

# Monthly monitoring report No. 8/2012 of the Czech Telecommunication Office August 2013

## *Executive summary*

On August 15, 2013 the CTU published on its [Electronic official desk](#) and in the [Telecommunication Journal](#) complete documentation of Promulgation of tender procedure for the grant of rights to use radio frequencies to ensure public communication networks in the bands of 800 MHz, 1,800 MHz and 2,600 MHz. The Office thus launched the process leading to the allocation of frequencies for new 4G networks which should contribute to broad availability of services of mobile broadband. Another task of this tender is support of economic competition – in this tender the CTU creates space for arrival of new network mobile operator in the market. Applications for tender can be submitted to the Office under conditions specified in the Promulgation of tender procedure until September 30, 2013 (more information can be found in the Chapter 11).

On August 9, 2013 the CTU received Decision of the European Commission concerning the analysis of wholesale market no. 2 – Call origination on the public telephone network provided at a fixed location in the Czech Republic. In its statement the European Commission did not apply essential comments to the material definition of the market and the analysis of the relevant market performed. The Council of the CTU decided about the promulgation of the analysis of the market concerned in the form of Measure of General Nature on its Meeting held on September 10, 2013 (more information can be found in the Chapter 2).

Within the framework of public consultation pursuant to § 130 of the Act on Electronic communications the CTU received, on August 9, 2013, the standpoint of the Office for Protection of Economic Competition (ÚOHS) to the draft Measure of General Nature - the analysis of the market no. A/3/XX.2013-YY, market no. 3 – Call termination on individual public telephone networks provided at a fixed location. The CTU settled the comments of the ÚOHS in the draft analysis of relevant market no. 3, which it submitted on August 29, 2013 to the European Commission for notification (more information can be found in the Chapter 2).

On August 21, 2013 the CTU organized working meeting - the workshop with expert public to the draft analysis of relevant market no. 6 – Wholesale terminating segments of leased lines, irrespective of technology used to provide leased or dedicated capacity. Discussion with representatives of participating companies was focused, in particular, on newly proposed segmentation of the market. On the basis of conclusions of the workshop the CTU decided to include some subparts in the draft analysis and on August 30, 2013 it sent to selected entrepreneurs request for provision of additional information pursuant to § 115 of the Act on Electronic communications (more information can be found in the Chapter 2).

Within the framework of public consultation pursuant to § 130 of the Act on Electronic communications the CTU received on August 30, 2013 the viewpoint of the Office for Protection of Economic Competition (ÚOHS) to the draft Measure of General Nature - the analysis of the market no. A/7/XX.2013-YY, market no. 7 – Voice call termination on individual public mobile telephone networks (more information can be found in Chapter 2).

On September 2, 2013 the CTU published in the Telecommunication Journal the Measure of General Nature no. [OOP/4/08.2013-3](#). This Measure, within the framework of conditions of the methodology of purpose breakdown of costs and revenues and their assignment, newly stipulates the value of costs of capital invested (WACC) for the purposes of potential regulation of NGA networks and determines the structure of reported information (see OOP/4/03.2006-3 as amended) (more information can be found in the Chapter 2).

Within the framework of ongoing [mapping of infrastructure](#) for provision of high-speed access to the internet in the Czech Republic, and on the basis of received requests and feedback from some subjects concerned, the CTU prolonged the deadline for submission of data requested. The new deadline for submission is September 13, 2013 instead of original deadline of August 23, 2013. The CTU will employ the data received within the framework of preparation of the Program for support of NGA networks on which it collaborates with the Ministry Industry and Trade.

In its monitoring report the CTU further informs about the current situation on the market of visual mobile operators (more information can be found in the Chapter 1).

In the Theme of the month of August the CTU prepared, and in the annex to the monitoring report it submits, the information concerning results of international comparison of prices for mobile services performed by the company Strategy Analytics (Teligen).

## 1. Current market situation

### Telefónica

The company Telefónica prolonged until August 31, 2013 special offer O<sub>2</sub> Internet Bundle with automatic prolongation and the commitment of continuous utilization of services for the period of 12 months. For the period of duration of the offer customers will pay for the utilization the tariff O<sub>2</sub> TV Flexi and the tariff Internet Optimal+ (Internet Optimal) the price of CZK 656/month (instead of CZK 707/month in case of utilization of the tariff Internet Optimal+, or instead of CZK 959/month in case of utilization of the tariff Internet Optimal).

The granting of benefits pursuant to the offer of the package of services O<sub>2</sub> TV Flexi and Internet Optimal+ is subject to the condition that customer will buy, together with this service, the set-top-box for CZK 1,656. It is possible to purchase the set-top-box also in instalments distributed in 12 months (customer will pay CZK 138/month) or 24 months (CZK 69 /month).

This special offer is subject to the condition of continuous utilization of both services for the period of 12 months. Starting from the 13<sup>th</sup> month this commitment with both services is automatically prolonged by the same period (automatic prolongation). Customer has the right to refuse any time this automatic prolongation and the tariff will be changed to corresponding non-commitment tariff. In the price of the tariff O<sub>2</sub> TV Flexi customer may choose, for the period of duration of special offer, one of program packages Dokumenty, Sport, Děti, Hudba, Seriály and Filmy. Constituent part of the tariff O<sub>2</sub> TV Flexi will always be the package Styl. Benefits are provided under condition that participant did not use the service of digital television O<sub>2</sub> TV for the period of at least three months before applying the requirement for establishment of the service.

During the month of August 2013 the company Telefónica began to offer a special offer to the service "Internet v mobilu", which is earmarked for owners of flat-rate tariffs. Each existing customer, who, through customer line, orders the service "Internet v mobilu" starting from August 15, 2013, will pay, for the period of three months starting from the day of establishment of this service, lower amount of flat-rate corresponding to one level lower tariff. If the service "Internet v mobilu M" is established with data limit of 1 GB, participant will pay CZK 151.25/month for the period of three months instead of CZK 303/month what corresponds to the tariff "Internet v mobilu S".<sup>1</sup> Similarly, in the case of the tariff "Internet v mobilu L" (limit 3 GB for CZK 505/month) participant will pay for the first three months the price of the tariff "Internet v mobilu M" (CZK 303/month)<sup>2</sup> and in the tariff "Internet v mobilu XL"

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<sup>1</sup> The offer is earmarked for owners of tariffs ZERO, Start, FREE O<sub>2</sub> and FREE O<sub>2</sub> Plus.

<sup>2</sup> The offer is earmarked for owners of tariffs Start, FREE O<sub>2</sub>, FREE O<sub>2</sub> Plus, FREE CZ and FREE EU.

(10 GB for CZK 757/month) customer will pay the same price as for the "Internet v mobilu L", consequently CZK 505.<sup>3</sup>

## **T-Mobile**

### **Economic results of the company T-Mobile for the first half of 2013**

The company T-Mobile announced financial results for the first half of 2013. The total number of customers increased, on a year-on-year basis, by 5.4 % to 5,667,000 (in the first half of 2013 the number of new customers increased by 169,000). This was, in particular, the increase of customers of contractual services (138,000 new customers). Also the segment of customers of pre-paid services registered a year-on-year increase, and namely by 1.2 % in first half of 2013. The number of accesses using fixed connection (voice and data) increased by 11.4 % to 117,000.

During the first six months of this year customers of T-Mobile mobile network called on average 140 minutes, what represents 5.3 % more minutes than in the last year. The volume of data transmitted increased significantly – it nearly doubled on a year on year basis and reached approximately 2,820 terabytes.

Total sales of the company in the first half of 2013 decreased on a year on year basis by 8.4 % to CZK 11,834,000,000. Operating profit EBITDA decreased on a year on year basis by 11.5 % to CZK 5,337,000,000, EBITDA margin reached the level of 45.1 %.

## **Vodafone**

The company Vodafone offers from August 30, 2013 additional tariff "Vodafone první krok" for standard price of CZK 149/month, and/or CZK 126.65/month if the contract is concluded for 24 months. The offer of the tariff "Vodafone první krok" is earmarked for new and existing non-corporate customers of the company Vodafone using pre-paid services in the form of "Karta do sítě", "Karta na víkend", "Karta do všech sítí" and "Karta se vším všudy".

To his/her pre-paid card customer can choose one of default combinations : package of 50 minutes of call to the Vodafone network, package of Unlimited SMS to the Vodafone network and the package "Connection for services super" with data limit of 20 MB. If the threshold of free units for call is exceeded customer will be charged the rate of CZK 3.49 /minute (tariffication 1+1) both to own network, and to other networks in the Czech Republic. The price of SMS to other networks in the Czech Republic has been determined at CZK 1.51 /SMS.

## **UPC**

Within the framework of special offer the company UPC offered to its new customers until September 1, 2013 price benefits for services of digital television Klasik, Komfort and Mini. These price benefits can be used for the first six months of utilization of the service for on-line orders with the commitment of utilization of the service for the period of 12 months. With the service Klasik customers will pay monthly price of CZK 156 instead of standard CZK 263.31/month and can receive for six months free of charge one of packages Sport, Relax or Darwin. Within the framework of this tariff more than 40 Czech and Slovak programs can be used including 11 HD programs. Within the framework of this special offer customers will pay for the service Komfort CZK 375 per month for the period of six months instead of standard price of CZK 578.49/month and during this period they can use more than 80 programs including 21 HD programs. Customers, who, within the framework of this special offer, ordered on-line the service of digital television Mini, will permanently pay for this service monthly price of CZK 154 instead of standard price of CZK 221.64/month and will be able to watch, within

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<sup>3</sup> The offer is earmarked for owners of tariffs FREE O2 Plus, FREE CZ, FREE EU and FREE EU Plus.

the framework of this service, more than 20 Czech programs including 7 HD programs. The price for connecting the service is CZK 100.

The company UPC offers the new special campaign only for on-line orders allowing fixed connection to the Internet for students aged from 18 to 26 years. This short-term marketing campaign is limited by October 31, 2013. The company offers to students two speed variants of connection to the Internet, one entitled UPC Fiber Power 40+ for the price of CZK 449 monthly (for the period of the first three months only CZK 300/month) and the variant UPC Fiber Power 120+ for the price of CZK 629/month (for the period of the first three months only CZK 449/month). Besides price benefit customer will also receive for the first 12 months the bonus in the form of increased speed to 120 Mbit/s (UPC Fiber Power 40+) and 240 Mbit/s (UPC Fiber Power 120+). The condition is minimum period of utilization of the service for the period of 12 months and submission of the document proving study.

### **New technology**

The company UPC Czech Republic significantly increased the speed of Internet connection for households. Starting from September 2013 new and existing customers will be able to use Internet with the speed of up to 240 Mbit/s and unlimited volume of data downloaded.

Average number of devices connected to the Internet in households, employing services of the company UPC, doubled to six as compared to 2011.

During the first half of 2013 households with connection from the company UPC downloaded by 18 % more data from the Internet than during the same period in 2012. From January to June it was on average 36 gigabytes monthly. Comparable trend can be registered also in the volume of data sent by users in the Internet network.

### **Current situation in the market of mobile virtual operators**

#### **99mobile**

Starting from August 1, 2013 the operator 99mobile reduced prices of roaming calls, SMS and data services. Within the framework of the EU customer will pay for outgoing call CZK 4.91/minute instead of CZK 6.61/minute. Simultaneously, the number of zones was reduced (from original four to three zones). Prices were decreased concerning countries which came over from the fourth zone to the third zone where reduction took place with outgoing calls by 28 % (from original CZK 119.55/minute to CZK 86.52/minute) and for incoming calls by 31 % (from original CZK 89.27/minute to CZK 61.35/minute). Prices of data services were reduced for the States of the second zone where the price dropped (from original CZK 297.37 /MB to CZK 79.86/MB).

#### **Žlutá simka (Yellow Simca)**

At the beginning of August 2013 mobile virtual operator run by the company TVNET s.r.o. under the name of Yellow Simca began to offer its services. It provides its services in the „network“ of mobile virtual operator Q-CZ of the company Quadruple a.s. within the framework of GSM network of the company Vodafone. Customer may assemble the tariff according to his/her individual needs with the help of basic packages of free minutes, SMS or data, as indicated in Table no.1. Operator gives the possibility to its customers to manage more SIM cards under one contract to the tariff "Rodina" (Family) (up to 6 SIM cards<sup>4</sup>) and to the tariff "Firma" (Company) (up to 15 SIM cards<sup>5</sup>).

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<sup>4</sup> Package contains maximum of three SIM cards with common billing. Customer will further pay CZK 45 /month/SIM card for another fourth to sixth SIM cards.

<sup>5</sup> Package contains maximum of five SIM cards with common billing. Customer will further pay CZK 42/month/SIM card for another sixth to tenth SIM cards.

Table no. 1: Detailed information to tariffs of virtual operator "Žlutá simka"

Tariff	Monthly flat fee (in CZK)	Free minutes	Free SMS	Free data (in MB)	Tariffication
Q60	99	60	—	—	60+1
Q150	199	150	50	—	60+1
Q100+	249	100	50	150	60+1
Rodina	499	300	60	—	60+1
Rodina+	649	420	120	150	60+1
Firma	1499	1200	400	—	60+1

Beyond the framework of free units customer may call to all networks in the Czech Republic for CZK 1.95/minute and send SMS to mobile networks besides fixed lines for CZK 1.25/SMS. After Fair User Policy (hereinafter „FUP“) (150 MB) of data services to tariffs Q100+ and Rodina+ is consumed, customer will automatically receive activation of FUP 25 MB for 24 hours starting from the first access (daily connection to the Internet) for CZK 19, however, only if he/she has not ordered any data package. Operator also offers additional monthly packages and the option to buy another free units, described in detail in the Table no. 2. Operator offers option to have roaming calls to three zones or international calls to four zones.<sup>6</sup>

Table no. 2: Monthly prices for additional packages offered by the operator "Žlutá simka"

Free units	Monthly flat fee
100 minutes in the network Q-CZ	55 CZK
100 minutes to all networks in the Czech Republic	95 CZK
200 minutes in the network Q-CZ	99 CZK
200 minutes to all networks in the Czech Republic	160 CZK
Unlimited call in the network Q-CZ*	170 CZK
100 SMS in the network Q-CZ	55 CZK
100 SMS to all networks in the Czech	95 CZK
200 SMS in the network Q-CZ	99 CZK
150 MB for a month**	69 CZK
300 MB for a month**	129 CZK
600 MB for a month**	229 CZK
1 200 MB for a month**	349 CZK

\* maximum 3,000 minutes; cannot be used with the tariff Firma

\*\*the possibility of increasing the limit by 150 MB, 300 MB, 600 MB, 1,200 MB

## Connectica

In the first half of August 2013 mobile virtual operator Connectica, run by natural person Mr Radek Vymazal, began to offer its services. Indirectly, through the company GTS Czech s.r.o., within the framework of GSM network of the company T-Mobile, the operator Connectica offers mobile services within the range from CZK 29/month to CZK 349/month. Free minutes and SMS offered in tariffs can be applied in all mobile networks in the Czech Republic except for the „network“ of operator Connectica. For a call to its own „network“ customer will pay in all tariffs offered CZK 0.59/minute and for za SMS to own „network“ customer will pay CZK 0.55/SMS. For a call to other networks customer will pay within the range from CZK 1.49 CZK/minute to CZK 2.59/minute according to the selected tariff plan. For one SMS to other networks in the Czech Republic customer will pay CZK 1.49. The operator has set the tariffication by minutes (60+60). Together with tariffs a customer can also buy data package with FUP within the range from 50 MB (for CZK 49/month) to 3 GB (for CZK 499/month). Operator offers roaming and international calls and SMS to four zones.<sup>7</sup>

<sup>6</sup> More detailed information can be found in the price-list on pages of the operator [Žlutá simka](#)

<sup>7</sup> More detailed information are included in the price-list of [Connectica](#)

## Regional Deník (Regional daily)

In the second half of August 2013 Regionální Deník began to offer mobile services to its subscribers. It is a partner of the company Vodafone, which directly takes over its offer and resales it to its readers. Regional Deník offers to its customers, without any commitment, two mobile tariffs under the name of "Pět pohromadě" for CZK 252/month and "Pět pohromadě" for CZK 383/month. For a monthly flat fee of CZK 252 customer will get 100 free minutes and 50 free SMS to all networks in the Czech Republic. Tariff for CZK 383/month contains unlimited SMS to own „network“ and 200 free minutes to all networks in the Czech Republic. Billing of both tariffs is per second (1+1). Beyond the framework of free minutes each another second of call is charged with CZK 0.084, what is CZK 5.04/minute of call to all networks within the framework of the Czech Republic. Beyond the framework of free SMS to all networks customer will pay CZK 1.51 for each another SMS. Both tariffs are offered within the framework of flat fee of call and SMS to four selected numbers within the network of operator including fixed lines. More expensive tariff offers to customer free data with FUP 150 MB.

## Fayn

On August 12, 2013 the new mobile virtual operator Fayn of the company FAYN Telecommunications s.r.o. became one of virtual operators. The operator connected the service VoIP (calls over the Internet) with advantages of classical GSM telephony (indirectly through the company GTS Czech s.r.o., within the framework of GSM network of the company T-Mobile). The condition is that a customer has a smartphone with access to Wi-Fi. If wireless network is within reach, customer will call over VoIP, in other places he/she will use classical GSM network. Regardless of the type of network employed customers may call under one telephone number. Customer may choose in what mode he/she will pay for the services (prepaid/postpaid).<sup>8</sup> Tariffs offered are without any commitment and all calls of operator are charged by minute (60+60). More detailed information to individual tariffs combining services of call over VoIP and GSM network, can be found in the Table no. 3.

Table no. 3: The terms of individual combined tariffs of mobile virtual operator Fayn

Conditions of tariff	fayn TOP	fayn MEDIUM	fayn BASIC
monthly flat fee (CZK/month)	179.00	99.00	0.00
free minutes	150	50	————
free SMS	25	25	————
call within the network of VoIP FAYN to fixed lines and to mobiles (CZK/min.)	0.58	0.58	0.79
call within the GSM network to fixed lines (CZK/min.) and to mobiles	1.00	1.39	1.79
price for SMS (CZK/SMS)	1.19	1.19	1.49
price for MMS (CZK/MMS)	4.99	4.99	4.99
additional package of data 150 MB (CZK)	80.00	80.00	80.00
additional package of data 25 MB (CZK)	15.99	15.99	15.99
price for establishment	0.00	0.00	121.00

## ViralMobil

<sup>8</sup> Prepaid mode – payment of services through credit recharge. In the tariff Basic with zero flat fee the operator determined minimum payment at the amount of CZK 200 during three months.  
Postpaid mode – payment of services on the basis of monthly flat fee. The operator determined minimum invoiced amount of CZK 121/month.

From August 13, 2013 the company ViralMobil.cz offers its mobile services under the name of ViralMobil within the framework of GSM network of the company T-Mobile. The operator offers to its customers the tariff Basic on the basis of pre-paid SIM card where CZK 37/month is deducted to customer. Customer calls for CZK 1.11/minute and sends SMS for CZK 1.11/SMS within the „network“ of ViralMobil. Outside the „network“ a customer will pay for one minute of call CZK 2.22 and CZK 1.44 for one SMS. To the SIM card customer may also buy data package within the range from CZK 77 (with FUP 100 MB) to CZK 477 (with FUP 3 GB). The first minute is charged fully, then they are charged by seconds (60+1). Within the framework of international roaming operator offers roaming mobile services in international destinations divided in three zones<sup>9</sup>; and international calls to countries, which are described in more detail in the price-list of international calls.<sup>10</sup>

### **NETBOX Mobil and AIM Mobil**

Starting from August 27, 2013 virtual operator NETBOX of the Mobil company SMART Comp. a.s. and virtual operator AIM Mobil of the company Planet A, a.s. are offering their mobile services. They run their services in the network of T-Mobile indirectly through its wholesale partner GTS Czech s.r.o. The offer of both operators is identical. Both operators offer voice tariffs including data services either with zero monthly flat fee or with monthly flat fee (with the benefit of free minutes, SMS and data – see below). Price for one minute of call in the „networks“ of operators (NETBOX Mobil, AIM Mobil) is for CZK 1.50. Call to other mobile networks, including fixed lines, is for CZK 2.50/minute. Customer will pay CZK 1.50 for one SMS to all mobile networks. Customer will pay CZK 1.50 for 1 MB of data downloaded. To the tariff with monthly flat fee of CZK 250 customer will receive 50 minutes of call to all networks in the Czech Republic, 50 SMS to all networks in the Czech Republic and 100 MB of free data. Within the framework of the tariff with monthly flat fee of 100 CZK customer will receive 100 MB of free data. Price for additional 1 MB of data exceeding consumed free data is by CZK 0.50/MB lower (thus CZK 1/MB) compared to previous tariff with monthly flat fee of CZK 250 (CZK 1.50 /MB). Customers pay the price of consumed units to operator on the rebound on the basis of invoice issued (postpaid mode). All voice tariffs are charged with the tariffication 60+30. The operators also offer international calls to twelve zones with tariffication 60+1.<sup>11</sup>

## **2. Regulatory Measures**

### **Market analyses**

#### **Market no. 2 – Call origination on the public telephone network provided at a fixed location**

On August 9, 2013 the CTU received „Decision of the Commission concerning the case CZ/2013/1486: Wholesale market Call origination on the public telephone network provided at a fixed location in the Czech Republic“. In its statement the Commission did not apply comments to the material definition of the market and to the analysis of relevant market, however, the Commission called the Office for the imposition of obligations WLR and CS/CPS as obligations on the wholesale level. The Commission further asked the CTU for submission of proposal of remedies in the field of price regulation as soon as possible and without undue delay. The CTU has settled all comments of the European Commission within the framework of final proposal of analysis prepared.

On September 10, 2013 the CTU's Council decided about promulgation of the Measure of General Nature - Analysis of the market no. [A/2/09.2013-4](#) – Call origination on the public telephone network provided at a fixed location

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<sup>9</sup> More detailed information can be found in the price-list of [ViralMobil](#)

<sup>10</sup> More detailed information of international calls are included in the price-list of [ViralMobil world](#)

<sup>11</sup> More detailed information are included in the price-list of operator [NETBOX Mobil](#) a [AIM Mobil](#)

### **Market no. 3 – Call termination on individual public telephone networks provided at a fixed location**

On August 9, 2013 the CTU received, within the framework of public consultation pursuant to § 130 of the Act on Electronic communications, the standpoint of the Office for Protection of Economic Competition (ÚOHS) concerning the draft Measure of General Nature - Analysis of the market no. A/3/XX.2013-YY, market no. 3 – Call termination on individual public telephone networks provided at a fixed location.

ÚOHS in its standpoint recommended that the obligation of separated keeping of records of costs and revenues pursuant to § 86 of the Act on Electronic communications was imposed on all enterprises with significant market power, and at the same time it reminded its comments to the document „The CTU’s policy in evaluation of prices of retail offers of vertically integrated operator“.

The CTU settled the comments of the ÚOHS in harmony with conclusions of the analysis and respecting observation of the principles of adequacy of remedies specified in the draft analysis of relevant market no. 3, which it submitted to the European Commission for notification on August 29, 2013 .

### **Market nos. 4 and 5 – sending of analyses to the ÚOHS**

On August 9, 2013 the CTU sent to ÚOHS to express its opinion draft analysis of relevant market no. 4 – Wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location and the draft analysis of relevant market no. 5 – Wholesale broadband access in networks of electronic communications within the framework of public consultation pursuant to § 130 of the Act on Electronic Communications. On September 9, 2013 the CTU received standpoint of the ÚOHS to the draft analyses.

### **Market no. 6 – Wholesale terminating segments of leased lines, irrespective of technology used to provide leased or dedicated capacity**

On August 21, 2013 the CTU organized working meeting – workshop with expert public concerning draft analysis of relevant market no. 6 – Wholesale terminating segments of leased lines, irrespective of technology used to provide leased or dedicated capacity.. In the working meeting participated representatives of companies Telefónica Czech Republic, a.s., T-Mobile Czech Republic, a.s., T-Systems Czech Republic a.s., Vodafone Czech Republic, a.s. and GTS Czech s.r.o. Discussion with representatives of participating companies was directed mainly to newly proposed segmentation of the market which, as compared to the previous analysis of this market (when the market was divided into two segments), now divides the market into 3 segments. These segments are the Segment A encompassing wholesale end sections of leased circuits with speed not exceeding 2 Mbit/s, the Segment B encompassing wholesale end sections of leased circuits with speed higher than 2 Mbit/s and lower or equal to 20 Mbit/s and the Segment C encompassing wholesale end sections of leased circuits with speed higher than 20 Mbit/s. Other comments of representatives of expert public were directed to criteria examining the existence of independent significant market power. For further elaboration of the draft analysis, the CTU, on August 30, 2013, asked selected entrepreneurs for provision of additional information pursuant to § 115 of the Act on Electronic communications.

### **Market no. 7 – Voice call termination on individual public mobile telephone networks**

On August 30, 2013 the CTU received, within the framework of public consultation pursuant to § 130 of the Act on Electronic communications, the standpoint of the Office for protection of economic competition (ÚOHS) concerning the draft Measure of General Nature - Analysis of the market no. A/7/XX.2013-YY, market no. 7 – Voice call termination on individual public mobile telephone networks. In its standpoint the ÚOHS recommended that remedies imposed - the obligation of separated keeping of records of costs and revenues pursuant to § 86 of the Act on Electronic communications and the obligation of access to specific network elements and assigned resources pursuant to § 84 of the Act on Electronic communications,

were imposed symmetrically on all enterprises with significant market power on this market. ÚOHS also recommended to the CTU to assess immediately criteria determining enterprise with significant market power in case of entry of new subject in the market and to impose subsequently on this subject the same extent of obligations as on other SMP enterprises. ÚOHS also recommended to the CTU in its remaining comments determination of unified cost standard in stipulating prices of termination and within the framework of separated keeping of records of costs and revenues, and recommended also inclusion of services of calling collect in the regulation on the relevant market no. 8 – Access and call origination on public mobile telephone networks.

The CTU has settled all comments of the ÚOHS. On September 10, 2013 the Council of the CTU discussed and approved modified proposal of the analysis of the market no. 7 to be submitted for notification to the European Commission.

### **Proposal for determination of the value of WACC for NGA network**

On September 2, 2013 the CTU published in the Telecommunication Journal the Measure of General Nature no. [OOP/4/08.2013-3](#), which amends the Measure of General Nature no. [OOP/4/03.2006-3](#), stipulating the methodology of purpose breakdown of costs and revenues and their assignment and determining the structure of reported information, as amended by the Measure of General Nature no. [OOP/4/02.2008-1](#), the Measure of General Nature no. [OOP/4/12.2011-19](#) and the Measure of General Nature no. [OOP/4/11.2012-15](#). The CTU promulgates this Measure in continuation to the implementation of Recommendation of the European Commission on regulated access to access network of new generation (NGA). The Measure newly stipulates new WACC values for FTTH network which takes into account higher risk connected with deployment of these networks. WACC for the FTTH network is determined at the level of 11.62 %. The Measure further introduces requirements for data collection in cost models employed for regulation of prices of broadband and wholesale access to the infrastructure of network. The Measure becomes effective on the fifteenth day of the day of its publication in the Telecommunication Journal.

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

### **Proceedings commenced in August 2013**

In August 2013 no proceedings were commenced in case of disputes pursuant to § 127 of the Electronic Communications Act.

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

In August 2013 no proceedings were terminated as legally effective or returned to new hearing in case of disputes pursuant to § 127 of the Electronic Communications Act.

## **4. Inspection activities**

Inspection activities in the field of provision of services and support of networks of electronic communications.

### **Services of electronic communications**

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

Performance of communication activities without authorization - in the period monitored the CTU performed five inspections verifying conditions for performance of communication activity on the part of subjects controlled. In one case it discovered breach of notification obligation and will launch administrative proceeding with the subject concerned.

Inspection of observance of conditions of individual authorization for utilization of radio frequencies - the CTU performed 41 inspections of observance of conditions of individual authorization for utilization of radio frequencies concerning predominantly observance of stipulated conditions by operator of UHF FM transmitters. The CTU promulgated nine calls demanding elimination of deficiencies discovered, mostly due to exceeding the permitted modulation output and non-observance of approved transmitting station.

Observance of conditions of general authorization no. VO-R/12/09.2010-12 – the CTU performed 48 inspections of observance of conditions for utilisation of radio frequencies and operation of facilities for broadband data transmission in the bands from 2.4 GHz to 66 GHz. In 12 cases it discovered breaches which will be resolved by call demanding elimination of deficiencies discovered and administrative proceedings will be opened in these cases. Deficiencies rest mainly in utilisation of radio frequencies in the band from 5,150 to 5,350 MHz outside buildings.

Inspection of utilisation of radio frequencies without authorization – the CTU performed altogether 24 inspections focused on subjects whose individual authorizations lost their validity. In nine cases the Office discovered utilisation of radio frequencies without authorization and will launch administrative proceedings.

Identification of sources of jamming of the operation of electronic communication facilities and networks, provision of services of electronic communications or operation of radiocommunication – CTU performed altogether 69 local investigations, 35 concerning jamming of reception of radio service and 34 concerning jamming of radio facilities and networks of which nine investigations were focused on jamming of meteoradars by Wifi devices and 8 on jamming of public mobile networks. In 10 cases the CTU promulgated calls demanding elimination of jamming. Jamming of services of public networks GSM and UMTS are mainly caused by GSM repeaters operated contrary to the conditions of general authorization no. 24 and repeaters of unapproved type or incorrectly installed.

Collaboration of the CTU with Česká obchodní inspekce (the Czech Trade Inspection) - in checking the sellers of telecommunication terminal and radio equipment in Varnsdorf the CTU and Česká obchodní inspekce discovered sale of models of radio controlled models of cars working in the bands of 45, 49 and 50 MHz. These radio facilities cannot be operated in the Czech Republic without individual authorization for the utilization of radio frequencies. Deficiencies discovered are resolved by the Czech Trade Inspection within its competence..

Druh činnosti	Počet osvědčení nebo kontrol		Počet výzev k odstranění nedostatků	Počet zaháj. SR	Počet vyd. rozh. *)	Rozhodnuto ve prospěch		Uložené pokuty	
	Celkový	Z toho				účastníka	poskytovatele	počet	výše v Kč
1 Počet vydaných osvědčení o oznámení podnikání (§14 ZEK)	11								
2 Počet změn osvědčení o oznámení podnikání (§14 ZEK)	28								
3 Výkon komunikační činnosti bez osvědčení	5		0	0				0	0
4 Dodržování podmínek všeobecných oprávnění	49		12	12	9			9	77000
a) k zajišťování veřejných komunikačních sítí a přiřazených prostředků		0	0	0	0			0	0
b) k poskytování služeb elektronických komunikací		1	0	2	1			1	2000
c) k využívání rádiových kmitočtů a provozování přístrojů (rádiových zařízení)		48	12	10	8			8	75000
5. Kontrola rádiových kmitočtů	134		19	3	0			0	0
a) využívání rádiových kmitočtů bez oprávnění k jejich využívání		24		3	0			0	0
b) dodržování podmínek individuálního oprávnění k využívání rádiových kmitočtů		41	9	0	0			0	0
c) Zjišťování zdrojů rušení provozu elektronických komunikačních zařízení a sítí, poskytování služeb elektronických komunikací nebo provozování radiokomunikačních služeb		69	10	0	0			0	0
6. Kontrola čísel pro účely správy čísel (počet kontrolních volání)	3		0	0	0			0	0
a) využívání čísel bez oprávnění k jejich využívání		0		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			6247	3602	332	2201		
a) o námitce proti vyřízení reklamace na poskytnutou službu		0		3	1	0	0		
b) o námitce proti vyřízení reklamace vyúčtování cen za služby		0		37	26	7	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 (peněžitá plnění)		0		6202	3568	323	2193		
d) ostatní		0		5	7	2	3		
8. Neposkytnutí informací podle § 115 ZEK				0	0			0	0
9. Ostatní	33		3	46	46			42	242000
CELKEM	219		34	6308	3657	332	2201	51	319000

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

Překlad tabulky : Přehled kontrolní činnosti při výkonu státní kontroly elektronických komunikací za měsíc srpen 2013

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

Druh činnosti = 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 administrativních řízení = the number of administrative proceedings commenced

počet vydaných rozhodnutí\* = the number of decisions promulgated

rozhodnuto ve prospěch = decided in favour

účastníka = 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.

## Postal services

Observance of conditions of the Act no. 29/2000 Coll., on Postal services and on amendments of some Acts (the Act on Postal services), as amended by later regulations and implementing regulations, particularly by the Decree no. 464/2012 Coll., on Determination of specification of individual basic services and basic qualitative requirements for their provision – the CTU has launched administrative procedure with the Česká pošta, s. p. concerning breach of postal obligation pursuant to § 33 Para. 1 Letter. a) of the Act on Postal services and treatment of postal consignment or remitted sum of money in contradiction to § 7 Para. 1 of the same Act (leaving postal bags on place publicly accessible without securing them so that unauthorized person could not handle these bags and their contents.

Přehled činnosti při výkonu státní kontroly poštovních služeb a účastnických sporů za měsíc srpen

Druh činnosti	Počet osvědčení nebo kontrol		Počet opatření v zájmu řádného poskytování služeb podle § 6 odst. 4 a § 37 ZPS	Počet zahájených správ	Počet vydaných rozhodnutí	Rozhodnuto ve prospěch			Uložené pokuty	
	celkově	z toho				účastníka	poskytovatele	Ostatní	počet	výše v Kč
1. 1 Počet vydaných osvědčení o oznámení podnikání	1									
2. 2 Počet změn osvědčení o oznámení podnikání	0									
3. 3 Výkon poštovní činnosti bez osvědčení	0			0	0				0	0
4. 4 Dodržování podmínek zákona o poštovních službách (dále jen "ZPS") a dalších předpisů	0		0	1	0				0	0
5. 5 Dodržování poštovních podmínek podle § 6 ZPS	0	0		1	0				0	0
6. 6 Dodržování podmínek kvalitativních požadavků podle vyhlášky č. 464/2012	0	0		0	0				0	0
5. 7 Rozhodování o námítkách proti vřízení reklamace podle § 6a ZPS	0			0	0	0	0	0		
6. 8 Rozhodování o sporech podle § 37 odst. 3 písm. a) ZPS	0			0	0	0	0	0		
7. 9 Neposkytnutí informací podle § 32 a) ZPS	0			0	0				0	0
6. 10 Ostatní	0			0	0				0	0
11		0		0	0				0	0
12		0		0	0				0	0
13		0		0	0				0	0
14		0		0	0				0	0
15		0		0	0				0	0
16		0		0	0				0	0
17		0		0	0				0	0
18		0		0	0				0	0
19		0		0	0				0	0
CELKEM	1		0	1	0	0	0	0	0	0

Překlad tabulky : Přehled činnosti při výkonu státní kontroly poštovních služeb za měsíc srpen 2013

## The Survey of inspection activities in performance of State control of Postal services for the month of August 2013

Druh činnosti = kind of activity

počet - number celkově = in total z toho = of which

počet opatření v zájmu řádného poskytování služeb podle § 6 odst. 4 a § 37 ZPS - the number of measures in the interest of proper provision of services pursuant to § 6 Para. 4 and § 37 of the Act on Postal services

počet zahájených správních řízení = the number of administrative proceedings commenced

počet vydaných rozhodnutí = the number of decisions promulgated

rozhodnuto ve prospěch = decided in favour

účastníka = participant poskytovatele = provider

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

1. 1. The number of certifications notifying business activities issued

2. 2. The number of changes of certifications notifying business activities
3. 3. Performance of postal activities without certification
4. 4. Observance of conditions of the Act on Postal services (hereinafter APS) and other regulations
  5. 5. Observance of postal conditions pursuant to § 6 of the Act on Postal services
  6. 6. Observance of conditions of qualitative requirements pursuant to the Decree no. 464/2012 Coll.
5. 7. Resolution on objections against the settlement of reclamation pursuant to § 6a of the APS
6. 8. Resolutions on disputes pursuant to § 37, Para 3, Letter a) of the APS
7. 9. Withholding of information pursuant to § 32a) of APS
8. Others

Within the framework of the CTU's activities in the field of review of decision promulgated on the first degree of administrative procedures, the result of one of remonstrance procedures performed is final decision by which the CTU imposed the fine at the amount of CZK 10,000 for administrative offense pursuant to § 118 Para. 1 Letter. b) of the Act on Electronic communications. This administrative offense was perpetrated by juristic person (business company), because it demonstrably, from May 4, 2012 to May 14, 2012 and from November 25, 2012 to December 7, 2012, operated outdoors in and around Blansko broadcasting radio devices in the frequency band from 5,150 MHz to 5350 MHz, intended for indoor use only and thus violated conditions of Article 2 Letter b) of General authorization no. VO-R/12/09.2010-2 for utilization of radio frequencies and operation of devices for broadband data transmission in the bands from 2.4 GHz to 66 GHz.

In another remonstrance procedure the CTU finally decided to impose a fine on juristic person (business company) at the amount of CZK 5,000,- for administrative offense pursuant to § 118 Para. 1 Letter b) of the Act on Electronic communications in the wording effective until December 31, 2011. This administrative offense was perpetrated by this juristic person because it violated provisions of § 13 Para. 6 of the Act on Electronic communications in the wording effective until December 31, 2011, because it did not immediately announce the CTU change of data specified in the notification of communication activity from February 21, 2007.

The result of another remonstrance procedure was final decision on fine for offense pursuant to § 119 Para. 1, Letter e) of the Act on Electronic communications perpetrated by natural person, because on September 22, 2012, from 13:00 to 17:51, it intentionally, unreasonably and repeatedly called emergency line 158. For this offense the CTU imposed the fine at the amount of CZK 1,000,-.

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

### **Regulation of the market no. 3 in Portugal**

The European Commission commented unjustified delay in the review of relevant market no. 3 (the last review was in 2004) and expressed serious concerns in three areas :

1. Implementation of Recommendation concerning termination rates

ANACOM<sup>12</sup> intends to implement cost model of pure BU-LRIC on the basis of comparison of fixed termination rates (FTR) up from October 1, 2013, what is in conflict with the Recommendation on termination rates. The European Commission demands that

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<sup>12</sup> Portugal telecommunication authority.

ANACOM introduces, as soon as possible, and/or, not later than on October 1, 2013, cost oriented FTR through temporary measure pursuant to the Article 7(9) of the Framework Directive.

## 2. Non-imposition of Remedial Measure concerning obligation of access

The European Commission recognized that terminating operators have economic interest in connection, however, it considers that in the absence of explicitly imposed obligation of access, general obligation of access, which could arise from Portuguese legislation, do not allow rapid resolution of potential problems with connection (in comparison with more specific obligation of access, imposed as a result of analysis of the market). Problems of access could occur, for example, in early phase of development of IP connection, particularly in cases when the traffic is not balanced and where one side should absorb higher prices of termination services (including transit over the third network) without the need to increase retail prices. Operators could therefore delay the access to their networks in an attempt to eliminate direct competitors of similar size in the market. In the absence of obligation of non-discrimination on the part of alternative operators, the interest of the European Commission was aroused by the fact that there exists no safety measure which would prevent operators having significant market power to apply different conditions for connecting operators. Consequently, the European Commission takes the view that insufficiently imposed obligation of access for IP connection is neither technologically neutral (pursuant to Article 8(1) of the Framework Directive) nor it is able to prevent, on wholesale markets of termination of voice call, violation or restriction of competition as required by Article 8(2) of the Framework Directive.

## 3. Creation of barrier of unified market

The European Commission stated that terminating operators (in fixed networks), regardless of their size or retail market shares, have monopoly position on their corresponding wholesale markets of voice termination. In this particular case ANACOM also states that all operators providing termination services in fixed location have significant market power, i.e. they are in position allowing them to behave independently of their competitors and customers. They are, therefore, in the position in which they could deny access to certain operators (for example to new operators including those seated in other Member States) and thus to force them to connect indirectly and bear thus additional costs as a result of purchase of transition services. Consequently the European Commission believes that different regulation of voice termination in fixed networks (where competition conditions and problems are the same) can increase costs for provision of fixed services and reduce capability of other operators and providers of services (including those seated in other Member States) to provide services of electronic communications in Portugal.

In light of the above the European Commission takes the view that in this phase notified regulatory measure would create barrier within the framework of unified market.

## **Regulation of the markets no. 3 and 7 in Netherlands**

On August 27, 2013 the Dutch court again cancelled appeal of the ACM (Dutch telecommunication regulator) regarding utilization of cost model PURE LRIC in termination rates, both fixed (FTR), and mobile ones (MTR), which the ACM accepted recently. The court replaced them with rates on the basis of cost model LRIC+, which includes surcharge for joint costs and will become effective on September 1. 2013.

The court previously argued that utilization of the model PURE LRIC was disproportionate to the solution of the problem of potentially excessive prices on the wholesale market and that utilization of the model LRIC+ was sufficient. As a result, in summer 2012, the ACM had to accept higher rates for termination of call despite strong opposition from the part of the European Commission.

In 2013 ACM reworked utilization of cost model PURE LRIC and on August 5, 2013 it again accepted utilization of the cost model PURE LRIC in FTR and MTR, which should

become effective on September 1, 2013. This time the ACM justified its choice for PURE LRIC on the basis that majority of other Member States introduced PURE LRIC rates for termination of call. According to ACM the choice of LRIC+ would disrupt internal market. The court refused this justification and said that it would not be possible to discover if and to what extent termination rates on the basis of LRIC+ would disrupt internal market. ACM argued that 7–9 % of termination operation in the Netherlands (fixed and mobile combined) have international origin. The court, however, stressed that this quantity of calls coming from countries outside the EU contain the same number of calls as roaming calls in the Netherlands. Moreover, the data include calls from Member States which are realised on the basis of PURE LRIC rates for termination of call, so there is no disadvantage that they would be caused by higher Dutch rates for termination of call. The court mentioned Germany, the most important business partner of the Netherlands, which also decided against the utilization of the model PURE LRIC.

## **6. Consumer issues**

During the month of August the CTU began 6,247 administrative procedures concerning subscriber disputes between a person performing communication activities, on the one hand, and a participant, on the other hand, concerning financial performance, and proposals for commencement of procedure concerning objections against the settlement of complaint against price settlement or provision of publicly available service of electronic communications, which the CTU decides pursuant to § 129 of the Act on Electronic Communications. 3,602 decisions in re were promulgated, of which 3,568 were decisions concerning financial performance (payment of price for services).

As the CTU already informed in the Monitoring report for the month of July, on August 8, 2013, the Act no. 214/2013 Coll. became effective, implementing the Amendment of the Act on Electronic communications. This Amendment newly regulates some conditions for conclusion of contractual relations between providers and users of services of electronic communications. The CTU informed about these changes in detail in the last Monitoring report, in Chapter 9, Legislative changes.

## **7. Legislative changes**

During August 2013 no legal regulations were published in the Collection of Laws which would have principal impact on the field of electronic communications or postal services.

## **8. The European Union**

### The Study „Europe Loves Wi-Fi“

On August 1, 2013 the European Commission published the study from which it follows that in 2012 71 % of wireless data transmissions was realised by means of Wi-Fi through smart telephones and tablets and this number should increase to 78 % before the year 2015. The study recommends that other parts of the spectrum are made available to support this increasing demand in the EU. Combined utilization of Wi-Fi networks and other infrastructures of small cells can ease the workload of 3G/4G networks and simultaneously it decreases costs of operators and users.

The study recommends:

- to make globally available frequencies from 5,150 MHz to 5,925 MHz for Wi-Fi spectrum,
- to make available bands 2.6 GHz and 3.5 GHz for mobile services and to begin consultations on future options of licensing of the band 3.5 GHz and other potential licensed bands for mobile services and

- to reduce administrative burden related to the implementation of services and networks serving for removing data traffic from mobile networks (off-loading) in public places.

Other findings that the study brought forward:

- Wi-Fi and small LTE cells do not replace each other but rather complement themselves. Combination of both technologies can help to maximize utilization of available spectrum while reducing costs.
- The method of relieving traffic with the help of Wi-Fi has the potential to allow, in a much greater scope, new utilization of spectrum in given geographical area.
- New Wi-Fi devices will offer higher speed of transmission thanks to utilization of broader channels (80 MHz or 160 MHz).
- Historically complex procedure of manual connection to the Wi-Fi network, specifically the process of connecting and verification, will be considerably overcome by automatic verification on access to Wi-Fi networks.
- With systems in which individuals can share their internet connection through Wi-Fi and many providers of Wi-Fi roaming, public access to Wi-Fi becomes convenient and accessible for many users.

#### Other information

On August 6, 2013 the European Commission published [information on comparison of prices of telephone calls within the framework of the European Union](#). This reports states major differences in prices for the same service among networks in different states of the EU. The Czech Republic is, in comparison of prices of telephone calls, on the 20<sup>th</sup> place and the price is slightly above the EU average. In September the Vice-President of the European Commission responsible for „digital agenda“, Neelie Kroes, wants to present proposal of further regulation of telecommunications.

On August 13, 2013 the European Commission published results of [Europe-wide exploration focused on electronic communications in households](#). The target of this exploration is support of development policy in the field of electronic communications by means of regular collection of data and trends concerning standpoint of households and individuals towards provision of services of electronic communications.

On August 29, 2013 the European Commission launched [Public consultation concerning instructions to recommended standard licences, data files and charges for repeated utilization of information of public sector](#). Consultation is opened until November 22, 2013.

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

On July 22 – 31 2013 in East London in South African Republic the meeting of the Working group JTG 4-5-6-7 (Joint Task Group) was held focused on the issues of preparation of the World's radiocommunication conference ITU (WRC-15) and, in particular, on the agenda item 1.1 (Allocation of mobile service in the band of 700 MHz to become effective from the year 2015) and the agenda item 1.2 - Identification of additional bands for mobile communications - IMT. Within the framework of the Meeting of JTG 4-5-6-7 relevant parts of the Conference Preparatory Meeting (CPM) were prepared together with the draft of the report of the ITU-R concerning the issues of sharing mobile services and radio navigation in the band of 700 MHz, documents concerning the issues of radio services and reportage applications SAP/SAB. An important conclusion of the ITU's study was determination of lower limit of the band of 700 MHz to the value of 694 MHz. An extensive discussion was focused on the issues of the proposal of the band 1,452–1,492 MHz for IMT (the so-called Supplemental Downlink aimed at the support of high-speed communications) and co-existence of IMT in this band with

the applications of aerial telemetry. Also discussed were the issues of potential implementation of RLAN's systems in the whole band of 5 GHz in case that the study will demonstrate the possibility of coexistence with other radiocommunication services. The meeting of the group also included the issues of co-existence of IMT systems with scientific services and satellite services in additional bands for IMT, proposed currently for the implementation of studies of sharing and compatibility. This new threads currently have the status of working documents and will be subject of next meetings.

## **10. Digitalisation of radio and television broadcasting**

As per August 5, 2013 information was updated on the status of the coverage of the population of the Czech Republic by digital television signal of nationwide broadcasting networks 1, 2 and 4 and regional broadcasting networks 6, 7, 8, 9 and 13 (<http://dtv.ctu.cz>).

On August 30, 2013 individual authorizations were promulgated for nationwide broadcasting network 4 in locations Domažlice Čerchov 25, Vsetín Lysá Hora 46, Vyškov 46, Kutná Hora rozhledna 44, Varnsdorf město 25, Náchod Dobrosov 44, Jeseník Zl. Chlum 44, Příbram u hvězdárny 56 and Holoubkov 30. Individual authorization was also promulgated for regional network 7 in location Holoubkov 55 and for regional network 14 in location J. Hradec Políkno 54.

Operation of these digital transmitters will start depending on implementation plans of relevant operators and following its launch the data about the status of the coverage of the population by television signal will be updated on the CTU's pages.

On August 7, 2013 the CTU published the announcement about the intention to make the band 174 – 230 MHz available for digital radio broadcasting. Radio waves in this band have convenient characteristics of dissemination for radio broadcasting, including transmission in buildings. Basic information are brought forward in information document „Radio spectrum for digital radio broadcasting in the Czech Republic“ and in the document „Basic principles of tender procedure for award of rights for utilization of radio frequencies to ensure the networks of electronic communications for provision of services for distribution of terrestrial digital radio broadcasting and multimedia applications“.

## **11. Radio spectrum management**

### **Auction of frequencies**

On August 15, 2013 the CTU published on its [electronic official desk](#) and in [Telecommunication Journal](#) full documentation concerning the tender procedure to grant rights for utilization of radio frequencies for provision of public communication network in the bands of 800 MHz, 1,800 MHz and 2,600 MHz. By this publication the Office launched to process of tender procedure. The documentation on the electronic official desk concerning the Auction is published in Czech and English languages, in the Telecommunication Journal in Czech language. English language version has informative character only. The Auction is governed by the Czech Law. Applications to the tender procedure can be submitted to the Office under conditions stipulated in the Promulgation of tender procedure, not later than on September 30, 2013 before 12.00 hours.

On August 7, 2013 the CTU published draft Measure of General Nature, parts of the Plan for utilization of radio spectrum PV-P/21/XX.2013-YY for frequency band 174 – 380 MHz. Comments to this draft, which was published in connection with the intention to make available the band 174 - 230 MHz for digital radio broadcasting, can be applied before September 20, 2013.

## 12. Postal services

In August the CTU promulgated one certification confirming authorization for doing business in the field of postal services. Current list of registered operators providing postal services or foreign postal services can be found on the Internet pages of the CTU in [search database](#).

During the month of August two decisions became effective on imposition of fine to the company Česká pošta, s. p. (hereinafter Czech pošta), against which the Česká pošta did not submit remonstrance. In both cases in 2012 the Česká pošta perpetrated administrative offense pursuant to the Act on Postal services, because it deposited postal consignment with the post office without previously having done any attempted delivery in location of residence of addressee. In total the CTU imposed the fines for misconduct concerning four valuable packages and two registered mails.

In [monitoring report for the month of July 2013](#) the CTU informed that it verifies if the Česká pošta has not violated its legal obligation<sup>13</sup> to announce increase of prices of basic services within the deadline of at least 90 days before the date on which it intends to raise prices of these services. The Česká pošta increased the prices on August 1, 2013. On the basis of facts discovered the CTU, on August 6, 2013, launched administrative procedure with the Česká pošta. Pursuant to preliminary conclusions of the CTU the Česká pošta committed administrative offense pursuant to provisions of § 37a) Para. 3 Letter d) of the Act no. 29/2000 Coll., on Postal services and Amendment of some other Acts (the Act on Postal services), as later amended, because it did not observe this legal obligation<sup>12</sup> and did not announce increase of prices of basic postal services to the CTU on time. The CTU has the right to impose on the Česká pošta for this administrative offense the fine of up to CZK 2,000,000<sup>14</sup>. The CTU will inform about result of this administrative procedure.

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Discussed by the CTU's Council on September 10, 2013

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<sup>13</sup> Pursuant to the provisions of § 33 Para. 9 of the Act no. 29/2000 Coll., on Postal services and Amendments of some other Acts (the Act on Postal services), as later amended.

<sup>14</sup> Pursuant to provisions of § 37a Para. 4 Letter b) of the Act no. 29/2000 Coll., on Postal services and Amendment of some other Acts (the Act on Postal services), as later amended.

## **Annex no. 1 - The Theme of the month**

### ***International comparison of prices for mobile services performed by the Strategy Analytics (Teligen)***

In the theme of the month of August the CTU provides international price comparison of prices pursuant to consumer baskets made by the company Strategy Analytics (Teligen), first year in a year-on-year comparison for May 2012 and May 2013. Then, considering introduction of new tariffs by domestic operators in the first half of the year 2013, which include a greater portion of data services (Internet in mobile), the CTU brings forward also a comparison of prices of consumer baskets which include also data services (compared with the help of data limit). Inasmuch as during the previous year Teligen changed the baskets including also data services (data limits were increased), results for May 2012 and May 2013 cannot be compared. Therefore the CTU presents quarterly results of these baskets for the last periods compared by the Teligen (February 2013 and May 2013).

The goal of international comparison and its development in time was to illustrate, in particular, the impact on (relative) price level, which took place after significant change of structure of retail services of mobile operator in the first half of 2013. In all consumer baskets, measured with the help of nominal exchange rates in case of the Czech Republic, prices decreased, which was subsequently reflected in better placement of domestic tariffs within the framework of the group of compared countries (OECD). Significantly, these changes are seen particularly with the baskets having higher volume of consumption<sup>15</sup>. In all consumer baskets<sup>16</sup> position of the Czech Republic is situated in the average of compared countries or in the first (cheaper) half of these countries. However, if the rate is measured by PPP the results of the Czech Republic are few positions worse<sup>17</sup>. However, relative positions of tariffs of domestic operators have improved. Overall, this year's changes in the structure and parameters of retail services brought clear benefits to end users in the form of lower prices of all compared consumer baskets. Evaluation, seen exclusively with the help of results of Teligen, brings us to the conclusion that the Czech Republic ceased to be the country having one of the most expensive calls within the framework of the OECD countries.<sup>18</sup>

Teligen has included in the international comparison prices of two biggest operators (pursuant to the number of users) the market share of which in a given country has reached at least 50 % of 34 member countries of the OECD. Therefore, the price comparison does not include Bulgaria, Cyprus, Lithuania, Latvia, Malta and Romania, which are the members of the EU, however, they are not the members of the OECD. Results for individual consumer baskets represent the lowest price (value of basket) for a given country (and/or for given two operators and their tariffs compared for corporate and non-corporate customers). In the Czech Republic, tariffs of operators Telefónica Czech Republic, a.s. and T-Mobile Czech Republic a.s. are included in the comparison.

The following graphs are listed first in prices recalculated by nominal exchange rate to USD without including PPP (purchasing power parity) and then also in the USD currency recalculated with the help of PPP. The Table no. 1 illustrates structure of consumer baskets

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<sup>15</sup> For example, baskets with 900 calls and 350 SMS or with 900 calls and 2 GB of data.

<sup>16</sup> With the exception of the basket with 400 SMS.

<sup>17</sup> For example, in baskets of 30 calls and 100 MB data, 100 calls and 500 MBa data and in the basket of 100 calls and 2 GB data, the Czech Republic is in all cases the sixth most expensive within the framework of the OECD countries.

<sup>18</sup> However, it is necessary to bear in mind limits of this comparison, given, for example, by composition itself of consumer baskets (theoretically, with the help of small change in the form of consumer baskets significantly different results can be achieved) or by the number of operators compared (two from each country).

employed for price comparison in graphs no. 1 – 24. These consumer baskets include both services of call (in number of minutes), and SMS services (in pcs of SMS).

Graphs no. 25 to 46 compare prices of consumer baskets the structure of which is illustrated in the Table no. 2. In these consumer baskets are included services of mobile Internet measured by the size of given data limit. Also in this case comparison is performed first by recalculation using nominal exchange rates and subsequently by recalculation using PPP (in both cases to USD).

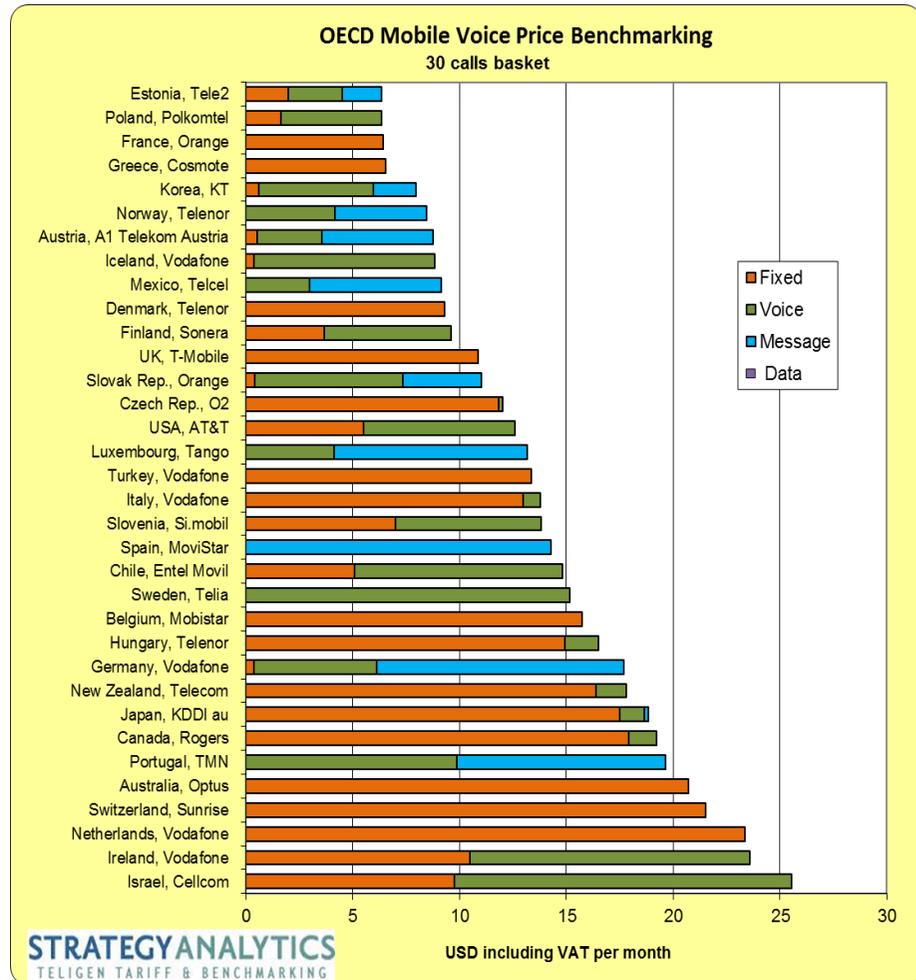
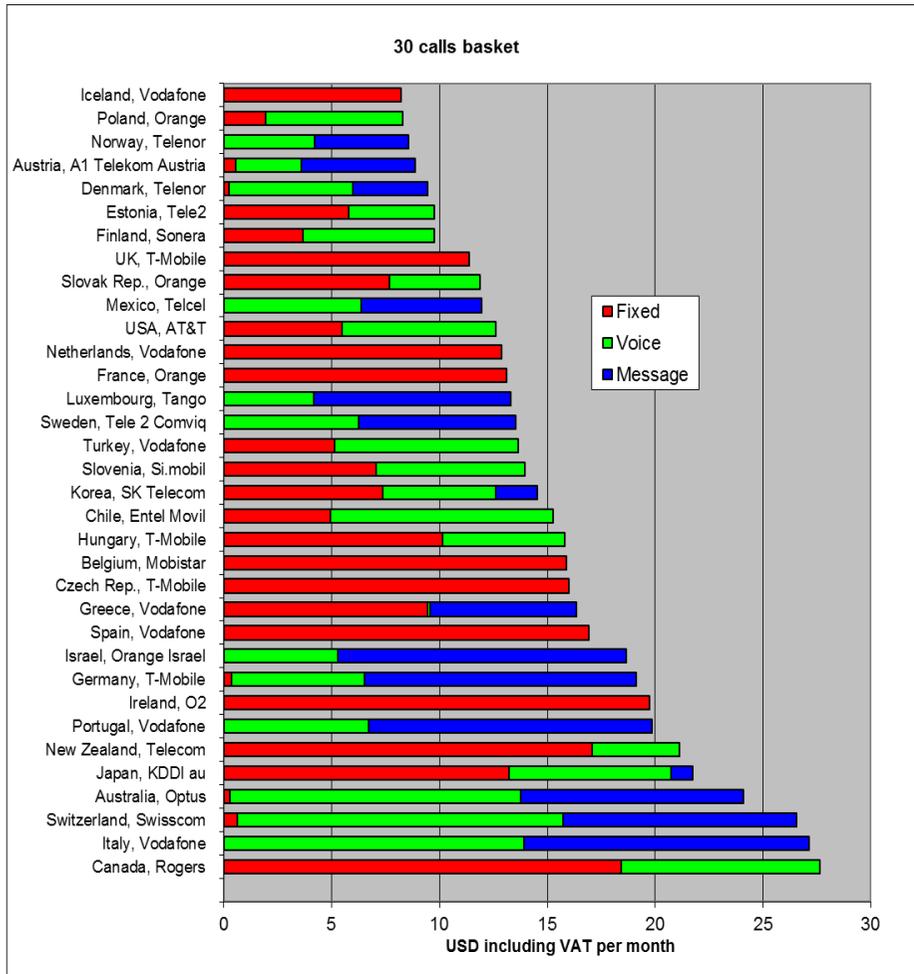
Table no. 1: Structure of consumer baskets (calls + SMS) for year-on year comparison for May 2012/2013

30 calls + 100 SMS
100 calls + 140 SMS
300 calls + 225 SMS
900 calls + 350 SMS
40 calls for pre-paid cards + 60 SMS
400 SMS

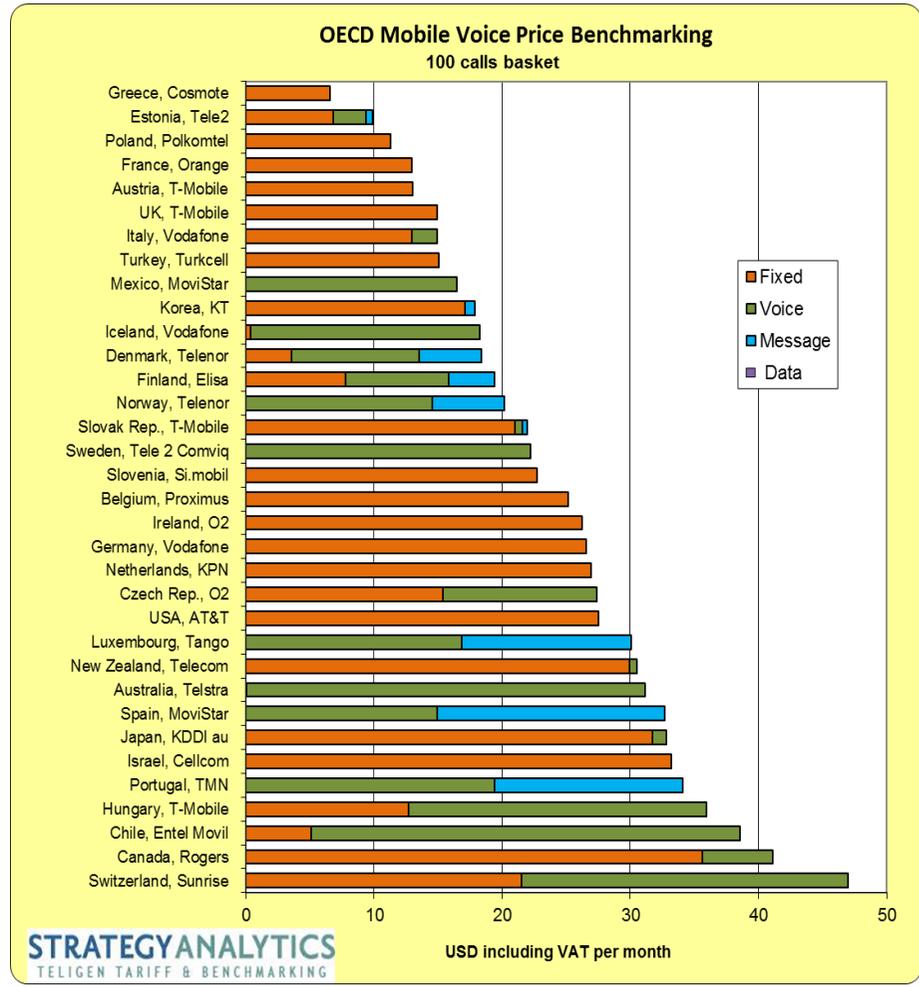
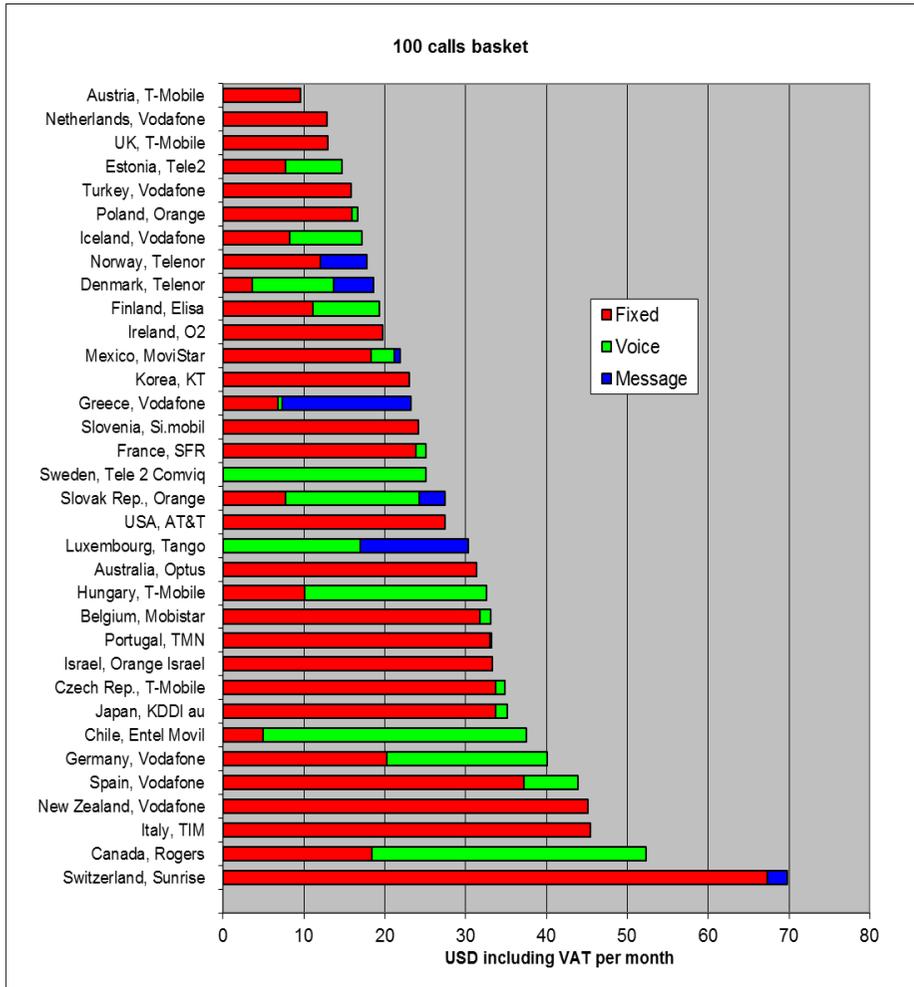
Table no. 2: Structure of consumer baskets (calls and data) - comparison of February 2013 and May 2013

30 calls + 100 SMS + 100 MB
100 calls + 140 SMS + 500 MB
100 calls + 140 SMS + 2 GB
300 calls + 225 SMS + 1 GB
900 calls + 350 SMS + 2 GB

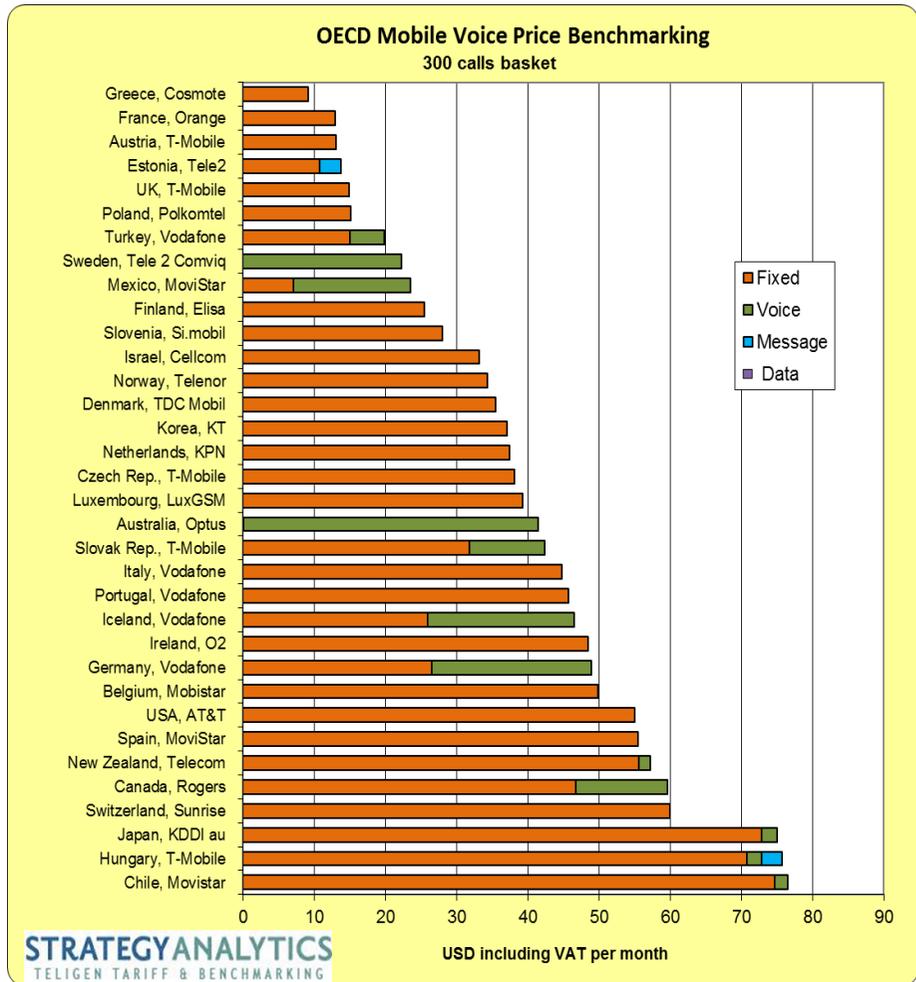
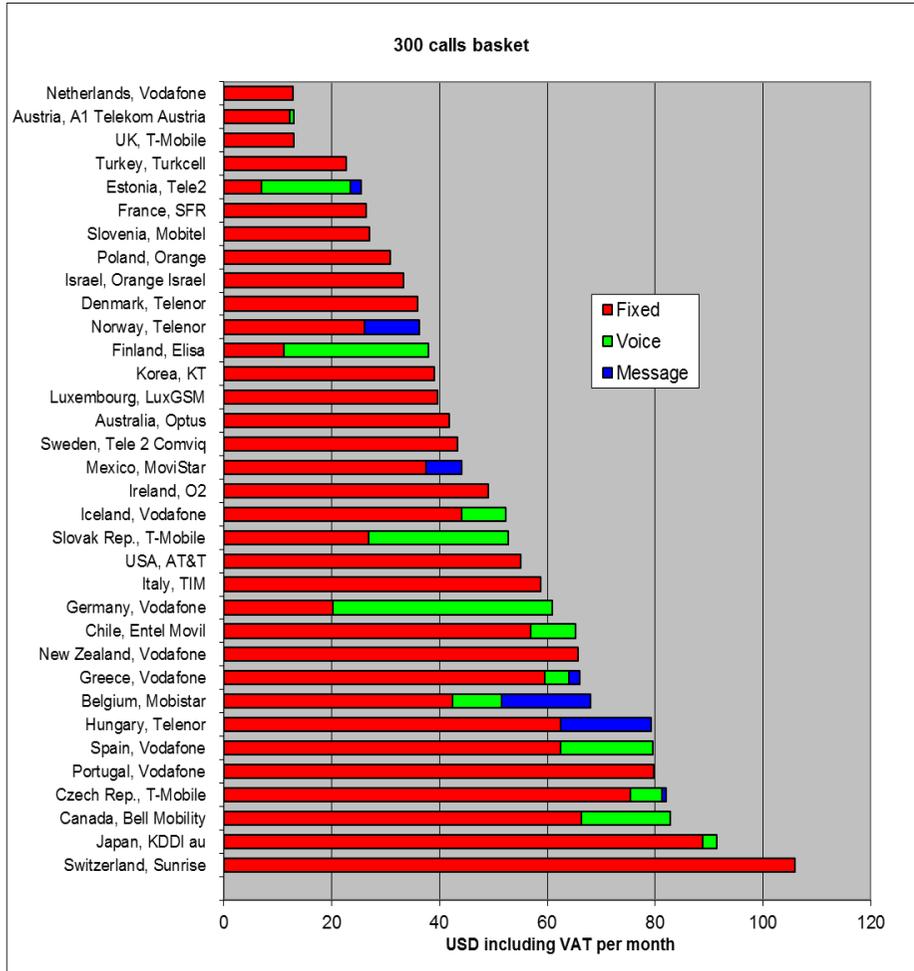
Graphs no. 1 and 2: Year-on-year comparison of prices for the basket of 30 calls in the month of May 2012 and 2013 without PPP (evaluation)



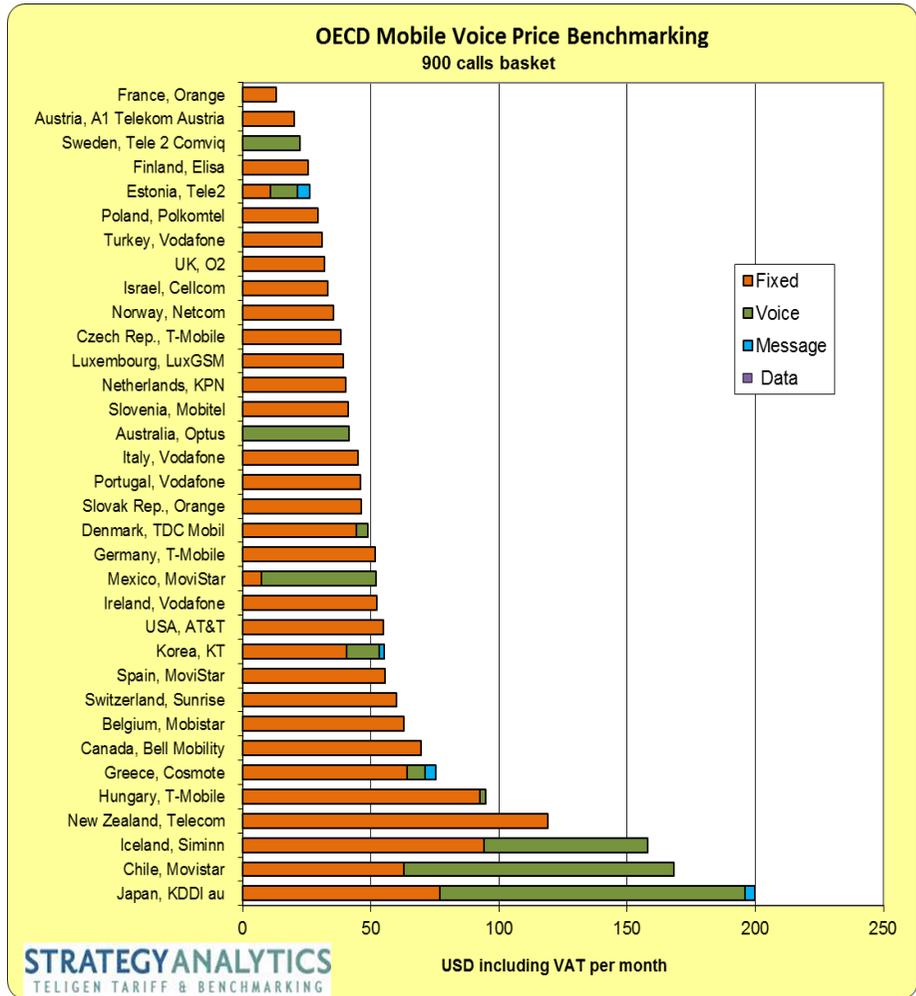
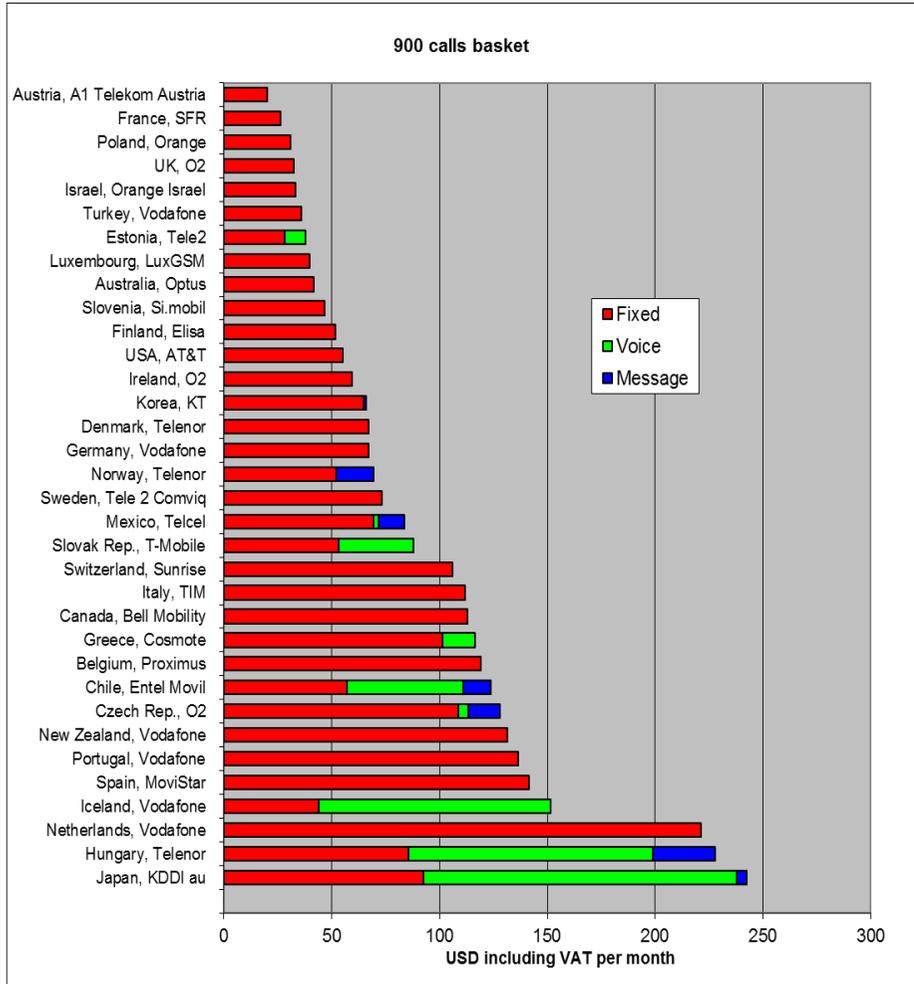
Graphs no. 3 and 4: Year-on-year comparison of prices for the basket of 100 calls in the month of May 2012 and 2013 without PPP (evaluation)



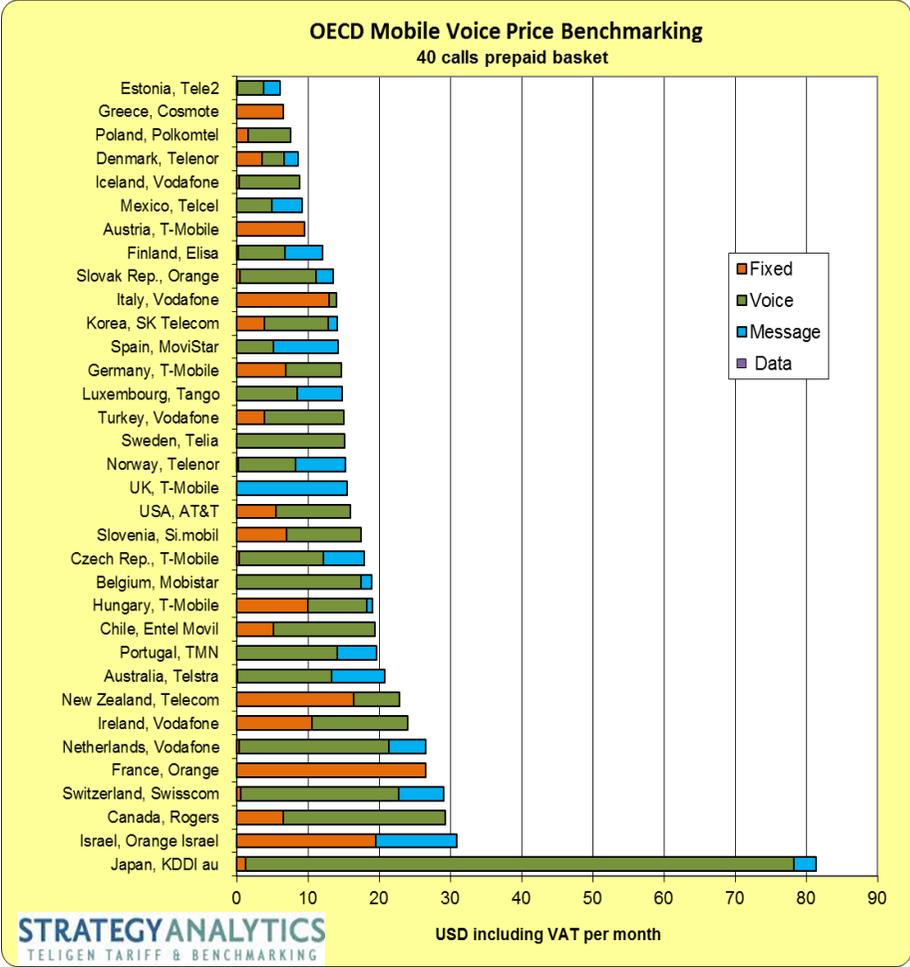
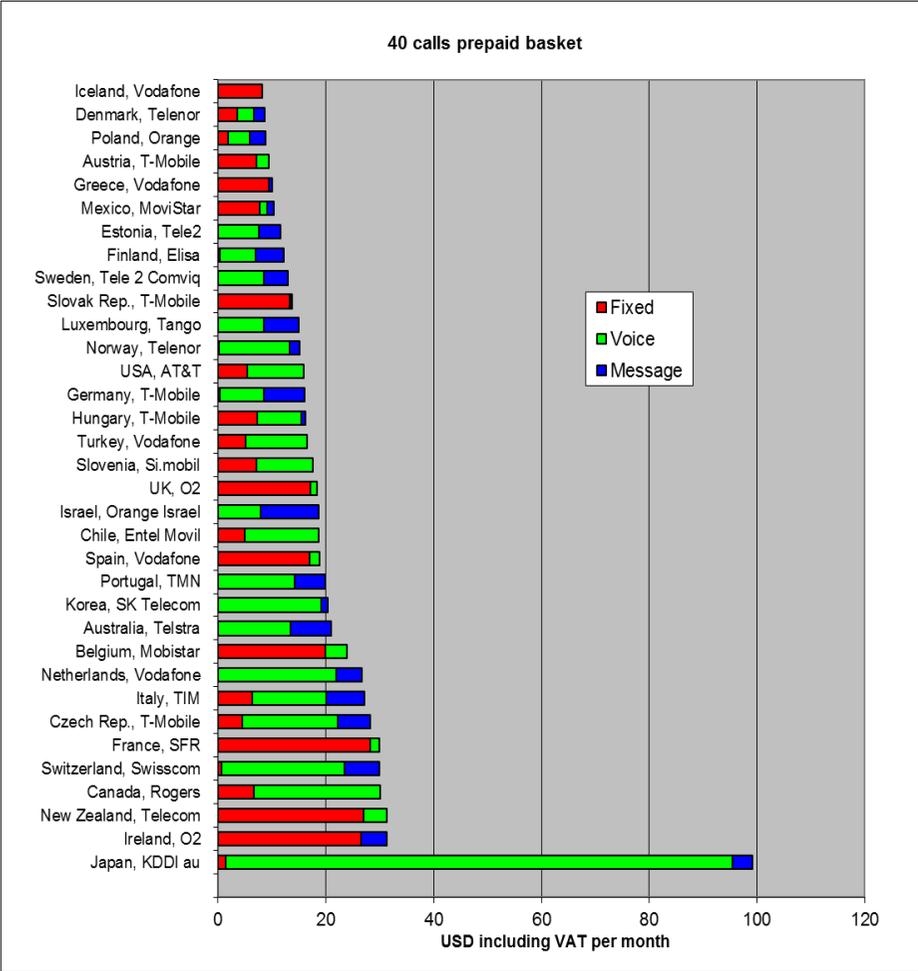
Graphs no. 5 and 6: Year-on-year comparison of prices for the basket of 300 calls in the month of May 2012 and 2013 without PPP (evaluation)



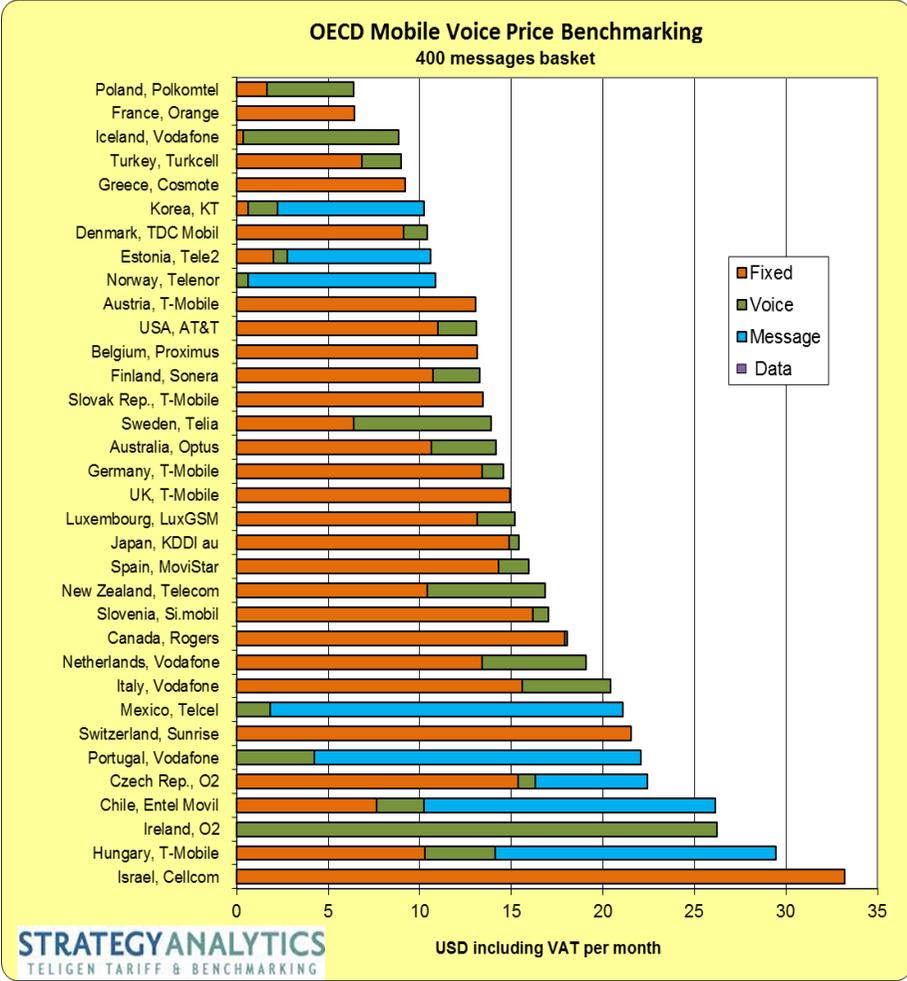
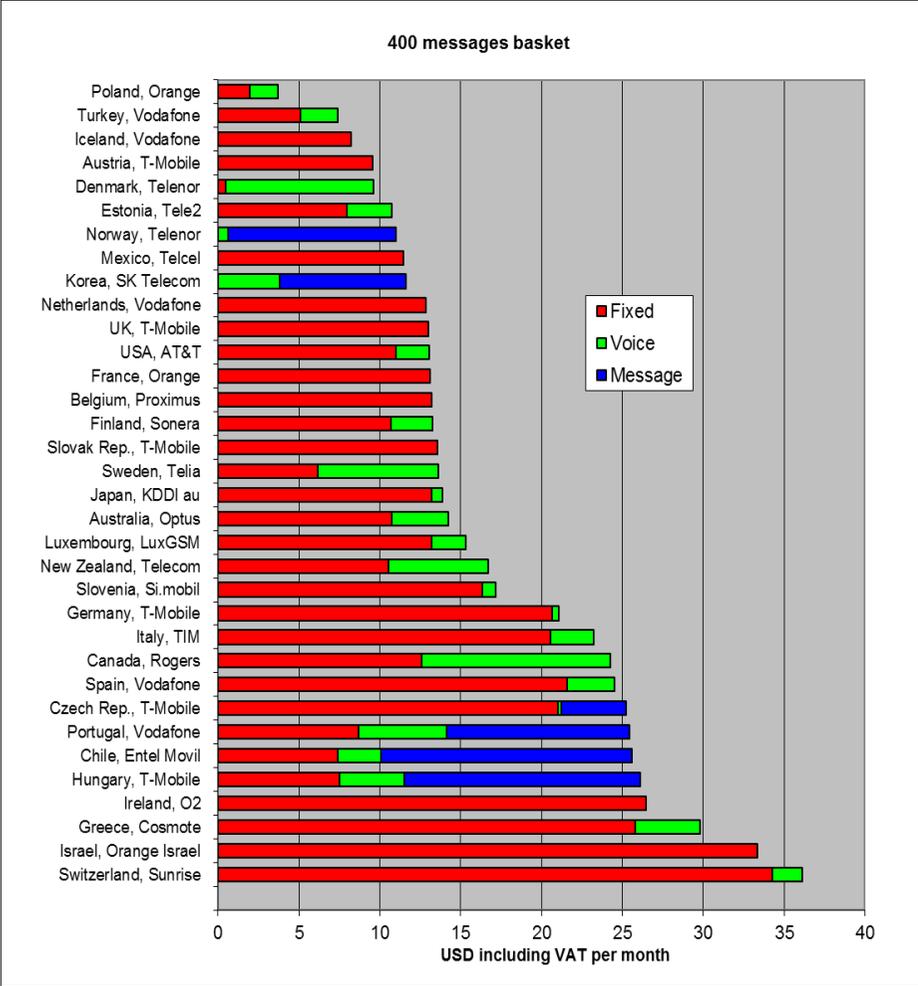
Graphs no. 7 and 8: Year-on-year comparison of prices for the basket of 900 calls in the month of May 2012 and 2013 without PPP (evaluation)



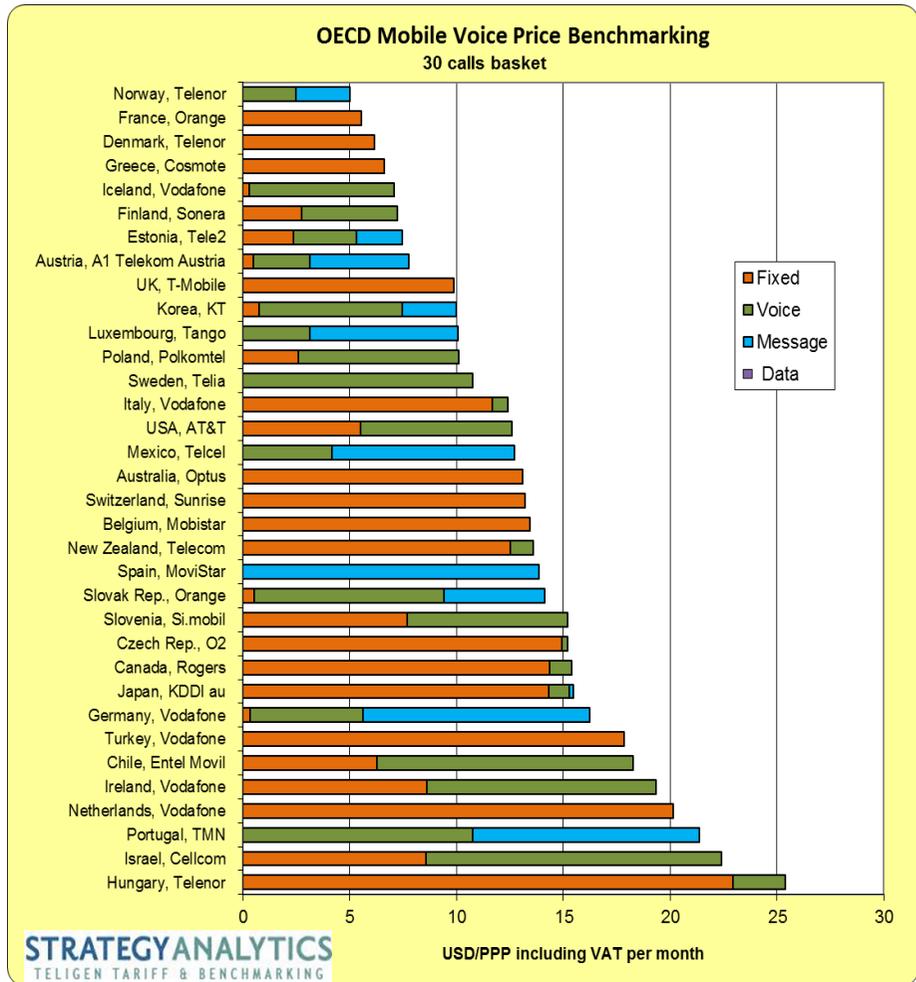
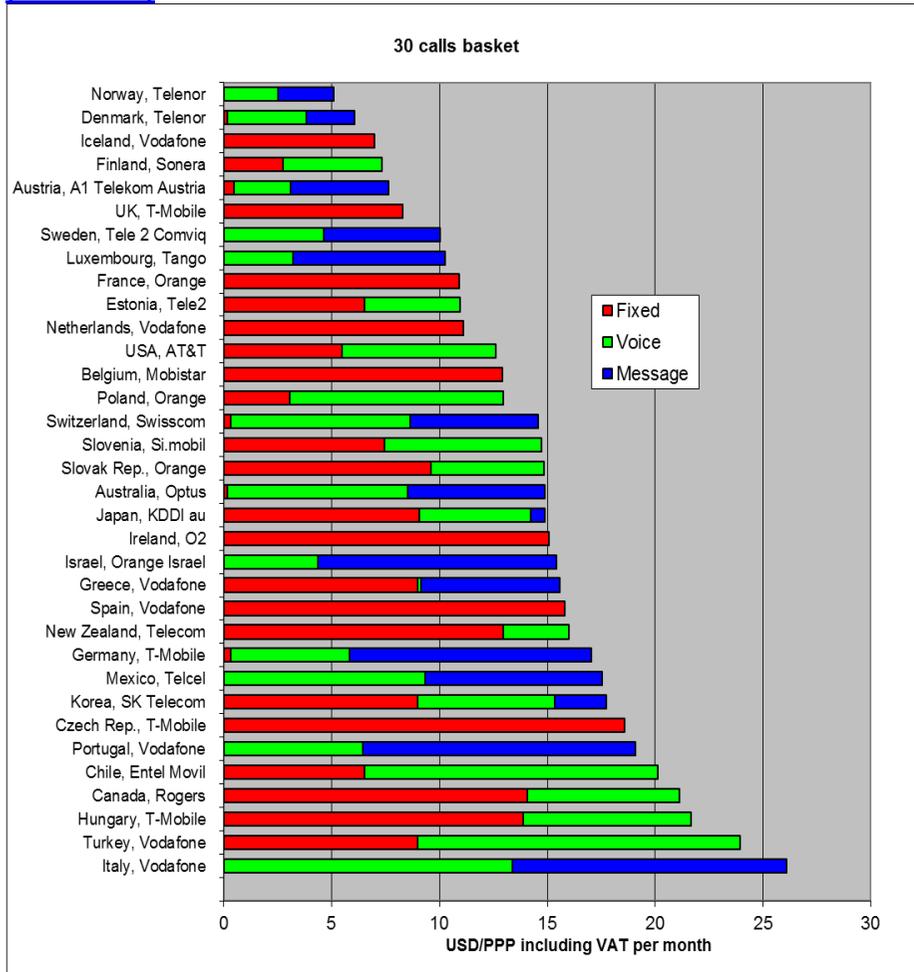
**Graphs no. 9 and 10: Year-on-year comparison of prices for the basket of 40 calls from pre-paid cards in the month of May 2012 and 2013 without PPP (evaluation)**



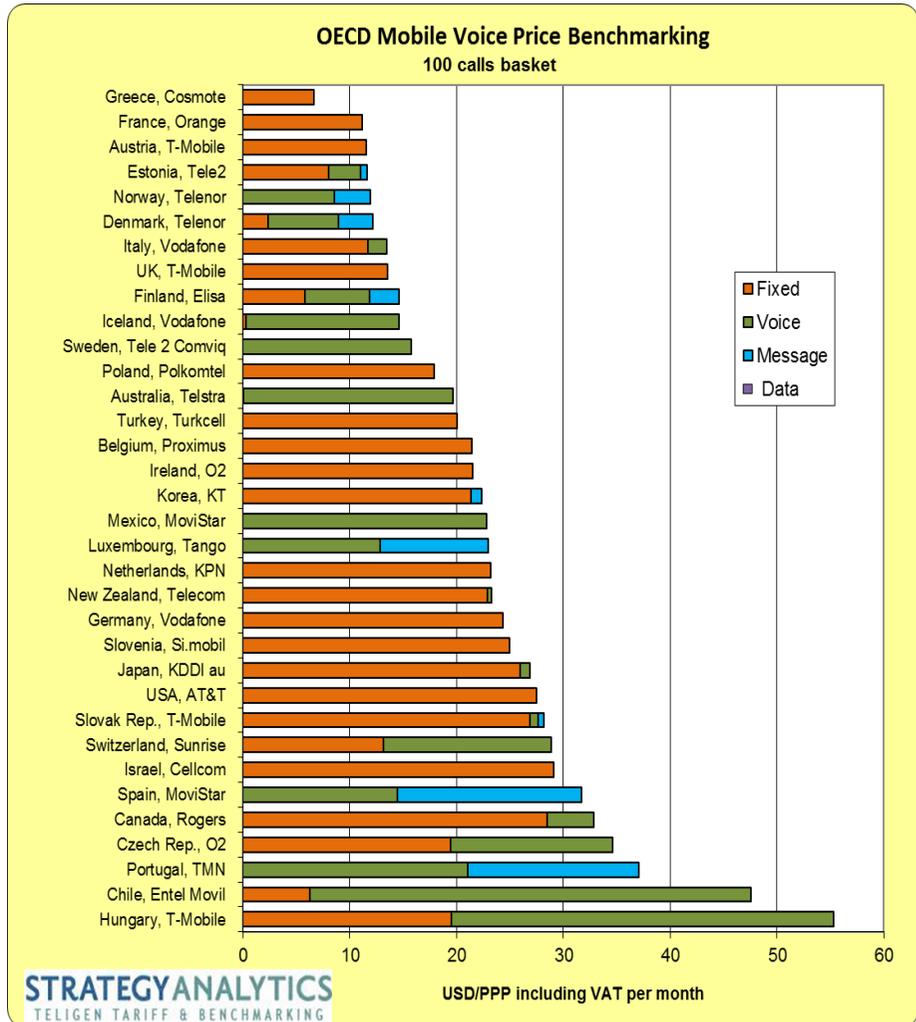
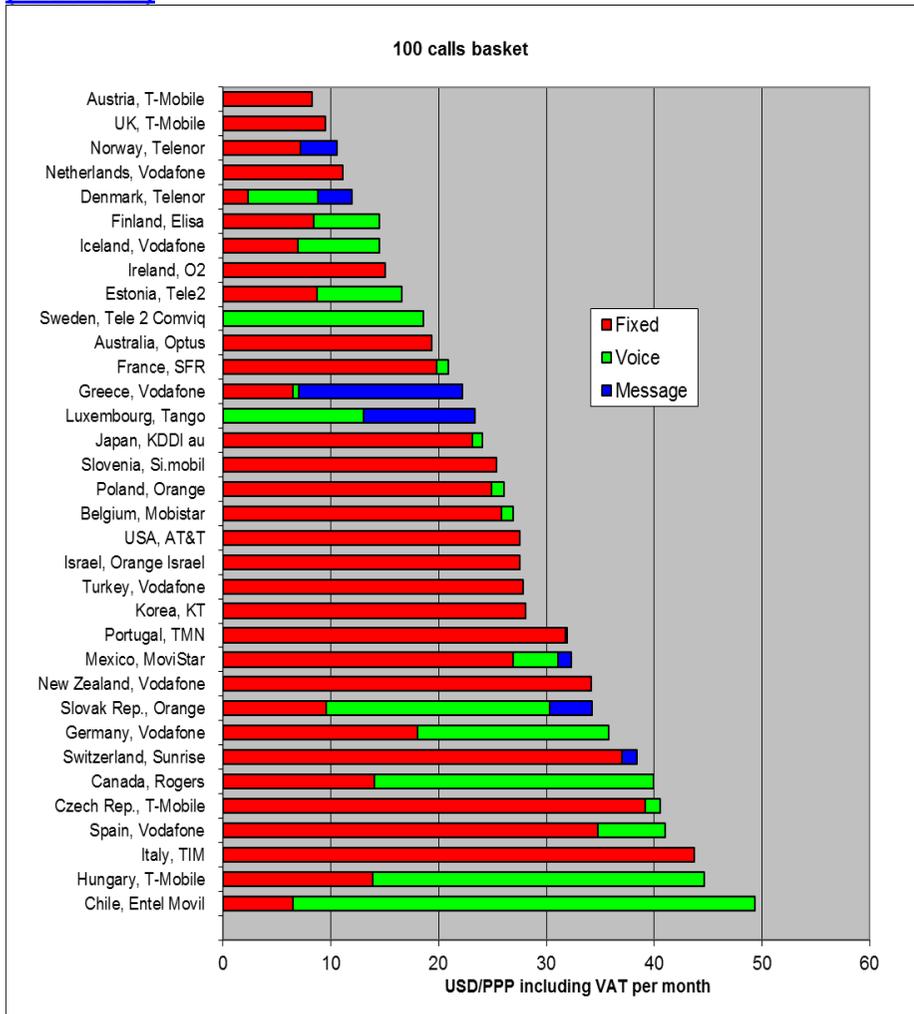
Graphs no. 11 and 12: Year-on-year comparison of prices for the basket of 400 SMS in the month of May 2012 and 2013 without PPP (evaluation)



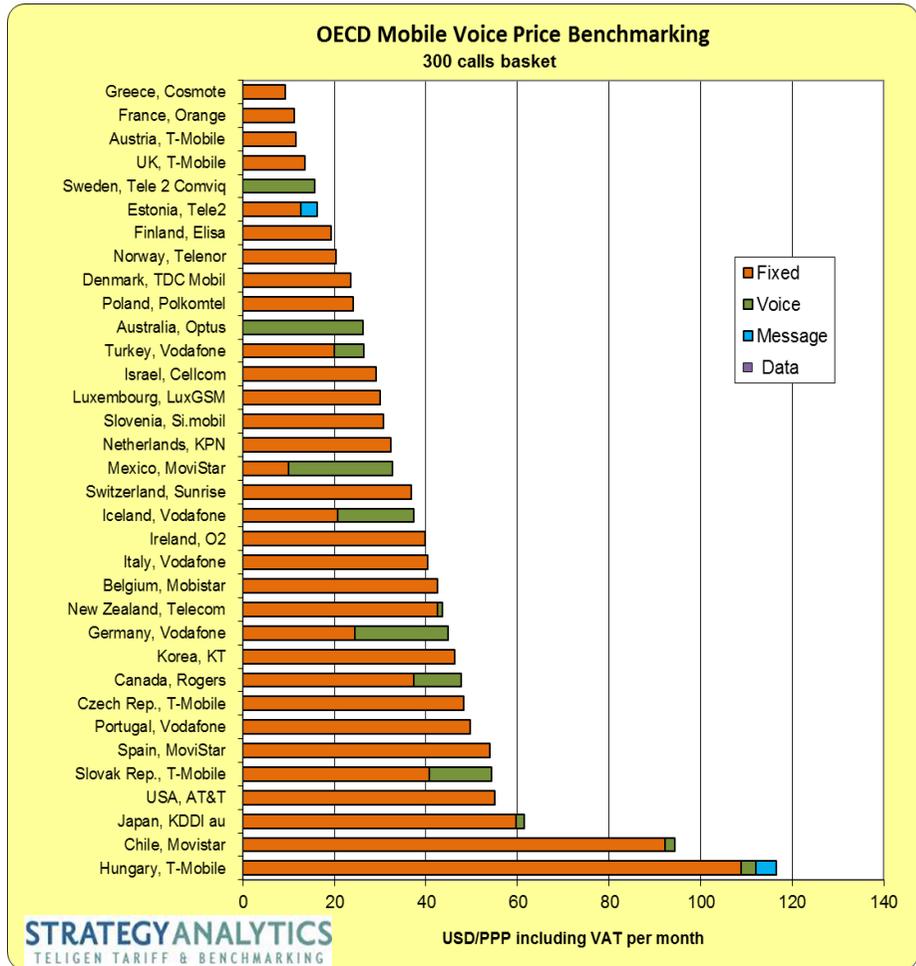
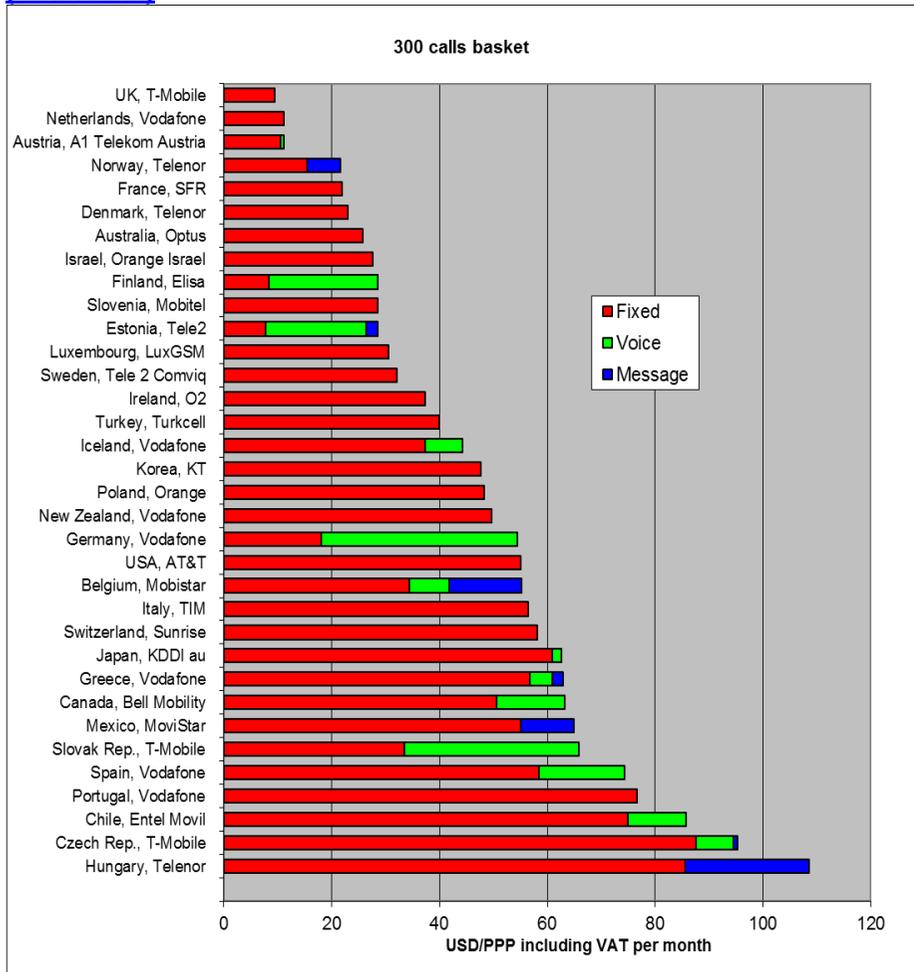
**Graphs no. 13 and 14: Year-on-year comparison of prices for the basket of 30 calls in the month of May 2012 and 2013 according to PPP (evaluation)**



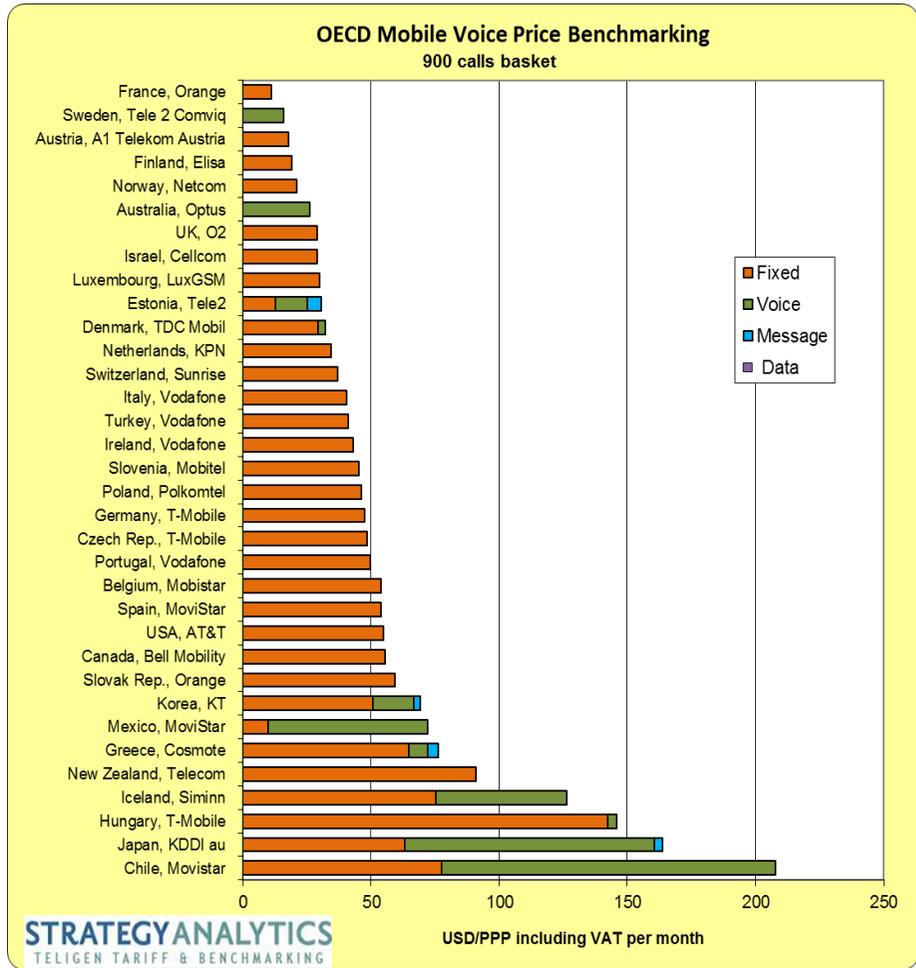
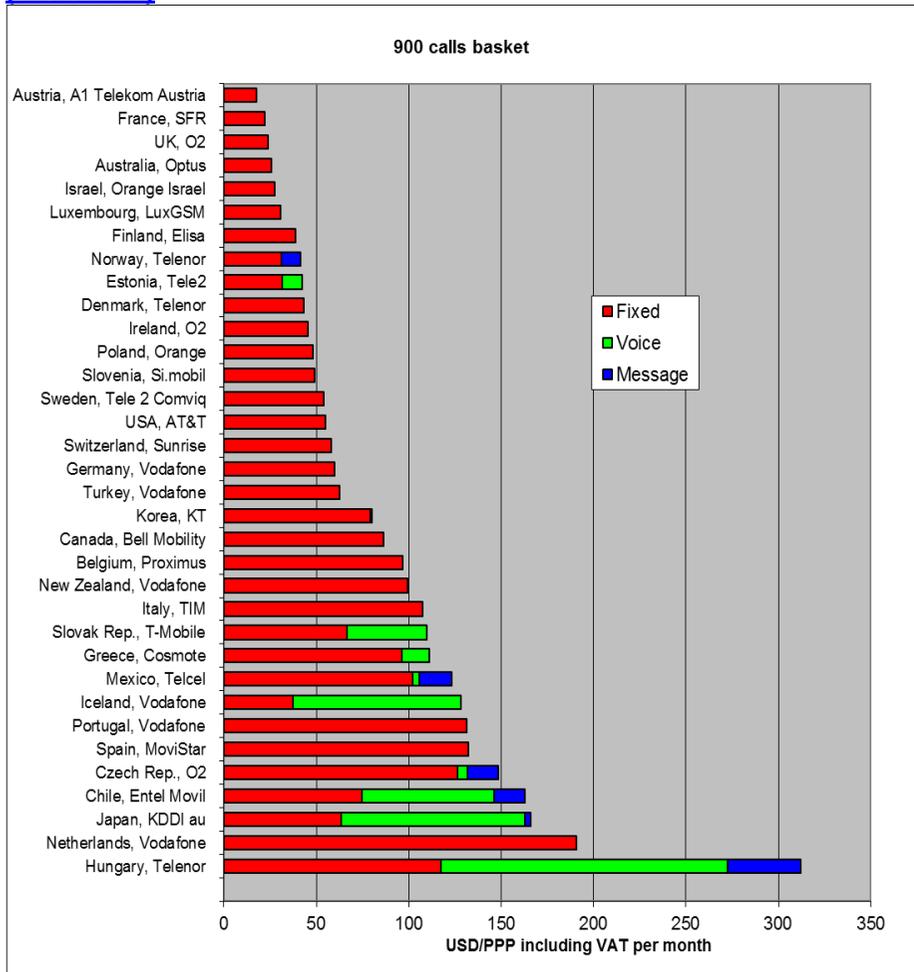
**Graphs no. 15 and 16: Year-on-year comparison of prices for the basket of 100 calls in the month of May 2012 and 2013 according to PPP (evaluation)**



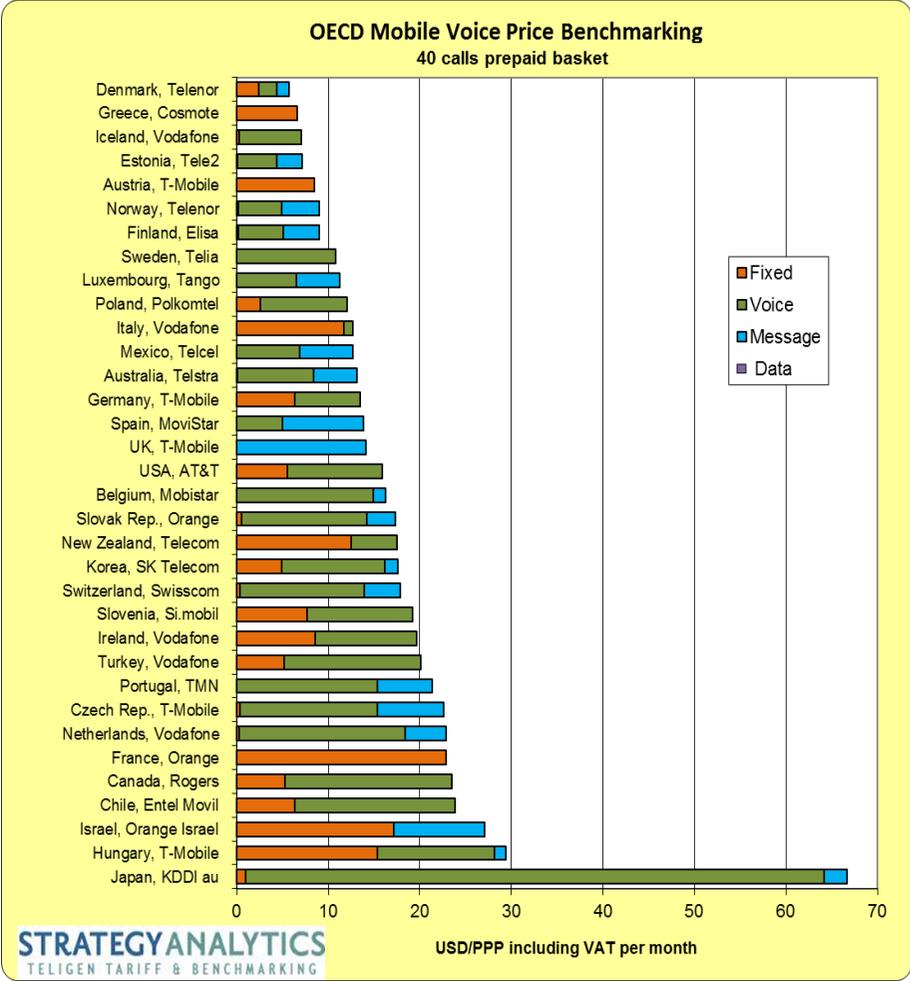
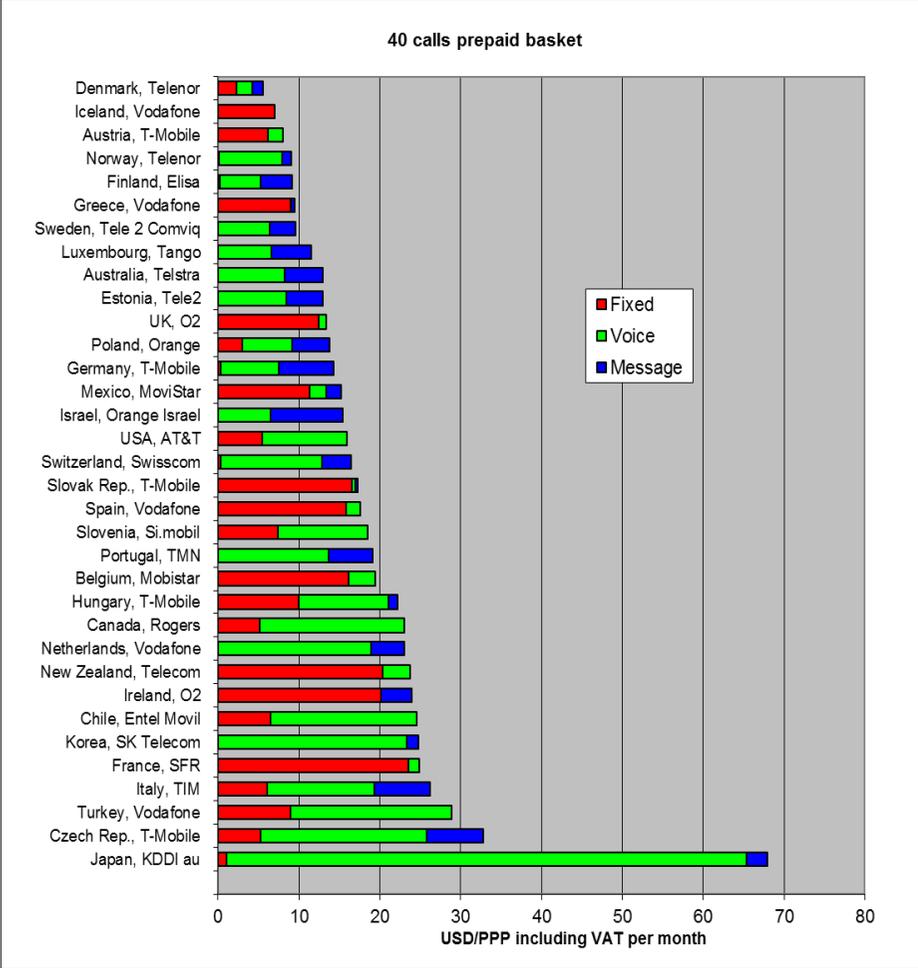
**Graphs no. 17 and 18: Year-on-year comparison of prices for the basket of 300 calls in the month of May 2012 and 2013 according to PPP (evaluation)**



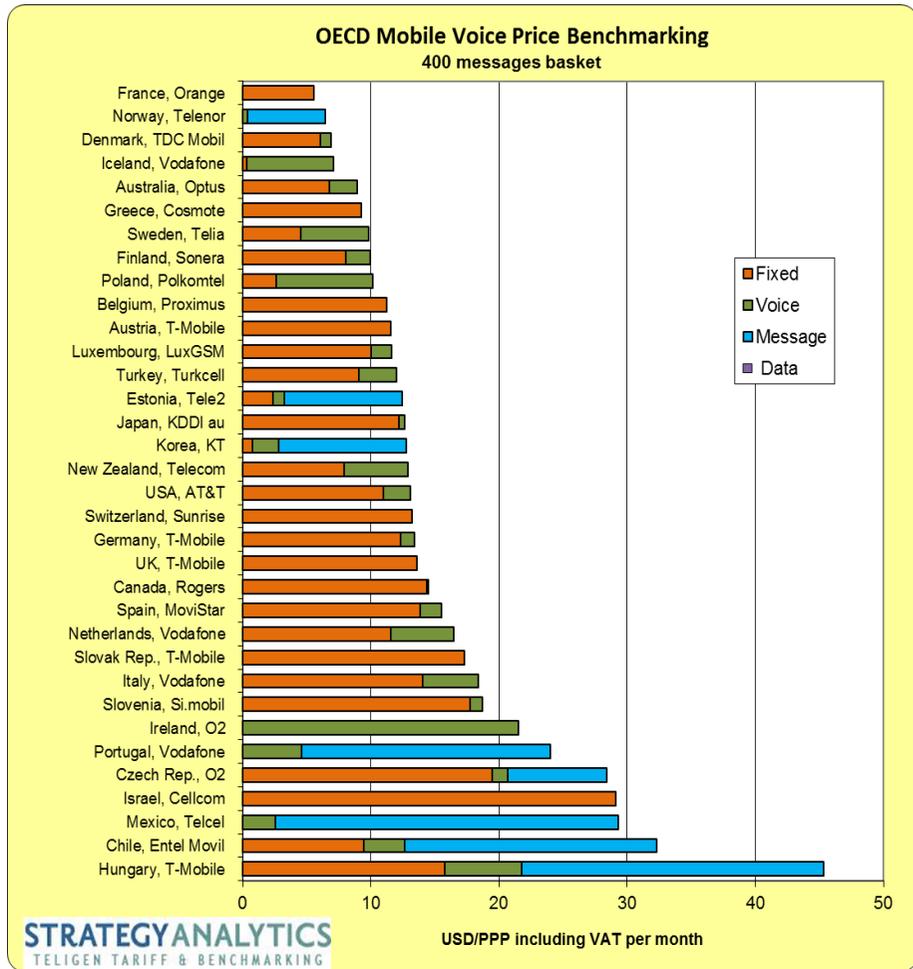
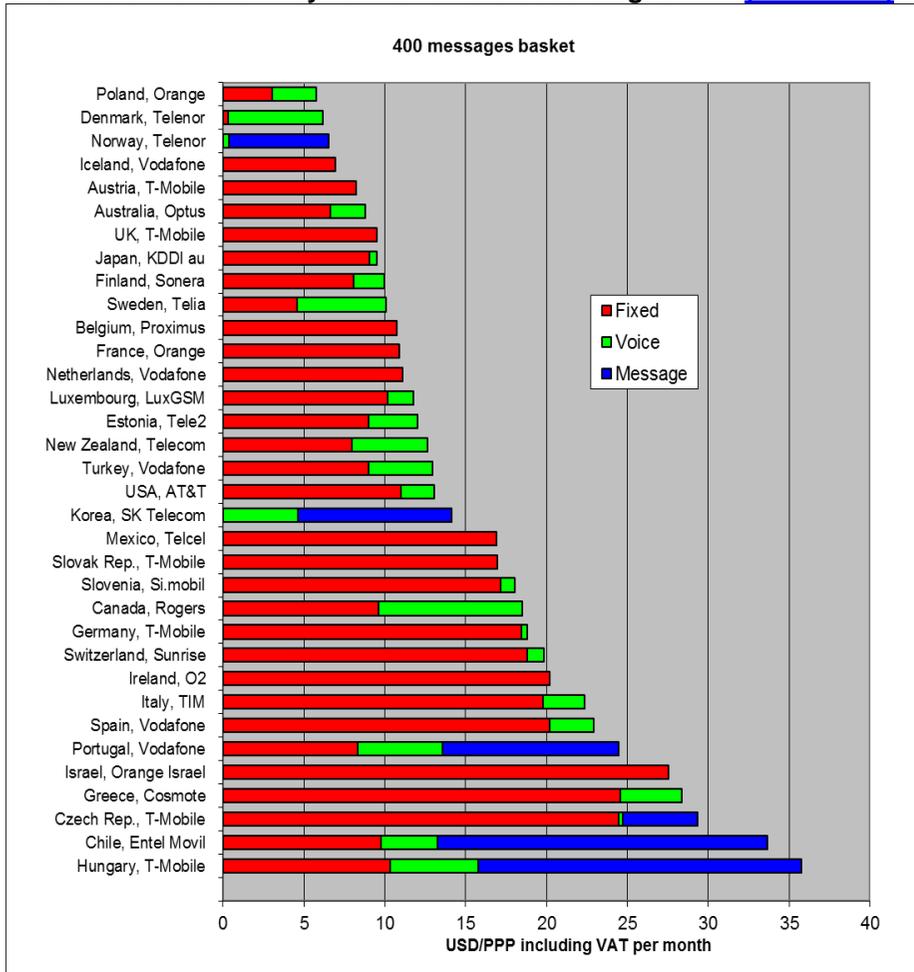
**Graphs no. 19 and 20: Year-on-year comparison of prices for the basket of 900 calls in the month of May 2012 and 2013 according to PPP (evaluation)**



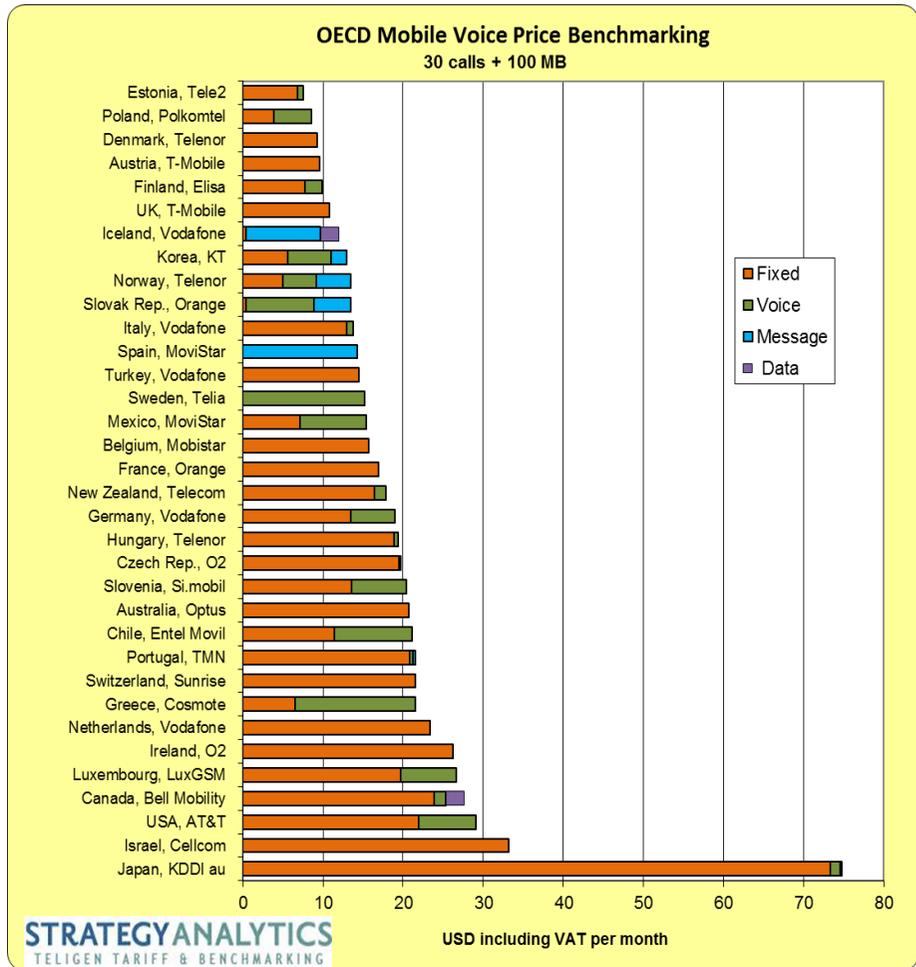
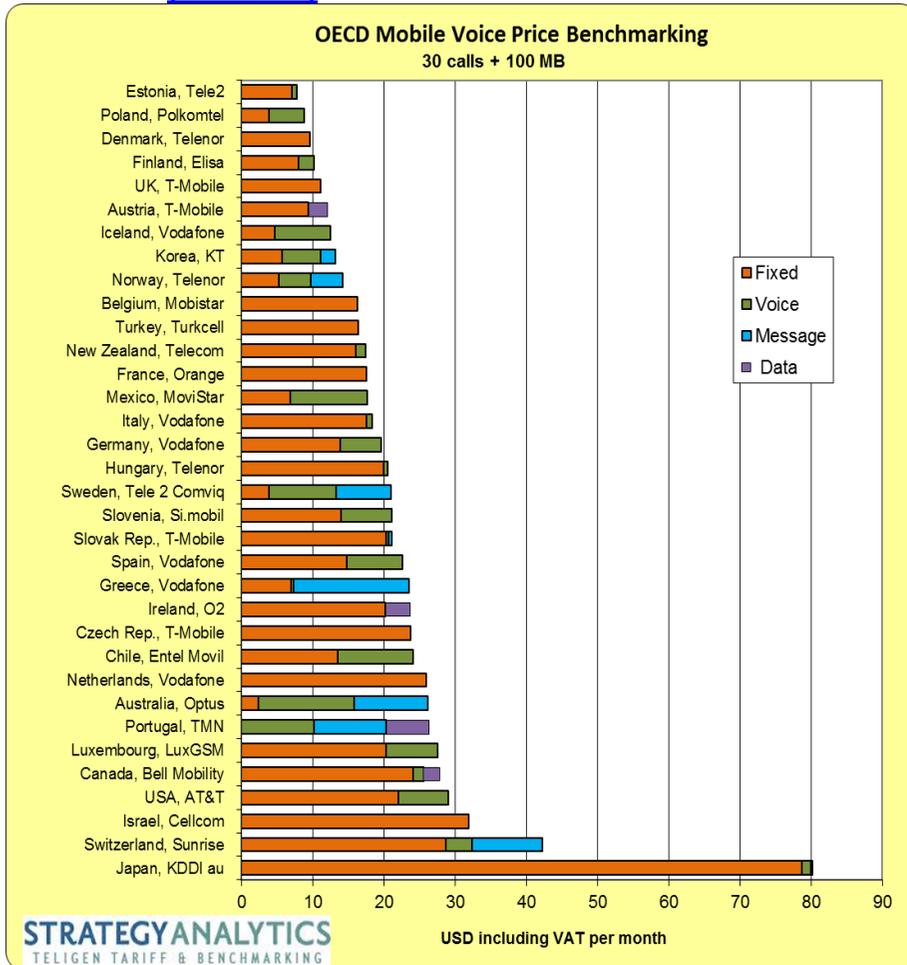
**Graphs no. 21 and 22: Year-on-year comparison of prices for the basket of 40 calls from pre-paid cards in the month of May 2012 and 2013 according to PPP (evaluation)**



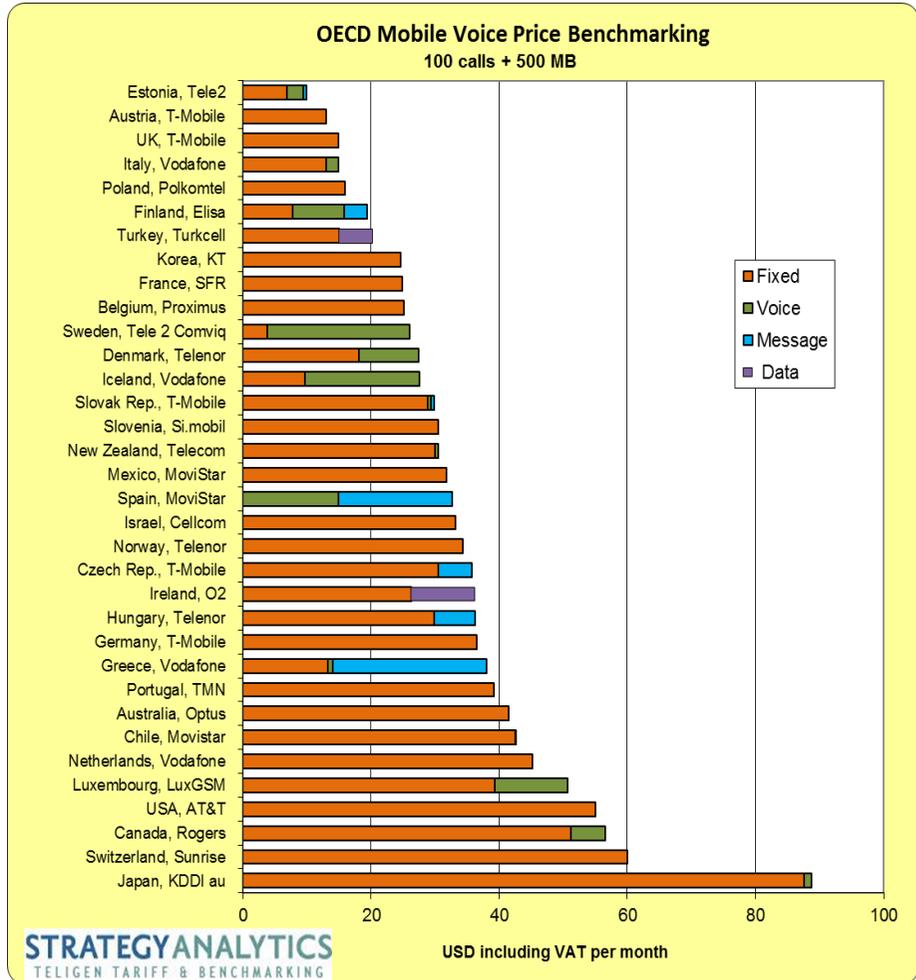
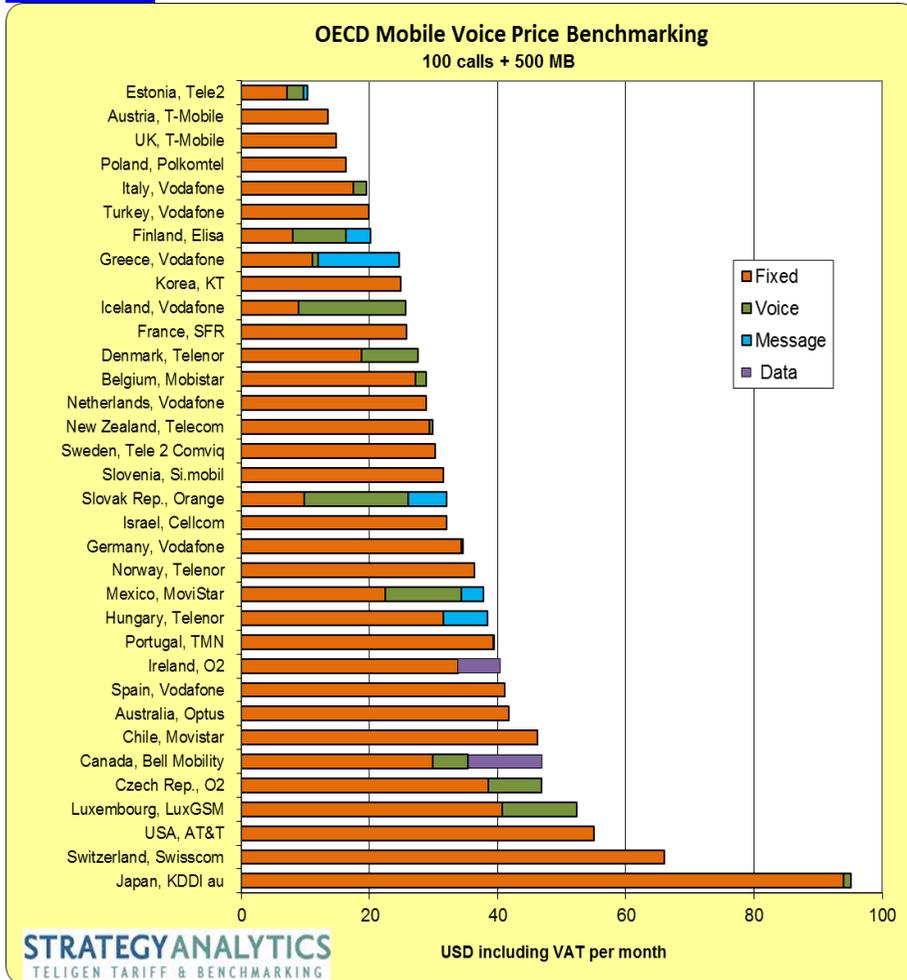
Graphs no. 23 and 24: Year-on-year comparison for the basket of 400 SMS in the month of May 2012 and 2013 according to PPP (evaluation)



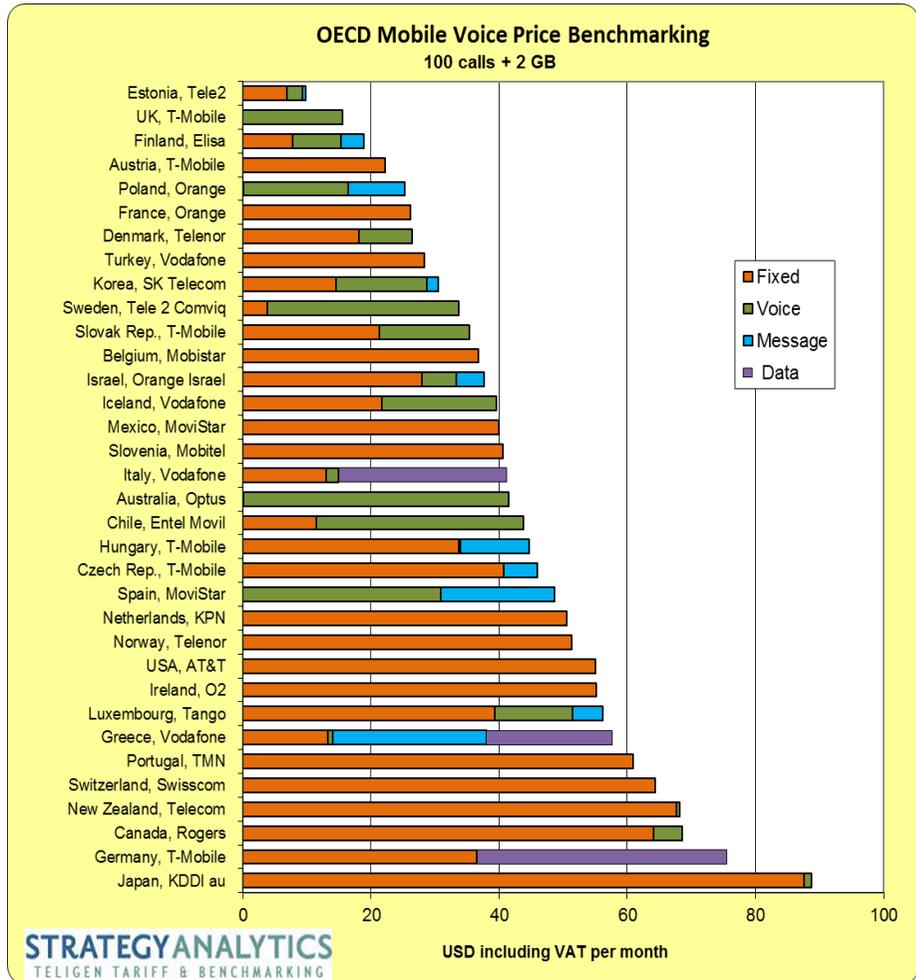
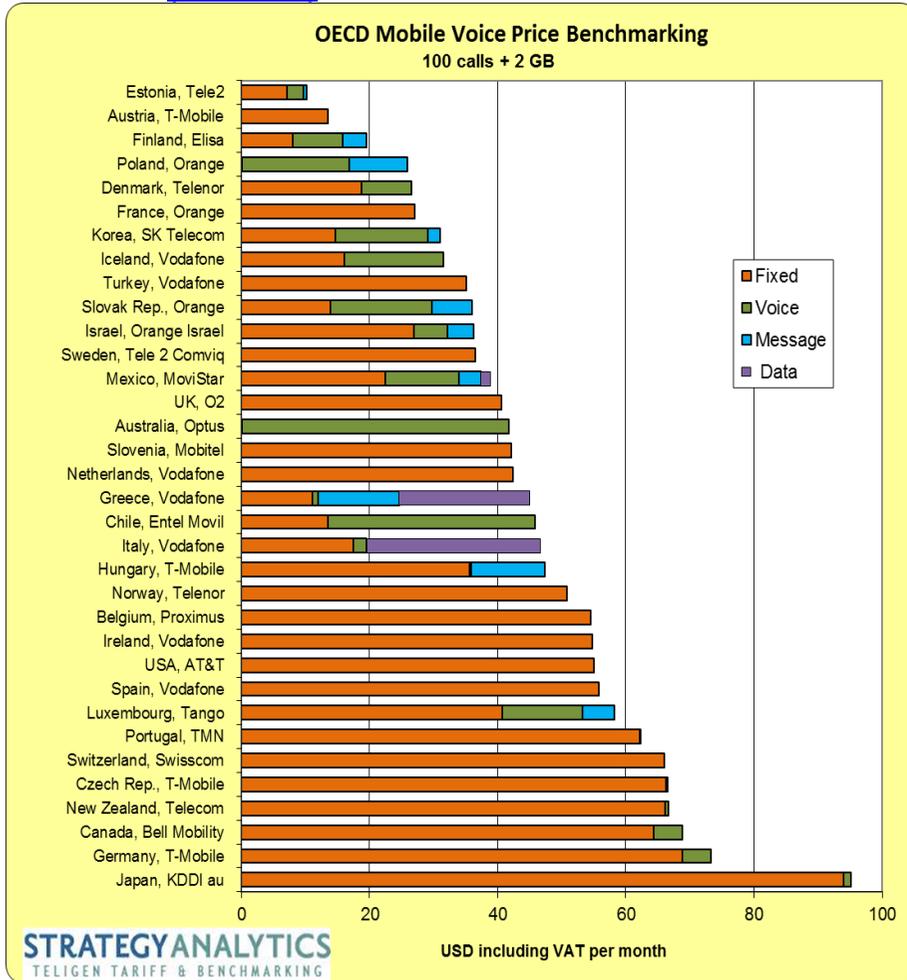
Graphs no. 25 and 26: comparison for the basket of 30 calls + 100 MB during three months in the month of February 2013 and May 2013 without PPP (evaluation)



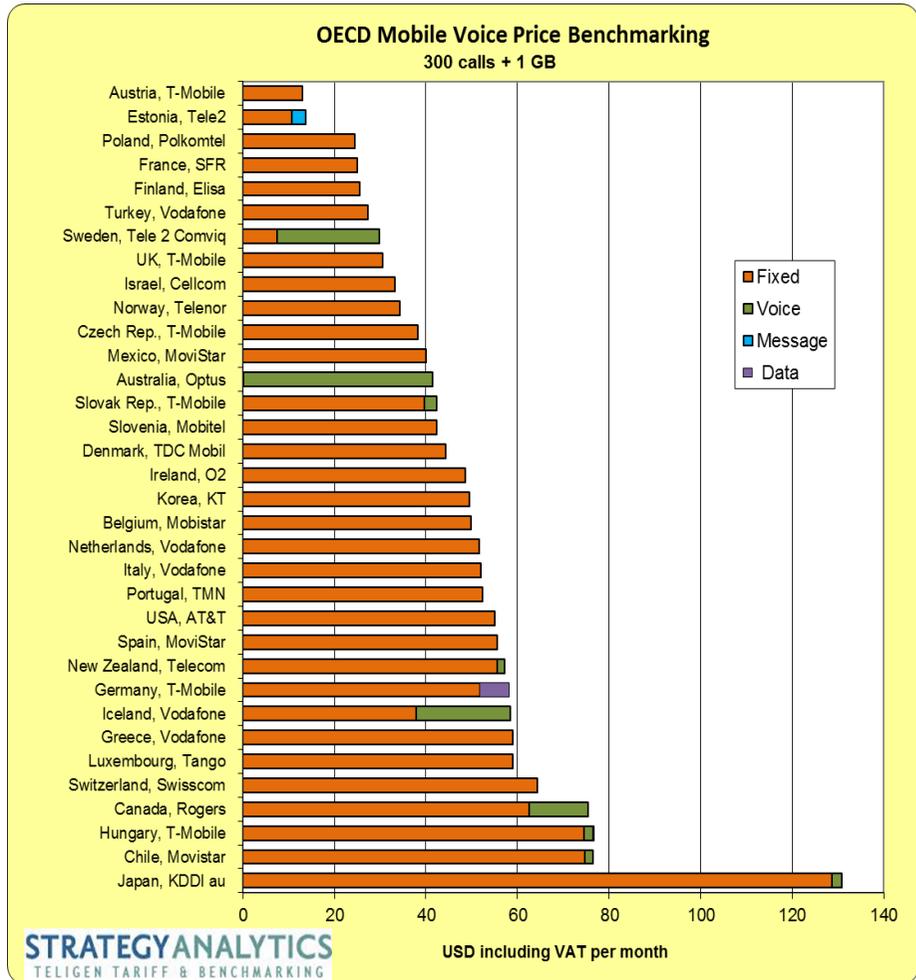
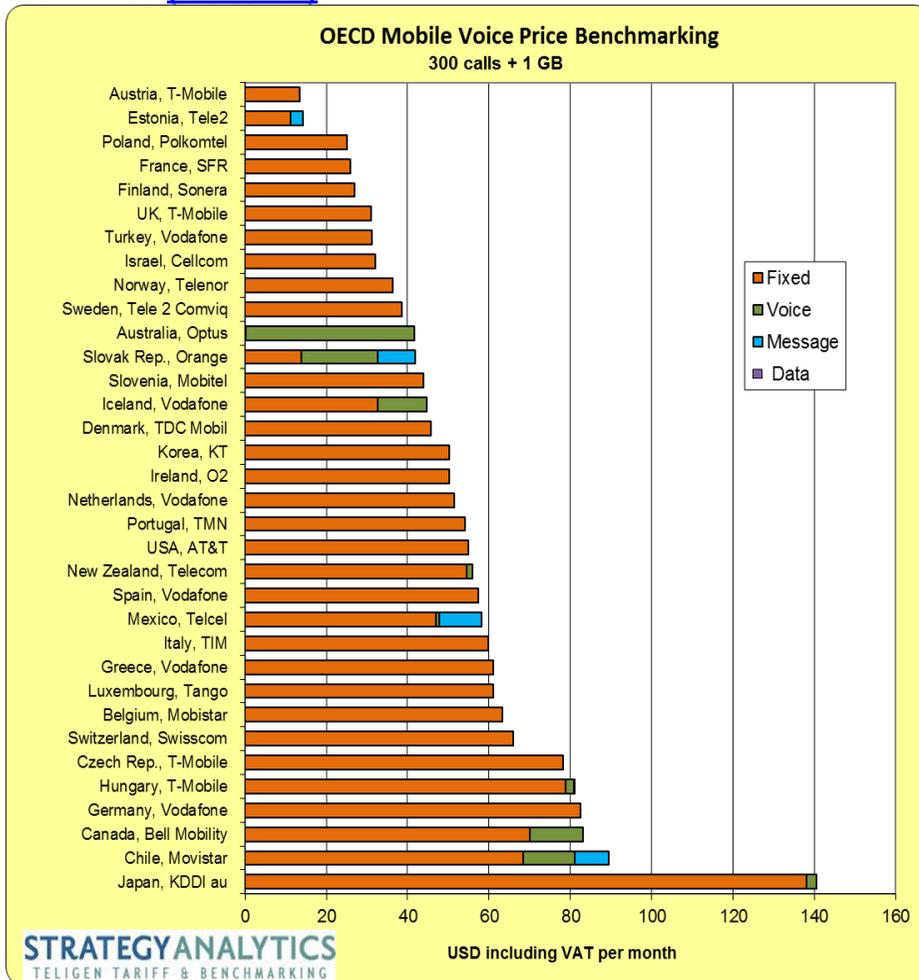
**Graphs no. 27 and 28: comparison for the basket of 100 calls + 500 MB during three months in the month of February 2013 and May 2013 without PPP (evaluation)**



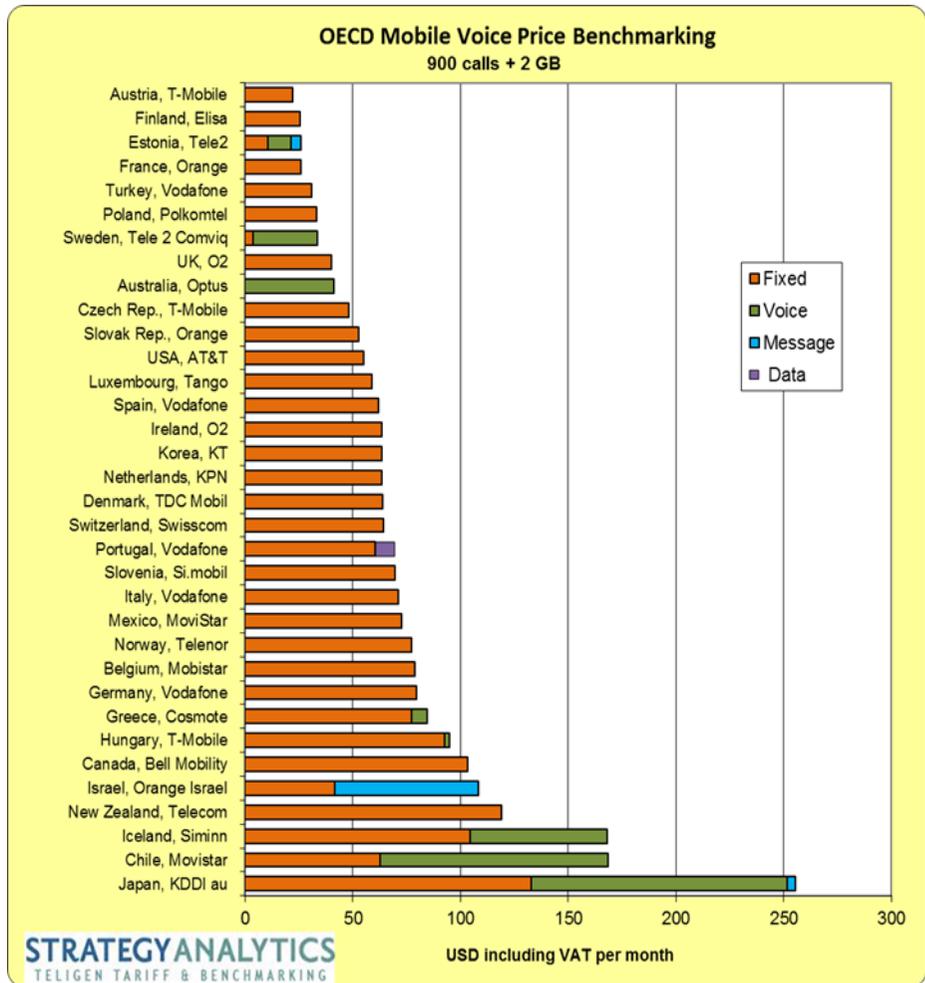
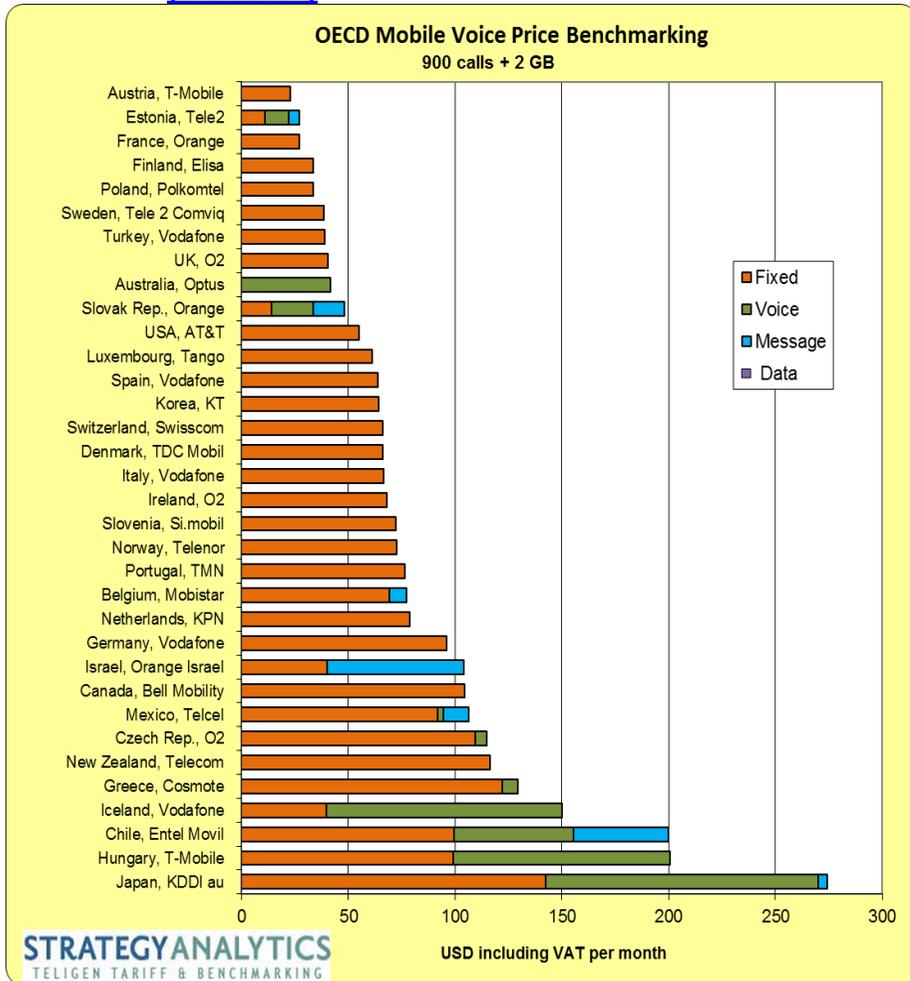
Graphs no. 29 and 30: comparison for the basket of 100 calls + 2 GB during three months in the month of February 2013 and May 2013 without PPP (evaluation)



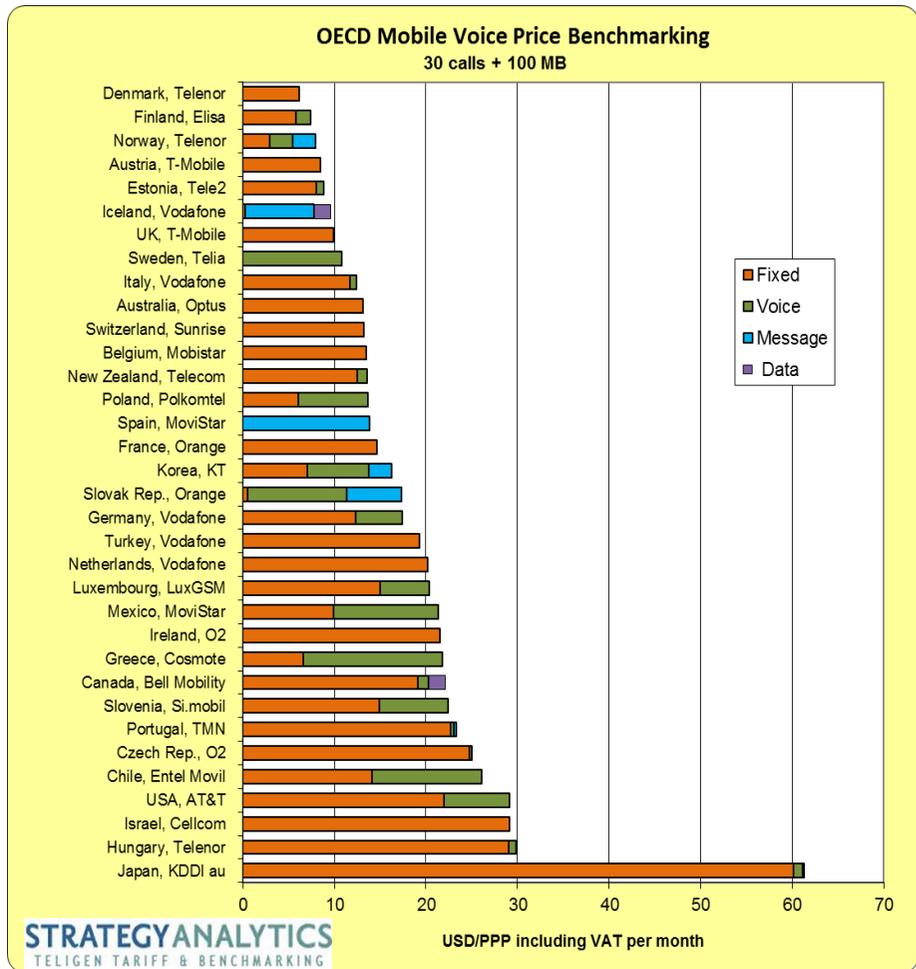
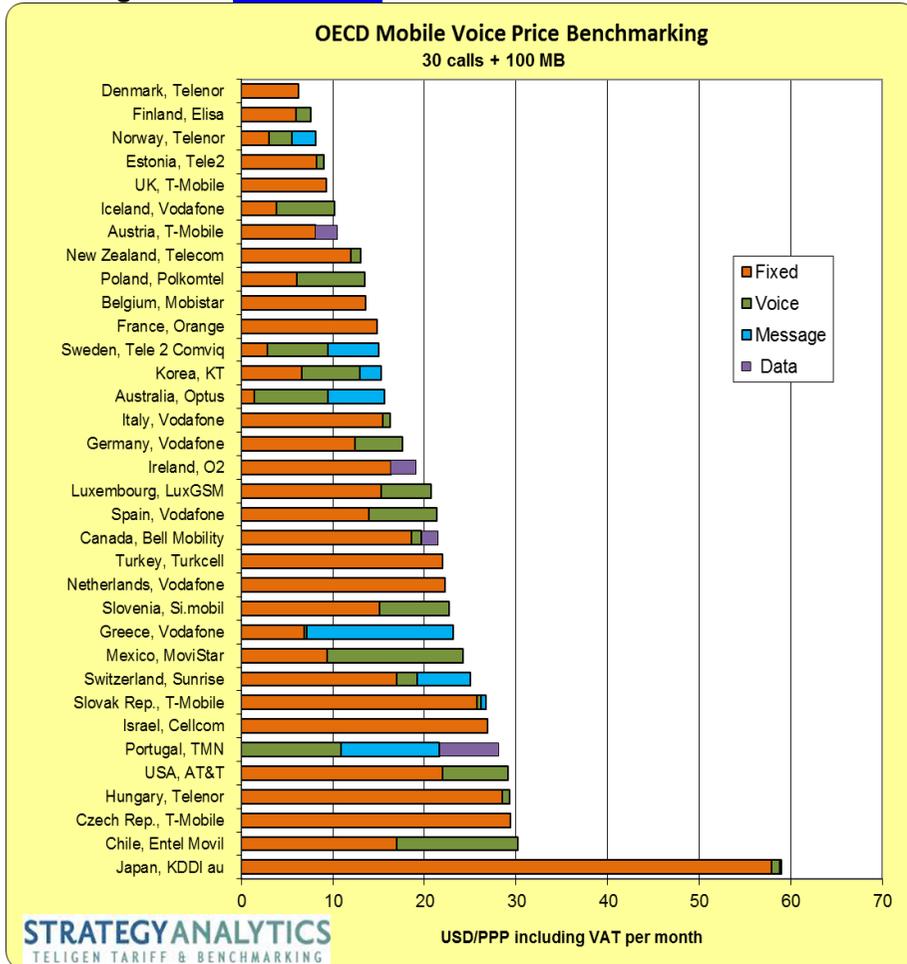
Graphs no. 31 and 32: comparison for the basket of 300 calls + 1 GB during three months in the month of February 2013 and May 2013 without PPP (evaluation)



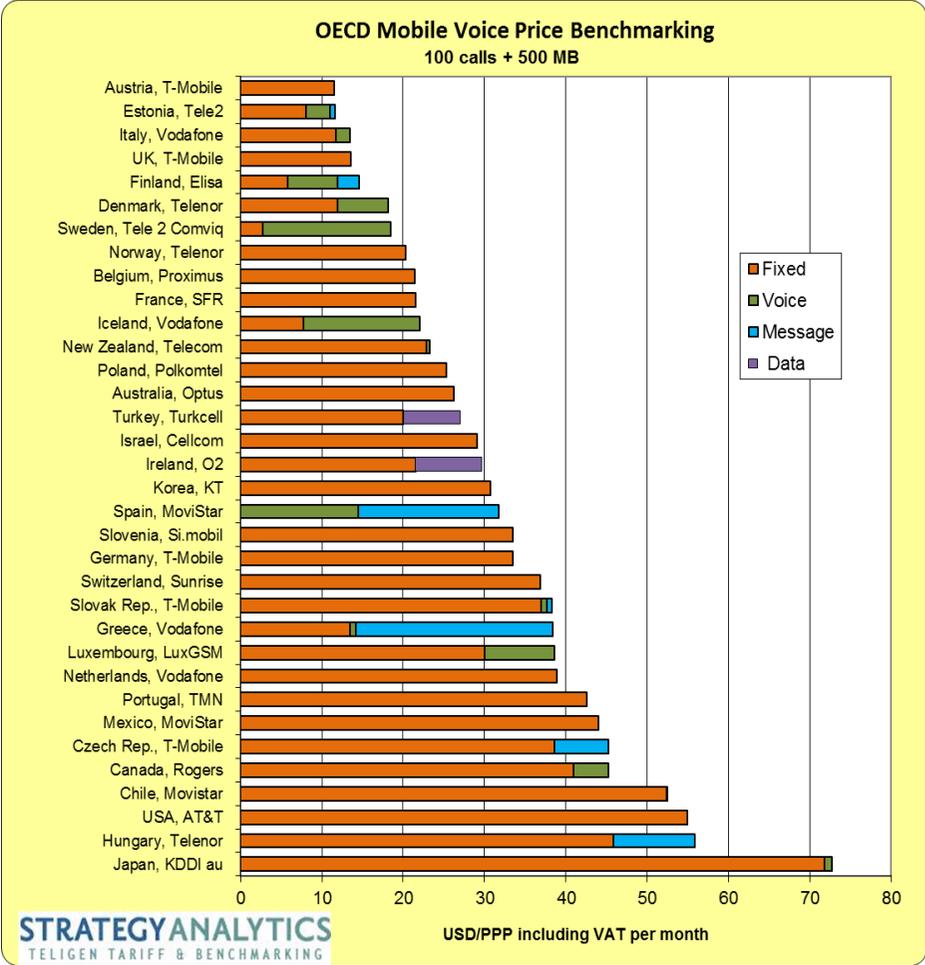
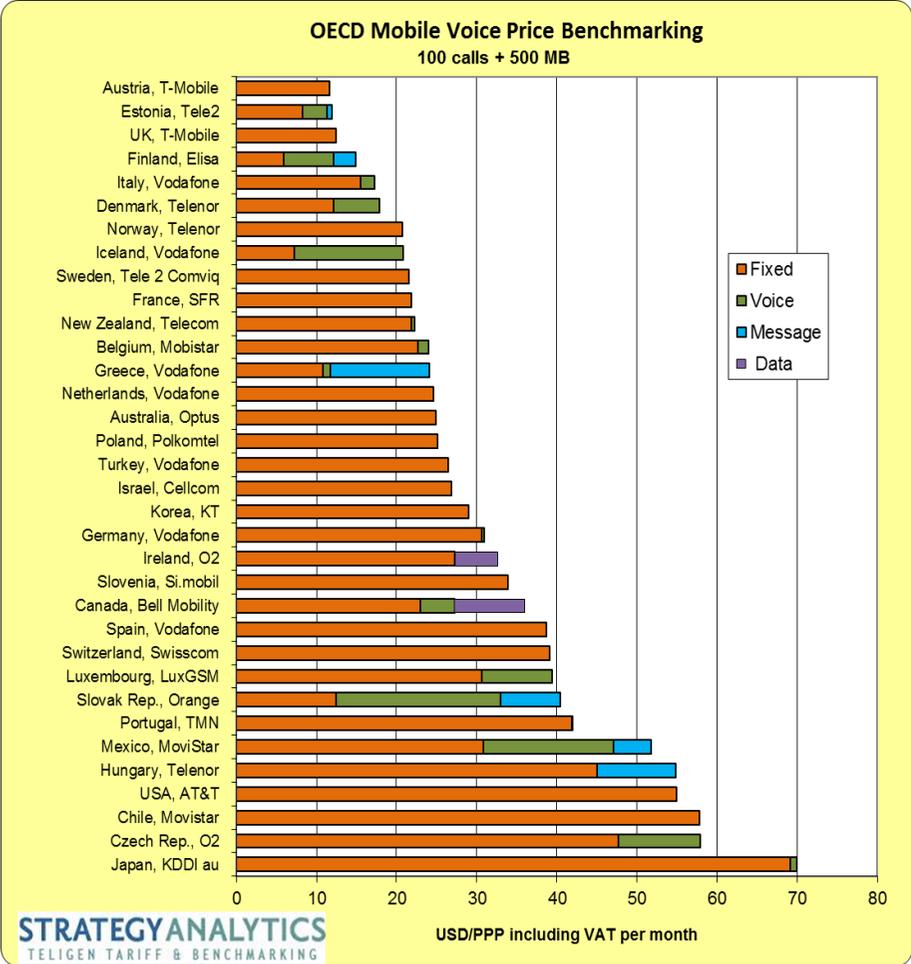
Graphs no. 33 and 34: comparison for the basket of 900 calls + 2 GB during three months in the month of February 2013 and May 2013 without PPP (evaluation)



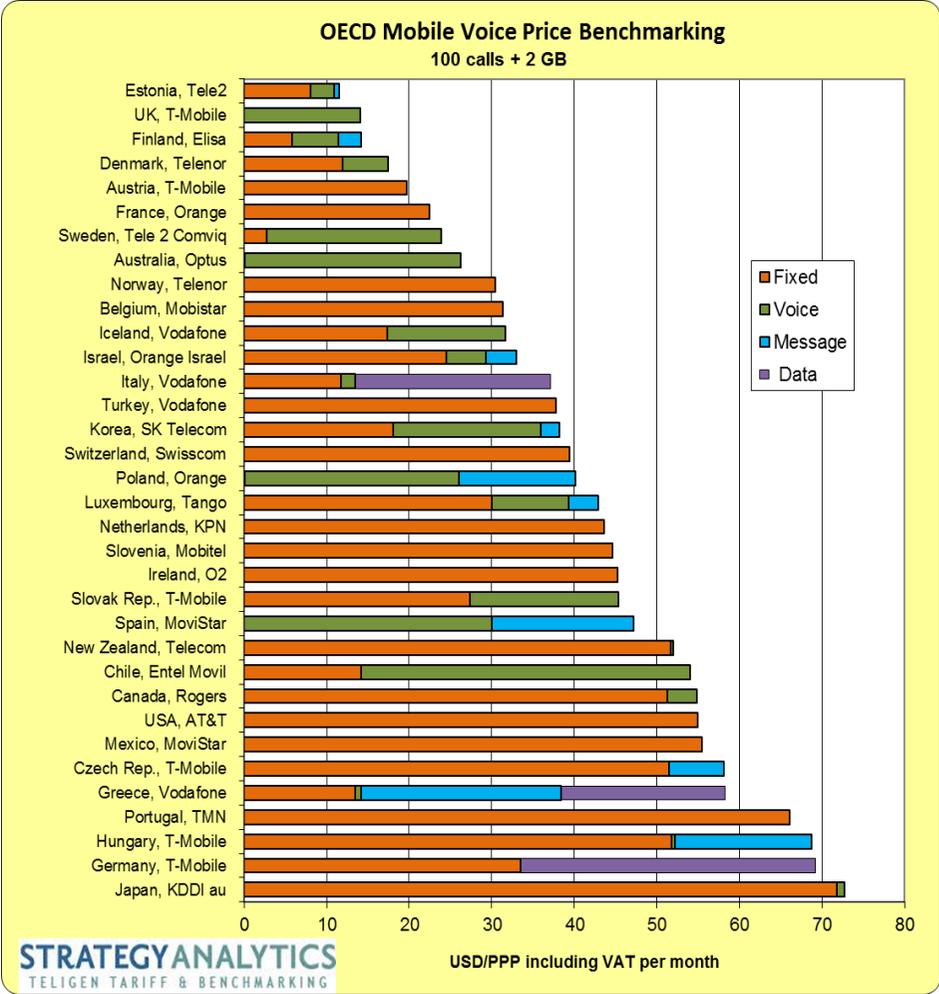
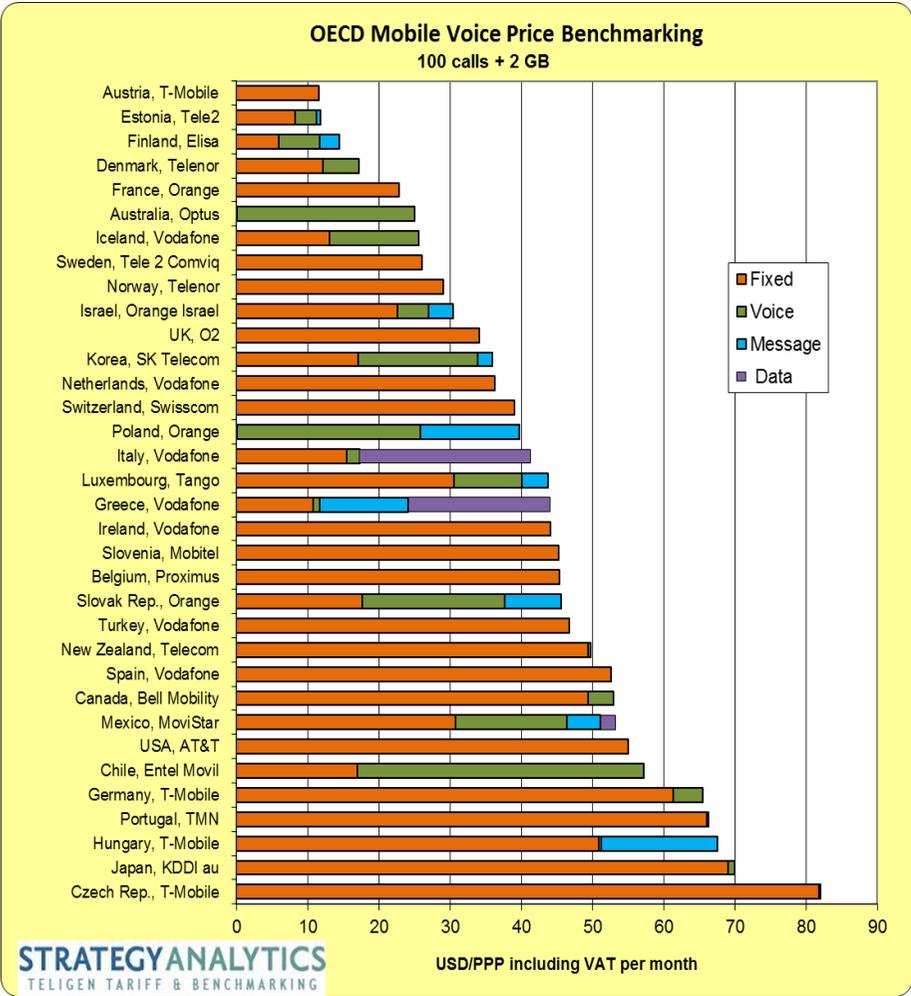
Graphs no. 35 and 36: comparison for the basket of 30 calls + 100 MB during three months in the month of February 2013 and May 2013 according to PPP (evaluation)



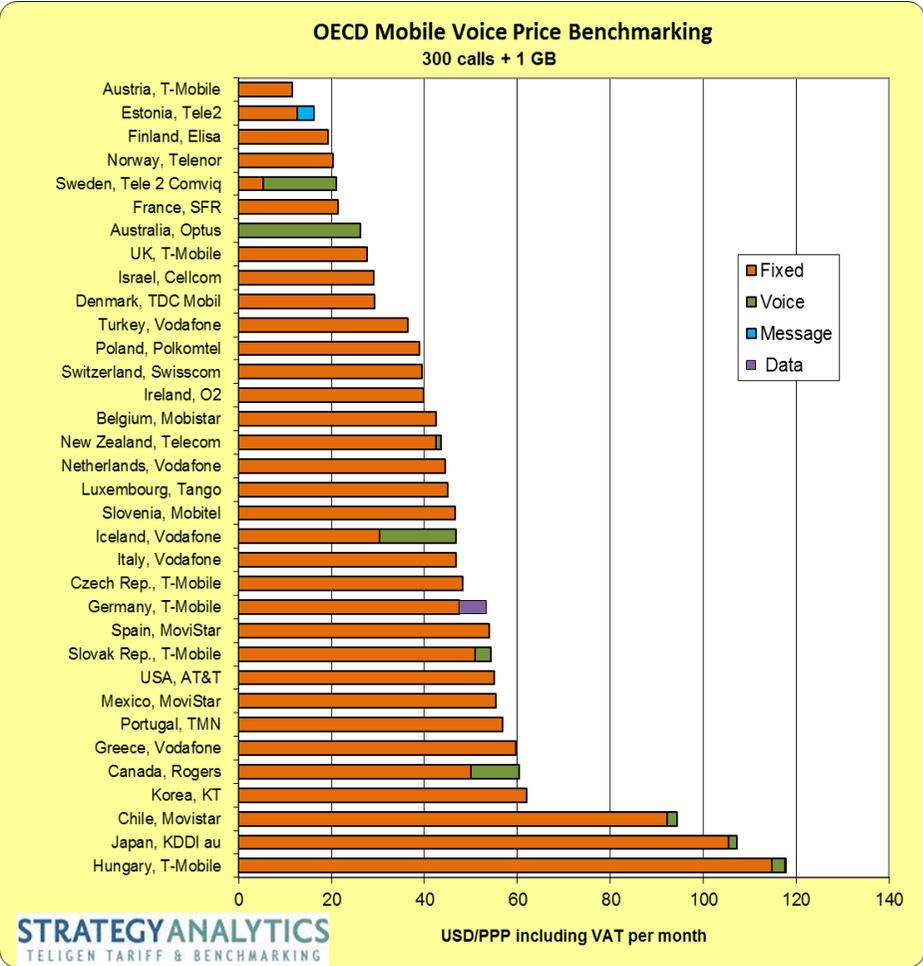
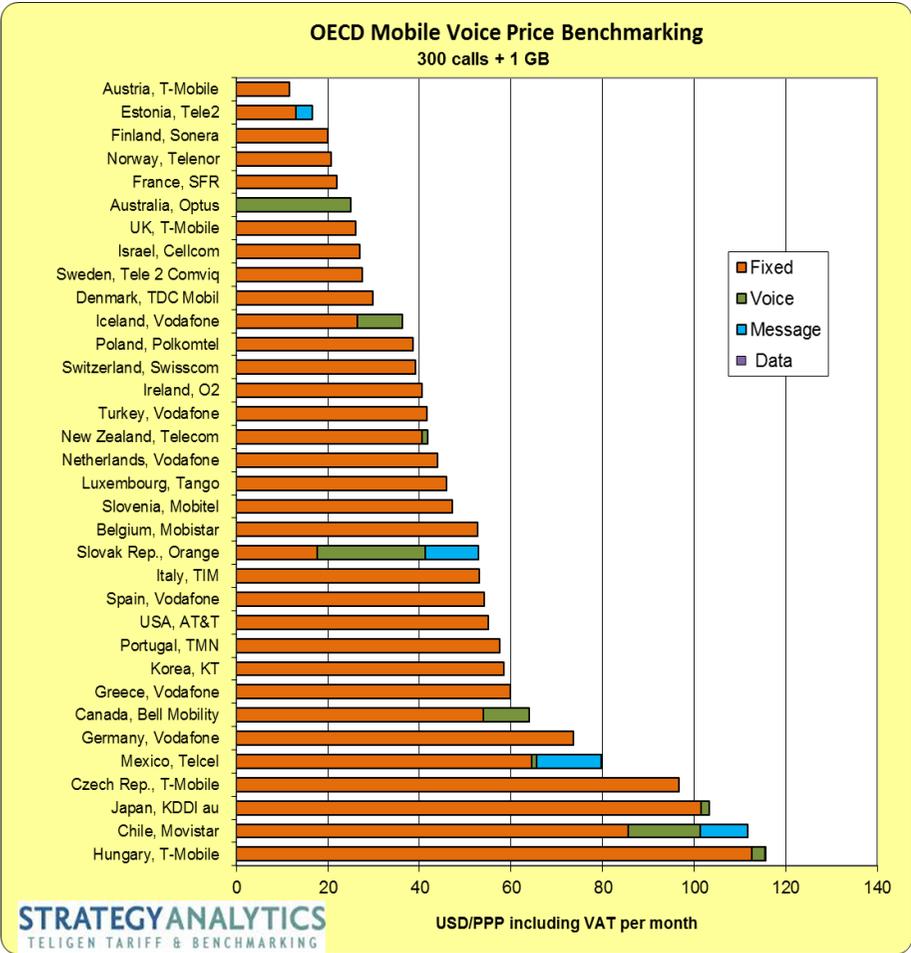
Graphs no. 37 and 38: comparison for the basket of 100 calls + 500 MB during three months in the month of February 2013 and May 2013 according to PPP (evaluation)



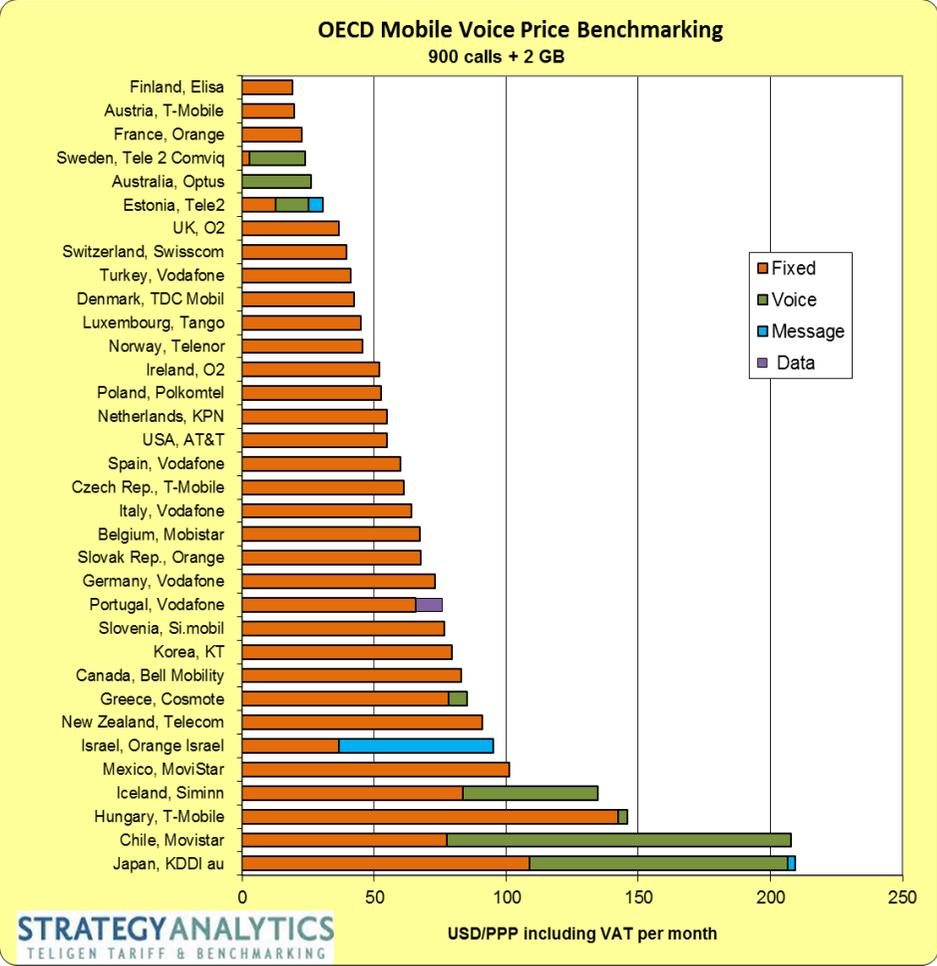
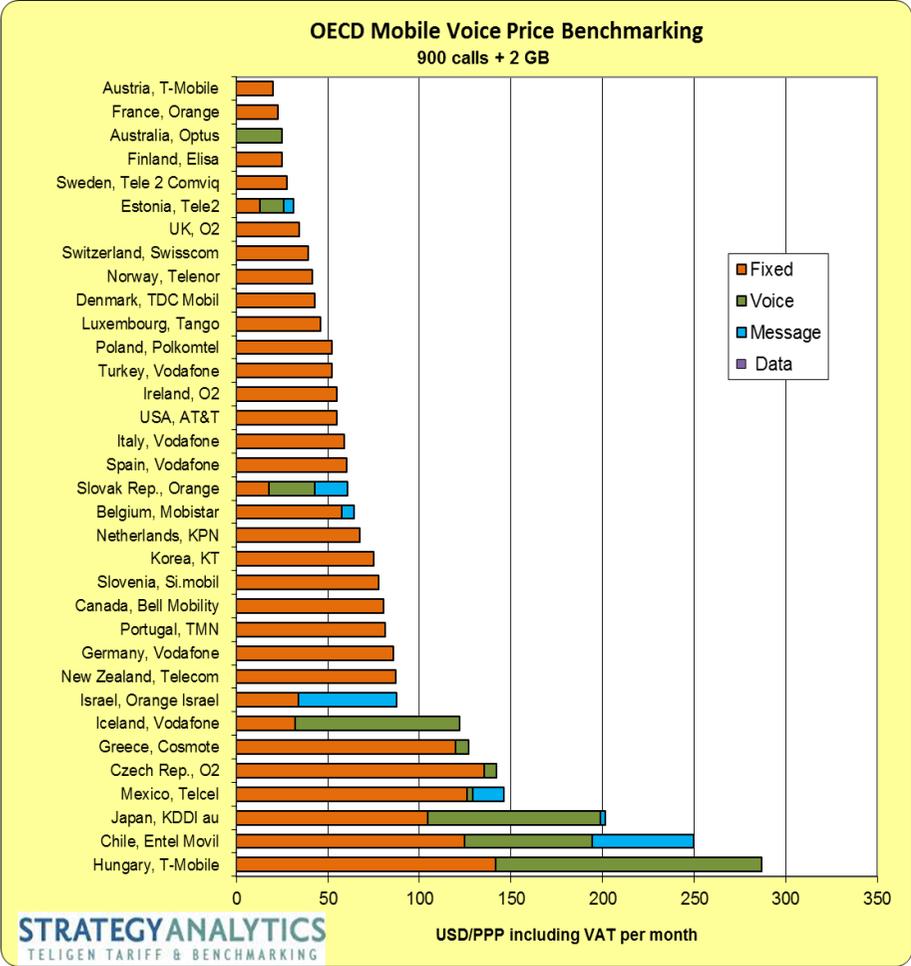
Graphs no. 39 and 40: comparison for the basket of 100 calls + 2 GB during three months in the month of February 2013 and May 2013 according to PPP ([evaluation](#))



Graphs no. 41 and 42: comparison for the basket of 300 calls + 1 GM during three months in the month of February 2013 and May 2013 according to PPP ([evaluation](#))



Graphs no. 43 and 44: comparison for the basket of 900 calls + 2 GB during three months in the month of February 2013 and May 2013 according to PPP ([evaluation](#))



## **A year-on-year comparison of consumer baskets for the month of May 2012 and May 2013**

### Consumer basket of 30 calls [pursuant to exchange rates and according to PPP](#)

In the price of consumer basket of 30 calls recalculated by nominal exchange rate to USD (graphs no. 1 and 2) position of the Czech Republic improved by eight positions (from 22<sup>nd</sup> to 14<sup>th</sup> place) and prices of consumer basket dropped on a year-on-year basis by 4 USD (from 16 USD to 12 USD). When comparing prices of baskets expressed in USD pursuant to PPP (graphs no. 13 to 14) the value of basket dropped by 3 USD (from 18 USD to 15 USD) and the Czech Republic moved four positions upwards (from 28<sup>th</sup> to 24<sup>th</sup> place). In the last comparison the lowest value had the tariff O2 Start of the company Telefónica with the commitment for 24 months and the option to buy the package of 120 SMS. A year ago the lowest price had the tariff for entrepreneurs called Podnikatel Plus 250 with the commitment for 24 months in the variant HIT of the company T-Mobile.

### Consumer basket of 100 calls [pursuant to exchange rates and according to PPP](#)

Comparing prices for the basket of 100 calls (graphs no. 3 and 4) the Czech Republic improved its standing by four positions (from 26<sup>th</sup> to 22<sup>nd</sup> position) and the price of the basket dropped by 8 USD (from 35 USD to 27 USD). During the period examined the price of consumer basket expressed in USD and pursuant to PPP (graphs no. 15 and 16) dropped by 6 USD (from 40 USD to 34 USD) and the standing of the Czech Republic deteriorated by one position (from 30<sup>th</sup> to 31<sup>st</sup> position). Within the framework of this consumer basket one year ago the tariff of the company T-Mobile "S námi 790" was placed in the variant HIT with 24 month's commitment. In the last comparison the winner was the tariff Free O2 of the company Telefónica with commitment for 24 months and the package of 120 SMS .

### Consumer basket of 300 calls [pursuant to exchange rates and according to PPP](#)

The price of consumer basket of 300 calls (graphs no. 5 and 6) dropped from 82 USD to 38 USD (i.e. less than 54%) and the Czech Republic improved its standing by 14 positions (from 31<sup>st</sup> to 17<sup>th</sup> position). Thus the Czech Republic surpassed Luxembourg, Slovakia, Ireland, Germany or Belgium among European States. After recalculation of the price pursuant to PPP (graphs no. 17 and 18), the price of the basket dropped from 95 USD to 48 USD (i.e. less than 50%) and the standing of the Czech Republic improved, on a year-on-year basis by six positions (from 33<sup>rd</sup> to 27<sup>th</sup> position). Out of the offer of operators within the framework of this basket the best position belongs to the tariff "S námi síť nesít" with the package of 100 SMS and the commitment for 24 months of the company T-Mobile. One year ago the first one was the tariff "Podnikatel plus 1100" in the variant HIT and the commitment for 24 months of the company T-Mobile.

### Consumer basket of 900 calls [pursuant to exchange rates and according to PPP](#)

The highest decrease of price of tariffs is evident in the basket with consumption of 900 calls (graphs no. 7 and 8), where the price recalculated by nominal exchange rate to USD dropped by more than 70 %, from the value of 128 USD to 38 USD. Thus the Czech Republic improved its standing by 16 positions (from 27<sup>th</sup> to 11<sup>th</sup> position). Among European States the Czech Republic thus surpassed, for example, Luxembourg, Slovenia, Slovakia, Denmark, Germany or Ireland. Price of the basket expressed in USD pursuant to PPP (graphs no. 19 and 20) dropped by 67 % (more accurately by 100 USD) and the standing of the Czech Republic thus moved by 10 positions (from 30<sup>th</sup> to 20<sup>th</sup> position). In the Czech Republic the best position occupied the tariff "S námi síť nesít" with commitment for 24 months of the company T-Mobile. One year ago it was the tariff for entrepreneurs Business Max Nonstop for 24 months and with the package of 200 SMS of the company Telefónica.

### Consumer basket of 40 calls from pre-paid cards pursuant to exchange rates and according to PPP

Comparison of prices of consumer basket with 40 calls for pre-paid cards (graphs no. 9 and 10) shows decrease of price by 10 USD (from 28 USD to 18 USD) and the Czech Republic moved seven positions higher (from 28<sup>th</sup> to 21<sup>st</sup> position). Price of basket in USD pursuant to PPP (graphs no. 21 and 22) during the period examined dropped also by 10 USD (from 33 USD to 23 USD) and the Czech Republic improved its standing on a year-on-year basis by six positions (from 33<sup>rd</sup> to 27<sup>th</sup> position). The best pre-paid card was Twist card with calls to all networks for CZK 2.50 of the company T-Mobile. The last year it was the tariff "Twist týden" of the company T-Mobile.

### Consumer basket of 400 messages pursuant to exchange rates and according to PPP

Comparison of prices of consumer basket with 400 SMS messages (graphs no. 11 and 12) shows decline by 3 USD (from 25 USD to 22 USD) and the Czech Republic dropped by three positions (from 27<sup>th</sup> to 30<sup>th</sup> position). Comparison of price of the basket recalculated pursuant to PPP (graphs no. 23 and 24) registered, on a year-on-year basis, slight decrease by almost 1 USD (from 29 USD to 28 USD) and improvement of standing of the Czech Republic by two positions (from 32<sup>nd</sup> to 30<sup>th</sup> position). The best in the last comparison was the tariff Free O2 with the commitment for 24 months and the package of 120 SMS of the company Telefónica. One year ago it was "Podnikatel Plus 250" in HIT variant with the package of 100 SMS and the commitment for 24 months of the company T-Mobile.

From the above comparison it is evident that the greatest decrease of prices was registered with consumer baskets having higher monthly consumption, that is with consumer baskets for 300 and 900 calls, where customer will pay one half less than in 2012.

## **Comparison of consumer baskets containing Internet in mobile for the month of February 2013 and May 2013**

### Consumer basket of 30 calls + 100 MB pursuant to exchange rates and according to PPP

Price of consumer basket of 30 calls with 100 MB of free data during three months dropped by 4 USD (graphs no. 25 and 26) and standing of the Czech Republic moved three positions upwards (from 24<sup>th</sup> to 21<sup>st</sup> position). Price of the basket pursuant to PPP (graphs no. 35 and 36) dropped by 4 USD and the standing of the Czech Republic moved three positions upward (from 32<sup>rd</sup> position to 29<sup>th</sup> position). During May 2013 the cheapest tariff in the Czech Republic was the tariff O2 Start of the company Telefónica with the package of 120 SMS and 150 MB of free data of Internet in mobile S. In February 2013 the best was the tariff "Podnikatel Plus 250 HIT" of the company T-Mobile with the package of 100 SMS and 175 MB of free data.

### Consumer basket of 100 calls + 500 MB pursuant to exchange rates and according to PPP

Comparison of prices of consumer basket with 100 calls and 500 MB of free data (graphs no. 27 and 28) shows that the value of the basket for the Czech Republic dropped by 11 USD and moved by nine positions upward (from 30<sup>th</sup> place to 21<sup>st</sup> position). The Czech Republic thus improved its standing and in comparison with European countries surpassed Ireland, Germany, Hungary, Greece or Portugal. The price of the basket expressed pursuant to PPP (graphs no. 37 and 38) dropped by 13 USD and the standing of the Czech Republic moved four positions upward (from 33<sup>rd</sup> place to 29<sup>th</sup> position). The cheapest tariff among operators monitored is from the company T-Mobile, and namely the tariff "S námi v síti +"<sup>19</sup> with the commitment for 24 months, unlimited SMS within the network of the company T-Mobile and with 600 MB of free data. One third of free data is the part of the offer of "tariff S námi v síti +" and customer may buy the rest as data package with 400 MB. In February

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sign, "+" in tariff means Internet v mobilu with free data 200 MB

2013 the best was the tariff for entrepreneurs of the company Telefónica Smart Neon L with the package of 200 SMS and Internet in mobile +<sup>20</sup> M with 500 MB of free data.

Consumer basket of 100 calls + 2 GB pursuant to exchange rates and according to PPP

The value of the basket between the months of February and May 2013 dropped by 20 USD (graphs no. 29 and 30) and standing of the Czech Republic improved by nine positions (from 30<sup>th</sup> place to 21<sup>st</sup> position). Prices of the basket expressed in USD pursuant to PPP (graphs no. 39 and 40) dropped by 24 USD and the Czech Republic thus moved from the last 34<sup>th</sup> position to 29<sup>th</sup> position. Within the framework of this basket is the tariff "S námi v síti +"<sup>1</sup> with the commitment for 24 month from the company T-Mobile. Customer may buy necessary free data in the form of data package with 3 GB of free data to the service Internet in mobile. Tariff offers unlimited SMS to the network of company T-mobile. In February 2013 the best position occupied the "tariff Přátelé 700" with 100 SMS and with 3 GB of free data to Internet in mobile, also from the company T-Mobile.

Consumer basket of 300 calls + 1 GB pursuant to exchange rates and according to PPP

Comparison of prices concerning consumer basket of 300 calls with 1 GB of free data in the Czech Republic shows decrease of price of the basket by 40 USD (graphs no. 31 and 32) and the Czech Republic improved thus its standing by 18 positions (from 29<sup>th</sup> to 11<sup>th</sup> position). Among European states which the Czech Republic surpassed are, for example, Slovakia, Slovenia, Denmark, Ireland or Belgium. Price of the basket recalculated pursuant to PPP (graphs no. 41 and 42) dropped during three months by 48 USD and the standing of the Czech Republic moved from 31<sup>st</sup> place to 22<sup>nd</sup> position. In the Czech Republic the best position belonged to the tariff "S námi síť nesít" of the company T-Mobile with free data of 1.5 GB and unlimited SMS in the network of the company T-Mobile. In February 2013 the best result was achieved by the tariff "Grand v síti" with data limit of 1 GB in the service Internet in mobile and unlimited SMS to the network of the company T-Mobile.

Consumer basket of 900 calls + 2 GB pursuant to exchange rates and according to PPP

The price of this consumer basket offering 900 calls and 2 GB of free data dropped during three months by 67 USD (graphs no. 33 and 34). Standing of the Czech Republic thus moved 18 positions upwards (from 28<sup>th</sup> place to 10<sup>th</sup> position). Price of the basket expressed pursuant to PPP (graphs no. 43 and 44) dropped by 81 USD and the Czech Republic thus moved by 18 positions upward (from 28<sup>th</sup> place to 10<sup>th</sup> position). The best result in this consumer basket gained the tariff from the company T-Mobile, "S námi síť nesít" with the commitment for 24 months, unlimited SMS to all networks, 1,5 GB free data and the possibility to buy data package to the service Internet in mobile with 1 GB free data. In February 2013 the best position belonged to the tariff for entrepreneurs Smart Neon XXL with the package of 200 SMS and Internet in mobile + L with free data 2 GB from the company Telefónica.

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<sup>20</sup>sign, "+" in tariff means unlimited SMS in the O2 network