

Monthly monitoring report No. 3/2012 of the Czech Telecommunication Office March 2012

Executive summary

On March 9, 2012 [the Decision](#) became effective on imposition of duty to provide, within the Universal service, partial service of public telephones or similar technical devices permitting access to publicly available telephone service pursuant to § 38 Para. 2 Letter e) of the Act on Electronic Communications. The conditions of newly imposed obligation will provide accessibility of public telephones in small municipalities in particular.

On the basis of completion of accreditation process pursuant to the document promulgated called [Accreditation of price calculators](#), the CTU awarded the first accreditation to the price calculator of the company Tariffomat s.r.o. Consumers may find entry into the price calculator also on [pages of the CTU](#).

On March 14, 2012 the CTU published for the public consultation [The Draft Measure of General Nature no. OOP/14/XX.2012-Y](#), determining the parameters of quality of publicly available services of electronic communications which should be measured, contents, form and method of publication of information on current prices, quality and conditions under which services are provided and measures enabling equal access also for handicapped users and procedures used for evaluation of quality. With this draft the CTU reacts to requirements for provision of sufficient awareness of users of services ensuing from the Amendment of the Act on Electronic Communications.

On March 20, 2012 the CTU published on its Internet pages for the public consultation the document „[Promulgation of tender with the aim to award rights for utilization of radio frequencies for provision of operation of public communication network in the bands of 800 MHz, 1800 MHz and 2600 MHz](#)“. With this step the CTU, in harmony with the Resolution of the Government no. 78 dated January 26, 2011, started the tendering process within the framework of which the rights for utilization of frequencies for the bands specified hereabove will be awarded for the deployment of mobile networks of the new generation (4G) and provision of publicly available services, particularly mobile high-speed access to the Internet network. The conditions proposed for utilization of frequencies offered should provide for quick accessibility of mobile broadband also in less populated areas of the Czech Republic. Publication of conditions of tender procedure is dealt with in detail in the Theme of the month of this Report.

On March 28, 2012 the CTU published [the standpoint](#) responding to the study of the Information Institute „On failure of the CTU : oligopoly of mobile operators“. In this standpoint the CTU, on specific cases, pointed out that the study is characterized by relatively considerable ignorance of the European regulatory framework, the Act on Electronic Communications and powers of the Council and the Chairman of the CTU. In its standpoint the CTU also pointed out to distortion or bringing forward incomplete information ripped out of context.

On March 14, 2012 the Council of the CTU discussed and endorsed the Annual Report on the CTU's activities for the year 2011. The Report will be published on the Internet pages of the CTU in the course of April.

1. Current situation in the market

Services of fixed networks

On March 1, 2012, the company **Telefónica**, in its pricelist O2 Voice services and other services of electronic communications, advised increase of price per minute for realised calls to information and assistance service 1188 (with the possibility of subsequent connection of call) from April 1, 2012, and namely from CZK 15/min. to CZK 20/min. Single price for connection to operator is CZK 15/call with this service. Starting from April 2012 the minimum price for calls will therefore be CZK 55 (tariffication 120+60).

The company **UPC** prolonged its special offer for new customers who ordered, before the end of March, telephone service UPC Telefon „Basic“. Thus the new customers received, for the period of 12 months monthly lump sum at the amount of CZK 1. Price for installation was CZK 0,- CZK in case of self-installation and the price for connection was 99,- CZK. Customers, who, before March 31, 2012, ordered on-line service of digital cable television Klasik or Komfort with the company UPC, received 50% discount from monthly price for the period of six months. Customers will therefore use services of digital cable television Klasik for the special discounted price of CZK 125 instead of standard price of CZK 250. and services of digital cable television Komfort for the special discounted price of CZK 275 instead of standard price of CZK 550.

During March 2012 the company **Ceteris** renamed its tariffs and introduced price discounts of calls in its mobile networks. Now it offers to its customers in geographic numbers new tariffs „SPL classic“ (formerly „SPL dlouhán“), „SPL pop“ (formerly „SPL krat'as“), SPL rock“ (formerly „SPL mobil“) and calls to mobile networks became cheaper by 18 % on average. The company Ceteris also introduced the new tariff „SPL jazz“ with monthly flat fee of CZK 29 with very cheap calls to mobile networks, and namely for CZK 1.40/min. both during rush hours and outside rush hours. The company renamed its tariff on non-geographic numbers from the existing VoIP tariff „SPL cestovatel 910“ to „SPL travel (910)“. Also the price of this tariff was reduced both with monthly flat fee from CZK 6 to CZK 5, and with the price for calls to mobile networks from CZK 2.70 to CZK 2 per minute with the tariffication 60+1.

Services of mobile networks

Since March 1, 2012 the company **Telefónica** started to offer the tariff „O2 Pohoda“ for customers of maximum 26 years of age together with the tariff O2 [:kúl:]. Within the framework of the monthly flat fee of CZK 180/40 free minutes of calls to all networks and 100 free SMS are included. After free minutes are spent next free minute of call will cost CZK 4.60. SMS exceeding the framework of flat fee costs CZK 1.60 and MMS CZK 5.90 CZK. To this tariff it is possible to buy also data tariff Internet in mobile Start for CZK 100/month with data limit of 150 MB and O2 Mobile Internet for CZK 200/month with data limit of 500 MB.

Since March 22, 2012, by means of SMS, the company **Telefónica** started to gradually offer to its customers with pre-paid cards (in those cases where credit was not regularly recharged) the prolongation of special offer of preferential calls and preferential SMS. There is a preferential call to all terminal telephone numbers with standard tariffication within the the Czech Republic for the price of CZK 3.50 per each minute started and unlimited sending of SMS to all telephone numbers within the Czech Republic for the price of CZK 1.50 for SMS. Subscriber will receive benefit after the first recharge and may utilize it until the end of month following the first recharge. Provided that a subscriber recharges credit at the amount of at least CZK 200 in each month following after following the first recharge, he/she will receive benefit for the following month as well. If a customer in a given calendar month does not meet the condition of recharging the credit at the amount of at least CZK 200, he/she loses the right to this offer and starting from the next month he/she will be charged price of services in standard rate of his/her tariff.

The company Telefónica, however, offers new solution for regular recharging, and namely both in the day determined, and automatically when level on credit falls under CZK 50. As the innovation it is possible to recharge the credit with the help of credit card by means of voice automatic machine on the telephone number *19 without any registration. After the call to secured line is made, customer gives amount, number of credit card and telephone number earmarked for recharging; confirmation about credit recharge will come. Another new option how to escape problems with expired credit, is to adjust automatic recharge by putting in a sum chosen if credit balance falls under CZK 50. To adjust this service a customer can only register his/her credit card on secured portal O2. On top of that, each customer will receive 20 % credit to the first recharge, when he/she registers his/her credit card.

With the help of registered credit card it is also possible to adjust regular recharge of credit in the chosen day of a month or to recharge credit by means of free SMS. User can also recharge credit with the help of card not only for himself/herself but also to his/her close relatives having O2 card. At the same time it is not necessary that user is O2 client.

Services offering the access to the Internet network

The company **Telefónica** published prices of its pilot operation of O2 Fiber services. It is connection of households with the help of optic fibers. There are the services O2 Internet Fiber, O2 TV Fiber, O2 Unlimited line. Services O2 Fiber are available in selected locations only (where access lines were built with the help of optic fibers). Internet connection is offered in two variants of O2 Internet Fiber 25M, speed 25 Mbit/s for CZK 600 and O2 Internet Fiber 40M, speed 40 Mbit/s for CZK 850. This marketing action can be used until April 30, 2012 (under the condition that contract is concluded for 24 months).

Starting from the middle of March until the end of March the company Telefónica came with a special offer for its company customer with the help of free O2 line permitting to conclude the new service O2 Internet connection with the tariff Internet Optimal with the commitment for 12 months or with the tariff Internet Aktiv with the commitment for 12 months. The price of the tariff Internet Optimal is CZK 400 for the period of 12 months. Starting from the 13th month the standard price

of CZK 750 is charged for the utilization of this service. The price of the tariff Internet Aktiv for the period of 12 months is CZK 500. Starting from the 13th month the price of CZK 850 is charged for the utilization of this service.

The company Telefónica then started to offer, from March to the end of June, for all customers, in selected brand shops in Bruntál, České Budějovice, Český Těšín, Frýdek Místek, Havířov, Hodonín, Hradec Králové, Cheb, Jindřichův Hradec, Karviná, Krnov, Kroměříž, Opava, Pardubice, Prostějov, Strakonice, Třinec, Ústí nad Labem, Ústí nad Orlicí, Vsetín, Zlín, Vyškov, Znojmo, the service O2 Internet connection with the tariff Internet Start with the commitment for 12 months. The price of the tariff Internet Start is CZK 300 for the period of 12 months from the establishment of the service. Starting from the 13th month customer is charged standard price of CZK 400.

The company Telefónica extended its offer of pre-paid services. The new offer contains also WiFi modem HUAWEI E5830 and offers pre-paid access to the Internet network for 3 months on trial for CZK 1,995. The volume of data downloaded (FUP) is 100 MB per day. After pre-paid period is used up, transition to flat-fee services, daily packages, pre-paid monthly Internet can be chosen or to stop using SIM card completely.

Not later than on May 31 of this year, the company **T-Mobile** will terminate operation of the technology UMTS TDD (offered under the trade name of Internet 4G). Operator invested in the development of more advanced technology UMTS FDD (3G), and therefore decided to terminate the operation of older technology. During the next three months users will be offered convenient transition to 3G network (HSPA+ technology) allowing data transfers with the speed of up to 21 Mbit/s. Starting from April 16, T-Mobile intends to offer commercially in Mladá Boleslav and in Zlín HSPA+ with the speed of up to 42 Mbit/s and before the end of April Prague 4 and Prague 11 will follow.

The company **Vodafone** amended the offer of data tariffs. The existing tariffs "The Internet v mobilu" (FUP 150 MB, CZK 177) and "The Internet v mobilu naplno" (600 MB, CZK 315) changed the name for new customers to "The Internet v mobilu Standard" and "The Internet v mobilu Premium". Besides, it extended the offer with the tariff "Připojení na stálo" (FUP 3GB, CZK 525). Starting with March 15 the company Vodafone five times increased the FUP limit with the daily tariff "Připojení na den" from original 5 MB to 25 MB. Simultaneously, Vodafone has increased also the price by CZK 8, i.e. from CZK 17 to CZK 25/day. Customers may use also weekly tariff with pre-paid FUP 60 MB for CZK 49, which is suitable particularly for users of pre-paid cards.

The company Vodafone started to address customers in the category of students by means of SMS offering services of "The Internet v mobilu" with the new tariff of connection Super for CZK 125, which, as a standard, costs CZK 249 and has FUP limit of 300 MB.

At the end of February Vodafone prepared adapted offer of data tariffs. The operator conspicuously amended the conditions for the limit of quantity of data transferred. According to new conditions, after he/she has exceeded the limit, user of services has to buy another data, contrary to current principle of reduction of transfer

speed. Shortly after the intense criticism from media and social networks Vodafone 1on March 12 cancelled the new offer.

During the whole month of March acquisition offers of the company **UPC** remained in effect for all services of Internet connection. It was possible to get 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 445/month without provision of modem. It was also possible to get the service with the speed of 25 Mbit/s for CZK 399/month, instead of standard price of CZK 550/month without provision of modem. It was further also possible to get the service for the first 12 months with the speed of 60 Mbit/s for CZK 550 instead of standard price of CZK 649 and the service with the speed of 120 Mbit/s for CZK 650 instead of standard price of CZK 749, also without provision of modem. The price for the rent of modem is CZK 49 for month. The company UPC ceased to offer the tariffs with speeds of 1 Mbit/s, 50 Mbit/s and 100 Mbit/s for new customers.

The company UPC came with the acquisition offer also for company customers, valid until April 30, 2012. When contract was concluded for 12 months or 24 months it was possible to have the services of the Internet Fiber Business 110 for CZK 1 for the first 3 months, then for the standard price of CZK 1,199. The company UPC also offered the service Fiber Business 60 with the commitment for 12 months for CZK 599 and with the commitment for 24 month for CZK 563 instead of standard price of CZK 719. Also the service of Fiber Business 80 was offered with the commitment for 12 months for CZK 839 and with the commitment for 24 months for CZK 719 instead of standard price of CZK 959.

New technologies and services

The company LG, as the first one, started mass production of flexible displays E-ink, which, according to the announcement of the company, should appear in the European market as early as in April of this year. According to experts, flexible, thin displays will soon be the new trend – in comparison with glass displays with electronic ink their weight is half of their weight and are thinner by 30 % . This display is black and white and its resolution is 1024x768 pixels. According to manufacturer, flexible display is only 0,7 mm thin and its weight is 14 grams. The display cannot be bent arbitrarily but "only" to the maximum of 40 degrees. The advantage of flexible displays is therefore good observatory angle and also low consumption of energy and low production costs. According to the LG the display is extremely resistant and can survive even downfall from the height of 1.5 meter or blows made by rubber mallet. Existing E-ink displays, however inflexible, are used in many devices including Kindle from Amazon.

During the month of March the CTU, in collaboration with administrator of the Czech national domain, the Association CZ.NIC and companies GTS Czech and Active24, provided its key Internet domains CTU.CZ and CTU.EU with the technology DNSSEC, which brings about protection against forgery of Internet pages committed with the help of misuse of data in the system of domains'names (DNS) and prevents, for example, stealthy manipulation with the contents on pages, or to acquire sensitive information of users through login data to online services.

The Theme of the month – Auctions of frequencies for new mobile services

On January 26, 2011 the Government of the Czech Republic endorsed the document „Procedure of the Český telekomunikační úřad in administration of selected parts of radio spectrum focused on support of provision of services of high-speed access in the period until the year 2012“. By its Resolution no. 78 the Government simultaneously imposed the obligation on the Chairman of the CTU to launch the tender process within three months of the day the implementation amendment of the Act on Electronic Communications enters into force.

The course of preparation of tender procedure

During the first half of 2011 the CTU prepared, and in September 2011 published to comments, the draft basic principles of the tender procedure prepared. The aim of this document was to acquaint professional public with intentions of the CTU in formulating conditions and procedures of the auction prepared and provide it with the chance to express its opinion concerning these intentions before the public consultation of auction conditions and beginning of tender procedure itself.

After the expiration of the deadline for handover of comments, the CTU prepared the survey of all comments together with proposal for their settlement. The CTU also organized the workshop, to which all participants, who submitted their comments, were invited, and where the set of the most important comments were presented together with their settlement. Also additional questions of participants were answered. Relevant comments were subsequently used during the preparation of the text of the Invitation to tender procedure.

During the second half of the year 2011 the CTU executed open procurement procedure for public tender in which advisor responsible for expert support during preparation and in the process itself of tender procedure was selected. On the basis of results of this procedure the contract between the CTU and the company Grant Thornton Advisory was concluded. The task of advisor is to provide the CTU with necessary expertise so that conditions of the auction are directed towards reaching goals of the auction, and thus support of technological innovation, development of new mobile services, development of high-speed access to the Internet network and deepening of competition on the market. On the basis of the contract the advisor, in collaboration with the CTU, prepared the draft text of Invitation to tender procedure for the purposes of public consultation including the draft Auction Regulations.

During the year 2011 also necessary adaptation of the part of the Radio Spectrum Utilization Plan no. PV-P/12/04.2011-4 was realised for frequency band of 1700–1900 MHz, which prepared conditions for utilization of this band for the 4th generation networks.

The CTU began the process of tender procedure itself on March 20, 2012 by publication for public consultation of the draft of complete text of the Invitation to tender procedure. Integral parts of this text are the Auction Regulations, conditions for evaluation of coverage of population and process of solution of jamming. During

public consultation the CTU prolonged the deadline for handover of comments concerning documents published until May 11, 2012.

The aims of tender procedure

As the CTU already declared in the document, which was discussed and endorsed by the Government, the intention of the CTU is to make possible utilization of comprehensive set of frequencies out of the bands reserved for provision of services of electronic communications and to create thus the conditions for effective fulfilment of the following targets:

- development of new services of electronic communications by means of wireless high-speed networks, particularly development of services of mobile networks of 4th generation,
- provision of effective utilization of individual parts of frequency spectrum according to the needs of operators of public communication networks,
- support of economic competition in the field of mobile services having impact on the whole market of electronic communications, including creation of conditions for potential entry of another subjects in the market. Within the framework of the set offered, it is possible to receive radio frequencies in the extent and quantity similar to those which existing operators of mobile services dispose of in the Czech Republic.

In order to cover the targets mentioned above the CTU, in the Invitation to tender procedure, determined conditions permitting participation of applicants, who are not yet holders of allocation of radio frequencies in the bands of 900, 1800 and 2100 MHz, which provide for maximum effective utilization of allocated radio frequencies and support of effective and sustainable economic competition in the market of electronic communications:

- reservation of a specific block of frequencies with the size of 2 x 15 MHz in the band of 1800 MHz for a new applicant interested in the entry in the market,
- adjustment of spectrum limits in individual frequency bands so that the maximal size of allocation allows development of fully-fledged network of electronic communications of the new generation,
- limitation of total quantity of radio frequencies acquired within the framework of tender procedure in order to prevent undesirable accumulation of spectrum,
- commitment/right of national roaming, what will allow new applicant to provide the whole extent of services of existing providers.

Simultaneously, in order to support competition also at the level of provision of services, the CTU proposed to include in conditions of the Invitation for tender procedure the commitment of wholesale offer of services provided in public communication networks using radio frequencies allocated on the basis of this tender procedure in order to provide for replication of range of services operated in allocated sections of frequencies by another applicants interested in provision of these services.

Deadlines of tender procedure

In published draft text of the Invitation for tender procedure the CTU also brought forward detailed time-schedule of individual steps of tender procedure (auction). According to assumptions of the CTU the tender procedure should take place pursuant to the following time-schedule (time-schedule may be adapted with respect to prolongation of consultation):

Point	Activity	Deadline	Preliminary term
a.	Invitation for tender procedure	-	June 22, 2012
b.	Deadline for delivery of questions	21 days from (a)	July 13, 2012
c.	Publication of answer to questions pursuant to Letter (b)	4 days from (b)	July 17, 2012
d.	Deadline for delivery of Applications for allocation of rights for utilization of radio frequencies	49 days from (a)	August 10, 2012 at 12:00 hours at the latest
e.	Opening of envelopes with tenders	on business day following (d)	August 13, 2012 at 9:00 hours in the Seat of the CTU
f.	Promulgation of decision on elimination from participation in tender procedure because conditions for participation in tender procedure were not met and acknowledgement of tenderers who met conditions for participation in tender procedure	35 days from (d)	September 14, 2012
Further preliminary time-schedule of tender procedure			
g.	Invitation in the auction part of tender procedure (Auction) informing about the term of training of Participants in the Auction and the term of realisation of test auction	10 days from (f)	September 24, 2012
h.	Training of Participants in the Auction, realisation of test auction and its evaluation	within 44 days from (g)	November 7, 2012
i.	Invitation in the Auction phase	within 5 days from (h)	November 12, 2012
j.	Execution and termination of the Auction phase	within 14 days from (i)	November 28, 2012
k.	Notification of results of the Auction phase	within 3 business days of (j)	December 1, 2012
l.	Call for presentation of offer for preferential right of choice of segments of radio frequencies	on the day (k)	December 1, 2012
m.	Deadline for delivery of offers for acquisition of preferential right of choice of segments of radio frequencies	within 3 business days from (l)	December 5, 2012 at 12:00 hours at the latest

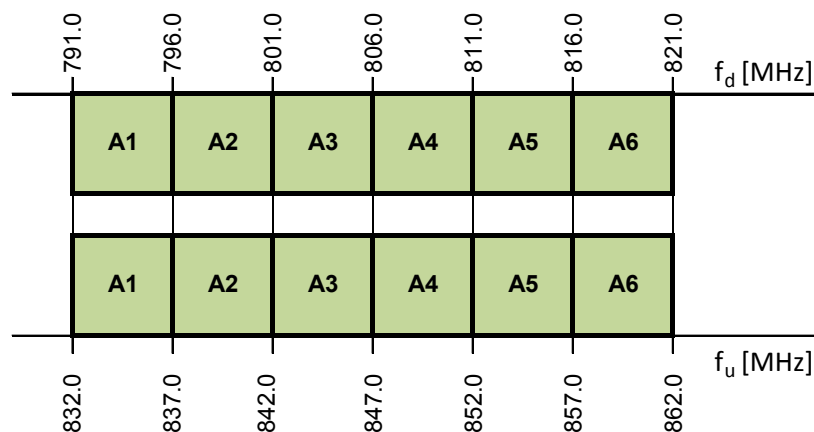
Point	Activity	Deadline	Preliminary term
n.	Opening of envelopes with tenders for preferential right of choice pursuant to point (f) and publication of sequence of preferential choice of segments of radio frequencies	business day following after (m)	December 6, 2012 at 9:00 hours in the Seat of the CTU
o.	Announcement of the call for participation in selection of segments of radio frequencies determining the date and place where selection will take place	at day (n)	December 6, 2012
p.	Distribution of radio frequencies among winners of the Auction	within 5 business days from (o)	December 13, 2012
q.	Announcement of distribution of segments of radio frequencies on the basis of results of the Auction	within 3 business days from (p)	December 18, 2012
r.	Publication of report of the CTU on the progress and results of tender procedure	within 30 days from (q)	January 15, 2013

Subject of tender procedure

In the tender procedure the CTU will offer all free frequencies in the bands of 800, 1800 a 2600 MHz. Hereinafter the basic information concerning the structure of offer of frequencies, which are specified in the draft Invitation for tender procedure, are brought forward.

Band 800 MHz

Frequency band 800 MHz is paired band defined by the frequencies of 791–821 MHz/832–862 MHz. This band is designated as the so-called digital dividend, taking into consideration the fact that frequencies were released in connection with transition from analogue television broadcasting to digital one.



Spectrum within the framework of frequency band of 800 MHz (within the framework auction of category A) will be divided in 6 independent blocks; each will have the size of 2×5 MHz. In the first phase of the auction all blocks in this band will be offered as abstract ones, i.e. there will be no competition concerning specifically placed blocks in the spectrum. The exact placement of blocks will not be decided until the second phase of the auction, when individual winners of abstract blocks will select their concrete placements in the sequence determined on the basis of additional offer.

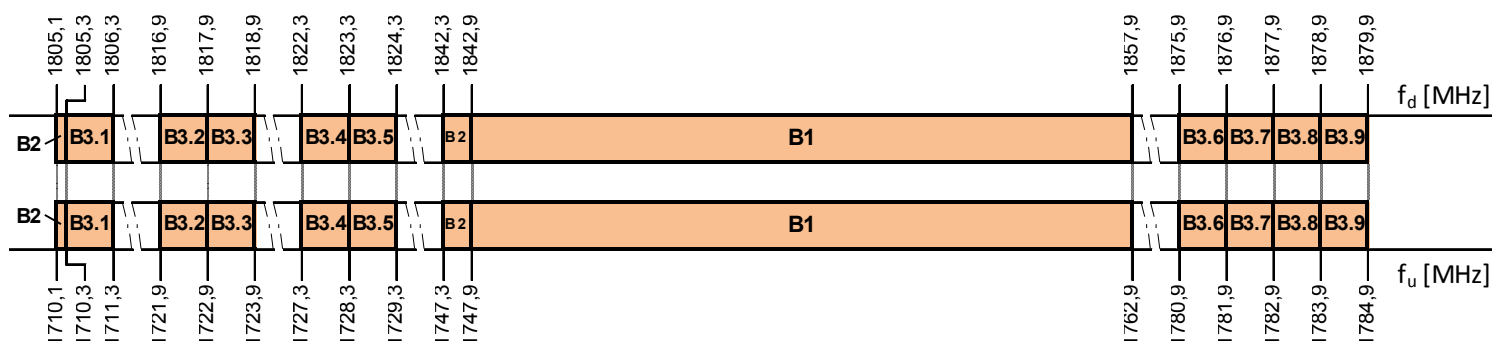
Therefore, the distribution of the blocks is the following:

Identifier of radio frequency segment	Frequency range downlink (f_d) in MHz	Frequency range uplink (f_u) in MHz	Size of segment in MHz
A1	791.0–796.0	832.0–837.0	2×5.0
A2	796.0–801.0	837.0–842.0	2×5.0
A3	801.0–806.0	842.0–847.0	2×5.0
A4	806.0–811.0	847.0–852.0	2×5.0
A5	811.0–816.0	852.0–857.0	2×5.0
A6	816.0–821.0	857.0–862.0	2×5.0

In order to prevent accumulation of spectrum, the maximum limit for application of offers was stipulated in this band so that the volume of spectrum acquired by one user does not exceed 2×15 MHz. Minimum offer in this band is unlimited, i.e. each applicant is free to compete for 1 block having the size of 2×5 MHz.

Band 1800 MHz

Frequency band 1800 MHz is paired band, defined by frequencies of 1805–1880/1710–1785 MHz. Essential part of frequencies in this segment are employed by existing operators of public communication networks in the GSM standard. In segments with total size of 2×24.8 MHz no allocations of radio frequencies were issued so far. All segments which are not used so far are the subject of this tender procedure.



Because of uneven size of segments not used so far, the spectrum within the framework frequency band of 1800 MHz will be divided in 3 categories of blocks – the first category (B1) is formed by undivided block with the size of 2×15 MHz, in the

second one (B2) is the segment composed of two parts with the total size of 2×0.8 MHz and in the third category (B3) 9 independent segment 2×1 MHz each.

With the exception of specific blocks in categories B1 and B2 blocks in this band will be offered in the first part of the Auction as abstract ones. The rules stipulated for the choice of placement of concrete blocks in the second phase of the Auction provide, in the utmost degree possible, for continuous allocation of blocks in summary with allocations of frequencies held so far considering expected participations of current holders of allocations.

Arrangement of blocks is the following:

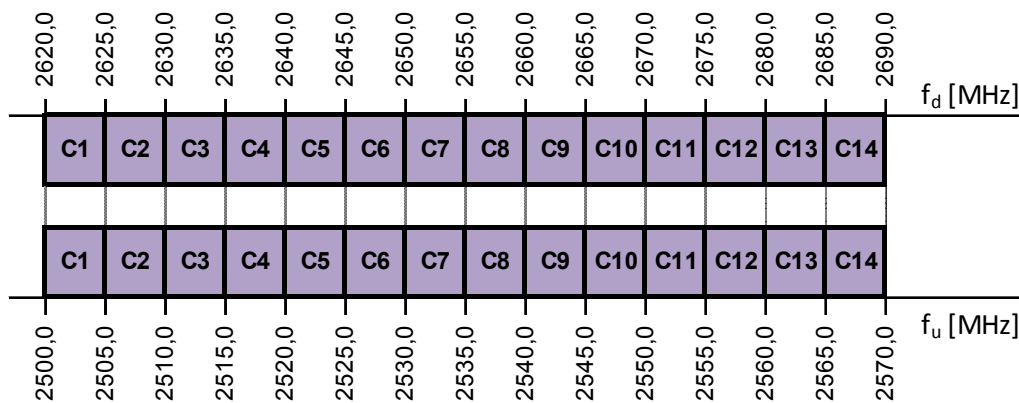
Identifier of radio frequency segment	Frequency range downlink in MHz	Frequency range uplink in MHz	Size of segment in MHz
B1	1842.9–1857.9	1747.9–1762.9	2×15.0
B2	1805.1–1805.3 1842.3–1842.9	1710.1–1710.3 1747,3–1747,9	2×0.8
B3.1	1805.3–1806.3	1710.3–1711.3	2×1.0
B3.2	1816.9–1817.9	1721.9–1722.9	2×1.0
B3.3	1817.9–1818.9	1722.9–1723.9	2×1.0
B3.4	1822.3–1823.3	1727.3–1728.3	2×1.0
B3.5	1823.3–1824.3	1728.3–1729.3	2×1.0
B3.6	1875.9–1876.9	1780.9–1781.9	2×1.0
B3.7	1876.9–1877.9	1781.9–1782.9	2×1.0
B3.8	1877.9–1878.9	1782.9–1783.9	2×1.0
B3.9	1878.9–1879.9	1783.9–1784.9	2×1.0

In the band of 1800 MHz the maximum limit for submission of tenders was determined so as the volume acquired by one user in summary with the volume of spectrum held so far does not exceed 2×23 MHz. Therefore, the block B1 cannot be acquired by current holders of allocations, and at the same time, however, spectrum limit is adjusted so as to allow to all participants of the Auction to compete for at least frequency segment 2×5 MHz. Minimum offer is unlimited in this band.

Band 2600 MHz

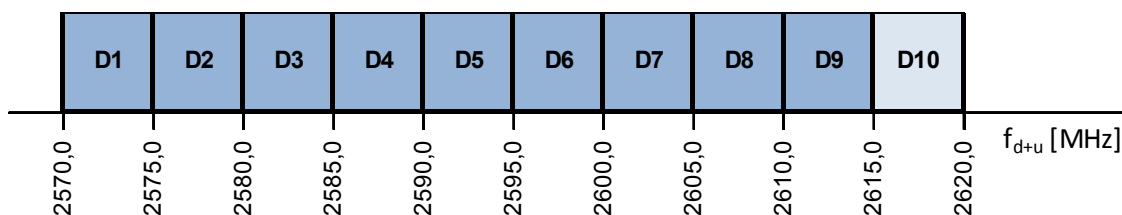
Frequency band of 2600 MHz is the band defined by frequencies 2500–2690 MHz and contains both paired and unpaired part of the spectrum.

The spectrum within the framework of frequency band of 2600 MHz will be divided in two categories of blocks.



Paired part (category C) will be divided in 14 independent blocks with the size of 2×5 MHz each.

For submission of bids for frequencies from paired part of the band of 2600 MHz the maximum limit is determined so as the volume of the spectrum acquired by one tenderer does not exceed 2×20 MHz. Simultaneously, in order to prevent fragmentation of spectrum, the limit of minimum demand in tender procedure is adjusted to 2 paired blocks, i.e. 2×10 MHz.



Unpaired part (category D) will be divided in 10 independent blocks, with the size of 5 MHz each. Considering increased probability of jamming of the block D10 by the operation in paired part of the band 2600 MHz, this block is not offered independently in tender procedure, but it will be allocated automatically to a tenderer to whom the frequency block D9 will be allocated.

In unpaired part of the band 2600 MHz, the condition of minimum demand in tender procedure in order to prevent fragmentation of spectrum is determined at 3 unpaired blocks, i.e. 15 MHz.

Division in the paired part of the band 2600 MHz is therefore as follows:

Identifier of radio frequency segment	Frequency range downlink in MHz	Frequency range uplink in MHz	Size of segment in MHz
C1	2620.0–2625.0	2500.0–2505.0	2×5.0
C2	2625.0–2630.0	2505.0–2510.0	2×5.0
C3	2630.0–2635.0	2510.0–2515.0	2×5.0
C4	2635.0–2640.0	2515.0–2520.0	2×5.0
C5	2640.0–2645.0	2520.0–2525.0	2×5.0
C6	2645.0–2650.0	2525.0–2530.0	2×5.0
C7	2650.0–2655.0	2530.0–2535.0	2×5.0

Identifier of radio frequency segment	Frequency range downlink in MHz	Frequency range uplink in MHz	Size of segment in MHz
C8	2655.0–2660.0	2535.0–2540.0	2 × 5.0
C9	2660.0–2665.0	2540.0–2545.0	2 × 5.0
C10	2665.0–2670.0	2545.0–2550.0	2 × 5.0
C11	2670.0–2675.0	2550.0–2555.0	2 × 5.0
C12	2675.0–2680.0	2555.0–2560.0	2 × 5.0
C13	2680.0–2685.0	2560.0–2565.0	2 × 5.0
C14	2685.0–2690.0	2565.0–2570.0	2 × 5.0

And in unpaired part of the band 2600 MHz is the following :

Identifier of radio frequency segment	Frequency range in MHz	Size of segment in MHz
D1	2570.0-2575.0	5.0
D2	2575.0-2580.0	5.0
D3	2580.0-2585.0	5.0
D4	2585.0-2590.0	5.0
D5	2590.0-2595.0	5.0
D6	2595.0-2600.0	5.0
D7	2600.0-2605.0	5.0
D8	2605.0-2610.0	5.0
D9	2610.0-2615.0	5.0
D10	2615.0-2620.0	5.0

In the first phase of the Auction all blocks in this band will be offered as abstract ones. Exact placement of blocks will not be decided until the second phase of the Auction takes place, where individual winners of abstract blocks will select their concrete placement in the sequence determined on the basis of additional offer.

Starting price

Starting (minimum) price in individual categories was proposed on the basis of comparison of starting and final prices reached in relevant European countries, in which auctions for frequencies in the bands of 800 MHz, 1800 MHz and 2600 MHz for mobile services of the 4th generation were already realised.

Also existing market conditions and preconditions of development of services of electronic communications in the Czech Republic were taken account of, particularly those of mobile services of electronic communications. The size of the market of mobile services in the Czech Republic was taken into account, the amount of attained and expected revenues per inhabitant, penetration of mobile data services and expected increment of utilization of services of mobile access of the new generation, costs for deployment and operation of networks including the costs necessary for the coverage of commitments arising from this tender procedure, the

costs necessary for the acquirement of customer base, the number of rights offered in individual bands and, the last but not least, also duration of rights for utilization of radio frequencies. The following starting prices were proposed on the basis of the above circumstances:

Categories of auction block	Minimum price per 1 block [CZK]
A	1 100 000 000
B1	450 000 000
B2	24 000 000
B3	30 000 000
C	100 000 000
D	50 000 000

At the same time starting prices were stipulated so as not to represent obstacle for entry of interested persons in the tender procedure.

Validity of allocations of radio frequencies

The CTU assumes that the period of validity of allocations of radio frequencies, which are the subject-matter of tender procedure, will be determined not later than on March 31, 2028.

Conditions for utilization of frequencies

Provision of effective utilization of frequencies

In order to provide effective utilization of radio frequencies allocated within the framework of this tender procedure, the conditions are specified in published draft text of the Invitation to tender procedure, particularly condition imposing the obligation to commence with provision of commercial services within the deadline of 1 year and the obligation of coverage of territory and population by the offer of services (development criteria). The extent of obligations is defined for individual frequency band in the following extent:

Band 800 MHz

In order to reach effective utilization of radio frequencies from the band of 800 MHz development criteria are determined in harmony with „The Draft of development criteria for allocations of radio frequencies in the band of 790–862 MHz“ prepared by the Ministry of Industry and Trade in collaboration with the CTU.

The basis for determination of development criteria is the distribution of districts of the Czech Republic according to density of population in two groups – A (sparsely populated regions) and B (densely populated regions), where the rule of preferential coverage of sparsely populated regions is applied. This rule stipulated that for each covered district from the group A, holder of allocation of radio frequencies may cover 1 district from the group B. By the coverage the running of public network of electronic communications is understood, which is capable to provide service of high-speed access to the Internet network with the speed of at least 2 Mbit/s (download), if the service is available for at least 95 % of the population of relevant district, with the probability of 75% of internal reception without

the utilization of external antenna and with 85% probability of internal reception with the utilization of external antenna.

The obligation of coverage of population is imposed in this extent:

- within 30 months coverage of 95 % of districts from the group A,
- within 5 years coverage of all districts from both groups and coverage of railway transit corridors I. – IV., motorways and speed communications.

If frequencies are acquired by an applicant who is not a holder of existing allocations in the band of 900 MHz, the deadlines for the holder of allocation of radio frequencies stated hereabove will be prolonged by one year.

Band 1800 MHz

Development criteria in the band of 1800 MHz are determined only for the block with the size of 2 × 15 MHz (block B1) and oblige the holder of allocation of radio frequencies to cover at least 50 % population of the Czech Republic within 6 years.

Band 2600 MHz

Development criteria in the band of 2600 MHz oblige the holder of allocation of radio frequencies to cover at least 30 % population of the Czech Republic within 5 years.

If frequencies are acquired by an applicant who is not a holder of existing allocations in the band of 900 MHz, the deadline for the holder of allocation of radio frequencies will be prolonged by one year.

Commitment of provision of national roaming

For development of effective competition in the market of new services commitment of provision of national roaming was determined in harmony with the goals of tender procedure.

Commitment of national roaming favours the interested parties, who are not holders of existing allocations of radio frequencies in the band of 900 MHz, and who obtain the frequency allocation within the extent of at least one of the following items in this tender procedure:

- in the band of 1800 MHz with the size of at least 2 × 15 MHz,
- in the band of 2600 MHz with the size of at least 2 × 20 MHz,
- in the band of 800 MHz with any size.

National roaming must be provided by each subject which obtains, within the framework of this tender procedure, in the band of 800 MHz, frequency allocation in the minimum extent of 2 × 10 MHz (therefore 2 blocks in the category A – see the Table hereabove).

The obligation to provide national roaming can be applied from the moment when an applicant for national roaming has reached, in its own network providing mobile services of the 4th generation, the coverage of 20 % of population of the Czech Republic.

The obligation of the national roaming can be applied for the utilization of networks operated on frequencies acquired in this tender procedure (network 4G) and also in networks operated on frequencies in the bands of 900 and 1800 MHz (network 2G).

If a contract on provision of national roaming is concluded voluntarily also on networks operated on the band of 2100 MHz (UMTS – 3G network), provider of national roaming is allowed to include, for a limited period of 5 years, the coverage of networks in the band of 2100 MHz within the framework of fulfilment of development criteria for the band of 800 MHz.

The contract for provision of national roaming will be concluded for the period of at least 2 years and the obligation of provision of wholesale offer can be applied for applications delivered within 5 years of allocation of radio frequencies and applications can be delivered repeatedly.

Commitment of provision of wholesale offer

By delivering the application requesting participation in tender procedure tenderers take over the obligation for provision of wholesale offer.

The commitment of provision of wholesale offer relates only to the services operated with the help of radio frequencies allocated on the basis of this tender procedure.

Contract will be concluded for the period of at least 2 years and the obligation of provision of wholesale offer can be applied for applications delivered within 10 years of allocation of radio frequencies and applications can be delivered repeatedly.

The Format of the Auction

Auction will be performed in the form of parallel multi-round ascending auction, all blocks will thus be offered simultaneously. In order to prevent profit arising from unintentional spectrum combination, withdrawal of the highest offer will be allowed during the Auction (in limited extent).

In order to maximally reduce possibility of collusive activities of participants during the Auction, adjustment of parameters of the Auction has been applied. Only information relating to price of individual blocks will be available to participants, however, the identity of holders of the highest offer will be kept secret. Simultaneously, strict rules are proposed preventing mutual signals of individual participants during the Auction and submission of speculative offers.

According to the proposal, the course of the Auction itself is divided into two phases:

- auction phase, in which individual blocks of offers will be divided,
- the phase of division of frequencies, in which specific segments of radio spectrum will be allocated to winners of auction phase in order determined on the basis of additional offers submitted within the right of preferential selection.

The course of the Auction will be secured by means of electronic auction system.

The full wording of proposal of conditions of tender procedure

The full wording of conditions of tender procedure prepared has been brought forward in published proposal of the text of the Invitation for tender procedure, which is, including annexes, published in Czech and English versions, on [the pages of the THE CTU](#).

2. Regulatory measures

Draft Measure stipulating parameters of quality of services

On March 14, the CTU published for public consultation [The Draft Measure of General nature no. OOP/14/XX.2012-Y](#), stipulating parameters of quality of provision of publicly available services of electronic communications, which should be measured, together with contents, forms and method of publication of information on current prices, quality and conditions under which services are provided and measures securing equal access also for handicapped users, and processes of quality assessment.

The draft published takes into consideration demands of the Implementation Amendment of the Act on Electronic Communications. Through this Amendment the revised wording of the European Regulatory framework for networks and services of electronic communications is transposed into the Czech legal order and the provision of equal access to services or handicapped users is emphasized and the extent of services, specified in § 54 Para. 2 of the Act on Electronic Communications to the sphere of publicly available services of electronic communications, has been extended. For this reason the CTU promulgated the new Measure in order to create preconditions for proper running of economic competition and protection of users and other participants of the market. At the same time the CTU took into consideration also development in the sphere of offer of services of electronic communications and changing structure of information required.

Comments concerning the draft measure of general nature can be applied within one month of the day of publication of the call for application of comments.

The CTU's policy in negotiations concerning wholesale offer of services

On December 20, 2011 the CTU promulgated its attitude pursuant to § 80 Para. 3 of the Act on Electronic Communications concerning controversial parts of the draft contract on access within the framework of negotiations between the company Quadruple a.s. and the company Telefónica, on the basis of initiative of company Quadruple a.s. Before this attitude has been promulgated, the CTU participated in negotiations of these two companies, where specific subsequent steps were agreed aimed at verification of options of technical solution and economic model proposed. However, these steps were not realised particularly for reasons consisting in restriction of further negotiations by the company Telefónica, and therefore the company Quadruple a.s. filed the application for promulgation of attitude.

In its attitude the CTU brought forward that in the commercial model proposed according to the draft contract of the company Quadruple a.s. has not found anything what could prevent continuation of negotiations concerning conclusion of such contract. Nevertheless, the CTU could not express its specific standpoint concerning proposed division of revenues and commission because this item was not specified in the draft contract in detail. The CTU further observed that provision of portability of telephone numbers, pursuant to the Measure of general nature no. OOP/10/07.200533, is the obligation of not only the entrepreneur ensuring public telephone network, but also entrepreneur providing publicly available service of electronic communications. Method of ensuring of this obligation would rest, in case of conclusion of contract on access, on responsibility of the company Quadruple a.s., and, therefore, it cannot be the reason for refusal of proposal of wholesale model.

Beyond its attitude mentioned hereabove and on the basis of knowledge gained during the negotiations, in which the CTU participated, the draft contract on access submitted together with other available information, the CTU observed that it did not identify any important material problem which would prevent negotiations concerning conclusion of the contract. The CTU believes that subsequent steps, which were agreed within the framework of previous negotiations, should have been implemented and do not consider the approach of the company Telefónica towards this whole affair correct.

Considering the extent of its competencies stipulated in the Act on Electronic Communications, the CTU cannot directly order the company Telefónica to conclude wholesale contract with the company Quadruple a.s. in case of negotiations concerning contract on access, and therefore it decided to initiate continuation of negotiations of both companies in the presence of the CTU, which will take place on April 18, 2012.

Procedure on amendment of regulated prices

In March the CTU commenced public consultation on wholesale price concerning draft decision on price related to amendment of prices for termination of calls (termination) in mobile networks of all three mobile operators [Telefónica](#), [T-Mobile](#) and [Vodafone](#). The draft decision brings about the drop of price for termination by as much as appr. 50 %. Starting from July 1, 2012 the regulated price will decrease from existing CZK 1.08/min. without VAT to CZK 0.72/min. without VAT and from January 1, 2013 to CZK 0.55/min. without VAT. The Office expects that by the end of 2012 it will decide about the new level of maximum price for termination of calls created on the basis of the model of pure BU-LRIC in accordance with [EC Recommendation](#) so that this price becomes effective at the beginning of the year 2013.

The CTU further commenced administrative proceedings with the company Telefónica concerning the amendment of wholesale prices for services of local loop unbundling and collocation. For example, monthly prices for services of unbundling should fall from original price of CZK 242 to CZK 197 with full unbundling and from original price of CZK 41 to CZK 39 with shared unbundling. Some monthly prices of collocation will increase which is brought about by higher costs for the utilization of outsourcing services of the company Telefónica. On April 6, 2012 the CTU commenced [public consultation](#) concerning the decision of amendment of prices.

Comments concerning draft decisions can be applied within one month of the day of publication of calls for application of comments.

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

Proceedings started in March 2012

Reference number	Petitioner	Oponent	Case
ČTÚ-142904/2010-606	T-Systems Czech Republic a.s.	Intelia Holding s.r.o.	Dispute concerning disbursement of services of electronic communications at the amount of 6 261,30 EUR with accessories

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

In March 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 March 9, 2012 [The Decision](#) became effective on the imposition of the obligation to provide partial service of access to publicly available telephones or similar technical devices allowing the access to publicly available telephone service pursuant to § 38 Para. 2, Letter e) of the Act on Electronic Communications.

By this decision the obligation to provide the services of public telephones within the framework of universal services was imposed on the company Telefónica. The obligation imposed for the period from March 16, 2012 until December 31, 2014. By this step uninterrupted provision of this partial service will be secured.

Integral part of the draft decision is also [Annex](#) containing the list of public telephones included in the universal services for the year 2012.

On March 23, 2012 the CTU promulgated, in the Volume [4/2012 of the Telecommunication Bulletin](#), the Invitation for tender procedure to entrepreneurs, on whom the obligation will be imposed to provide, within the framework of 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.

Until March 29, persons interested in participation in tender procedure could deliver to the CTU questions relating to the subject of the tender procedure. The CTU received only one question from the company Telefónica which it answered.

Procedures concerning the financing of the Universal service

On March 29, 2012 the CTU promulgated the decision ref. no. CTU-94 386/2009-611/XIV. vyř. in administrative proceedings concerning the case of determination of the amount of payment to the account of Universal service for the year 2006. By this decision the CTU determined contributions and payments to the account of Universal service for the year 2006 in administrative proceedings conducted with 57 participants of proceedings pursuant to the Act no. 151/2000 Coll., on telecommunications and Amendment of other Acts, as amended by later regulations.

The CTU transferred the reimbursement of net costs for the year 2009 to the company Telefónica from the account of universal services at the amount of 40 357 315,- CZK.

5. Inspection activities

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

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

- **measurements of coverage of municipalities by the signal of digital television.** The coverage of the town of Česká Třebová was measured pursuant to the Decree and in the territorial region of Jeseník measurements of coverage by the signal of digital television were performed in 8 municipalities while driving. The results discovered will serve for the assessment of the need of potential repeaters to be installed in these regions.
- **inspection of observance of planning parameters in operation of UHF FM transmitters.** 43 measurements of Czech transmitters of 14 operators were performed. The parameter of output of multiplex signal (MPX output) was not observed in 42 cases, top frequency stroke in 3 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 with value higher than 5 dBr (planning value of MPX output for which frequencies were coordinated is 0 dBr) was discovered in 29 cases. Considering two actions submitted to the Supreme Administrative Court, contesting validity of Letter c) in Article 13 Para. 4 of the part of the Plan for utilization of radio spectrum no. PV-P/22/06.2011-9 for frequency band of 87.5–146 MHz (the output of total multiplex signal shall not exceed the level of 0 dBr), the CTU for the time being does not enforce observation of this parameter. Measurement performed are aimed at surveying of the extent of non-observance of principal planning parameter by operators of UHF FM transmitters in the Czech Republic,
- **inspection of utilisation of radio frequencies without authorization and after the validity of authorization for utilisation of radio frequencies expired. 7**

cases of utilisation of radio frequencies without authorization for utilisation were discovered. Deficiencies discovered will be settled in administrative proceedings,

- **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. The deficiencies discovered are settled with the help of a call demanding elimination of deficiencies pursuant to § 114 of the Act on Electronic Communications and administrative proceedings will be commenced in re,
- **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 pursuant to § 114 of the Act on Electronic Communications and administrative proceedings will be commenced in re,
- **inspection of observance of conditions of general authorization no. [VO-R/24/11/.2008-16](#)** concerning operation of facilities of infrastructure for distribution of radio signals inside tunnels and internal space of buildings. Operation of repeaters of networks of mobile GSM telephony without written consent of operators of GSM networks was discovered in Liberec, Prague and Brno. Moreover, these facilities caused jamming of network of mobile telephony in the band of 900 MHz. The deficiencies discovered are settled with the help of a call demanding elimination of deficiencies. The number of illegal repeaters is steadily growing (since January 1, 2012 altogether 12 cases were discovered). The issues connected to the operation of GSM repeaters are dealt with in the contribution published on web pages of the CTU (see [zde](#)),
- **the inspection of observance of conditions of individual authorization** for utilisation of radio frequencies of naval mobile service. During the repeated inspection of radio devices of river boat OBELIX (OL 6491) in Mělník operation of broadcasting radio device without allocated ATIS code was discovered. The administrative proceedings in this case will be commenced,
- **identification of sources of jamming and reasons of low-quality reception.** Altogether 79 inquiries were performed. Besides inquiries concerning jamming of television and radio reception, jamming of services of GSM, UMTS and CDMA provided by individual operators was subject of inquiry. Jamming of mobile services is caused particularly by radiation of active television antennas, broadband amplifiers, 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 and three subjects, causing jamming of the meteorological radar, were detected. If source of jamming is discovered, calls demanding elimination of deficiencies are sent to relevant subjects pursuant to § 114 of the Act on Electronic Communications demanding elimination of deficiencies discovered,

- **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 31, 34, 46 and 49 MHz was discovered in Kadaň, Most, Turnov and in Dolní Poustevny in Děčín district. This radio equipment cannot be operated in the Czech Republic without individual authorization for utilization of radio frequencies (in the band of 34 MHz only frequencies of 34.050, 34.075, 34.150 a 34.175 MHz can be used). Also the sale of wireless doorbells and earphones working in the band of 266 to 354 MHz, reserved for the Ministry of Defence in the Czech Republic, was discovered. In Brno, inspection of technical parameters of products (helicopters controlled by radio) was performed and deficiencies were discovered with three products out of four. 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 geographic and mobile numbers and numbers with the price expressed in contradiction to authorisation for the utilisation of numbers and the Decree no.117/2007 Coll. on Numbering plans of networks a services of electronic communications,
- **State inspection** with the company TRAVEL TELEKOMMUNIKATION, s.r.o., which was focused, in particular, at observance of the obligations pursuant to § 34 a § 63 of the Act on Electronic Communications,

The Survey of inspection activities in performance of State control of electronic communications for the month of March 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)	13								
2. The number of changes of certifications notifying business activities (§ 15 of AEC)	40								
3. Performance of communication activities without certification	1			7	4			4	30000
4. Observance of conditions of general authorisations	25		3	9	5			5	60000
a) for the operation of public communication networks and associated facilities		2	1	0	0			0	0
b) for provision of services of electronic communications		0	0	1	1			1	25000
c) for utilization of radio frequencies and operation of instruments (radio equipment)		23	2	8	4			4	35000
5. Inspection of radio frequencies	108		7	7	7			7	21000
a) utilization of radio frequencies without authorisation for their utilization		8		7	7			7	21000
b) Observance of conditions of individual authorisation for utilization of radio frequencies		42	3	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		58	4	0	0			0	0
6. Inspection of numbers for the purposes of management of numbers (number of inspection calls)	13		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			20891	10436	260	8307		
a) on objection against the settlement of reclamation of service provided		0		4	4	0	0		
b) on objection against the settlement of reclamation of charging of services		0		20	20	4	6		
ba) on access to data services with specific price (data and voice)		0		0	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		20857	10406	253	8301		
d) others		0		10	6	3	0		
8. Withholding of information pursuant to § 115 of AEC				0	3			0	0
9. Others	17		12	37	33			26	120500
IN TOTAL	163		22	20951	10488	260	8307	42	231500

*) 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

Decision-making in the second degree of administrative proceedings

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 the final decision by which the CTU imposed the fine at the amount of CZK 3 000 for administrative offense pursuant to § 118 Para. 1 Letter I) of the Act on Electronic Communications, in the wording effective until December 31, 2011, perpetrated by entrepreneurial natural person because as a person providing public communication network and providing publicly available service of electronic communications, did not comply with the obligation stipulated in § 97 Para. 11 of the Act on Electronic Communications and did not send to the CTU, within the deadline which terminated on January 31, 2011, records containing operational and location data for the year 2010.

In another administrative appeal the fine at the amount of CZK 10,000 was legally imposed on juristic person (business company) for the administrative offense pursuant to § 118 Para. 1 Letter. o) of the Act on Electronic Communications in the

wording effective until December 31, 2011. This juristic person committed the above mentioned administrative offense because, within the meaning of § 115 of the Act on Electronic Communications, it did not send to the CTU, within the stipulated deadline, form and extent, complete and true information, including financial ones and data and documents necessary for the performance of the analysis of a relevant market.

Within the period monitored fines at the amount of CZK 10,000 were legally imposed on two natural persons for the offense pursuant to § 120 Para. 1 Letter e) of the Act on Electronic Communications in the wording effective until December 31, 2011. These natural persons committed the above mentioned offenses because, in one case, within the period from May 30, 2011 until May 31, 2011, altogether 17 malicious calls were realised to the emergence number 158, and in the second case, within the period from January 1, 2011 until April 27, 2011, altogether 294 malicious calls were realised to the emergence number 158.

State inspection in the field of prices

The CTU commenced state inspections with mobile operators Telefónica, T-Mobile and Vodafone in order to verify the data reported to the CTU in forms of regular collection of data for the year 2011, and namely the data concerning the sales and number of minutes spent on telephone with mobile telephone services.

6. Other regulators, inspection authorities, courts

BEREC – Review of joint positions for relevant markets no. 4, 5 and 6

From March 1 until March 30 public consultation took place concerning main rules for the application of the non-discrimination principle in connection with imposition of remedial measures for relevant markets – wholesale (physical) access to the infrastructure of the network (including shared or full unbundling of local loop) in fixed location, wholesale broadband access in networks of electronic communications and wholesale termination segments of leased circuits regardless of technology used for provision of leased or reserved capacity, namely relevant markets no. 4, 5 and 6. BEREC commenced with this consultation as a part of the process of update of joint positions of regulation of access to fixed networks. The principle particularly relate to the creation of equal conditions, availability of wholesale access services in time, provision of access services of reasonable quality and providing for efficient wholesale processes necessary for the transition of a subscriber. National regulatory authorities (NRA) should accept these principles in order to increase the harmony between ex-ante regulation and observance of obligation of non-discrimination.

7. Associations

ICT Union, the Association of companies from the field of information technologies and electronic communications, promulgated, on March 29, 2012, its declaration in which it reacts to the National program of reforms of the Czech Republic (hereinafter „NPR“) published recently, and points out that the version prepared pays little emphasis to the development and support of ICT, particularly as far as the field of services having high added value is concerned. The update of the

NPR for the year 2012 should be sent to the European Commission in Brussels in the middle of April.

ICT Union strongly points out that the NPR concentrates itself particularly on machinery industry and only in minimum extent takes into account deep and dynamic changes of the World's economic model which is based on digital technologies. ICT Union repeatedly warns the Government against the danger ensuing from underestimation of the ICT as important element for the increase of competitiveness of the country, increase of the GDP and providing for effective and slim public administration within the framework of eGovernment's projects.

8. Consumer issues

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

During the month of March the CTU commenced 20,891 administrative proceedings concerning subscriber disputes between a person performing communication activities, on the one hand, and a subscriber, on the other hand, concerning financial performance and proposals for commencement of procedure 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. **10,436 decisions in re were promulgated**, of which 10,406 were decisions concerning pecuniary performance (payment of price for services).

In connection with the preparation of the Amendment of the Act on Electronic Communications, concerning transfer of the agenda of Subscriber disputes pursuant to § 129 within the extent of disputes concerning pecuniary performance to general courts, the CTU, in the course of interdepartmental commentary proceedings, employed proposal for the revocation of the Government's Resolution no. 815 dated November 9, 2011. By this Resolution the Government endorsed the transfer of the agenda mentioned and simultaneously it decided about the transfer of 100 employees (in two steps) and related financial means from the budget head of the CTU in the budget head of the Ministry of Justice.

In its proposal for the revocation of the Resolution mentioned hereabove, the CTU particularly pointed out that, according to current knowledge concerning development of the number of new applications in this agenda, its implementation in unchanged form (as far as transfer of working positions and means are concerned) would prevent the CTU from securing proper performance of agenda in the field of protection of consumer, including completion of all, already commenced, proceedings pursuant to § 129 of the Act on Electronic Communications.

Protection of consumer

As the Monthly monitoring report of the CTU no. 12/2011 already informed, in connection with the endorsement of the Act no. 468/2011 Coll., in which the Amendment of the Act on Electronic Communications was implemented, the Act no. 634/1992 Coll., on the Protection of consumer, as later amended, was amended from the point of view of competencies of the CTU. By this Amendment, § 23 of the

Act on the Protection of consumer has been completed with Paragraph 15, which stipulates : „*Supervision over observance of obligations determined in § 3 to 5a, § 6, § 9 to 10, § 11 to 13, § 15 to 16 and in § 19 in the segment of services of electronic communications is performed by the Český telekomunikační úřad.*“

Pursuant to this new adaptation, some powers of the Česká obchodní inspekce (Czech commercial inspection) are delegated to the CTU, and the CTU is expressly empowered to the implementation of supervision over observance of obligations in connection with provision of services of electronic communications stipulated by the Act on the Protection of consumer, namely to the inspection of observance of honesty in providing services, solution of unfair commercial practices, deceptive commercial practices, aggressive commercial practices, observance of prohibition of discrimination of consumer, information obligations and observance of other obligations in providing services in the segment of electronic communications.

In order to clarify the extent of competencies transferred the CTU collaborates closely with the Česká obchodní inspekce (Czech commercial inspection). During negotiations with representatives of Česká obchodní inspekce the following issues were discussed in particular : broader interpretation of relevant legislative provisions where the issues concerned were presented primarily on examples of individual cases resolved with the services of electronic communications, and/or the demonstration of relevant cases was shown on other services. On March 22, 2012 coordinating negotiations of the CTU's lawyers took place, where the above mentioned issues were discussed in order to provide for unified approach of individual expert departments of the CTU towards the issues of the protection of consumer, and, at the same time, it was agreed that similar coordinating negotiations will be organized in future as well.

During the month of March inquiries and complaints of consumers were most often focused on suspicions of unfair trading practices where, pursuant to § 4 Para. 3, second sentence of the Act on the Protection of consumer, particularly misleading and aggressive trading practices are unfair. Some relevant notifications related also to information obligation in harmony with provisions of § 9 and § 10, and also § 11 to 13 of the Act on the Protection of consumer.

Concrete examples of complaints and notifications resolved concerning protection of consumer are, for instance : unfair trading practices used in connection with conclusion of contract with older citizens regardless of needs of a concrete consumer; provision of insufficient information focused on the acceptance of offer (for example, discount provided for the period of one month only without giving complete information concerning this limitation); stating untrue information concerning unsolicited activation of service; offer of tariffs for important customers including provision of benefits where, as soon as the offer is accepted, benefits are no longer provided; provision of information concerning the services of the access to the Internet network in mobile telephone which is able to mislead a consumer (for example, the Internet suitable for „video YouTube“, etc., including simultaneous application of the FUP limit of 125 MB/week); suppression of final price, i.e. the price with the VAT (price in contract is different from the price in the pricelist of operator) and, the last but not least, application of aggressive commercial practices in contractual relation with subscriber.

In harmony with newly delegated powers the CTU will pay profound and intense attention to the issues of protection of consumer throughout this whole year.

9. Legislative changes

Within the framework of recodification of private law, on March 22, 2012 the following Acts were published in the Collection of Laws :

- the Act no. 89/2012 Coll., the Civil Code (Volume 33 of Collection of Laws),
- the Act no. 90/2012 Coll., on Commercial companies and Co-operatives (the Act on Commercial corporations) (Volume 34 Coll. of Collection of Laws),
- the Act no. 91/2012 Coll., on the International private law (Volume 35 of Collection of Laws).

These relevant acts will become effective on January 1, 2014 and will replace existing legislative arrangement of given fields of civil and commercial law.

Within the framework of the 36th Session of the Chamber of Deputies of the Parliament of the Czech Republic on March 21, 2012 the third reading of the draft law took place amending the Act no. 29/2000 Coll., on Postal services and Amendments of some other Acts (the Act on Postal services), as later amended and some other Acts (Parliament print no. 535). This draft law was endorsed by the Chamber of Deputies in the wording of the amendments and on April 2, 2012, it was submitted for the debate in the Senate – endorsed text of the draft law you can find [here](#).

During February 2012 no legal regulations were published in the Collection of Laws which would have principal impact on the field of electronic communications or postal services.

10. The European Union

On March 21, 2012 the Official Journal of the Decision Union published [the Decision of the European parliament and the Council no. 243/2012/EU, dated March 14, 2012, on Establishment of multi-annual programme of radio spectrum policy](#), which becomes effective on the twentieth day of its promulgation in the Official Journal of the European Union. By this decision multi-annual programme of radio spectrum policy has been introduced for strategic planning and harmonization of radio spectrum utilization in order to provide for functioning of the internal market in those fields of the Union's policy which relate to the utilization of radio spectrum, as are, for example, electronic communication\,s, research, technological development and Universe, transportation, energetics and audiovisual policy. Simultaneously, the decision introduces the register of existing utilization of radio spectrum for commercial and public purposes and the European Commission, taking into consideration standpoint of the Group for radio spectrum policy, will endorse, not later than by July 1, 2013 implementing acts which will be accepted by the procedure of review. The Member States apply political indicators and goals determined by this

decision not later than by July 1, 2013, provided that this decision does not stipulate otherwise. The Commission will submit to the European Parliament and the Council report on activities developed and measures accepted in harmony with this decision not later than by April 10, 2014. The Commission will carry out the review of application of this decision not later than by December 31, 2015.

From March 20 to 21, 2012 the 39th Session of the Radio Spectrum Committee (RSC) took place in Brussels. The Session dealt with, in particular, with the implementation of the European spectrum legislation (the Report of the European Communication Office ECO concerning provision of information in EFIS system pursuant to the EC Decision 2007/344/EC, call to Member States concerning provision of information about the status of implementation of the Decision 2011/251/EU concerning bands of 900 MHz and 1800 MHz, the Decision 2011/485/EU concerning vehicle radars in the band of 24 GHz and discrepancies discovered of categories of products of Class 1 and updated Decision EC2006/771/EC concerning short range devices); amendment of Rules of Procedure of the RSC, the intention to combine the Fifth Update of the Annex of the Decision 2006/771/EC with the review of the Decision 2005/928/EC concerning band of 169 MHz (with the possibility of subsequent cancellation of the Decision 2005/928/EC), harmonization of conditions of utilization of the band of 3,6 GHz (the Session endorsed recommending attitude concerning award of the CEPT mandate to update these conditions) and harmonization of technical conditions of utilization of the band of 2 GHz (the Session endorsed recommending attitude concerning draft EC Decision to the band of 2 GHz liberalizing the conditions of utilization of paired sub-bands and allows the utilization of both systems 3G and 4G).

On March 21, 2012 the European Commission commenced [Public consultation concerning the access to information on interoperability of digital products and services](#). The consultation is open until June 20, 2012.

On March 28, 2012 the European Commission proposed establishment of the European Center for the fight with cybercrime. Its establishment was announced in the Communication of [Strategy of internal security of the European Union](#) dated November 22, 2010. Current communication about the European Center for the fight with cybercrime is integral part of the set of measures with the aim to protect citizens against cybercrime and complements legislative proposals as are, for example, [the Directive concerning attacks against information systems](#), which is currently discussed in the European Parliament or [the Directive concerning the fight against sexual exploitation of children in the Internet and children pornography](#) from the year 2011.

On March 28, 2012 the European Commission presented [the Draft Regulation](#) concerning solution of high costs for roaming. The regulation proposed will become effective on July 1, 2012. The regulation, which is directly obligatory, would, for the first time, introduce structural measure strengthening economic competition and, starting from July 1, 2014, would allow customers to conclude, if they are interested, more convenient contract for roaming mobile services. This contract would be separated from the contract for home mobile services, however, customers could use the same telephone number.

Current and proposed ceilings of retail prices (without VAT)

	current	July 1, 2012	July 1, 2013	July 1, 2014
Data (for 1 MB)	none	70 cents	45 cents	20 cents
calls carried out (for 1 minute)	35 cents	29 cents	24 cents	19 cents
received calls (per 1 minute)	11 cents	8 cents	7 cents	5 cents
SMS (for 1 SMS)	11 cents	9 cents	8 cents	6 cents

Current and proposed ceilings of wholesale prices (prices which operators charge to each other)

	current	July 1, 2012	July 1, 2013	July 1, 2014
Data (for 1 MB)	50 cents	25 cents	15 cents	5 cents
voice services (for 1 minute)	18 cents	14 cents	10 cents	5 cents
SMS (for 1 SMS)	4 cents	3 cents	2 cents	2 cents

On March 29, 2012 the British regulator OFCOM commenced with the consultation of strategy for the UHF band (470–862 MHz) with subtitle „Provision of long-term benefits from limited resources of spectrum“. This strategy is, inter alia, aimed at liberalization of the band segment starting from the 49th channel up to 60th channel (i.e. 694–790 MHz) for the purposes of mobile high-speed communications. The strategy picks up the results of the World’s radiocommunication conference WRC-12, which has decided that in 2015 this band will be allocated to terrestrial mobile service also in the regions encompassing Europe and Africa. Thus the global harmonization of spectrum allocation will be reached in the relevant segment, which, after it is released from television broadcasting (the so-called second digital dividend), will become available for mobile applications. Changes in the utilization of the UHF band are envisaged also for lower frequencies.

http://stakeholders.ofcom.org.uk/consultations/uhf-strategy/?utm_source=updates&utm_medium=email&utm_campaign=uhf-spectrum-condoc

11. ITU and other international organisations

EFIS MG

On March 8 and 9, 2012 the 29th Meeting of the Group EFIS MG took place in Copenhagen. The Group takes care of the operation and development of the system EFIS which operates ECO (European Communications Office) on the server www.ero.dk. EFIS serves as a portal for national information concerning the utilization of radio spectrum in CEPT/EU countries and as an instrument of European harmonization for the utilization of radio spectrum. Business negotiations were engaged in observance of the EC Decision on harmonized availability of information

concerning utilization of spectrum in the Community ([2007/344/ES](#)), the issues related to the ECC Decision on EFIS system (ECC/DEC/(01)03) and update of its annexes were discussed. One of important items of the programme was also the preparation of methodological instructions (guidelines) for the implementation of this Decision in national conditions.

ETSI GA59(12)

On March 20 and 21, 2012 the General Assembly of ETSI – GA59(12) took place in Cannes, France. Among the main items of negotiations belonged discussions concerning Report of the General Director of the ETSI, which summarized results of activities of the ETSI in 2011. The result of activities of the ETSI was promulgation of more than 3000 standards and specifications which are used worldwide. Independent audit assessed the management of the ETSI as balanced and ETSI Board confirmed that the membership of the organization is stable and new members are coming. The year 2012 will represent the first phase of the introduction of Long-term Strategy of the ETSI endorsed by GA58(11).

FMWG PT 49

On March 20 and 21, 2012 the 3rd Working meeting of the project team ECC FMWG PT 49 concerning PPDR (Public Protection and Disaster Relief) took place in Copenhagen, Denmark, focused on the issues of security communications and communications during disasters and accidents. The aim of negotiations of PT 49 is identification of bands suitable for harmonization of security broadband (BB) PPDR communications. It is necessary to verify this requirement in the form of confrontation with operational demands of security and rescue corps, represented by the LEWP Group (Law Enforcement Working Party). Verification of operational demands is the principal condition of their later transformation into frequency requirements. Within the framework of working negotiations the issues connected with solution of PPDR in other regions and organisations were discussed, and also problems of standardization, options of national solutions in the form of review of the Decision ECC/DEC (05)08, utilization of cognitive technologies for PPDR applications and other issues connected with options of collaboration with other organisations participating, to some extent, in solution of the BB PPDR issues .

ECC SRD/MG

On March 27 and 30, 2012 negotiations of the project team ECC SRD/MG (Short Range Device Maintenance Group) took part in London, Great Britain. Negotiations dealt with the review of the concept of SRD, the new format of ERC/REC 70-03 and the level of implementation of this recommendation in CEPT countries, the issues of non-specified SRD, RTTT (Road Transport and Traffic Telematic), systems of radio determination, inductive applications, medical applications orientated at active medical implants and MBANS systems (Medical Body Area Network System), classes of devices pursuant to the RTTE, review of the band 863–870 MHz, UWB (Ultra Wide Band) and future of the UHF band for SRD. Also results of the World's Radiocommunication Conference were discussed emphasizing the issues of cognitive radio systems, new Recommendation ITU-R SM.1896 concerning the problems of harmonization of bands for SRD, Resolution 54 and the study concerning SRD. Integral part of negotiations were also the issues of

SRR (Short Range Radar) in the band of 77–79 GHz, review of ERC/DEC(98)25 concerning PMR 446 and intelligent measuring systems.

12. Digitalisation of RTV

During the month of March, digital repeater was put into operation in the municipality Žulová, in the broadcasting network 1, territorial region Jeseník.

At the end of March [The Report no. 8](#) was published, concerning the course of transition of terrestrial analogue television broadcasting to terrestrial digital television broadcasting, prepared pursuant to § 10 Para. 3 of the Government's Decree no. 161/2008 Coll., on the Technical Plan of Transition. Considering the fact that analogue television broadcasting was practically terminated on the whole territory of the Czech Republic, the CTU considers the whole process of transition terminated (contrary to the time-schedule in the Technical Plan of Transition the speed-up of four months was reached), and will no longer prepare any other regular Reports concerning evaluation of the course of transition.

Simultaneously, with the preparation of the Report no. 8 the information concerning the extent of coverage of the Czech Republic by digital broadcasting were updated and published on the Internet pages of the CTU <http://dtv.ctu.cz>. Next update of these pages will no longer be conducted in quarterly terms but depending on future potential development of broadcasting networks.

After elaboration and evaluation of the results of experimental broadcasting in the DVB-T2 system, which took place in 2011, the CTU on its pages published [the Final report](#) summarizing the course and results obtained within the framework of measurements executed.

13. Radio spectrum management

In harmony with the Decree of the Government of the Czech Republic no. 78/2011, dated January 26, 2011, the CTU began the process of tender procedure in order to award rights for utilization of radio frequencies providing public communication network in the bands of 800 MHz, 1800 MHz and 2600 MHz. Utilization of these frequencies, released by successful transition of the Czech Republic to digital television broadcasting, has considerable importance for the next development of services of electronic communications. Comprehensive offer of frequencies from several frequency bands creates also conditions for potential entry of other subjects on the market. On March 20 the complete draft text of the documentation of the Invitation to tender procedure was submitted to [public consultation](#). Comments to the draft can be applied on May 11, 2012 at the latest.

Within the framework of the process of preparation of tender procedure the CTU promulgated on March 20, also [the Tender procedure](#) to over-the-limit public tender „The Implementation of the Auction of free frequencies in the bands of 800, 1800 and 2600 MHz“.

On March 14 [The Call asking for application of comments](#) was published concerning the Draft Measure of general nature, through which the General

authorization no. [VO-R/7/XX.2012-Y](#) is promulgated for the utilization of radio frequencies and operation of civic radio stations in the band of 27 MHz. The reason for the promulgation of this General authorization, which will replace existing General authorization no. [VO-R/7/08.2005-22](#), is the need of implementation of the new decision CEPT/ECC/DEC(11)03 dated June 24, 2011 on harmonized utilization of frequencies of civic band (CB) by radio devices. In particular, it is provision of broadcasting with amplitude modulation DSB with radiated output of 4 W and SSB with radiated output of 12 W on channels no. 1 to 40 and some other minor adaptations. The aim of these changes is unification of conditions in the Czech Republic with conditions in neighbouring countries.

On March 14 [The Call asking for application of comments](#) was published concerning the Draft Measure of general nature through which the General authorization no. [VO-R/10/XX.2012-Y](#) for the utilization of radio frequencies and operation of short range equipment. The reason for the promulgation of this General authorization, which will replace the existing General authorization no. [VO-R/10/09.2010-11](#), is the need to implement the new decision of the European Commission 2011/829/EU dated December 8, 2011 amending the Decision 2006/771/ES on harmonization of radio spectrum for short range equipment and updated version of the Recommendation CEPT ERC/REC 70-03 – Utilization of short range equipment dated August 22, 2011. In particular, there are modifications of conditions for short range equipment in the band of 21.62–26.65 GHz, concerning the limitation of possibility of utilization of the band 786–862 MHz by wireless microphones in connection with future utilization of the band by broadband applications within the framework of the so-called digital dividend, on addition of another frequency band 1785–1800 MHz for wireless microphones and some other minor adaptations.

The Radio Spectrum Utilization Plan

On March 6, 2012 the CTU's Council discussed and endorsed the Measure of general nature – part of the Radio Spectrum Utilization Plan no. [PV-P/1/03.2012-3](#) for frequency band of 146–174 MHz. The reason for promulgation of new edition of this part of the Plan is, in particular, to take into account current situation of transition to harmonized utilization of radio spectrum, release of frequencies from non-civic utilization, completion of information on harmonizing intentions, projection of some conclusions of the Conference of the WRC-12 into essays concerning future development and complete review of all articles. This part of the Radio Spectrum Utilization Plan enters into force on April 1, 2012.

14. Postal services

During the month of March one decision became effective on the imposition of fine on the Česká pošta, which related to valuable package, which the Česká pošta deposited with the post without obligatory attempt to delivery it was performed before in the place of residence of recipient.

At the beginning of the month of March the contract was concluded with the company Ernst & Young, s.r.o., acting in the position of the supplier of performance of the tender „Liberalized postal market – methodology of data collection, registration of subjects and determination of parameters of availability of services“, which is

implemented within the framework of the project supported from the European Social Fund, Operational programme Human Resources and Employment under the name of „Liberalized postal market“, registration number CZ.1.04/4.1.00/59.00015.

Discussed in the CTU Council on April 11, 2012