company Telefónica prolonged its special offer O<sub>2</sub> Internet Bundle. Customers, who, during February 2013 and within the framework of this offer, newly established, on the same connecting line, the service of digital television O<sub>2</sub> TV with the tariff O<sub>2</sub> Flexi and the obligation to utilize this service for the period of 12 months and the service O<sub>2</sub> Internet connection with the tariff Internet Optimal or Internet Aktiv, received bonuses in the form of price advantage. For the utilization of the tariff O<sub>2</sub> TV Flexi customers will pay, for the period of 12 months starting from the day of establishment of the service, the price of CZK 202 per month (instead of standard price of CZK 454) and the price of CZK 49 for the lease of set-top-box per month (instead of standard price of CZK150 /month).

The company Telefónica offered to its new customers, within the framework of acquisition offers, Internet connection xDSL with the obligation to stay for 12 months in variants Internet Optimal for lower price of CZK 505 and Internet Aktiv for the price of CZK 606 during the period of commitment (12 months).

Starting from February 1, 2013 (until April 30, 2013), the company Telefónica offers the possibility to buy privileged combination of tariffs O2 Mobile voice service with tariffs of additional service of "Internet v mobilu+". This offer is earmarked for new and existing customers, who will take over the commitment to utilize agreed services for the period of 24 months during which they will pay privileged monthly price for the combination of services mentioned hereunder. The offer can also be used by corporate customers, who did not conclude framework contract on provision of advantageous commercial terms with the company concerning utilization of services (see variant 1 in the Table no. 1).

The company Telefónica prepared similar offer also for new customers who will pass over from another operator, and/or will use for the pass-over services of company providing distribution of services of operators and will take over the commitment to use the offer of Smart tariff for the period of 24 months, during which they will pay privileged monthly price for the combination of services mentioned hereunder. Also corporate customers without framework contract can use this offer (see variant 2 in the Table no. 1).

Table no. 1

		<b>Variant 1</b> Smart tariffs – privileged price in CZK with VAT	<b>Varianta 2</b> Smart tariffs – privileged price in CZK with VAT	Combination of tariffs for standard price in CZK with VAT
O2 NEON S	Internet v mobilu+ S	350	225	500
O2 NEON M	Internet v mobilu+ S	550	450	650
O2 NEON L	Internet v mobilu+ M	800	550	1000
O2 NEON L+	Internet v mobilu+ M	1150	1000	1300
O2 NEON XL	Internet v mobilu+ L	1900	1400	2550
O2 NEON XXL	Internet v mobilu+ L	1900	1400	4450

Each new customer (natural persons or corporate customers without framework contract), who will pass over from another operator through companies providing distribution of services of operators and will newly establish O2 Mobile voice service with the company Telefónica with the tariff belonging to the series O2 NEON and the commitment to utilize O2 Mobile voice service for the period of 2 years, will receive, for the period of 24 accounting periods, starting from the day of establishment of the service, 30% discount from monthly flat fee of selected tariff. This offer is valid also for the period from February 1, 2013 until April 30, 2013.

From February 1, 2013 until March 30, 2013 the company Telefónica offers to its existing subscribers (natural persons) having older tariffs, the possibility to negotiate the tariff O2 NEON S with 50% discount from monthly flat fee for the period of 2 years. The offer does not apply to customers who use the tariff from the tariff series O2 NEON, O2 Podnikání, tariff O2 Pohoda or O2 [:kúl:] and, simultaneously, they have the commitment for the utilization of the service. The condition of the offer is the commitment for 2 years.

### **Economic results of the company Telefónica in the Fourth Quarter of 2012 and the whole year of 2012**

The company Telefónica announced its financial and operating results for the year 2012. The number of customers of mobile services increased in 2012 by 2.9 % to 5,080,000. Also the share of smart telephones in the O2 network registered an increase of 27 % in the Fourth Quarter. Among newly sold telephones smart telephones have 72 % share and also the interest in Internet in mobile is increasing. As much as 58 % of customers have activated the new tariff "S internetem v mobilu".

The number of customers of pre-paid services increased in the Fourth Quarter by 7,300 to 1,819,000. The rate of exits of customer (churn) in 2012 reached 1.77 % what is by 0.1 percentage point less than in 2011. The total traffic in mobile network of Telefónica increased in 2012 by 7.1 % and reached the total of 9,590,000,000 minutes of calls.

In the fixed network the number of users of Internet connection xDSL increased by 5 % to 912,000. Already 32 % of them use high-speed technology VDSL. In September of 2012 the speed of Internet connection of "O2 Internet na doma" increased almost to 40 Mbps. At the end of Fourth Quarter of 2012 the number of users of the television O2 TV reached 141,400, what represents a year-on-year increase by 4.3 %.

### **Summary of financial results**

Total revenues ensuing from business activities in 2012 decreased by 3.5 % to 50,035,000,000. Revenues from business activities in the Third Quarter of 2012 attained 12,783,000,000. In the Fourth Quarter CZK 2012 the financial indicator OIBDA (operational profit, before inclusion of financial costs, taxes, depreciation and amortization), reached 5,091,000,000, which was the most in 2012. For the whole year 2012 OIBDA was CZK 19,781,000,000.

In 2013 the company plans to invest as much as CZK 6,000,000,000, mostly in the development of new technologies and networks of the 4<sup>th</sup> LTE generation.

### **Proposal for the dividend for 2012 and distribution of other available own resources**

The Board of the company endorsed the proposal, which will be submitted to shareholders represented in the General Meeting, for the distribution of the total amount of CZK 9,663,000,000 which corresponds to CZK 30 per share, which consists of CZK 20 in the form of payment of dividend and CZK 10 in the form of reduction of share premium.

### **Correction of the text concerning the offer of roaming services of the company Telefónica**

In its January monthly report the CTU wrongly presented the following information:

*„Since January 23 the company Telefónica offers to its customers having prepaid card roaming tariff "Volání bez hranic" (Calling without borders), which was so far offered to*

its tariff customers. Customers can thus use unified rate at the amount of CZK 3.90 per minute with incoming and outgoing calls and with sending of text message. However, in some non-Member States (Croatia, Switzerland, Norway, Lichtenstein and Iceland), operator may charge the amount of CZK 50 for making a call as a surcharge to minute price for each incoming and outgoing calls. In remaining states of the World operator charges for each call CZK 30 outside minute price“.

The above information is incorrect. Actually, the company Telefónica offers calling throughout the EU, including non-Member States Croatia, Switzerland, Norway, Lichtenstein and Iceland, for CZK 3.90 per minute without set-up fee of CZK 50. For calling outside the Europe the set-up fee is CZK 80 and not CZK 30:

**Prices of the tariff "Calling without borders"**

	<b>Connection fee</b>	<b>Outgoing calls</b>	<b>Incoming calls</b>	<b>SMS</b>
EU (+Croatia, Switzerland, Norway, Lichtenstein, Iceland)	CZK 0	CZK 3.90 /min.	CZK 3.90 /min.	CZK 3.90
The rest of Europe	CZK 50	CZK 3.90 /min.	CZK 3.90 /min.	CZK 3.90
The World	CZK 80	CZK 3.90 /min.	CZK 3.90 /min.	CZK 3.90

Prices are in CZK per minute/SMS/MMS with 21% VAT and are valid in all networks in given country. Connection fee is single-charged, individually for each outgoing and Incoming call.

**T-Mobile**

The company announced that until the end of March 2013, within the framework of a special offer, it provides in the package „2v1“ the Internet ADSL/VDSL Standard for reduced monthly price at the amount of CZK 402.33, if the obligation for 24 months exists with any voice tariff, the standard monthly price of this package is CZK 489. Similar offer also exists for customers using the variant of Internet connection ADSL/VDSL Premium, where monthly price of this package 2v1 with voice tariff of up to CZK 600 monthly is CZK 604 or with voice tariff above CZK 600 is CZK 503.15.

**Economic results of the company T-Mobile for the year 2012**

Customers

On December 31, 2012 the T-Mobile attended to almost 5,500,000 customers of mobile services, and, on a year-on-year basis, another 117,000 new customers accrued, especially in the segment of tariff customers. Some 2,400,000 customers used the pre-paid card Twist. Monthly churn (i.e. the number of customers who ceased to use services of the operator) decreased, on a year-on-year basis, to 1.1 %.

In 2012 customers mobile network of T-Mobile called on average 133 minutes per month, what represents, compared to the last year, 5.6 % more calls. Total increase of consumption has manifested itself in all spheres, both in minutes of calls and in the number of SMS, nevertheless, by far the highest was the increase of the volume of data transmitted – which, on a year-on-year basis, more than doubled and reached approximately 3,500 terabytes.

## Financial results

Total sales of fixed and mobile services reached CZK 26,300,000,000, where sales in mobile services were CZK 23,500,000,000. In mobile services customers spent monthly on average CZK 362 what is by 4.7 % less than the last year. Increase of utilization of data has reflected itself in share of non-voice services in sales from mobile services, which increased, on a year-on-year basis by two percentage points to the record of 27 %.

## **UPC**

Until the end of February 2013 the company UPC prolonged the acquisition offers earmarked for new customers pertaining to the services of digital television Klasik, Komfort and Mini. Privileged price offers could be applied for on-line orders together with the commitment of utilization of the service for the period of 12 months. With the service Klasik, including program packages Sport, Relax or Darwin, customers obtained for the period of first six months the discount from monthly price and they will pay for this service CZK 156 instead of standard CZK 265 and they can use more than 40 Czech and Slovak programs including 7 HD programs. With the service Komfort customers will pay, within the framework of this acquisition offer, for the period of six months, CZK 375 per month instead of standard price of CZK 579, and during this time they can use more than 80 programs including 15 HD programs. Customers who, within the framework of this acquisition offer, ordered the service of digital television Mini, will permanently pay for this service monthly price of CZK 154 instead of standard price of CZK 222 and will be able, within the framework of this service, watch 20 Czech programs including 6 HD programs. The price for connection of this service is CZK 100.

For the month of February 2013 the company UPC adjusted its acquisition offer of quick connection to the Internet for households, where, in the variant Fiber Power 30 Mbit/s, it offers, if commitment is concluded for 12 months, privileged monthly price of CZK 420 for the period of the first 6 months, whereas standard monthly price is CZK 520.30. For the service Fiber Power 60 Mbit/s privileged monthly price of CZK 525 is applied under the same conditions, whereas standard monthly price is CZK 624.15. Similarly, privileged offer for the first 6 months is provided also for Internet tariff Fiber Power 120 Mbit/s with the highest offered price, where the price is CZK 625, whereas standard monthly price is CZK 832.88 monthly. One-time start-up price of CZK 100 must always be paid together with monthly price of the service.

Also in February 2013 the company had its special offer for tradesmen and entrepreneurs who could obtain, together with the commitment of utilization of the service for the period of 24 months, the service Fiber Business in the variant 60 Mbit/s for the price of CZK 439 per month, in the variant 80 Mbit/s for the price of CZK 619 monthly and in the variant 120 Mbit/s for the price of CZK 829 per month. If commitment was concluded for the first 12 months only the UPC offers these services for higher prices (for the speed of 60 Mbit/s for CZK 519, for the speed of 80 Mbit/s for CZK 719 and for the speed of 120 Mbit/s for CZK 929). After the commitment expires standard monthly prices are applied. For the variant 60 Mbit/s it is the price of CZK 619 per month, for the variant 80 Mbit/s the price at the amount of CZK 826 per month and for the variant 120 Mbit/s the price of CZK 1032. All prices for entrepreneurs mentioned above are given in the offer of the company UPC without the VAT.

In February 2013 the company UPC offered also packages of Internet connection associated with programs of digital television, where, in the variant Fiber Power 30 Mbit/s, together with the programs of KOMBI Klasik+, customer will pay CZK 572 per month, whereas with individual ordering of services a customer would pay CZK 786 per month. Moreover, the offer of this package can be enlarged by 100 minutes of call to all networks for the price of 0.50 CZK/min., where a customer will pay for the whole package for the period of the first six months CZK 622. The company offers similar privilege also in case of faster

variants of Internet connection. In the variant Fiber Power 60 Mbit/s, associated with programs KOMBI Komfort, the price of the package is CZK 683, unlike the sum of prices of individually ordered services from the package at the amount of CZK 1,204. Also this package can be enlarged by 100 minutes of call to all networks, monthly price of the package for the period of the first six months is then CZK 733. In the variant Fiber Power 120 Mbit/s, associated also with programs KOMBI Komfort, the privileged price of the package offered is CZK 778 compared with individual services the total price of which is CZK 1,412. The price of the package enlarged by 100 minutes of call to all networks is CZK 828.

### **The Theme of the month – Provision of basic postal services**

On January 1, 2013 the Act no. 221/2012 Coll., became effective, amending the Act no. 29/2000 Coll., on Postal services and on Amendment of some other Acts (the Act on Postal services), as later amended. This Amendment implemented the so-called Third Postal Directive in the legal order of the Czech Republic. On the same day, i.e. on January 1, 2013 became effective also implementing regulations (Decrees), which the CTU prepared on the basis of statutory authorization pursuant to § 41 of the Act no. 29/2000 Coll., amended by the Act no. 221/2012 Coll.. During the whole period of preparation of the new legislation series of discussions were organized concerning provision of availability of post offices.

One of the main targets of the Amendment of the Act on Postal services is the completion of liberalization process of cancellation of existing monopoly of holder of postal licence, which applied to domestic postal consignments containing documents; only if weight of postal consignments was lower than 50 g and simultaneously price was lower than CZK 18 (see the Government Decree no. 512/2005 Coll. - cancelled by the Act no. 221/2012 Coll.). Since January 1, 2013 the liberalization permitted to each person interested in provision of these services to enter the market and compete thus with holder of postal licence, consequently Česká pošta, s. p. (Česká pošta). Remaining postal services, with the exception of delivery of amount of money remitted by postal voucher of this monopoly, could have been provided by anybody and in fact no principal changes occurred on this segment of postal market by completion of liberalization.

#### **Basic postal services**

In harmony with the European legislation the State was obliged to secure provision of the so-called basic postal services long before the cancellation of monopoly on its whole territory, in stipulated quality and for reasonable prices. The holder of the postal licence is still obliged to provide basic services. Pursuant to the provisions of Article II, Point 2 (Transient provisions) of the Act no. 221/2012 Coll., the Česká pošta will continue to be the holder until the end of 2017 as yet. Basic services are the following most important postal services, specified today by the Act on Postal services:

- a) service of delivery of postal consignments of up to 2 kgs,
- b) service delivery of postal packages of up to 10 kgs,
- c) service of delivery of amount of money by postal voucher,
- d) service of delivery of registered consignments,
- e) service of delivery of valuable consignments,
- f) service if free delivery of postal consignments of up to 7 kgs for blind persons,
- g) services which must be provided on the basis of commitments resulting from membership of the Czech Republic in the World's Postal Union.

The extent and method of provision of these services principally have not changed much compared to the previous legislation. Their more detailed specification, including quality requirements and availability, is contained in the Decree no. 464/2012 Coll., on Stipulation of specification of individual basic services and basic quality requirements concerning their provision (hereinafter „Decree “).

#### Financing of compulsory provision of basic postal services

The Amendment of the Act on Postal services newly regulates the way the State ensures provision for financing basic services in case their provision is economically disadvantageous. Economic disadvantage is so far compensated by the existence of monopoly. Monopoly in supplying certain postal consignments, which the Česká pošta had so far, meant a competitive advantage for it and created a space for financing of services, which any entrepreneur would not offer commercially for economic reasons.

In harmony with requirements of the European Directive, the obligation to ensure provision of basic services (in the form of imposition of obligation on pre-determined operator) remained in force in current legislation even after the liberalization. It was necessary to determine the mechanism stipulating the method of reimbursement of their provision in case the so-called net costs supervene, which would simultaneously be an unfair burden for an entrepreneur. It is the loss of holder of postal licence, which may arise as consequence of the obligation of holder to provide basic services which brings about unequal conditions as compared to remaining operators not having such an obligation. Net costs represent, generally taken, the difference between efficiently and effectively incurred costs, which are necessary for the provision of basic services, and yields acquired by provision of basic services. The CTU would open an account for this purpose earmarked for financing of net costs. All operators of postal services would have the obligation to contribute to that account. Thus the whole sector of postal services participated on financing. This mechanism of the so-called compensation funds is customary in majority of the EU states.

To cover the costs incurred in connection with provision of basic services will serve cost oriented prices. The obligation to determine the prices of basic services, so that they include legitimate costs connected to effective provision of these services and stipulated rate of profit, is given by the Act on Postal services. It is therefore obvious that if costs connected to the provision of basic services will increase, for example by stipulating unreasonable demands for holder of postal licence, big risk of increase of prices of basic services may threaten all its users. Therefore, also the European legislation works with the notion of effective provision of services and demands that regulator determining parameters of availability of services takes into account the incentives concerning effectiveness in providing basic services. Simultaneously, the level of price must be available, and/or acceptable for the public. If the CTU discovers that cost oriented prices become inaccessible it would apply regulatory measure on them.

### Availability of basic postal services

It is obvious that minimum requirements for ensuring availability of basic services must be adequate to the purpose. Within the framework of its activities the CTU was and still is bound by basic principles applied in the regulation, which are, in particular, objectivity, reasonableness and reviewability of obligations imposed. In order to be able to objectively anchor the minimum requirements in implementing regulations, ensuring availability of basic services, the CTU has invited all interested subjects to discussion already during preparation of the Decree. The CTU paid maximum attention to the issue of determination of minimum requirements for availability of postal services through post offices. On the basis of discussions and comments received, it incorporated in the Decree, inter alia, also the draft of the Česká pošta extending the spectrum of criteria of compulsory availability of post offices to municipalities having simultaneously elementary school with the first and the second degree. The CTU thus took into account the comment of the Association of local self-governments. At the same time, the Office determined the criterion according to which the post office must be opened 15 hours each week as the minimum.

The outcome of the meeting is the above mentioned Decree stipulating unambiguous criteria, which the holder of postal licence must satisfy in order to comply with its obligations in relation to the availability of postal services through post offices and mailboxes. The Decree determines minimum requirements exclusively for provision of basic services. It does not limit in any way other business activities of holder of postal licence and therefore it cannot in effect lead to abolishment of individual post offices or reduction of provision of services of this entrepreneur. On the contrary, the holder of postal licence should take measures leading to maximum optimization of activity and the network so that the needs of public are satisfied, and, simultaneously, for example, economies of scale and/or scope are utilized, together with synergistic effects associated with provision of different services typical for big enterprises, to which the Česká pošta undoubtedly belongs.

The CTU was and still is aware of the importance of availability of basic services for the citizens of the Czech Republic. In order to ensure availability of basic services and prevent uncontrollable changes in the network of the Česká pošta, the Decree contains very important provision concerning the obligation of the holder of postal licence to discuss, sufficiently in advance, the intention of potential abolishment of post office with basic territorial units of self-government, for instance with municipality mayors, and to ensure availability in other suitable manner.

The availability and change of the form of provision of postal services is currently the issue most often discussed in media and it also belongs to the agenda of meetings of representatives of local self-governments with representatives of the Česká pošta. It is necessary to realize that the Decree may guarantee only availability of basic services, therefore it does not apply to the offer and provision of remaining postal services nor other services (as are, for example, financial services, payments of pensions, television and radio fees, etc.), even if they are provided by the Česká pošta.

The Decree defines all these issues positively. It determines the criteria which are objectively based on existing situation of the Czech postal network, which is the second densest network in Europe, international comparison and experience of other European countries. On the other hand stands specific mode of implementation of requirements stipulated by the Decree, for example, during meetings of representatives of the Česká pošta with representatives of local self-governments etc., which cannot be regulated by any legislation.

Pursuant to the Decree the availability is ensured, if the following criteria regulating operation of post office are satisfied:

- a) in each municipality, which has 2,500 inhabitants and more,

- b) in each municipality, which has less than 2,500 inhabitants and in which post office is in operation on the day on which this Decree becomes effective, and simultaneously there is also the registry office<sup>1)</sup>, municipal building authority<sup>2)</sup> or basic school of the first and second degree,
- c) in municipalities so that the walking distance from any place in municipality on the territory of the Czech Republic to the post office does not exceed 10 km,
- d) so that the walking distance from any place, with the exception of territory serving exclusively to other purposes than to housing purposes, in municipality having more than 2,500 inhabitants, to the post office, does not exceed 2 km.

Furthermore, post office must be available to the public each working day so that the sum of opening hours is at least 15 hours in a week which has 5 working days.

The criteria thus established meet all requirements of the method of determination of obligation, particularly requirement of adequacy and reviewability. The requirements concerning availability of service places were so far included in the decision of the CTU within the framework of individual administrative procedure and their reviewability was relatively difficult. In cases where the post office was accessible with the help of public transport, the so-called walking distance was not determined at all. According to newly stipulated criteria the number of obligatorily operated post offices is 2,100. However, it does not limit at all the Česká pošta in running other post offices depending on its business plans, and respecting implementation of other activities exceeding the framework of provision of postal services.

The Decree defines post office as „the premise in which holder of postal licence itself or through a third person provides all basic services included in its postal licence in order to procure their availability pursuant to § 14“. This definition implies that the Česká pošta can, as the holder of obligation, ensure availability of services also by means of a third person, which will provide these services in the name of the Česká pošta. Thus the form of procurement of postal services may change and a post office may be run by contractual partner of the Česká pošta. Some representatives of local self-governments raised objections to the change according to which existing post office is abolished and is replaced by the so-called Partner post office. This office can be operated by municipality itself or by other subject, which will conclude relevant contract with the Česká pošta. Such a form of provision of postal services is quite common abroad (Germany, Austria, Slovakia) and does not represent any disadvantage for customers. On the contrary, such a premise is often available in a much larger time span.

### Summary

The CTU stipulated in the Decree the criteria of availability of basic services and post offices so that the interests of all subjects concerned were balanced. Its attitude was based on existing options of postal operator (the Česká pošta) and took into account also the risk of increased prices connected with the increase of costs for provision of basic services. Stipulation of minimum requirements concerning availability of postal services does not interfere with business activities of the Česká pošta. The Česká pošta as entrepreneur may run arbitrary number of post offices beyond the framework of the obligation imposed and can use all benefits ensuing from the size of enterprise and range of its activities.

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<sup>1)</sup> § 2 of the Act no. 301/2000 Coll., on Registries, name and surname and on Amendment of some related Acts, as amended by the Act no. 320/2002 Coll., Act no. 578/2002 Coll., Act no. 165/2004 Coll. and Act no. 239/2008 Coll.

<sup>2)</sup> § 13 Act no. 183/2006 Coll., on Territorial planning and Building order (Building Act ).

## **2. Regulatory measures**

### **Market analysis**

#### **Market no. 2 – Origin of call (origination) in public telephone network in fixed location**

On February 15, 2013 the CTU published the draft analysis of the market no. 2 – Origin of call (origination) in public telephone network in fixed location, and the invitation to apply comments to the draft Measure of general nature - Analysis of [market no. A/2/XX.2013-Y](#). It was possible to raise comments within one month of the day of publication of this invitation.

#### **Markets no. 4 and 5 – Workshop to the draft analyses**

On February 22, 2013 the working meeting took place in the seat of the CTU with representatives of associations and expert public concerning the draft analyses of relevant markets no. 4 – Wholesale (physical) access to the infrastructure of network (including shared or full local loop unbundling) in fixed location and no. 5 – Wholesale broadband access in networks of electronic communications, which the CTU prepares simultaneously. Following this meeting the CTU will modify drafts of both analysis of relevant markets no. 4 and 5 according to comments raised and will prepare their versions for public consultation.

#### **Markets no. 6 and 7 – Opening of analyses**

On February 28, 2013 the CTU' Council on its meeting discussed and approved start of works on analyses of the market no. 6 – Wholesale end segments of leased circuits regardless of technology employed for provision of leased or dedicated capacity of the market no. 7 – Termination of voice call (termination) in individual public mobile telephone networks. The CTU published the Announcement about the opening of the analyses of the market no. 7 on its Internet page on March 4, 2013 and the Announcement about the opening of the analyses of the market no.6 was published on its Internet page on March 12, 2013.

#### **Market no. 8 – Access and origin of call (origination) in public mobile telephone networks**

In February the CTU completed the settlement of comments arrived within the framework of public consultation of draft Measure of general nature - analysis of the [market no. A/8/XX.2012-Y](#), relevant market no. 8 – Access and origin of call (origination) in public mobile telephone networks. On March 15 the table containing the settlement of comments was published on the electronic official board.

### **Regulation of wholesale prices**

#### **Regulation of prices for termination of voice call (termination) in individual public mobile telephone networks**

On February 28, 2013 two decisions concerning price on the relevant market no. 7 became effective, and namely, for the company Telefónica (no. [CEN/7/02.2013-1](#)) and for the company T-Mobile (no. [CEN/7/02.2013-2](#)). Decision promulgated has moved the obligation of the companies in question, to conclude and apply new maximum level of wholesale price of 0.41 CZK/min. without VAT for termination in mobile network for existing contractual relations, from March 1, 2013 to April 1, 2013 (at the latest). The reason for the promulgation of these decisions, amending the obligations imposed in decisions promulgated in December 2012 (no. [CEN/7/12.2012-5](#) for the company Telefónica and no. [CEN/7/12.2012-6](#) for the company T-Mobile), is the intention of the CTU to ensure symmetric application of regulated prices among all regulated mobile operators. By mistake of the CTU

when delivering the decision to the company Vodafone, the decision on price no. [CEN/7/12.2012-7](#) became effective in this case as late as in January 2013. Thus this company was obliged to conclude and apply the price of 0.41/min. without VAT only since April 1, 2013. In the next step all operators will be obliged to conclude and apply the price of 0.27 CZK/min. without VAT from July, 2013.

All three mobile operators brought actions at the Municipal Court against the decision on price in which the CTU determined the new level of maximum prices for mobile termination. So far the Municipal Court did not take any decision concerning actions and suspensory effect on the decision on price.

### **Regulation of prices of services of wholesale (physical) access to the infrastructure of the network**

On February 15, 2013 the CTU opened administrative procedure with the company Telefónica regarding the change of obligation related to the regulation of prices on the relevant market no. 4. Price regulation was imposed on the company Telefónica on the basis of results of the analyses no. [A/4/05.2010-6](#) published in May 2010. The last Amendment of regulated prices for unbundling of local loop and collocation was effected in June 2012 in the decision on price no. [CEN/4/06.2012-1](#). This decision, for example, reduced monthly price for full unbundling of local loop from CZK 242 to CZK 197.

In the existing draft decision, which the CTU submitted to relevant subjects for public consultation at the beginning of March 2013, the CTU determined monthly price of full unbundling to CZK 179 and monthly price of shared unbundling to CZK 30 (instead of current CZK 39). With one-off prices of collocation some price items may grow (for example energy consumption or only slightly grow, e.g. in lease of collocation space), however, with majority of services monthly price are slightly decreasing (most often within the range of 0.4–8 %). All wholesale price mentioned are without VAT.

### **3. Disputes pursuant to § 127 of the Act on Electronic Communications**

#### **Proceedings initiated in February 2013**

In February 2013 there were no proceedings initiated pursuant to § 127 of the Act on Electronic communications.

#### **Proceedings terminated as legally effective or returned to new hearing in February 2013**

<b>File number</b>	<b>Plaintiff</b>	<b>Defendant</b>	<b>Case</b>
CTU-222 324/2012-606	COMTES CZ spol. s r.o.	COPROSYS a.s.	Dispute concerning non-portation of sequences of numbers within the range of 255 701 580 – 255 701 584 a 359 571 001 – 359 571 065 by respondent to another operator.  Resolution on discontinuance of procedure for failure to remove defects became effective on September 9, 2013.

## **4. Inspection activities**

### **Inspection activities in the field of provision of services and securing networks of electronic communications**

During the month of February the CTU performed the following inspection activities :

**Performance of communication activities without authorization** – in the period monitored the CTU performed seven inspections focused on verification of conditions necessary for the performance of communication activities on the part of controlled subjects. In 5 cases the Office imposed fines for failure to cooperate with inspection authority.

**Observance of conditions of general authorization no. VO-R/12/09.2010-12** concerning utilization of radio frequencies and operation of devices for broadband transfer of data in the bands from 2.4 GHz to 66 GHz – the CTU performed 38 inspections. In 16 cases the CTU discovered defects which will be resolved by the call requesting elimination of defects and will be dealt with in administrative proceedings. These defects consist mainly in the utilization of frequencies in the band of 5,150 MHz up to 5,350 MHz outside the building.

**Inspection of radio frequencies utilization without authorization** – the CTU performed altogether five inspections orientated at subjects whose individual authorization's validity terminated. In three cases utilization of frequencies without authorization was discovered and administrative proceedings will be opened in these cases.

**Inspection of observance of conditions of individual authorization for the utilization of radio frequencies** – the CTU performed 121 inspections of observance of conditions of individual authorization for the utilization of radio frequencies. Altogether 19 calls demanding elimination of failures were promulgated.

On January 2, 2013 the CTU started the inspection of observance of planning parameters of FM transmitters – maximum peak frequency stroke  $\pm 75$  kHz and modulation output 0 dB. Until February 28, 2013 the Office checked in total 295 transmitters of 40 holders of individual authorization for utilization of frequencies, discovered defects in 38 cases and promulgated calls asking their elimination. As compared to the Autumn of 2011, when 95 % of transmitters did not meet stipulated conditions, the situation now is remarkably better.

**Determination of sources of jamming of the operation of electronic communication facilities and networks, provision of services of electronic communications or operation of radiocommunication services** – the CTU performed altogether 99 local investigations including 10 complaints of the Czech Hydrological Institute concerning jamming of meteorologic radars and 16 complaints of operators concerning jamming of public mobile networks of electronic communications. In 24 cases the Office promulgated call demanding elimination of jamming. In several cases the Office discovered sources of jamming in WIFI routers and radiating television antennas. In one case of jamming of the UMTS network the source was GSM modem of Sazka terminal, in other cases it was power plant of control of garage door with radio receiver of commands or defective thermostat of gas boiler.

**Collaboration with the Česká obchodní inspekce (ČOI)** – during inspection of sellers of telecommunication terminal and radio devices within the framework of collaboration between the CTU and the Czech Commercial Inspection, employees of the Office discovered in Brno, Litvínov, Šluknov and municipality of Koštice in Louny district the sale of radio controlled models of automobiles working in the band of 49 MHz. These radio facilities cannot be operated in the Czech Republic without individual authorization for the utilization of radio frequencies. Also the sale of wireless doorbells working in the band of 327 MHz

reserved for the Ministry of Defence of the Czech Republic was discovered. Deficiencies discovered are resolved by the ČOI within its competence.

**Přehled kontrolní činnosti při výkonu státní kontroly elektronických komunikací za měsíc únor 2013**

Druh činnosti	Počet osvědčení nebo kontrol		Počet výzev k odstranění nedostatků	Počet zaháj. SR	Počet vyd. rozh. *)	Rozhodnuto ve prospěch		Uložené pokuty	
	Celkově	Z toho				účastníka	poskytovatele	počet	výše v Kč
1. Počet vydaných osvědčení o oznámení podnikání (§14 ZEK)	22								
2. Počet změn osvědčení o oznámení podnikání (§14 ZEK)	21								
3. Výkon komunikační činnosti bez osvědčení	7			2	3			3	43000
4. Dodržování podmínek všeobecných oprávnění	39		10	13	10			10	93000
a) k zajišťování veřejných komunikačních sítí a přiřazených prostředků		0	0	0	0			0	0
b) k poskytování služeb elektronických komunikací		1	0	0	0			0	0
c) k využívání rádiových kmitočtů a provozování přístrojů (rádiových zařízení)		38	10	13	10			10	93000
5. Kontrola rádiových kmitočtů	225		43	3	3			3	53000
a) využívání rádiových kmitočtů bez oprávnění k jejich využívání		5		3	3			3	53000
b) dodržování podmínek individuálního oprávnění k využívání rádiových kmitočtů		121	19	0	0			0	0
c) Zjišťování zdrojů rušení provozu elektronických komunikačních zařízení a sítí, poskytování služeb elektronických komunikací nebo provozování radiokomunikačních služeb	99		24	0	0			0	0
6. Kontrola čísel pro účely správy čísel (počet kontrolních volání)	26		0	0	0			0	0
a) využívání čísel bez oprávnění k jejich využívání		22		0	0			0	0
b) využívání čísel v rozporu s oprávněním k jejich využívání		0	0	0	0			0	0
7. Rozhodování účastnických sporů	0			8378	3452	375	2051		
a) o námitce proti vyřízení reklamace na poskytnutou službu		0		2	8	3	0		
b) o námitce proti vyřízení reklamace vyúčtování cen za služby		0		24	22	6	5		
ba) přístupu ke službám s vyjádřenou cenou (datové i hlasové)		0		0	0	0	0		
baa) přístupu k datovým službám s vyjádřenou cenou poskytovaným na síti Internet nebo na jiných datových sítích (Dialer)		0		0	0	0	0		
c) o zaplacení ceny za služby (peněžité plnění)		0		8345	3416	364	2044		
d) ostatní		0		7	6	2	2		
8. Neposkytnutí informací podle § 115 ZEK				0	0			0	0
9. Ostatní	16		5	19	13			13	59000
CELKEM	356		58	8415	3481	375	2051	29	248000

\*) Celkový počet vydaných rozhodnutí zahrnuje i případy ukončení správního řízení usnesením, tj. případy úmrtí účastníka, zániku firmy, přerušení řízení ze zákona (konkurz), nepříslušnosti rozhodovat apod.

**The Survey of inspection activities in performance of State control of electronic communications for the month of February 2013**

Druh activities = kind of activity

počet osvědčení nebo kontrol = the number of certifications or inspections

celkově = in total z toho = of which

počet výzev k odstranění nedostatků = the number of notices to eliminate deficiencies

počet zahájených správních řízení = the number of administrative proceedings commenced

počet vydaných rozhodnutí\* = the number of decisions promulgated

rozhodnuto ve prospěch = decided in favour

subscribera = participant poskytovatele = provider

uložené pokuty = fines imposed počet = number výše v Kč = amount in CZK

1. The number of certifications notifying business activities issued (§ 14 of AEC)
2. The number of changes of certifications notifying business activities (§ 14 of AEC)
3. Performance of communication activities without certification
4. Observance of conditions of general authorisations
  - a) for the operation of public communication networks and associated facilities

- b) for provision of services of electronic communications
  - c) for utilization of radio frequencies and operation of instruments (radio equipment)
5. Inspection of radio frequencies
- a) utilization of radio frequencies without authorisation for their utilization
  - b) Observance of conditions of individual authorisation for utilization of radio frequencies
  - c) locating sources of interference of operation of electronic communication facilities and networks, provision of services of electronic communication or operation of radiocommunication services
6. Inspection of numbers for the purposes of management of numbers (number of inspection calls)
- a) utilization of numbers without authorisation for their utilization
  - b) utilization of numbers violating authorisation for their utilization
7. Resolution of subscribers' disputes
- a) on objection against the settlement of reclamation of service provided
  - b) on objection against the settlement of reclamation of charging of services
    - ba) on access to data services with specific price (data and voice)
    - baa) on access to data services with specific price provided on the Internet network or on other data networks (Dialer)
  - c) on reimbursement of price for services (monetary performance)
  - d) others
8. Withholding of information pursuant to § 115 of AEC
9. Others

IN TOTAL

\* the total number of decisions promulgated includes also cases of termination of administrative proceedings in the form of resolution, i.e. cases of death of subscriber, extinction of a company, interruption of proceedings ex lege (bankruptcy), incompetency to decide etc.

## **5. Other regulators, inspection authorities, courts**

### **Regulation in the market no. 3 in Italy**

On February 13, 2013 the Commission started the Second phase of investigation of Italian regulator (AGCOM) concerning determination of termination price of VoIP in fixed network. Commission stated that the market share of the company Telecom Italia is still very high although it decreases in time. It further stated that regulation of prices is proposed until 2015 and, with regard to potential market trend leading to effective economic competition (the Commission presumes transition to IP connection in Italy), it will be necessary to carry out the analysis of relevant markets pursuant to Article 16 (1) of the Framework Directive. Commission demands that AGCOM performs new market review as soon as possible in

2013 and take measure which will be available for the Commission, BEREC and remaining national regulatory bodies pursuant to Article 7 of the Framework Directive.

In conclusion the Commission put in doubt that proposed symmetric price, based on the level of termination price of the first transit of call of the company Telecom Italia, reflects costs of efficient operator.

## **6. Consumer issues**

### **Subscriber disputes – disputes concerning financial performance and objections against the settlement of complaint**

During the month of February the CTU initiated **8,378 administrative proceedings concerning subscriber disputes** between a person performing communication activities, on the one hand, and a subscriber, on the other hand, concerning financial performance and proposals for commencement of procedure dealing with objections against the settlement of complaint concerning price settlement or provision of publicly available service of electronic communications, which the CTU decides pursuant to § 129 of the Act on Electronic Communications. **3,452 decisions in re were promulgated**, of which 3,416 were decisions dealing with financial performance (payment of price for services).

### **Protection of consumer**

As the CTU previously reported, in the second half of 2012 it performed comprehensive analysis of contractual documents of three mobile operators, companies Telefónica Czech Republic, a.s., T-Mobile Czech Republic, a.s. and Vodafone Czech Republic, a.s., with the aim both to verify implementation of the Amendment of the Act on Electronic communications in contractual terms of mobile operators and to evaluate amendments of contractual conditions according to requirements contained in the letter of the Chairman of the CTU's Council from April 2012. In this letter problematic parts of contractual documentation of mobile operators were specified and operators were invited to their adjustment.

The analysis found many problematic provisions and the CTU will request that mobile operators adjust them within the framework of further steps, including significant streamlining of contractual documentation. In terms of requirements and content of contract the CTU found extraordinary extent of contractual documentation with all mobile operators, vague links to whole contractual document, and/or only to Internet pages of operator. Declared structure of subscriber contract does not always coincide with the true state. The CTU further found insufficient elaboration of some requisites stipulated by Law (for example, information about minimum offered and minimum guaranteed quality of services, information about the offer of services or information about limitation of utilization of terminals). The analysis further found that, concluding a contract, subscriber gives his/her consent, without possibility of different option, blanket approval to number of other conditions (for example, consent to copying of personal documents, consent to processing of personal data exceeding the framework stipulated by Law, consent to activation of other services which subscriber did not ask for directly, consent to automatic prolongation of contract etc.).

During February the CTU gradually made all mobile operators concerned familiar with conclusions of the analysis and urged them to correct failures. The CTU demands that subscriber has at the moment of conclusion of contract at his/her disposal a concise, clear and understandable draft of this contract which will contain only such conditions directly

related to services and relevant tariff which he/she selected. At the same time a subscriber must have the chance to select specific parameters of contract, including active award („yes/no“) of consent concerning conditions which were in contractual document set so far as a blank consent of subscriber, while any option was factually determined by the operator. The CTU imposed obligation on operators to present, before March 31, 2013, specific intention of changes of contractual conditions according to requirements demanded, including time-schedule of their implementation. If mobile operators do not meet these requirements, the CTU will employ all its legal competencies to reach remedy.

### **Complaints of consumers**

In the month of February the CTU registered several complaints and queries concerning charging of higher VAT rate for the billing period passing from December 2012 to January 2013. On this issue, it is necessary to state that, pursuant to the Act no. 235/2004 Coll., on Value added tax, as later amended, that taxable transaction is deemed to occur on the day when actual consumption of telecommunication service is determined at delivery, i.e. after the termination of billing period. The level of VAT rate is also bound to the day of realisation of taxable transaction. If taxable transaction was realised in January 2013, then VAT rate at the level of 21 %, valid from January 1, 2013, will be applied for the whole billing period. Transient provisions to the Act no. 500/2012 Coll.. (i.e. to the Act which amended the Value added tax for the last time) allow, in case of provision of telecommunication services, to separate consumption realised before the end of the year and tax it by original rate, however, not all providers of services of electronic communications employed this option, while it should be emphasized that it is a distinct possibility of charging, not the obligation. If prices of services were charged with new (higher) VAT rate, providers of services of electronic communications did not violate the Act.

## **7. Legislative changes**

On February 25, 2013 the Act no. 43/2013 Coll., which amends the Act no. 145/2010 Coll., on Consumer credit and Amendment of some other Acts, was published in the Volume 19 Coll. of the Collection of Laws.

This Act introduced the new § 18b (Utilization of telephone number with higher than usual price) in the Act on Consumer credit, according to which the telephone number for access to the services with set price cannot be used in offering, concluding or mediating of consumer credits through voice telephone communications, text or multimedia report. These numbers are determined by legislation regulating business in the field of electronic communications (the Act on Electronic communications and the Decree on Numbering plans of networks and services of electronic communications (the Decree no. 117/2007 Coll., as amended by later regulations)).

Pursuant to the Article II, point 1, of Transient provisions of the Act no. 43/2013 Coll., legal relations arising from contracts by which consumer credit or its mediation are concluded before the day this Act has become effective, are governed by the Act no. 145/2010 Coll., in the wording effective on the day this Act has become effective.

This part of this Act has become effective on the day of its promulgation, i.e. on February 25, 2013.

During February 2013 no legal regulations were published in the Collection of Laws having principal impact on the fields of electronic communications and postal services.

## **8. European Union**

On February 5, 2013 the World-wide campaign took place focused on [Day of safer internet 2013](#), which is organized by the network of educational centers Insafe. The Theme of the day of safer Internet was accompanied by the motto: „Connect with Respect – online rights and responsibilities“, which could be translated as „Communicate tactfully – on-line rights and responsibility“. It calls primarily for awareness of personal responsibility in the world of Internet not only to himself but, naturally to other users. It is targeting higher protection of personal privacy, respect of rights of other users and utilization of on-line environment respecting basic rights of etiquette.

In 2013 the European Commission intends to take further steps within the framework of the program of Safer Internet:

- it will support development of reporting navigation references to help lines and will finance administration of database of adjustment of protection of privacy for children which will be run by centers of Safer Internet (within the framework of existing program Safer Internet and through envisaged Tool for swich-over of Europe (CEF) and its digital services),
- it will support industrial research and innovations in the field of interoperability of systems of classification of content (from framework program for competitiveness and innovations (CIP) and from the program [Horizont 2020](#)),
- it will support development of services for recognition of age using simultaneously technical possibilities of electronic identity cards, which will be recognized throughout the EU thanks to draft legislation regulating electronic identity,
- it will invest in the research of technologies detecting content focused on misuse of children ((within the framework of the program Horizont 2020).

On February 8, 2013 the European Commission published [the Report on Implementation of unified European number of emergency call 112](#). It is obvious from the report that in the Czech Republic about 50 % of respondents knows the number 112 as the line on which it is possible to call for help in case of emergency anywhere in the European Union. The share of the EU citizens who, in case of emergency in their own country called the number 112, increased from 47% in 2012 to 51 %.

On February 15, 2013 working meeting of representatives of the European Commission, Member States, analysts, operators and other users of spectrum was held in Brussels, focused on results of study, which the Commission has ordered to compile for the purposes of identification of current and future trends in the field of commercial utilization of spectrum. The analysis is one of tasks associated with implementation of the strategy of spectrum utilization in the European Union endorsed in 2012. The subject of the analysis was utilization in mobile service, broadband access networks, radio service, fixed service and spectrum utilization by short range devices and other applications, focused on eight Member States of the European Union including Czech Republic. The analysis covers time horizon of one decade and is orientated at the spectrum in the range from 0.4 GHz to 6 GHz. Principal factors of development of radiocommunication networks is development of broadband connection, increase of operation in access networks and related technological trends. The analysis contributed to unification of viewpoints dealing with the development of specific radiocommunication services and serves as the input document for further steps of the Commission.

On February 20, 2013 the 30<sup>th</sup> meeting of the Group of the European Commission for radio spectrum policy (RSPG) was held in Brussels, on which were discussed the issues of spectrum sharing based on the principle of LSA concept (Licence Share Access), sectoral needs of the European Union, preparation of the EU for the World's radiocommunication conference (WRC-15), wireless broadband communications, the issues of interference (interference management) and bilateral consultations in implementation of conclusions of WRC-12 concerning the range of 700 MHz. Important part of the meeting was the address of the President Mrs Neelie Kroes, who informed participants of the meeting about the importance of the range 700 MHz for further economic development of the Union and about the importance and share of wireless communications for the development of digital economy. Mrs Kroes asked Member States to enforce, together with the Commission, harmonized approach, not to allow fragmentation of the spectrum, which would inevitably lead to fragmentation of common market, and asked Member States to immediately take all the steps leading to satisfaction of requirements of the RSPP strategy (Decision of the European Parliament and the Council no. 243/2012/EU). She invited the Member States to search, together with the Commission, for political solution of issues of the range 700 MHz even before mobile section is implemented in this range. The so-called action plan should be instrumental in this respect and should be prepared at the level of political leadership in the following weeks. In her address she also mentioned the themes like sharing of spectrum with military applications, and/or release of the spectrum from military applications or the issues of future extension of frequency range for systems RLAN (WiFi) in the band of 5 GHz. Working group of broadband communications identified in the band from 400 MHz to 6 GHz altogether 1,700 MHz of the band encompassing land and satellite broadband connection including WiFi. In the ready position it is also mentioned that in the medium term another 140 MHz of the spectrum can be released and in the long term another 900 MHz. Working group for identification of sectoral needs focused itself at the issues of navigation (Galileo), security communications (PPDR), short range devices (SRD) and auxiliary applications for radio service (PMSE – for example reporting connections) in the bands outside radio service. Working group for the preparation of WRC-15 focused on identification of the program agenda of the conference, which may significantly influence satisfaction of common European policy in the field of information society, transportation and scientific services.

## **9. ITU and other international organisations**

### **CEPT/WGFM**

On February 4 – 8, 2013 the 76<sup>th</sup> meeting of working group ECC/WGFM, dealing with the issues of administration of radio spectrum, was held in Warsaw. The group discussed drafts of new harmonization documents (decisions and recommendation of ECC), reports of individual project teams in the field of monitoring of radio spectrum, identification of frequency bands for security applications in state administration, satellite communications, issues of naval communications, satellite communications, radio transmission, short range devices (SRD) and issues of cognitive systems. In the field of identification, and/or harmonization of bands for mobile broadband applications increased attention was paid to discussion over the draft Decision of the ECC concerning harmonization of the band 1,452–1,492 MHz for SDL applications (Supplemental downlink, part of mobile and fixed access networks) and the issues of harmonization of the band 2.3–2.4 GHz. The above mentioned bands, together with the band of 694–790 MHz, for which the European Commission gave the mandate to the organization CEPT, can be significant contribution to satisfaction of requirements of European strategy of RSPP for determination of 1,200 MHz spectrum for broadband applications. The WGFM meeting discussed in detail the issues of short range devices (SRD) and within the mandate of the CEPT concerning permanent revision of the decision of the European Commission to the SRD, within the framework of the 5<sup>th</sup> revision,

drafts were discussed dealing with the amendments in technical annex (Recommendation CEPT/ERC/REC 70-03). Currently, much importance have gained primarily SRD devices in medical field, transportation, trade and services (identification of RFID) and obviously also requirements of industry concerning harmonization of bands, other requirements for frequencies for these applications and also certain requirements for protection of some SRD applications against interference. From the point of view of frequency management, very important are conclusions from the meeting of project team to security communications in state administration (PPDR). On the basis of verified users' requirements and in collaboration with the group LEWP (Law Enforcement Working Party) the need of the band 2 x 10 MHz for broadband applications PPDR was identified. Subsequently, potential frequency bands will be studied in which this requirement could be satisfied.

## **10. Radio spectrum management**

### **Auction of frequencies**

In February 2013 the electronic auction phase of tender procedure continued, aimed at granting of rights for utilization of radio frequencies in public communication network in the bands of 800 MHz, 1,800 MHz and 2,600 MHz, which started on November 12, 2012 and on which companies Vodafone Czech Republic a.s., T-Mobile Czech Republic a.s., Telefónica Czech Republic, a.s. and PPF Mobile Services a.s. participated.

On March 8, the Chairman of the CTU's Council, in harmony with § 21 Para. 6 of the Act on Electronic Communications cancelled tender procedure for the above specified radio frequencies. The Chairman of the CTU's Council so decided because current total offer for frequencies auctioned surpassed the limit of twenty billion Crowns and continued to grow. Thus the amount of offer became economically unreal and, particularly in the band of 800 MHz, it has exceeded comparable prices, recalculated per capita, attained in other EU Member States. Simultaneously, from the course of the auction its quick termination could not be anticipated what will naturally bring about further growth of prices for frequencies which were already so high. According to the standpoint of the Chairman of the CTU's Council it would finally lead to high prices for new telecommunication services of the Fourth generation and probably also to time delay during introduction of networks of new generation in commercial operation. This decision corresponds also to the standpoint of the EC Commissioner for digital agenda, Mrs N. Kroes, who criticized the current policy of governments mostly expecting highest earnings from auctions of spectrum, while not taking into account the situation in the field of electronic communications.

The CTU has prepared the terms of tender procedure pursuant to standard parameters of similar auctions implemented within the framework of the European Union at the time of preparation of tender procedure and also in harmony with recommendations of reputable advisory company Grant Thornton Advisory. The CTU has now cancelled the auction on the basis of systematic monitoring of the course of the auction and ongoing evaluation of knowledge from auctions, which were already realised in the EU Member States.

Currently the review of the terms of tender procedure is under way. The CTU will keep the public inform about further procedure.

## **11. Postal services**

During the month of February the CTU promulgated another 2 certificates confirming authorization to do business in the field of postal services. The list of registered operators providing or securing postal services can be found on [search base of the CTU](#).

### **Administrative procedure concerning the award of postal licence**

The CTU's Council in administrative procedure against the Česká pošta, concerning the award of postal licence pursuant to Article II point 3 of the Act no. 221/2012 Coll., which amends the Act no. 29/2000 Coll., on Postal services and on Amendment of some other Acts (the Act on Postal services), as amended by later regulations and some other Acts, decided on February 22, 2013 about the award of [postal licence](#) to the Česká pošta for the period until December 31, 2017.

The content of this postal licence is the obligation to ensure general availability of all basic services pursuant to § 3 of the Act on Postal services on the whole territory of the Czech Republic; these services are the following :

- a) service of delivery of postal consignments of up to 2 kgs,
- b) service of delivery of postal packages of up to 10 kgs,
- c) service of delivery of money amount by postal voucher,
- d) service of delivery of registered consignments,
- e) service of delivery of valuable consignments,
- f) service of free delivery of postal consignments of up to 7 kgs for blind people,
- g) services which must be provided on the basis of obligations ensuing from the membership of the Czech Republic in the World's Postal Union.

Detailed specification of these services is stipulated by the Decree no. 464/2012 Coll., on Determination of specification of individual basic services and basic qualitative requirements concerning their provision. Basic services must be provided permanently on the whole territory of the Czech Republic, on each working day and in these days it must allow at least one postal delivery and at least one delivery to the address of each natural or juristic person, or in extraordinary cases one delivery to suitable equipment or delivery box, and in a manner that corresponds to requirements of official delivery of documents pursuant to special legislation.

Another requirements concerning manner of provision and provision of basic services is stipulated by the Decree no. 464/2012 Coll., in the Part determining basic qualitative requirements. Basic qualitative requirements ensure, in particular, speed, reliability and regularity of basic services, sufficient density of service points providing postal delivery, as well as inevitable level of awareness of users about manner of provision of basic services.

Decision concerning the award of postal licence was published in [Volume 3/2013 of Postal Bulletin](#) dated March 14, 2013.

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Discussed in the CTU Council on March 19, 2013