



Czech telecommunication office

January 2018

## Telegraphically on communications

### Deutsche Telekom violates net neutrality rules

The German regulator has decided that StreamOn service provided by Deutsche Telekom is inconsistent with the principles of net neutrality. Specifically, due to the artificial reduction of video quality to the SD level and failure to provide the service in roaming.

The operator disagrees with the decision and is prepared to defend itself in court.

### Bulgaria presides over the EU for half a year

On the New Year, [Bulgaria](#) took over the presidency of the Council of the European Union. One of the main priorities of this presidency is digital economy.

In the following six months the presidency will focus also on other key areas such as future of Europe and young people, western Balkans, or issues of security and stability.

## Czech Post changes its prices starting February

**The holder of the postal licence, Česká pošta, s.p. (Czech Post), informed CTU within the statutory period about the intended increase of prices of postal services in the category of universal postal services. For example, from 1 February, the price of ordinary domestic postal items is increased by CZK 3, the price of registered and insured letters is increased by CZK 6 in all weight categories.**

The price of the additional service of Personal Delivery and Personal Delivery to Recipient Only is increased by CZK 2. Czech post increases the price of Insured Parcels, including the additional services and surcharges.

The price increase will also affect postal orders and international postal items.

The new price list is available at all post offices and on Czech Post's [website](#).

If the basic services are evaluated as affordable, CTU is not legally authorized to interfere with Czech Post's pricing policy.

	until 31 January 2018	From 1 February 2018
Ordinary letter up to 50 g – standard	CZK 16	CZK 19
Ordinary letter up to 100 g	CZK 20	CZK 23
Registered letter up to 50 g – standard	CZK 38	CZK 44
Registered letter up to 100 g	CZK 46	CZK 52
Insured letter up to 50 g	CZK 43	CZK 49
Insured letter up to 100 g	CZK 47	CZK 53
Ordinary letter to Europe up to 50 g	CZK 32	CZK 35

Registered letter to Europe up to 50 g	CZK 77	CZK 85
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Source: Czech Post

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## Decision-making practice: A fine for obstructions with receipt of termination notice

**Failure to provide the ČVOP code (an authorization number from the operator you are leaving) for a change of operator in the event of contract termination in timely manner constitutes an unlawful act. In the case under review, Vodafone used an aggressive business practice for which CTU imposed a fine upon it, under a final decision, in the amount of CZK 30,000.**

The customer terminated the subscriber contract in May 2016 at a branch in Hradec Králové. Vodafone, however, generated the ČVOP identifier (an authorization number from the operator you are leaving) necessary for number porting a month later, only after the customer filed a complaint with CTU. Therefore, the number was not released until the end of July. The consumer was therefore forced to remain in the contractual relationship 21 days longer than the parties had agreed in the contract.

The above-described actions can be undoubtedly considered a creation of an extra-contractual obstacle pursuant to Section 5 paragraph 2 of the Consumer Protection Act which prevented the consumer from exercising his rights – in this case a right to change the service provider and terminate the agreement. The consumer was therefore inappropriately affected by the operator, which infringed his freedom of choice of the service provider.

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## Market analyses

### Markets No. 3a/3b

(3a) – Wholesale services with local access provided at a fixed location, and (3b) – wholesale services with central access provided at a fixed location for products for general consumption

Decision to declare Česká telekomunikační infrastruktura a.s., an enterprise with relevant market power on relevant [market No. 3a](#) and relevant [market No. 3b](#), came into effect on 4 December 2017.

On 5 January CTU published the [table of settlement of comments](#) from the public consultation on the proposed decision to impose obligations in relevant market No. 3b, and on 8 January it published the [table of settlement of comments](#) on the proposed decision to impose obligations in relevant market No. 3a. Česká telekomunikační infrastruktura a.s., Vodafone Czech Republic a.s. and T-Mobile Czech Republic a.s. all raised comments regarding both of these markets. CTU will now, based on the public consultation, modify the draft decisions which will be subsequently sent to the Office for the Protection of Competition to issue an opinion.

### Market No. 4

Wholesale services with high-quality access provided at a fixed location

On 5 January CTU published the [table of settlement of comments](#) from the public consultation on the proposed decision to impose obligations in relevant market No. 4. Within the public consultation, comments were raised by České Radiokomunikace a.s. and Vodafone Czech Republic a.s. CTU will now,

based on the public consultation, modify the draft decision which will be subsequently sent to the Office for the Protection of Competition to issue an opinion.

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## Legislative changes

### Postal services

Decree No. 404/2017 Coll. amending Decree No. 465/2012 Coll., on the method of keeping separate records of costs and revenues of the postal licence holder, was published in part 143 of the Collection of Laws on 4 December 2017.

The Decree regulates the amount of reasonable profit for postal licence holders, now in the amount of 6.36% from economically eligible costs allocated to the universal postal services and services related to the access to the postal infrastructure. In addition, it changes the structure of information reported in the results of the separate records of costs and revenues of the postal licence holder, so that it would better correspond to the application practice and regulatory needs.

This Decree came into effect on 1 January 2018.

### Frequency allocation table

Decree No. 423/2017 Coll. amending Decree No. 105/2010 Coll., on the plan of allocation of frequency bands (national frequency allocation table), was published in part 150 of the Collection of Laws on 11 December 2017.

The plan of allocation of frequency bands (national frequency allocation table) is a national application of Radio Regulations of the International Telecommunication Union (ITU), and thus the Decree amends this plan in direct connection with the current wording of Radio Regulations which implements the results of the negotiations of the countries, summarized by the final documents of the World Radiocommunication Conferences WRC-12 and WRC-15.

This Decree came into effect on 1 January 2018.

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## CTU Working for the Consumer: It will be easier to change the operator

**Starting from 1 February, porting a number to a different operator will be possible within 10 days. It is possible because of the last year's amendment of the Electronic Communications Act. Its provision on portability (Section 63 paragraph 12) has deferred effect and will apply from the aforesaid date.**

If, after 1 February, a subscriber requests porting of a number, the contract will be terminated by operation of law within 10 days as of the date of such request, unless the operator and the subscriber agree on a longer period. In instances where the subscriber only terminated the contract but did not request porting of a number the contract will end upon expiry of the notice period which shall not exceed 30 days.

If the subscriber terminates the contract by 31 January 2018, the contract will end upon expiry of the notice period (max. 30 days), and the number will be ported within 4 days (according to the period defined by a measure of general nature).

If the new legislation is not incorporated into the provider's contract terms or if it is not incorporated in accordance with the wording of the law, the relevant provisions of the law shall apply directly.

As this change follows from new legislation, the change of the contract terms regarding number portability does not entitle the subscriber to terminate the contract before the agreed-upon term without penalty. A different situation may occur if the provider changes other provisions of the contract along with the incorporation of the new legislation. In such case, the change would give the subscriber the right to terminate the contract before the agreed-upon term without penalty.

In addition to the above-mentioned change, the amendment also affects extension of contract for a definite period. The provider shall provide information on the end of the commitment in the manner which the consumer has chosen for receipt of bills, not before three months and no later than one month before the end of the commitment. According to the amended wording of Section 63(10) of the Electronic Communications Act, in cases where the consumer does not manifest his/her active consent to continuation of the commitment the contract will change into a contract for indefinite period. Consumers who consider their current commitment satisfactory and are willing to make sure it continues are advised by CTU to respond to the communication from the provider who is obliged to inform them about the date of termination of the contract for a definite period and usually asks them, at the same time, for consent to the extension of the contract for a definite period. If the consent to the continuation of the commitment is not given, the contract will be transformed into a contract for indefinite period (contract without commitment), often associated with an increase of the price for the used services.

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## Year 2018 in CTU

**The main priorities of CTU for the year 2018 are, just like in the previous years, mainly promotion of competition in the markets of electronic communications and postal services with the goal to maintain high level of protection of consumers and users. This is also closely related to the essential support for the technological development of new generation networks including the conditions of future development of mobile 5G networks. This follows from the plans of main tasks approved by the Council of CTU.**

CTU will focus in particular on the completion of the three criteria test of the mobile wholesale market and completion of the process of imposing remedial actions based on analyses of relevant markets performed in 2017. In cooperation with the Ministry of Industry and Trade (MIT), CTU will participate in the preparation of the measures for removal of obstacles to the construction of electronic communication networks and, as the case may be, in the preparation of the conditions for the 2<sup>nd</sup> invitation within the NGA subsidy programme. CTU is also preparing the initial proposal of the method of execution and conditions of the competitive tendering for the released frequencies in the 700 MHz band. In this context, it will continue participating in the process of migration of terrestrial digital television broadcasting to the DVB-T2 standard.

Specifically, CTU will focus on the following tasks:

### Analyses of the electronic communication markets

The main goal of CTU is to complete the process of imposing remedial actions based on the results of the 4<sup>th</sup> round of analyses of relevant markets, i.e., to issue decisions CEN 3a, REM 3a, REM 3b and REM 4 and also to deal with the suggestions in the matter of non-compliance with the obligations of REM/CEN.

Within the monitoring of the electronic communication market, CTU will complete the preliminary analysis of the situation in the mobile backhaul market, including consultation of the conclusions and finalization of the document, and will prepare a report on the status and development of the electronic communication market in the Czech Republic focusing on the individual areas of the fixed and mobile service, Internet access, etc.

In the area of price regulation, it is planning continuous assessment of the prices of wholesale 4G offers according to the conditions of the 2013 auction and evaluation of the price development in the market of mobile (in particular data) services, including an international comparison.

### Support for development of the networks and services of electronic communications

Within the support for development of NGA networks, CTU will cooperate with the Ministry of Industry and Trade (MIT) in the preparation and execution, if applicable, of the 2<sup>nd</sup> invitation of the NGA subsidy programme. It will also continue with the negotiations within the MIT working group: Non-Subsidy support in order to remove the barriers to the construction of new generation networks.

Also in 2018 CTU will provide the role of a single information point and settle disputes about access to technical infrastructure.

In addition, inter-institutional commenting procedure should be completed regarding the draft amendment to the Government Order No. 154/2005 Coll., in order to reduce the fees for the use of radio spectrum.

An important task in the area of development of 5G networks is the preparation of the government material with proposed process and conditions of the competitive tendering for the released frequencies in the 700 MHz band. In addition, conditions of the competitive tendering for the future auction for frequencies in the 3400 to 3600 MHz bands will be prepared and a discussion will take place on identification of additional necessary measures for the support of 5G networks.

Within the support for development of terrestrial television and radio broadcasting, CTU participates on the migration of the terrestrial digital TV broadcasting to the DVB-T2 standard, including the issue of payments from the Radiocommunication Account. CTU will also deal with the frequency measures for further development of terrestrial digital radio broadcasting and, in cooperation with the Ministry of Culture, it will evaluate the experimental digital broadcasting of Czech Radio and submit a proposal of measures for digital broadcasting in the Czech Republic.

### Regulation and monitoring in the area of postal services

CTU will continue monitoring market development, including the mode of provision of and ensuring universal services and the general availability thereof throughout the Czech Republic according to the basic quality requirements. In the first half of the year it will prepare a summary report on fulfilment of the obligations imposed on the postal license holder, Czech Post, for the year 2017.

### Consumer protection

CTU considers the area of consumer protection absolutely crucial. This year, too, it will oversee, for example, changes to the contract terms of the operators, evaluate the impact of the changes of draft contracts and inform the general public about it on a regular basis. At the same time, it will monitor business practices of the providers of services of electronic communications and perform specific checks focusing on unfair business practices. Education activities aimed at the most vulnerable age group, i.e., seniors, will also continue in this respect by means of presentations within the

Telecommunication Academy of CTU. Increased attention will be paid also to the operators' compliance with net neutrality rules.

### Radio spectrum management

In addition to the above-mentioned tasks related to the transition to DVB-T2, CTU plans to modify the conditions of use of band III.

One of the main tasks is implementation of the measures from the updated Spectrum Management Strategy. This is closely related to the preparation of the proposal for release of the 1427-1517 MHz band (including the principles of the competitive tendering), proposal for release of the 26 GHz band for the support for development of 5G networks, completion of the proposal of measures for release of the 5.8 GHz band, and modification of the radio spectrum utilization plan to support the use of MIMO systems in fixed service.

Throughout 2018 CTU continues, in the framework of the radio spectrum policy of the EU, with the communication with international organizations (RSPG, RSC) and respective working bodies of ITU and CEPT. This year, too, CTU participates in the preparations for the World Radiocommunication Conference WRC-19.

### Universal service in electronic communications and postal services

The task of CTU is to maintain availability of each service within the universal service in the current scope. The office will also focus on monitoring of the commercial provision of the partial services not imposed within the universal service.

We are planning to complete the tender for the provider of the sub-service entitled "Services of terminal devices", including imposition of obligations within the administrative proceedings, modify the list of obligatory VTA for the year 2019 and decide on the amount of net costs constituting unbearable burden and losses from the provision of the so-called special prices for the year 2017 which are covered from the state budget.

Within the universal services pursuant to the Postal Act, the administrative proceedings will be completed and a decision on the net costs for the years 2015 and 2016 will be issued in relation to the result of the notification by the European Commission. In addition, the net costs for the year 2017 will be verified, including the decision and reimbursement of the net costs from state budget.

Another task is to complete the process of notification of public aid in connection with the financing of the net costs for the period 2013–2017, and commencement of the notification of the aid in connection with the granting of the new postal licence for the period 2018–2022.

### Monitoring activities

In 2018 CTU will mainly check the following:

- Public payphones included in the universal service,
- Verification of availability of the signal of mobile radiocommunication networks in selected areas,
- Portability of mobile phone numbers,
- Compliance with Regulation (EU) of the European Parliament and of the Council laying down measures concerning open Internet access. (Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015),
- Delivery to mailboxes of Czech Post,

- Compliance with the obligation to make at least one attempt to deliver parcels (in the category of universal postal services) of Czech Post,
- Coverage of railway corridors with the signals of mobile radiocommunication networks in connection with the commitments accepted by the holders of the block allocations in the auction of LTE in the 800, 1800 and 2600 MHz bands,
- Coverage of the motorways in the Czech Republic with the signals of mobile radiocommunication networks in connection with the commitments accepted by the holders of the block allocations in the auction of LTE in bands 800, 1800 and 2600 MHz.

CTU will continue monitoring the compliance with the conditions of the issued general authorisations for the use of radio frequencies. Just like last year, CTU will focus on the frequency bands intended for shared use for the operation of equipment for high-speed data transmission in the 2.4 GHz to 66 GHz bands. In relation to the commitments accepted by the holders of the block allocations in the auction of LTE in the 800, 1800 and 2600 MHz bands, CTU will check the compliance with the development criteria, in particular in locations where subscribers' complaints and suggestions will be recorded.

Just like in the previous years, CTU will pay special attention to the instances of detected interferences with the DVB-T and DVB-T2 networks and LTE networks (interference with the digital terrestrial television signal) and it will publish the information on the development of the situation in the Czech Republic on regular basis in its monitoring reports.

### Automated system of frequency spectrum monitoring (ASMKS)

This year CTU plans to implement an add-on to the MapInfo application for analysis, evaluation and processing of the data measured within the measurement of radiocommunication networks. The visualisation thereof will be available at CTU's website.

Other goals include comparison of the resilience of the DVB-T and T2 receivers to the interference by the signal of the LTE 800 MHz and LTE 700 MHz networks.

### Legislation

In 2018, too, CTU will provide assistance and cooperation to the relevant ministries regarding the preparation of the comprehensive amendment to the Electronic Communications Act, including the implementation of the proposals in response to the application practice of CTU. Also the process of preparation of the amendment of the Postal Services Act should be completed in connection with the resolution of the current issue of public aid in the area of reimbursement of net costs.

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## Radio spectrum management

### General authorization

In December the CTU Council approved general authorization No. [VO-R/10/12.2017-10](#) to use radio frequencies and to operate short-range equipment with effect from 1 February 2018. The legislation is based on the updated decisions and recommendations of CEPT and other harmonized standards and supersedes the current general authorization No. [VO-R/10/11.2016-13](#).

The general authorization was expanded to include the 430-440 MHz band for medical capsules for wireless endoscopy, and 863-868 MHz band was introduced for broadband short-range equipment. Also, the deadline for the use of the 694-786 MHz band for wireless microphones was specified; they can be operated in this band only until 29 June 2020 and may not interfere with television signal.

## Data collection: Newly published forms in the ESD system

In early January 2018 CTU published new forms for data collection within the system of [Electronic Data Collection](#) (ESD).

CTU's website includes [templates of forms](#) intended for businesses to be filled out through the ESD portal as well as an [overview of all forms](#) which will be published by CTU in 2018.