

Monthly monitoring report No. 1/2012 of the Czech Telecommunication Office January 2012

Executive summary

On January 18, 2012 the CTU organized already the third consecutive workshop focused on the analysis of the relevant market no. 5 – Broadband access in electronic communications networks (see more in Section 2).

At the beginning of January the CTU's Council discussed and approved the Plan of principal tasks of the CTU for 2012 (see [press release](#) on principal tasks of the Office in 2012). The CTU devotes an extraordinary attention to the auction of free frequencies for mobile services of the new generation, and among another important tasks belong particularly exercise of enlarged competencies connected with the protection of consumer, monitoring and analysis of relevant markets in the field of electronic communications and also the management of radio spectrum and surveillance over the market of postal services.

In harmony with the declared intention of the CTU to increase the level of knowledge of users of electronic communications services and to enable them to compare price offers of providers of individual services, the CTU finished the Document on the Rules of accreditation of price calculators in January. On January 24, the Final document was published on the Internet page (see more in [press release](#)). The accreditation of selected portals, including price calculators, should guarantee that a consumer will find objective, transparent and current information.

In January the CTU evaluated the comments gathered from public consultation of the proposal and on February 3 the CTU published in the Volume 2/2012 of the Telecommunication [Bulletin the General authorisation no. VO-S/1/01.2012-2](#), amending the General authorisation no. VO-S/1/07.2005-9, stipulating conditions and terms concerning provision of electronic communications services, as amended by General authorisation no. VO-S/1/07.2007-11. The reason for the amendment is modification of provision of identifiers necessary for disposition of electronic communications services (changes or cancellation of service) so that consumer could quickly enforce and implement changes of operator and services provided.

On January 12, 2012 the first meeting of the technical group of the CTU concerning the issues of development of digital television broadcasting in the standard DVB-T2 took place. The members of the group are, besides the employees of the CTU, also leading technical employees of the Czech Television, TV Nova, TV Prima, TV Barrandov, České Radiokomunikace, Sony, Samsung, LG or ČMI. The subject matter of negotiations were television services provided within the framework of DVB-T and DVB-T2 systems.

1. Current situation in the market

Services of fixed networks

Since January 2012 the company **Telefónica** changed the prices for establishment and transfer of subscriber lines within the framework of special-purpose telephone network. Since January 2012 subscriber lines in the special-purpose telephone network are established and transferred free of charge contrary to former CZK 990. Under the term of the special-purpose telephone network we understand unequivocally defined technological unit of public telephone network, the basis of which is formed by the voice virtual private network.

Within the framework of its short-term marketing campaigns the company Telefónica published a special offer „O2 Calls Mobile 60 for CZK 400“. The offer, which can be used within the period from January 1, 2012 until March 31, 2012, is aimed at the customers of the company Telefónica having the tariff O2 Mini or O2 Expres Mini. The customers may activate this offer and change the mentioned tariff to tariff O2 Calls mobile 60 using toll-free O2 line on the number 800 02 02 02. Customer may use this tariff without any obligations and will pay, during the time of utilisation of this tariff, the privileged price of CZK 400 compared to standard price of CZK 550. The discount will cease to exist in case of the change of tariff or the purchase of additional service O2 Internet connection. This offer cannot be combined with other discounts and special offers of the company Telefónica connected to the voice service O2 and the tariff O2 Calls mobile 60.

Subscribers, who use the Internet access services of the company Telefónica on one connecting line together with voice service, and whose special offer of the tariff Internet Optimal or Internet Aktiv for privileged price is terminating, and who should continue to receive the service for standard price, may, in the period from January 16, 2012 until March 31, 2012, use the special offer of „Package of O2 Calls Mobile 60 and O2 Calls Mobile 120 for one month free of charge“. Customers may, with the help of toll-free O2 line on the number 800 02 02 02, newly activate superstructure package O2 Calls Mobile 60 or O2 Calls Mobile 120. During one month the standard price for the employment of the mentioned superstructure package will not be charged.

The company Telefónica prolonged the special offer O2 Internet Bundle until the end of March 2012. Customers, who will use this offer and will newly establish the service of digital television O2 TV with the tariff O2 Flexi, together with the obligation to use the service for the period of 12 months and the service O2 Internet connection with the tariff Internet Optimal, will receive price privileges. For the period of 12 months, starting from the day of the establishment of the service, they will pay for the utilisation of the tariff O2 TV Flexi (including two obligatory packages) the privileged price of CZK 250 for accounting period, and for the period of duration of the obligation they will pay the price of CZK 1 for the lease of set-top-box. This offer may be used by customers where establishment of the service is technically feasible.

Within the framework of special offer Voucher 4 for the price of 3 of the company Telefónica, each customer could buy, in the period from January 16 until January 31, 2012, for the price of CZK 165, with the help of television menu in the

section Video Library O2 TV, sub-section „4 for the price of 3“, the voucher which can be used for the booking of up to 4 films from the category Burning new releases. This voucher can be used for this price by means of selection in the section Video Library O2 TV when ordering a film. If a customer orders a film beyond the voucher's mode, the standard pricelist price will be paid. The voucher is valid for 30 days from the day of purchase.

New customers of the company UPC, who ordered the online service of the digital television Starter before January 25, 2012, including one of programme packages Sport, Relax or Darwin, obtained this service for privileged monthly price of CZK 150 instead of CZK 422, including the cost-free rent of the set-top-box.

The customers, who ordered the online service of the digital television Standard before January 25, 2012, obtained 50% discount from monthly price for the period of six months, i.e. they will use this service for the price of CZK 302 instead of standard price of CZK 604.

The customers, who ordered the online service of the digital television Supreme before January 25, 2012, obtained this service for the price of CZK 896 for a month instead of standard price of CZK 1,108 for the period of eight months.

The company UPC provided special offer for its new customers, who ordered the telephone service UPC Telefon tariff „Basic“ before January 25, 2012. New customers thus received monthly flat fee at the amount of CZK 1 for the period of twelve months and the rent of wireless telephone set for CZK 10/month. The price of installation was CZK 1 and the price for connection (the establishment of telephone service) was CZK 190.

The company **Fayn** newly offers reduction of the price of calling to mobile networks with the tariff Fayn Home from previous CZK 2.15 for a minute to CZK 1.55 for a minute. This price reduction is valid for all customers and has no time limits. There are the services realised by means of VoIP.

Services of mobile networks

The company **T-Mobile** prolonged Christmas offer within the framework of which it is possible to obtain, during weekends, for the period of one month, telephone calling and sending of SMS free of charge within the network and 50 MB of free Internet in mobile. In order to obtain this privilege a customer of pre-paid card must meet the condition and namely to recharge the credit at the amount of CZK 300 before the end of January. Each subsequent recharge of the minimum amount of three hundred Crowns will prolong the privilege by another four weeks.

Since February the company **Telefónica** introduced advantageous weekend calls and sending of SMS free of charge for customers having pre-paid cards within the O2 network. New customers will have this advantage activated automatically, existing customers, having the tariff O2 NA!HLAS and O2 NA!PIŠTE, must activate it before sending SMS. The condition of this four-weeks' privilege which must be met is to recharge the card once in a month.

From February until the end of April the company Telefónica offers to its „tariff“ customers the testing of higher tariff for the period of three months for the price of lower tariff. The offer can be used with voice tariffs O2 NEON M and higher and O2 Podnikání L and higher. Also the existing customers can use this offer if they decide to come over to tariff which is higher than the tariff they currently use.

Access Internet services

In January the company **Telefónica** came with the acquisition offer designed for households concerning xDSL tariffs Internet Optimal and Internet Aktiv. All new customers could get the service Internet Optimal for CZK 500 and Internet Aktiv for CZK 600 under the condition of accepting the obligation to stay for 12 months combined with the option to receive discount for calls at the amount of CZK 100 with the tariff O2 Neon. Establishment of this service is free of charge. Starting from the 13th month of utilisation of the service customers will be charged the standard price of CZK 750 for Internet Optimal and CZK 850 for Internet Aktiv. This special offer is valid until March 31, 2012.

The company Telefónica came with the same acquisition offer designed for entrepreneurs and companies with the only difference, and namely that the possibility to apply for the discount at the amount of CZK 100 can be used also for the tariff O2 Podnikání. Remaining conditions are the same as with households.

Starting from January 16, 2012 until January 31, 2012, the company Telefónica provided for all customers acquisition offers in selected brand shops in Beroun, Benešov, Chomutov, Kadaň, Česká Lípa, Děčín, Havlíčkův Brod, Cheb, Kladno, Kolín, Kutná Hora, Liberec, Litomyšl, Nymburk, Pelhřimov, Poděbrady, Olomouc, Plzeň, Přerov, Příbram, Rychnov nad Kněžnou, Svitavy, Ostrava, Tábor, Teplice, Uherské Hradiště, Ústí nad Orlicí and Zlín. In these shops new customers may set up the Internet Optimal connected with the obligation to stay for 12 months for CZK 400 or Internet Aktiv with the obligation to stay for 12 months for the price of CZK 500. Starting from the 13th month the standard prices are in place, i.e. CZK 750 for Internet Optimal and CZK 850 for Internet Aktiv.

For its existing customers the company Telefónica prepared the offer concerning increase of tariff to the tariff Internet Optimal. Customers will thus be charged the price of CZK 600 for the period of one year. A customer, who will increase the tariff to the tariff Internet Aktiv, will pay for this service for the period of 12 months the price at the amount of CZK 750. This acquisition offer was in force until January 31, 2012.

Also for company customers the company Telefónica prepared acquisition offer, and/or its prolongation until January 31, 2012 in selected brand shops in Blansko, České Budějovice, Chomutov, Karlovy Vary, Náchod, Nový Jičín, Praha-Východ, in Prostějov, Šumperk, Ústí nad Labem and Žďár nad Sázavou. New customers, having the obligation to stay for 12 months, who ordered the service Internet Optimal or the service Internet Aktiv within the mentioned deadline connected with the obligation to stay for 12 months, will pay, during the period of validity of contract obligation, monthly price of CZK 400 for the service Internet Optimal and CZK 500 for the service Internet Aktiv. Starting from the 13th month

standard prices, i.e. CZK 750 for the Internet Optimal and CZK 850 for Internet Aktiv, are again in place.

Until January 31, 2012 the acquisition offers of the company **UPC** were earmarked for all services of internet connection. It was possible to obtain the service with the speed of 10 Mbit/s for the first 12 months for the price of CZK 299/month instead of standard price of CZK 494/month. It was also possible to get the service with the speed of 25 Mbit/s for the first 12 months for CZK 399/month, instead of standard price of CZK 599/month. The company UPC offered the service with speeds of 50 and 100 Mbit/s 50% discount for the first 4 months. For the fastest connection of 100 Mbit/s customers paid CZK 500 for the first four months, and from the beginning of the 5th month the price for the utilisation this service was CZK 999. Simultaneously, customers could receive for free the rent of modem, installation for CZK 1 and connection for CZK 190 (CZK 1 when ordering more services). The acquisition offers could be used when the contract was concluded for 12 months. For services having the speed of 25 Mbit/s and higher it was possible to get the above mentioned discounts with the online order only and only for new customers.

In January 2012 the company UPC had already prepared the acquisition offer also for company customers. If the contract was concluded for 12 months it was possible to get the service of Internet Fiber Business 15, Internet Fiber Business 40 and Internet Fiber Business 110 for the first three months for the privileged price at the amount of CZK 1. Starting from the 4th month the standard prices are in force, i.e. CZK 599 for the service Internet Fiber Business 15, CZK 799 for the service Internet Fiber Business 40 and CZK 1,199 CZK for service Internet Fiber Business 110.

New technologies and services

Vodafone Spain became the first mobile operator in Spain which commercially introduced the service on the basis of femtocells bearing the name of „Premium access for voice and data Vodafone Office“. The service is earmarked for company customers of Vodafone. Femtocells are small access facilities to mobile 3G networks by means of ADSL line. This technology serves for mutual connection of users within the femtocell and for utilisation of voice and data services of Vodafone. This technology was supplied by the company Huawei.

The Theme of the month – Provision of mobile services to providers not operating their own mobile networks

Within the framework of regular monitoring of the market of mobile services and in connection with discussed proposal for establishment of the new relevant market – wholesale market of access and call origination in public mobile telephone networks – the CTU has prepared a comprehensive information concerning the issues focused on the evaluation of cases of providers of mobile services not operating their own networks.

The CTU has worked on the presumption based on the classification of providers of services of mobile networks in individual levels according to the methodology of the European Commission (Commission) stipulated for the Digital Agenda Scoreboard (formerly Implementation reports). The Commission employs the classification of providers of mobile services to MNO (Mobile Network Operator), MVNO (Mobile Virtual Network Operator), SP (Service Provider) and Simple reseller. In view of the fact that MNOs often establish MVNOs in the form of their subsidiaries, serving as distribution channel for their services, according to the new methodology of the Commission, these MVNOs are not included in evaluated data in order to avoid misrepresentation of the evaluation of the level of competition on the market. .

Binding definitions relating to individual forms of providers of services of mobile services, generally described as „virtual operators“, are not determined by recommendations or standards. The documents dealing with these issues quote mostly the definition of this notion for the purposes of specific study or document. Nevertheless, these definitions coincide materially as far as the extent of services provided is concerned. To explain basic meanings of individual notions and levels, used in relation to provision of mobile services, the following definitions can be used:

Mobile Network Operator (MNO)

Traditional MNO is characterized by the fact that it has its own mobile licence, its own mobile infrastructure and has direct relation to its end customer. MNO performs network routing and has roaming contracts concluded with foreign MNOs. It can, for example, provide by itself voice calling, transmission of SMS and MMS messages and data transmissions. MNO can provide by itself customer service, invoicing and operational and technical information for users and adjustment of end equipment. Usually, MNO performs marketing and sale to its end customers all by itself.

Mobile Network Enabler (MNE)

MNE has its own mobile licence, its own mobile infrastructure, but, contrary to the MNO has no direct relation to end customer. MNE is capable to perform network routing and normally has roaming with foreign MNOs. MNE is capable to provide, for example, voice calling, transmission of SMS and MMS messages and data transmissions. MNE usually controls relations to customers, invoicing and operational and technical information for users and adjustment of end equipment. MNE does not perform marketing and sale to its end customers; this is the task of wholesale customers of MNE. MNE manages technical aspects of business and often deals with customer services.

Mobile Virtual Network Enabler (MVNE)

MVNE is characterized by the fact that it has no licence neither mobile infrastructure or any direct relations to its end users. MVNE is capable to perform network routing and usually has roaming with foreign MNOs. MVNE is unable to provide voice calling and data transmissions, but usually is capable to provide SMS and MMS messages. Typical MVNE provides customer services, accounting, operational and technical information for users and adjustment of end equipment. MVNE does not provide marketing and sale to its end customers; this is the task of wholesale customer of

MVNE. MVNE operates as a mediator between MNO and mobile operators, who do not have their own network. MVNE manages technical aspects and often activities as are, for example, customer services.

Mobile Virtual Network Operator (MVNO)

MVNO is characterized by the fact that it has no mobile licence neither its own mobile infrastructure, but has direct relation to its end user. MVNO is capable to perform network routing and usually has roaming with foreign MNOs. MVNO mostly provides voice calling and data transmissions and usually is capable to provide SMS and MMS messages. Typical MVNO provides customer services, accounting, operational and technical information for users and adjustment of end equipment. MVNO usually further provides marketing and sale to its end customers. MVNO has its own SIM cards, its own code of mobile network (MNC) and its own roaming contract.

Service provider (SP)

SP has no mobile infrastructure of its own but has direct relation to its end user. SP is incapable to perform network routing and usually has no roaming with foreign MNOs. SP is unable to produce and distribute voice calling and data operation and is incapable to provide transmission of its own SMS and MMS messages. Usually it provides customer services, accounting, operational and technical information for users and adjustment of end equipment. Besides, it provides marketing and sale to its end customers. SP sells its services to MNO together with its own supplementary services, has not its own SIM cards (but it can perform „rebranding“ of SIM cards of MNO), it does not have its own roaming contract and can, but need not, have its own connection contract.

Simple reseller

Simple reseller obtains margin from MNO for access and utilisation of services by end customers. These resellers have limited capability to offer different price structure and their prices monitors pricing of MNO.

There exist a great number of virtual operators in the world and, generally taken, the last two forms, which took their origin primarily on the commercial basis, can be considered the most prevailing.

Reasons for the constitution of virtual operators on commercial basis may be different. These providers may, for instance, operate as subsidiaries of MNO serving in the position of distribution channel for the sale of services of MNO itself to a certain segment of users or they utilize marketing procedures different from those of MNO. Another reason for constitution may be the sale of services to specific groups of users (for example groups of foreigners with certain preferences of services, like, for example, increased utilization of foreign calls to certain destination). Another reason for constitution of such provider of mobile services may be complementation of offer of operator of fixed network by mobile services so that this operator can compete in the market with offer of packages including both mobile and fixed services. The form of services of Simple reseller is offered primarily in the form of support or benefit to certain group of users, where subscription of this service of electronic

communications depends on the membership and/or use of other service (for instance České dráhy).

Constitution of virtual operators abroad was mostly the result of commercial agreements among applicants interested in such a form of entry in the market and existing MNO. In some cases demands for offers of services for MVNO were formulated within the framework of auctions of free frequencies.

Currently four MNO operators provide mobile services by means of their own mobile networks in the Czech Republic – Telefónica (CDMA, GSM, UMTS), T-Mobile (GSM, UMTS), Vodafone (GSM, UMTS) and MobilKom (CDMA). The company MobilKom provides its services to other providers of mobile services on the basis of wholesale contracts concluded on commercial basis.

By the end of the year 2010 the CTU registered approximately 40 subjects in the database of entrepreneurs in electronic communications which have announced provision of mobile publicly available telephone service in the form of resale. These subjects were subjected to state inspection. The aim of this inspection was to find out how these mobile services are provided and whether the rights, which belong to the customers of these subjects, are secured in harmony with the Act on Electronic Communications.

The above mentioned State inspection took place in two stages, where, within its first part, which took place at the turn of 2010 and 2011, it was discovered that all inspected subjects, which started provision of services of electronic communications, conclude contracts and make out settlement for their customers in their own names, where it was stated that the contracts between subjects and their customers have a character of subscription contracts regardless of the fact how these contracts are formally designated. At the same time, certain shortcomings were discovered during this inspection concerning, particularly, the obligation to publish some information in harmony with the Act on Electronic Communications.

The aim of the second part of State inspection, which took place in the middle of 2011, was to verify particularly how shortcomings discovered during the previous inspection were liquidated and to find out further whether consumers of mobile publicly available telephone service are not discriminated in their rights belonging to them as participants of this service pursuant to the Act on Electronic Communications.

The State inspection resulted in the finding that almost thirty subjects, which, according to the inspection performed, really provide mobile publicly available telephone service in the form of resale, are perceived by the CTU as providers of this service with all resulting consequences, which means that they provide these services in harmony with the Act on Electronic Communications and that their customers/**consumers must have reserved their rights belonging to them pursuant to the Act on Electronic Communications.** In evaluating if they are really providers of publicly available telephone service, the CTU proceeds, in particular, from the following facts : whether relevant entrepreneurs conclude with their customers (consumers) contracts on provision of services (subscriber contracts), and namely in their own names, and whether they make out settlement of these services

in their own names. Further the CTU ascertains whether warranty claims can be applied directly with those entrepreneurs pursuant to § 64 of the Act on Electronic communications, and/or to apply for transfer of telephone number in harmony with § 34 of the Act on Electronic Communications, where these supporting features form legitimate obligation of these providers of publicly available telephone services.

The CTU has commenced (and/or will commence) administrative proceedings with entrepreneurs where breach of the Act on Electronic Communications was discovered concerning the perpetration of relevant administrative offence. In this connection it is necessary to emphasize that there are individual cases only. The CTU considers it necessary to draw attention of consumers to the fact that, particularly with regard to contractual relations, which these entrepreneurs have concluded with operators within the networks of which the service is provided, **in case that any problems concerning settlement of price or publicly available telephone service arise, consumer should always act** in harmony with relevant concluded contract and **to file a complaint** in harmony with this contract.

In solving stimulus, and/or disputes of end participants and resellers of services of electronic communications, the CTU proceeds in a similar way as in solving stimulus and disputes of participants of network operators. The CTU will continue to intensely occupy itself with issues of providers of mobile publicly available telephone service having the form of resale, and at the same time, it will particularly pay due attention to the protection of consumers of these services in their evaluation.

On the basis of regular monitoring of the market and the assessment of development of market parameters and conclusions of analyses of relevant markets (including comparison with anticipated development of relevant market, principle of forward looking approach), the CTU also applies other corresponding procedures in order to support development of effectively competitive environment in favour of end users.

On the basis of long-term monitoring of the situation on the mobile market, the CTU has indicated the facts which could prove the potential existence of market failure in the market providing voice services in public mobile networks. This is, among others, documented also by the situation where, under conditions of the Czech Republic, no commercial agreements concerning provision of offer for MVNO focused at interested persons from among current network operators were concluded so far. Therefore the CTU began the process of market review which must be performed in harmony with both Czech and the EU legislature. At the end of November 2011 the CTU therefore submitted for public discussion results of the first part of this process, the [Measure of general nature](#). With the help of this step the CTU wants to enlarge the number of relevant markets (exceeding the Recommendation of the Commission) on which it is possible to apply the regulation ex ante in the Czech Republic, and/or if it is possible to subdue relevant market to the analysis on the basis of this step with the aim to discover whether there is (are) enterprise(s) having significant market power on a given relevant market. Because the regulation ex ante is primarily performed on related wholesale markets, the CTU has defined the new relevant market (RM 8) as the wholesale market of access and origination of calls (origination) public mobile telephone networks. If the evaluation of the mobile market is confirmed by the CTU on the basis of the assessment of

comments of relevant subjects, the above mentioned market will become another relevant market for the regulation ex ante and the CTU will start the process of its analysis.

2. Regulatory measures

Markets' analyses

Market no. 5 – Wholesale broadband access in the networks of electronic communications

On January 18, 2012 the CTU organized already the third consequent workshop focused at the analysis of the relevant market no. 5. The subject of the workshop was information concerning the settlement of comments to the analysis received by the CTU from operators. These comments related particularly to the part concerning material definition of relevant market and imposition of remedial measures on the enterprise having significant market power. The workshop thus followed the preceding workshop, which took place on December 14, 2011, within the framework of which the CTU informed operators about the process of elaboration of analysis and asked participants of the workshop to send potential comments before the end of the year.

Amendment of General authorization no. VO-S/1/07.2005-9

On January 9, 2012 has ended the public consultation [of the Proposal of the General authorization no. VO-S/1/XX.2012-Y](#), amending the General authorization no. VO-S/1/07.2005-9, determining conditions for providing services of electronic communications, as amended by the General authorization no. VO-S/1/07.2007-11. The following subjects submitted their comments concerning the public consultation: T-Mobile Czech Republic a.s., Telefónica Czech Republic, a.s. and Vodafone Czech Republic a.s. The comments submitted, including their settlements, are published in the [Discussion place](#). The reason of the change is the modification of provision of identifiers necessary for disposition of services of electronic communications (changes or cancellation of services) so that consumer may quickly apply and implement changes in person of operator and provided services.

On January 25, 2012 the Council of the CTU endorsed the proposal above mentioned. The Amendment of [the Proposal of the General authorization no. VO-S/1/01.2012-2](#) was published on February 3, 2012 in the Volume 2/2012 of the Telecommunication Journal. The General authorization becomes effective on the fifteenth day of the day of its publication.

LRIC's projects

Within the framework of the Project „the Implementation of the Recommendation of the Commission of European Communities no. 2009/396/ES, dated May 7, 2009, on the Regulation of rates for termination of calls in fixed and mobile networks within the EU in the price regulation by the Český telekomunikační úřad“, which began in January 2010 and which is financed by means of OPLZZ of the European Social Fund, the works were terminated on a component part in mobile

networks of the project „Creation of methodology of price calculation for the service of termination of calls in mobile networks and its introduction in practical life“, ongoing in collaboration with the company PriceWaterhouseCoopers Česká republika, s.r.o. On January, 25 2012 the workshop organized by the CTU was held, the aim of which was to inform operators about the results of this component part in mobile networks of the project, i.e. particularly about the final appearance of cost model LRIC termination of calls (termination) in public mobile network.

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

Proceedings started in January 2012

Reference number	Petitioner	Oponent	Case
ČTÚ- 3 258/2012-606	RTA VÝCHODNÍ ČECHY, s.r.o.	České Radiokomunikace, a.s.	Dispute concerning conclusion of contract pursuant to § 72a et all. of the Act on Electronic Communications and petition for the promulgation of preliminary measure pursuant to § 61 of the Administrative Procedure Code.

Proceedings terminated as legally effective or returned to new hearing in January 2012

In January 2012 **no proceedings were terminated as legally effective or returned to new hearing** concerning disputes pursuant to § 127 of the Act on Electronic Communications.

4. Universal service (US)

Provision of services within the framework of the US

On January 17, 2012 the CTU published in the discussion place of its Internet pages the call for application of comments concerning [Draft Decision](#) on the imposition of obligation to provide, within the framework of the Universal service, a partial service – services of public telephones or other similar technical facilities permitting the access to publicly available telephone service pursuant to § 38 Para. 2 Letter e) of the Act on Electronic Communications to the company Telefónica Czech Republic, a.s. The integral part of this draft decision is [the Annex](#) containing the list of public telephones included in the Universal service for the year 2012. Comments concerning draft decision can be applied within one month of the day the call for application of comments was published.

On February 1, 2012 the CTU’s Council discussed the assessment of relevant review and endorsed the intention to impose again the obligation to provide, within the framework of the Universal service, the partial service of the access of disabled persons to the publicly available telephone service, to the information service on

telephone numbers and to subscriber registers equivalent to the access used by other end users, particularly by means of specially equipped telecommunication terminals pursuant to § 38 Para., 2 Letter f) of the Act on Electronic Communications.

Financing of the US

The CTU continues in collection of payments on the account of Universal service in order to cover net costs for the year 2009. Payment orders were issued pursuant to the Act no. 280/2009 Sb., Taxation Order. So far 110 companies made their payments at the amount of CZK 40,181,204. The company Telefónica does not pay its contribution to the account, its contribution will be deducted from the total claim. So far 15 companies have not paid payments at the amount of CZK 458,841. Considering the fact that the deadline for reimbursement of payments has already elapsed, the CTU has sent debtors the reminder stipulating substitute deadline together with notice stressing that in case the amount due is not settled within this new deadline, the CTU will proceed to its enforcement in harmony with Taxation Order.

On January 16, 2012 the CTU promulgated the decision in renewed administrative proceeding concerning the case of determination of the amount of payment to the account of Universal service for the year 2002. On January 27, 2012 the CTU promulgated the decision in renewed administrative proceeding concerning the case of determination of the amount of payment to the account of Universal service for the year 2005. On January 31, 2012 the CTU promulgated the decision in renewed administrative proceeding concerning the case of determination of the amount of payment to the account of Universal service for the year 2003.

5. Inspection activities

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

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

- **inspection of observance of planning parameters in operation of UHF FM transmitters.** In January 62 measurements of 11 operators of Czech transmitters was performed; the output parameter of multiplex signal (MPX output) was not observed in 60 cases, top frequency stroke in 25 cases. If frequency stroke is not observed the call demanding elimination of deficiencies is promulgated pursuant to § 114 Para. 1 of the Act on Electronic Communications. MPX output of Czech transmitters normally attains values higher than 5 dBr (planning value of MPX output for which frequencies were coordinated is 0 dBr),
- **measurements of coverage of municipalities by the signal of digital television.** In the territorial region of Jeseník measurements of another 17 municipalities while driving were performed during which percentage of coverage by the signal of all three multiplexes was discovered,

- **inspection of utilisation of radio frequencies without authorization and after the validity of authorization for utilisation of radio frequencies expired.** Altogether 118 inspections of utilisation of radio frequencies without authorization for utilisation were performed together with inspections of observance of conditions of individual authorization for utilisation of radio frequencies. In case the breach of the Act on Electronic Communications is discovered, a call pursuant to § 114 was sent and administrative proceedings were commenced,
- **inspection of observance of conditions of general authorization no. [VO-R/2/01.2010-1](#)** concerning utilisation of radio frequencies and operation of stations of wireless local information systems (BMIS) in the frequency band of 70 MHz. No deficiencies were discovered with the majority of controlled subjects,
- **inspection of observance of conditions of general authorization no. [VO-R/12/09.2010-12](#)** concerning utilisation of radio frequencies and operation of facilities for broadband data transmission in the bands from 2,4 GHz to 66 GHz. Commonly, the breach of conditions of general authorization, particularly the operation on indoor frequencies, is discovered throughout the Czech Republic. The deficiencies discovered are settled with the help of a call demanding elimination of deficiencies with the proviso that administrative proceedings will be commenced. Besides, operation of 20 WiFi facilities on frequencies outside VO 12 was discovered ,
- **identification of sources of jamming and reasons of low-quality reception.** Altogether 104 inquiries were performed. Besides inquiries concerning jamming of television and radio reception, jamming of services of GSM, UMTS and CDMA provided by companies T-Mobile, Telefónica, Vodafone and MobilKom was subject of inquiry. Jamming of mobile services is caused particularly by radiation of active television antennas, IT and WiFi equipment and GSM repeaters. On the basis of complaint of the Český hydrometeorologický ústav (the Czech Hydrometeorological Institute), concerning the jamming of the radar situated on the spot height Praha, monitoring and locating of sources of jamming broadcasting on frequencies 5640 MH was performed. If source of jamming was discovered, calls demanding elimination of deficiencies were sent to relevant subjects pursuant to § 114 of the Act on Electronic Communications. Jamming of medium waves by tramway carriages ForCity15T is being solved, and several carriages are already successfully free from jamming. The final deadline for elimination of jamming of all these carriages has been set at February 20, 2012,
- **collaboration of the CTU with Česká obchodní inspekce (the Czech Trade Inspection)** in checking the sellers of telecommunication terminal and radio equipment. Within the framework of this inspection activity the sale of models of cars controlled by radio operating in the band of 35 MHz was discovered in Česká Lípa. This radio equipment cannot be operated in the Czech Republic without individual authorization for utilization of radio frequencies (in the band of 35 MHz only models of planes can be operated according to relevant general authorization). In the municipality Polepy in Litoměřice district was discovered the sale of wireless doorbells working in the band of 282 to 326 MHz reserved for the Ministry of Defense in the Czech Republic. Controls of technical parameters of products (wireless doorbells and models controlled by radio) were performed.

Deficiencies discovered are resolved by the Czech Trade Inspection within the framework of its competencies,

- **continuous inspection of utilisation of numbers and observance of conditions of decision concerning authorisation for the utilisation of numbers** in testing departments of the CTU. The inspection has not discovered any case of utilisation of numbers in contradiction to authorisation for the utilisation of number,
- **State inspection of communication activity** with selected subjects, where well-founded suspicion exists proving that they perform communication activity which is represented by the business activity in electronic communications in the form of resale, without these subjects announcing their business activities in harmony with provision of § 13 of the Act on Electronic Communications. If breach of the Act on Electronic Communications is discovered, administrative proceedings concerning perpetration of relevant administrative offense is commenced.

The Survey of inspection activities in performance of State control of electronic communications for the month of January 2012

Kind of activity	The number of certifications or inspections		The number of notices to eliminate misconduct	The number of administrative proceedings commenced	The number of decisions promulgated ^{*)}	decided in favour		fines imposed	
	In total	of which				participant	provider	number	amount in CZK
1. The number of certifications notifying business activities issued (§ 14 of AEC)	12								
2. The number of changes of certifications notifying business activities (§ 14 of AEC)	22								
3. Performance of communication activities without certification	7			5	7			7	112000
4. Observance of conditions of general authorisations	59		14	5	6			6	53000
a) for the operation of public communication networks and associated facilities		3	1	0	2			2	15000
b) for provision of services of electronic communications		9	0	1	2			2	23000
c) for utilization of radio frequencies and operation of instruments (radio equipment)		47	13	4	2			2	15000
5. Inspection of radio frequencies	222		49	6	6			6	65000
a) utilization of radio frequencies without authorisation for their utilization		21		6	6			6	65000
b) Observance of conditions of individual authorisation for utilization of radio frequencies		97	40	0	0			0	0
c) locating sources of interference of operation of electronic communication facilities and networks, provision of services of electronic communication or operation of radiocommunication services	104	0	9	0	0			0	0
6. Inspection of numbers for the purposes of management of numbers (number of inspection calls)	27		0	0	0			0	0
a) utilization of numbers without authorisation for their utilization		0		0	0			0	0
b) utilization of numbers in violation of authorisation for their utilization		0	0	0	0			0	0
7. Resolution of subscribers' disputes	0			12543	8081	113	6840		
a) on objection against the settlement of reclamation of service provided		0		5	5	1	0		
b) on objection against the settlement of reclamation of charging of services		0		31	22	9	2		
ba) on access to data services with specific price (data and voice)		0		1	0	0	0		
baa) on access to data services with specific price provided on the Internet network or on other data networks (Dialer)		0		0	0	0	0		
c) on reimbursement of price for services (monetary performance)		0		12505	8045	100	6834		
d) others		0		2	9	3	4		
8. Withholding of information pursuant to § 115 of AEC				5	6			5	86000
9. Others	44		3	41	39			36	133000
IN TOTAL	352		66	12605	8145	113	6840	60	449000

^{*)} 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.

Note : AEC = the Act on Electronic Communications

Within the framework of the CTU's activities in the field of revision of decisions promulgated in the first degree of administrative proceedings, the result of one of implemented administrative appeals is final decision by which the CTU imposed the fine at the amount of CZK 10,000 for administrative offense pursuant to § 118 Para. 8

Letter g) of the Act on Electronic Communications, in the wording effective until December 31, 2011, perpetrated by a juristic person (business company), because it did not settle complaint of subscriber telephone line 910 xxx xxx. concerning provision of services of electronic communications within legal deadline. By its another activity the same juristic person accomplished facts of the case of administrative offense pursuant to § 118 Para. 8 Letter f) of the same Act, when, in the period from May 28, 2009 to August 18, 2009, wrongfully interrupted provision of services of electronic communications with subscriber telephone line no. 311 xxx xxx in contradiction to the obligation stipulated in § 61 Para. 1 of the same Act. The fine at the amount of CZK 10,000 was imposed on this company for this administrative offense.

In another administrative appeal the fine at the amount of CZK 7,000 was legally imposed on another juristic person (business company), for the administrative offense pursuant to § 118 Para. 1 Letter. l) of the Act on Electronic Communications. This juristic person committed the above mentioned administrative offense because within the meaning of § 97 Para. 11 of the same Act it did not send to the CTU, within the deadline which terminated on January 31, 2011, completed form under the code of PL10 containing the number of cases of provided operational and location data for the period from January 1, 2010 to December 31, 2010.

6. Other regulators, inspection authorities, courts

Withdrawal of notification concerning the analysis of the market of termination of calls in individual mobile telephone networks by Polish regulator UKE

In January Polish regulator (UKE) withdrew the analysis of the market to which the European Commission (in harmony with the BEREC) expressed its serious doubts. UKE announced that it will notify the new analysis of the market in mobile telephone networks in the middle of the year 2012 including modified set of remedial measures in harmony with comments from the Commission/BEREC. To the most serious comments belonged the fact that currently the UKE does not stipulate binding mobile termination prices (MTR), but publishes non-binding recommendation and interferes only in cases of disputes concerning MTR. Therefore, the UKE notified that, starting in the year 2013, it will propose symmetric MTR for all Polish operators of mobile networks based on pure LRIC. The new MTR will be binding for all interconnecting contracts.

The new prices of LLU France Télécom (FT)

On the basis of the new methodology determined by the ARCEP for the calculation of costs for LLU on metallic local loop FT, new prices are in force since January 1, 2012 retroactively. Monthly price for unbundling of metallic local loop was reduced from 9.00 EUR to 8.80 EUR (approximate decrease by 2 %). Considering the fact that metallic lines are gradually replaced by optical ones, ARCEP decided to reduce their depreciation periods from 25 to 13 years. Simultaneously, return periods for selected underground utilities was increased from 40 to 50 years, because they can be used again for the development of NGA optical networks.

Italian Government supports the Digital agenda

The new Italian Government endorsed legislative regulation concerning "urgent measures aimed at simplification and development" within the framework of which it recognized that the Digital agenda is for the time being one of weak spots of the Government. The measures imposed on the AGCOM are focused at:

- support to the next generation networks – what is combined with reduction of bureaucratic administrative burden inevitable so far for the acquisition of authorization for the installation of infrastructure, creation of regulatory framework necessary for provision of access to terminal segments of optical networks of operators, who are the first movers building those networks regardless of determination of SMP, coordination of underground utilities by telecommunication operators and utilities companies (electricity, gas, water),

- spectrum management policy releasing more frequencies for mobile broadband connection,

- support for digital literacy including provision of State and private services on-line, electronic trading and electronic payments,

- support of the distribution of digital audiovisual contents on different platforms and devices.

China Telecom is virtual operator in the Everything Everywhere network

Before the beginning of the Olympic Games in London the China Telecom will start the operation as a virtual operator in Great Britain in the infrastructure of British mobile operator Everything Everywhere (joint venture between Orange UK and T-Mobile UK). Part of the plan will be to focus customer services on Chinese minority in Great Britain, which will be provided in Chinese language and its component part will be easier calls to China and also connection from China to Great Britain.

Collaboration of mobile operators in Germany

German mobile operators Telefonica Germany and Deutsche Telekom signed the agreement on long-term collaboration in the field of utilisation of a part of the network of German incumbent. On the basis of this agreement Telefonica Germany will use optical infrastructure of Deutsche Telekom for connecting its base stations to its own core network. It is planned that about 2000 locations will thus be connected. Thanks to this step Telefonica Germany expects reduction of costs and increase of capacity of its UMTS and LTE mobile network.

7. Associations

ICT Union published information that companies SAT and HP Czech Republic became its regular members. The number of ICT members of the Union is now 79 regular and 9 honorary members.

ICT Union and Úřad průmyslového vlastnictví (the Office of Industrial Property) signed the Memorandum of collaboration. The principal aim of joint activities is to contribute effectively to permanent build-up of competitiveness of the Czech Republic.

8. Consumer issues

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

During the month of January the CTU commenced **12,543 administrative proceedings 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. As compared to the same period of the previous year, the number of initiated administrative proceedings increased by 63.94 %. **8,081 decisions in re were promulgated**, of which 8,045 were decisions concerning pecuniary performance (payment of price for services).

9. Legislative changes

On January 17, 2012 the **Act no. 17/2012 Coll., on Customs Administration of the Czech Republic** was published in the Volume 5 of the Collection of Laws. This Act has established the system of administrative bodies and armed security corps forming **Customs Administration of the Czech Republic** and determines extent and tools necessary for the performance of its activities. **Some powers of bodies of Customs Administration**, defined by this Act, **are linked up to the Act on Electronic Communications**. In this aspect it is necessary to refer to provisions of § 58 Para. 1 of the Act no. 17/2012 Coll., according to which these bodies are authorized to demand from relevant subjects, in the extent necessary for the performance of specific task, provision of data from different registers, files or databases, inter alia also from the **database of participants of publicly available telephone services** with the proviso that this information is provided in the form and extent stipulated by the Act on Electronic Communications (see § 97 of the Act on Electronic Communications).

This Act shall enter into force on January 1, 2013, including all the above mentioned parts.

On January 17, 2012 the Act no. 18/2012 Coll., amending some Laws in connection with the approval of the Act on Customs Administration of the Czech Republic, was published in the Volume 5 of the Collection of Laws. By virtue of this Act, direct amendment of the Act on Electronic Communications was carried out, specifically provisions of § 100 Para. 8, adapting the terminology of the enumeration of authorities for which the CTU preferentially ascertains jamming of operation of electronic communication devices and networks. The original designation of „Customs authorities “has been changed to new designation „Customs Administration of the Czech Republic“ (see Part Fourty second of the Act no. 18/2012 Sb.).

This Act shall enter into force on January 1, 2013, including all the above mentioned parts.

On January 17, 2012 the Act no. 19/2012 Coll., amending the Act no. 216/1994 Coll., on Arbitration Procedure and Execution of Arbitration Awards, as later amended, was published in the Volume 5 of the Collection of Laws together with another related Laws. This Act stipulates, inter alia, the conditions for negotiation of arbitration contracts serving for the solution of cases of consumer disputes. Also more specific conditions for performance of activities of arbitrator have been stipulated.

In order to allow conclusion of arbitration contracts also in the field of electronic communications, where some disputes are resolved by administrative authority (CTU) not by courts, also the Act on Electronic Communications has been amended, specifically § 127 and § 129. The amendment of the Act on Electronic Communications allows, in both cases of these disputes, conclusion of arbitration contract in cases where these disputes are related to the obligation of pecuniary performance.

This Act has entered into force on April 1, 2012, including the above mentioned parts.

During January 2012 **no legal regulations were published in the Collection of Laws** which might have principal impact on the field of postal services.

10. European Union

From January 1, 2012 Denmark took over the [Presidency in the EU Council](#) for six months. In the field of electronic communications Danish Presidency will focus itself on the decision of the next regulation of roaming, because validity of existing regulation will terminate on June 30, 2012. The programme will also encompass the investments in broadband connection. Also the works on the revision of Directive dealing with electronic signature should culminate, because mutual recognition and utilization of electronic signatures abroad is important preposition for the development of unified digital market.

On January 18, 2012 the public consultation terminated dealing with the theme of „The Introduction of conditions of technical harmonisation in terrestrial band of 2 GHz (1 900–1 980 MHz, 2 010–2 025 MHz and 2 110–2 170 MHz)“. Utilization of this band in the EU is currently limited to UMTS only, whereas some of its parts remain considerably unused. The European Commission will employ conclusions of public consultation in preparation of implementing decisions of the European Commission.

http://ec.europa.eu/information_society/policy/ecomm/radio_spectrum/document_storage/studies/2ghz/support2ghz_ia_final_report.pdf

In January 2012 the European Commission promulgated the newest version of annual [report](#) of Member Countries within the framework of the Communication Committee (COCOM) on broadband connection in the EU containing the data as per July 1, 2011. This report has brought forward, inter alia, comparison of utilization of mobile broadband connection for „all active users.“ It includes users of smart phones who used the Internet at least once during the last 90 days. In this comparison the Czech Republic with its 48 % is above the EU average (35 %).

11. ITU and other international organisations

Radio Assembly, RA-12

In harmony with relevant articles of the Convention and the Constitution of the International Telecommunication Union (ITU) the meeting of the Radio Assembly, RA-12, took place in Geneva between January 16–20, 2012. The principal aim of the RA-12 was to constitute structures of the sector ITU-R for the period between radiocommunication conferences (2012–2015), constitute management of the Conference Preparatory Meeting, CPM, groups RAG (Radio Advisory Group), study groups, special commissions and vocabulary commission. Also proposals of new Resolutions concerning the issues of short-range devices were endorsed, together with cognitive radio systems (CRS), reporting links (ENG), and also the issues concerning the so-called „green radio“ and revision of some existing ITU-R resolutions which should allow to react more flexibly to technological development in the field of telecommunications. Simultaneously, they should eliminate bureaucratic approach in the management of study groups and should allow chairmen of these groups to adopt flexibly their work to problems looking for a solution. Important part of the meeting of RA-12 was the debate over the report of the Director of the Radiocommunication Office (BR) summarizing results of the work of BR in the period from the World’s Radiocommunication conference WRC-07 until the end of the year 2011.

In January the European Association of Telecommunications Network Operators ETNO published its [Second annual economic report](#). It reminds the fact that total incomes of telecommunication services in Europe in 2010 decreased in the second consecutive year, and namely by 1.4 %. The decrease of incomes was caused particularly decrease from fixed telephone lines (in 2010 year-on-year decrease was 8 %), which were not compensated by incomes from fixed broadband access lines. Revenues from mobile services slightly increased by 0.4 %. The incomes from mobile data services compensated lower revenues for mobile voice and SMS services. Despite decrease of revenues investments in 2010 increased, however, their volumes did not reach pre-crisis values.

12. Digitalisation of RTV

At the turn of 2011 and 2012 a principal change of broadcasting of the programme of TV Prima took place. On January 1, 2012, broadcasting of TV Prima programme based on the licence granted in 1994 by the Council for television and radio broadcasting was terminated and the broadcasting, based on the licence granted by this administrative authority, started, distributing the programme of Prima family. Simultaneously, operation of all transmitters, spreading analogue television broadcasting of the TV Prima in territorial regions of Jeseník and Zlín, was terminated. Since the beginning of January 2012 it is therefore possible to receive all programmes of the company FTV Prima, spol. s r.o. only in digital form.

At the beginning of the year, after activation of digital repeaters in the broadcasting network 1, analogue television broadcasting of the programme ČT1 in locations of Hanušovice and Jablůnka was terminated. At the turn of 2011 and 2012

operation of digital repeaters in broadcasting network 2 was started in locations of Huslenky and Nový Hrozenkov.

During January, the rights ensuing from allocation of radio frequencies for public communication networks (broadcasting networks 4) were transferred pursuant to provisions of § 23 and 23a) of the Act on Electronic Communications, on the basis of joint request of the company Telefónica Czech Republic, a.s. and Digital Broadcasting s.r.o., for the distribution of DVB-T broadcasting. The information concerning the transfer was published by the Czech Telecommunication Office in harmony with provisions of § 23 and 23a) of the Act on Electronic Communications on its electronic official desk in the section „radio spectrum“.

13. Radio spectrum management

On January 16 public consultations were closed concerning conclusions of review, whether the reasons for limitation of the number of rights for utilization of radio frequencies in frequency bands of 3 459–3 480 MHz and 3 559–3 580 MHz and in frequency bands of 3 480–3 500 MHz and 3 580–3 600 MHz, still persist. During these public consultations the CTU has not received any comments.

Because reasons for limitation of number of rights for utilization of radio frequencies in these frequency bands have passed away, the Office, in harmony with § 20 Para. 3 of the Act on Electronic Communications will cancel limitation of number of rights for utilization of radio frequencies in the part of the Plan for utilization of radio spectrum no. PV-P/7/11.2008-15 for the frequency band of 2 700–4 200 MHz and subsequently it will commence administrative proceedings with holders of allocation of radio frequencies in the above mentioned sections concerning cancellation of promulgated decisions on granting rights for utilization of radio frequencies.

On January 17, 2012 the CTU's Council discussed and endorsed the Measure of general nature – the part of the Plan for utilization of radio spectrum no. PV-P/27/01.2012.1 for the frequency band from 9 kHz to 27.5 MHz. This part of the Plan informs comprehensively about conditions of utilization of frequencies in bands of very long, long, middle and short waves by applications of individual radiocommunication services. Introduction of frequencies reserved for emergency and security systems (GMDSS) should, inter alia, contribute to the elimination of potential options of their harmful jamming. This part of the Plan will become effective on March 1, 2012.

14. Postal services

On January 10 the seminar of the Sub-Committee for Electronic Communications and ICT industry of the Chamber of Deputies of the Parliament of the Czech Republic took place focused on currently discussed draft of the Act on Postal services. Starting from January 1, 2013, this amendment will bring about the opening (liberalisation) of the postal market in the Czech Republic.

During the month of January two decisions concerning imposition of fine to the Česká pošta became effective against which the Česká pošta filed remonstrance. The first fine was imposed for the breach of postal secret concerning the case of

recommended shipment with additional service advice of delivery, which the Česká pošta delivered to other place than the place determined in postal address and to other than authorized recipient.

The second fine concerned 4 valuable parcels which the Česká pošta deposited in a branch without obligatory attempt to delivery it was performed before in the place of residence of recipient.

Discussed in the CTU Council on February 8, 2012