



Czech Telecommunication Office

September 2020

Telegraphically

KKTS conference, Pilsen 2020

[KKTS Conference Plzeň 2020](#), attended also by CTU representatives, will take place on 24 September. The new CTU Council Chair, Hana Továrková, will present CTU's plans in facilitating the network deployment, report on the time schedule of the auction of 5G frequencies, inform about new developments in consumer protection or the removal of the personal birth number as a unique identifier from the exceptions for utilisation pursuant to the [Electronic Communications Act](#). In another panel, CTU representatives will present changes to the general authorization that will help consumers better understand the definitions of services quality.

The 5G smart cities project continues

On 21 September, the steering committee of the recently formed [5G Alliance](#) met in Ústí nad Labem. Representatives of the committee met with city officials to discuss its innovative development, preparation for future challenges and ways to participate in the "Support for 5G networks in the Area of Smart Cities" project, which is funded under the Technical Assistance Operational Programme. Thanks to this project, the five towns of Plzeň, Bílina, Karlovy Vary, Jeseník and Ústí nad Labem, each of which entered the project with a different innovative plan for Smart Cities, will become the first "smart cities" in the Czech Republic.

The court has refused to stop the auction

The Metropolitan Court in Prague did not grant T-Mobile's request. It sought the issuance of an interim order in order to stop the tender process. The court did not accept the arguments of T-Mobile against the conditions of the invitation to tender, and specifically against the conditions of national roaming, which aimed to demonstrate a distortion of competition. The court also dismissed as inadmissible O2's legal action for protection against unlawful interference by an administrative authority, including an application for an interim order. O2 called the terms of the auction unlawful.

The role of the state and its requirements for postal services

Česká pošta, s.p. is a state-owned enterprise active in a number of areas of services for the state (data mailboxes, payment of pensions, CzechPoint, etc.); CTU is, however, exclusively responsible for the segment of postal services, where, in addition to the holder of a postal licence, other postal service operators are also active, whereas CTU cannot act to a greater extent than the law allows. Pursuant to the Postal Services Act, CTU is most significantly involved in the universal services segment (Section 3 of the Postal Services Act), such as, in particular, services under the trade name ordinary mail, registered postal item, ordinary parcel, insured parcel or postal money order.

In terms of development in the postal market, the volume of transported letters is declining due to the development of new forms of communication and digitalization. On the contrary, there is a growing demand for the use of parcel delivery services due to the development of e-commerce. As part of the provision of these services, new delivery methods and procedures are increasingly being promoted, such as automated parcel machines or parcel pick-up based on code. The attention of operators is therefore focused not only traditionally on the senders, but also on the recipients, to whose needs the offer of services is adapted. Similarly, CTU deals with the rights of the sender and recipient as part of consumer protection, which it emphasizes. As part of the review of whether and to what extent it is necessary to impose a postal obligation, CTU will focus not only on the availability of similar services, but also on development trends on the market and in the area of demand.

The Postal Services Act transposing the Postal Directive states that the above-mentioned universal services must be available to all users in a specified quality and throughout the country. If they are not provided on a commercial basis, the state must ensure their provision by imposing an obligation. The holder of a postal licence, who is obliged to provide these services under specified conditions, is entitled to receive reimbursement of the net costs. Reimbursement of the net costs constitutes state aid, which is subject to notification to the European Commission, if the amount thereof exceeds EUR 15 million, which is also the case in the Czech Republic.

In view of the permanent decline in the volume of services provided, the issue of the long-term sustainability of the universal service concept is becoming relevant, where the universal service should continue to represent a certain safety net ensuring the availability of basic services in the necessary extent.

At the end of this year, CTU plans to launch a review of the level of quality and the method of providing universal services. It will identify the needs and interest of citizens in universal services and whether these services are provided on a commercial basis. The obligation, if any, will be imposed for the period 2023-2027 in the form of an open tender, which is scheduled for 2022. Any of the postal service operators will be able to apply for this tender (CTU currently registers 37 of them). It is not necessary for the obligation to be imposed on one operator only.

At the same time, there is a debate at European level on the need to revise the Postal Directive, including the universal service obligation. The European Commission has commissioned a study on the postal sector to be used in evaluating how the current 2008 Directive is applied, taking into account the need to modernize it in the light of technological developments, digitalization, e-commerce, etc.

Universal Service

Request for reimbursement of net costs of providing universal services for the year 2019

On 28 August 2020, Česká pošta, s.p. submitted a request for reimbursement of net costs representing an unfair financial burden for 2019 in the maximum possible amount of CZK 1,500,000,000. The total net costs for 2019 were quantified by Česká pošta, s.p. in the amount of CZK 2,834,387,630. The net costs for the post office network were quantified in the amount of CZK 1,531,507,597, for the delivery network in the amount of CZK 1,315,492,085, and the net costs for support processes caused by the obligation to provide universal services were quantified in the amount of CZK 25,869,243. Intangible and market benefits were determined at CZK 89,520,368 and capital costs at CZK 51,039,074. As of the date the request was submitted, administrative proceedings were initiated, in which CTU will verify that all submitted documents are correct and complete. In addition, it will verify consistency of the calculation with the [Postal Services Act](#) and with [Decree No. 466/2012 Coll.](#) Pursuant to the Postal Services Act, the verified amount of net costs for 2019 will be reimbursed from the state budget, up to a maximum of CZK 1,500,000,000. Reimbursement is subject to the approval of the net cost compensation for the period 2018 to 2022 by the European Commission.

Market analyses and regulation

Market No. 3a – wholesale services with local access provided at a fixed location, market No. 3b – wholesale services with central access provided at a fixed location for products for general consumption, and market No. 4 – wholesale high-quality access provided at a fixed location

By a [communication](#) of 1 September 2020, CTU announced that, in the context of the fifth round of analyses of the relevant markets, it is launching a review of the analysis of market No. 3a – wholesale services with local access provided at a fixed location, market No. 3b – wholesale services with central access provided at a fixed location for products for general consumption, and market No. 4 – wholesale high-quality access provided at a fixed location. The review will be carried out in accordance with the applicable Measure of General Nature No. [OOP/1/04.2015-2](#), as amended. During the analyses, CTU will take into account the expected new recommendation of the European Commission on relevant markets.

Prices of services: price calculators

At the end of August 2020, CTU completed the accreditation process for the Tarifomat price calculator and extended the validity of the accreditation of this calculator by another year. Tarifomat compares prices of mobile services (calls, SMS, and data). The list of currently accredited price calculators is published at CTU's [website](#).

Checked by CTU in August...

...compliance with the terms and conditions of General Authorization No. VO-R/12/12.2019-10 for the use of radio frequencies and operation of equipment for broadband data transmission in the 2.4 GHz to 71 GHz bands

CTU carried out a total of 32 inspections. Defects were found in 30 cases, in particular the effect of harmful interference to stations of priority radiocommunications services (meteorological radars) and use of indoor frequencies outside a building, which were resolved by a call to eliminate the identified deficiencies, and which will subsequently be addressed in administrative proceedings.

...compliance with terms and conditions of an individual authorization for the use of frequencies

One inspection of compliance with the conditions of the individual authorization for the use of frequencies was carried out, during which a radio transmitter was found to be operating inconsistently with the conditions of the individual authorization. The case was referred to administrative proceedings.

...use of radio frequencies without authorization

CTU carried out 13 inspections focusing on the use of frequencies without authorization. Twelve inspections revealed the use of frequencies without an individual authorization; the cases were referred for resolution in administrative proceedings.

... sources of interference with the operation of electronic communications equipment and networks, the provision of electronic communications services or the operation of radiocommunications services

In August, CTU closed a total of 111 investigations, of which there were 85 cases of interference with television reception (of which 77 were cases of interference with DVB-T2 reception), six cases of interference with GSM, UMTS and LTE public mobile communications networks, three cases of interference with a meteorological radar, nine cases of interference with satellite and radio reception, and eight cases of interference with various systems (PCO panel receiver, measuring scientific equipment, WiFi station, short-range devices, etc.). The source of interference with DTT (DVB-T and DVB-T2) was, in one case, an LTE base station. The investigation of 77 complaints about poor DVB-T2 reception revealed that in 54 cases the defect was in the viewer's equipment, in four cases it was due to shadowing, reflections or reception of signal in a non-covered area, in 12 cases the interference stopped or occurred only sporadically. Six interference reports were withdrawn by their submitters during the interference investigation and in one case the interference was caused by an LTE base station.

... pilot operation of LTE base stations in the 800 MHz band

As of 31 August, 238 base stations were in pilot operation, and 16,905 stations were in permanent operation. In August, 105 reports of interference were received and the investigation of 85 cases of interference with TV reception was completed; BTS LTE in the 800 MHz band was identified as a source of interference with DTT (DVB-T and DVB-T2) reception in one case. Defects in the television viewers' reception equipment were found in 58 cases; in 15 cases the interference stopped or occurred only

sporadically. In five cases it was due to shadowing, reflections or reception of signal in a non-covered area. Six interference reports were withdrawn by their submitters during the interference investigation.

[... cooperation between CTU and the Czech Trade Inspection Authority](#)

An inspection of vendors of telecommunication terminal devices and radio equipment in Brno focusing on compliance with [VO-R/15/08.2005-27](#) for the use of radio frequencies and operation of devices for remote control of models revealed defects by a vendor of a wireless remote-controlled car model. The defect that was found is being addressed by the Czech Trade Inspection Authority within the scope of its powers and responsibilities.

[... inspection of delivery of postal items](#)

In August, in connection with the introduction of priority (D+1) and economic carriage of letters by Česká pošta, s.p., CTU carried out an inspection of the delivery thereof, focusing in particular on checking the obligation to allow at least one delivery to the address of every natural person or legal entity every business day. Thirty-eight delivery post offices of Česká pošta, s.p. were inspected throughout the Czech Republic. The identified deficiencies will be addressed in the subsequent administrative proceedings.

1676 - the number of **administrative proceedings initiated** in August concerning subscriber disputes between the person performing the communication activity and the subscriber. These are disputes over payments and objections to the processing of complaints.

3 438 - the number of **decisions issued on the case** in August, of which 3,424 decisions concerned a dispute over payment (payment of the prices for services).

Net neutrality

On 20 August 2020, CTU issued an amended version of General Authorization No. [VO-S/1/08.2020-9](#), in which the conditions for defining speeds and their deviations within the offer and contractual provisions of Internet access services were newly modified. In addition, on 28 August 2020, CTU published on its [website](#) an annex to the “CTU Statement on Selected Questions of Open Internet Access and European Net Neutrality Rules”. The following article addresses this issue in more detail.

The actual performance of a service can no longer differ so much from what is advertised

CTU issued an amended version of the General Authorization, according to which the speed parameters of Internet connection services must be derived from the advertised speed. This will give users a better idea of what they can actually expect from the service offered.

On 28 August 2020, the Czech Telecommunication Office issued an amended version of General Authorization [No. VO-S/1/08.2020-9](#) laying down the conditions for the provision of electronic communications services. It is a response to the long-term continuous monitoring of the market situation when applying the net neutrality rules in the Czech Republic, to the update of the [BEREC Guidelines](#) on the implementation of these rules of June 2020, as well as to the experience from the inspection activities.

The main change is more precise and specific requirements for the method of determining individual speed parameters for Internet access services, provided both at a fixed location and as mobile services. Until now, the individual parameters that providers have to state in their contracts did not have to be interlinked, and the values of the minimum and normally available speeds could therefore be set even as significantly lower than the maximum and advertised speeds. The actual performance of the service could therefore be significantly lower than what was advertised, and yet it did not have to be inconsistent with the content of the contract. The user was therefore not entitled to complain about insufficient quality of service.

Newly, the binding speed parameters will have to be derived from the advertised speed: for an Internet access service at a fixed location, the normally available speed in the contract may not be set at less than 60% of the advertised speed, and the minimum speed as less than 30% of the advertised speed. The advertised speed itself must not be higher than the maximum speed. A significant continuous difference will be a decrease in the speed actually achieved below the given value of the normally available speed continuously for more than 70 minutes. A significant recurring difference will be at least three decreases for at least 3½ minutes in a time period of 90 minutes.

For the mobile Internet access service, a decrease in the actually achieved speed below 25% of the advertised speed in an interval longer than 40 minutes will be a significant continuous difference. A decrease below 25% of the advertised speed for at least 2 minutes in a 60-minute period will be a significant recurring difference.

When distinguishing between a mobile service and a service provided at a fixed location, CTU will rely on the nature of the service as stated by its provider: a service for which the provider does not restrict the possibility of its use on the move will be considered a mobile service. On the contrary, in case the provider restricts the availability of the service on the move, or links its use to one or more specific addresses, CTU will view it as a service provided at a fixed location.

Telecommunication Regulation in the EU

European Commission

In accordance with [Directive 2018/1972](#) establishing the European Electronic Communications Code, the European Commission must issue by 21 December 2020 and thereafter review on a regular basis the [Commission Recommendation 2014/710](#) on relevant product and service markets. This Recommendation sets out a list of potentially regulated markets that NRAs are required to analyse on a regular basis. The Recommendation is therefore an important regulatory and harmonization tool to help focus regulatory intervention on those markets where significant market failures persist. In the interest of transparency, the European Commission published a [draft Recommendation on Relevant](#)

[Markets and its accompanying Explanatory Note on 25 August 2020](#). BEREC is currently preparing its opinion on the draft Recommendation.

On 8 September, the European Commission launched a [public consultation](#) of the current version of EU state aid rules for broadband infrastructure deployment. The goal is to assess whether these rules are relevant in terms of technological developments in the market (i.e., 2013 [Guidelines](#) on state aid for broadband networks and the [General Block Exemption Regulation](#) (amended in 2014). Contributions can be submitted until 5 January 2021.

EU Calendar

6.7. – 27.9.	public consultation on three ERGP documents – ERGP Work Programme 2021, Report on Postal Definitions and Report on Key Consumer Issues
7.7. – 2.10.	public consultation on the revision of the NIS Directive
13.7. – 9.11.	public consultation on Postal Services Directive
16.7. – 7.10.	public consultation on the Non-discrimination Recommendation and on the Next Generation Access (NGA) Recommendation
24.7. – 2.10.	public consultation on European Digital Identity
25.8. – 22.9.	public consultation on EC delegated draft Regulation setting a single maximum fixed and mobile termination rate in the EU
1.7. – 15.10.	public consultation on the Regulation on Cross-border Parcel Delivery Services