



Czech Telecommunication Office

ANNUAL REPORT

2019

Czech Telecommunication Office

FOCUS OF THE CZECH TELECOMMUNICATION OFFICE



We are

- an independent administrative body for the performance of state administration regarding electronic communications and postal matters, and we cooperate with other public administration bodies;
- accessible to all stakeholders and citizens not only at the CTU headquarters in Prague, but also through 7 regional offices and their branches;
- an active member of associations of European regulators for electronic communications and postal services - BEREC, ERGP, IRG;
- involved in the activities of a number of international professional institutions such as ITU and UPU, those working within the European Union structures, as well as ad-hoc international projects (e.g., Eastern Partnership project).



In electronic communications

- we create conditions for the development of competition and technological innovation;
- in justified cases, we apply ex-ante regulation tools, including the imposition of obligations and price regulation;
- we manage radio spectrum and numbers, and ensure efficient and effective use thereof in accordance with international harmonisation;
- we decide on the provider of the universal service and ensure its availability, quality and funding;
- we check the quality of services provided and fulfilment of the established regulatory measures;
- we act in accordance with Act No. 127/2005 Coll., on electronic communications and on amendment of certain related acts (hereinafter also referred to as "Act" or "Electronic Communications Act").



In the area of postal services

- we create conditions for the development of competition in the postal market;
- we ensure the availability, necessary quality and affordability of universal postal services, and funding thereof;
- we decide on the holder of postal license and supervise the fulfilment of the set conditions;
- we follow Act No. 29/2000 Coll., on postal services and on amendment of certain related acts (*Postal Services Act*), as amended (hereinafter also referred to as "Postal Services Act").



For consumers and service users

- we ensure protection of their rights;
- we handle their complaints and submissions regarding terms and conditions, quality and price;
- in disputes, we decide on the rights and obligations of service providers and their users;
- we pay attention to the legal requisites and comprehensibility of the contract terms and conditions;
- we provide them with advice, recommendations and other forms of support.



We operate

- 3 key information systems: SPECTRA, ASMKS and MOSS
- "Radio Spectrum Utilisation" portal at <http://spektrum.ctu.cz/>
- CTU Open Data portal at <https://data.ctu.cz/>
- Portal for registration of stations in the 60 GHz band at <https://60ghz.ctu.cz/en/>
- Portal with CTU measurement results at <https://qos.ctu.cz/>
- Portals for electronic data collection at <https://monitoringtrhu.ctu.cz> and <https://vorkmitocty.ctu.cz>
- Portal on territory and population coverage with mobile signal at <https://digi.ctu.cz>
- Education activity named Telecommunication Academy at <https://www.ctu.eu/telecommunication-academy>
- NetMetr service at <https://www.netmetr.cz> (together with CZ.NIC).



In 2019, we

- processed and settled over 45 thousand disputes between users and providers of services and handled more than 2 thousand complaints;
- performed more than 4,000 inspections in the markets of electronic communications and postal services;
- adopted 11 regulatory measures to foster competition and technological innovation;
- granted more than 8400 individual authorisations to the use of radio frequencies and numbers.

A WORD OF INTRODUCTION BY THE CTU COUNCIL CHAIR

*Dear users and providers
of electronic communications services and postal services,*

In 2019, most of you will primarily associate the Czech Telecommunication Office with the preparation of the 5G frequencies auction. This is part of CTU's long-term effort to develop effective market competition not only on the market of mobile services, but also to support technological development. The new fifth-generation networks should bring along mainly dynamic development the Internet of Things communication and a number of modern solutions in many areas of peoples' lives and functioning of the society.

However, I am convinced that there are many more topics and activities of CTU that need to be mentioned, and it is necessary to appreciate the way CTU dealt with them during the last year.

In the field of electronic communications, I would first of all like to mention further steps in creating the conditions for liberalization of the mobile market. We focused mainly on the wholesale market of mobile services where CTU has long observed considerable dissatisfaction with its operation. After performing the three-criteria test, which showed the fulfilment of all the three criteria evaluated, at the end of the year, we expanded the list of relevant markets by adding market No. 5 - wholesale market for access to mobile services. With this step, CTU approached the possible regulation of the market in question. CTU will continue with next steps in 2020.

Another important step was opening of the 60 GHz band in the second half of the year in the form of light licensing. This brought a completely new approach of CTU to a possible solution regarding frequency bands opened for free-of-charge utilisation. Such a new licensing model, which is more like a registration system, opens up both the possibility of using new technological solutions and access to an interesting spectrum for smaller players and local operators providing Internet services on the market.

However, CTU did not lag behind in inspection activities, decision-making practice, and in the areas of consumer protection. This is evidenced by the numbers and conclusions given in the general section of this Annual Report. Above all, our effort was to provide all users of electronic communications and postal services with the necessary guarantee of service quality, clear and comprehensible contractual conditions and the enforceability of their rights in possible disputes. I think the number of more than 45 thousand dispute proceedings processed shows that we take this task really seriously.

CTU continues in all the above-mentioned activities. With the change in the top management of the office, enhanced emphasis is given to necessary greater amount of communication not only with the participants in the electronic communications market, but also with the state administration in general. CTU is prepared to play a significantly more active role in facilitating the deployment of high-speed Internet, but also to set new specific conditions for the quality of services provided, which would be clear to consumers, undistorted by advertising, and controllable.

In the area of postal services, I consider it crucial that in August last year we managed to pay the net costs to Česká pošta (Czech Post) for the years 2013 and 2014. Notification of other reimbursements (for the period 2018-2022) has also been started by CTU following previous negotiations with the European Commission.

Last year, for the first time, we had to ensure the collection of data on cross-border parcel delivery services in accordance with a regulation of the European Parliament and of the Council of the EU, and related prices for these services, and their reporting for European comparison purposes.

An event in the area of postal services, which is just as important as the auction of frequencies for the electronic communications market, will be the review and preparation for the announcement of a tender for the holder of postal license for the period from 2023.

I would therefore like to thank all my colleagues for the results achieved in 2019. I wish us all that next year, in the evaluation of the activities of the Czech Telecommunication Office for the year 2020, we are able to say that CTU's activities were dynamic, transparent, predictable, and efficient.

Hana Továrková

Chair of the Council of the Czech Telecommunication Office

COUNCIL OF THE CZECH TELECOMMUNICATION OFFICE

CTU Council consists of five members, whereas one of the members is the chairperson of the Council and leads CTU. The Council members are appointed by the government.

In 2019, the Council had the following members:

Jiří Peterka

After graduating from the Faculty of Mathematics and Physics of the Charles University in Prague, he worked there for another 35 years as a teacher, focusing first on programming, computer architecture, and microprocessor technology, later, on computer networks and communications. After 1996, he also worked for 19 years as an independent consultant and publicist in the field of the Internet, electronic communications, and eGovernment. He is also active in the area of electronic signatures. He continues to publish in online media and is the author of 4 books.

In June 2015 he was appointed member of the CTU Council. As part of his work in the Council, he focuses on issues of broadband connection, net neutrality and Internet open access, on the contract terms and conditions of operators, and on computerisation of the work of CTU.

Josef Chomyn

After graduating from the Faculty of Mathematics and Physics of the Charles University in Prague, he worked in various positions as an Internet specialist, network and data communications consultant, network planning manager, or technical manager for Internet providers.

He was in charge of the electronic communications department in ČD – Telematika a.s. Before starting to work for CTU he worked as operations manager in Stream Circle a.s.

In addition, for 17 years he worked in NIX.CZ z.s.p.o., of which 15 years as Chairman of the Board of Directors.

In June 2017, he was appointed a member of the CTU Council. Within the Council, he focuses on universal service and the area of postal services.

Lukáš Zelený

After graduating from the Faculty of Law of the Charles University in Prague, he worked for many years in dTest, the largest consumer organization, where he was the head of the legal department. In 2013, he was elected chairman of the Consumer Consultative Committee of the Ministry of Industry and Trade and he also operates in several inter-ministerial and professional working groups.

Among other things, he lectures on electronic communications and consumer rights. He was heavily involved in the campaign against illegal and unethical practices of sales demonstrations organizers and door-to-door salespeople.

As of 1 July 2019, he was appointed a member of the CTU Council by the government. From the beginning, he has been active in the area of consumer protection issues and related consumer legislation.

One of his goals is for consumers to know that there is CTU in the complex structure of the Czech supervisory authorities. And mainly the fact, that they can contact it with confidence.

Other members:

Josef Bednář (May 2014–May 2019)

Jaromír Novák (May 2013–January 2020)

Jan Duben (October 2014–October 2019)

EXECUTIVE SUMMARY

ELECTRONIC COMMUNICATIONS

In 2019, the Czech Telecommunication Office (hereinafter also referred to as “CTU” or the “Office”) focused mainly on the following key topics. The first was the completion of the three-criteria test for the wholesale mobile services market and its preliminary analysis, and the establishment of this market as a new relevant market for ex-ante regulation. As part of the test evaluation, CTU concluded that all three criteria assessed have been met, i.e., that there are significant barriers to entry into the defined market, that the structure of the defined market does not lead to effective competition, and that competition law alone is unable to respond to the failure of that market. CTU thus found the defined market suitable for ex-ante regulation. As part of a preliminary analysis of this market, CTU found significant indications of the existence of joint significant market power (of T-Mobile Czech Republic a.s., O2 Czech Republic a.s. and Vodafone Czech Republic a.s.) and their tacit collusion. Therefore, at the end of the year, CTU issued a Measure of a General Nature No. OOP/1/12.2019-11 to expand the list of relevant markets by adding market No. 5 - wholesale market for access to mobile services. This made it possible for CTU in early 2020 to start performing a standard analysis of the new relevant market No. 5 which is supposed to validate the findings from the preliminary analysis performed.

As part of the process of releasing the 700 MHz band from terrestrial digital television broadcasting and the related transition from DVB-T standard to the more modern DVB-T2/HEVC standard, CTU actively participated in the second half of 2019, in cooperation with the Ministry of Industry and Trade (hereinafter also referred to as "MPO") and the affected operators of the broadcasting networks, in preparation and launch of final retuning to new sets of frequencies of the final DVB-T2 networks.

In connection with the process of releasing the 700 MHz band from terrestrial digital television broadcasting, CTU continued in 2019 in the preparation of conditions for the auction of frequencies for future 5th generation (5G) networks. In the middle of the year, CTU held a public consultation with the Office for the Protection of Competition (hereinafter also referred to as "UOHS"). Based on the opinion of the government and the recommendation contained in its decision No. 84 of 27 January 2020, CTU proceeded at the beginning of 2020 with the preparation of a modified version of the conditions of the tender for repeated public consultation.

In 2019, as in previous years, CTU continued in other activities to support the deployment of high-speed electronic communications networks. At various levels, it participated in meetings of working groups focused on the support in the form of subsidy and non-subsidy measures. CTU provided background data for the preparation of subsidy programs within the call of the High-Speed Internet programme and cooperated in the preparation of the mapping of infrastructures of connection networks (so-called backhaul). It worked with the MPO on the preparation of Action Plan 2.0 to implement non-subsidy

measures to support the planning and construction of electronic communications networks, exercised the powers and responsibilities of the single information point (JIM) to help efficient sharing of technical infrastructure, etc.

From the point of view of the performance of the electronic communications market in general, it is necessary to point out further significant increase in data usage within both fixed and mobile network services.

POSTAL SERVICES

On 30 August 2019, amendment of Act No. 29/2000 Coll., on postal services and on amendment of certain related acts (Postal Services Act) came to effect, making it possible to reimburse the net costs to Česká pošta, s.p. (hereinafter also referred to as "Czech Post") for the years 2013 and 2014 in the amount of CZK 800,000,000 for both years, in two instalments: CZK 500,000,000 in 2019 and CZK 300,000,000 in 2020. The first instalment was paid in September 2019, the second was paid as of 1 March 2020. At the same time, this amendment increased the limit of net costs representing an unfair burden to CZK 1,500,000,000.

On 30 August 2019, Czech Post filed a request for reimbursement of the net costs representing an unfair financial burden for the year 2018 in the maximum possible amount of CZK 1,500,000,000. After having received the request, CTU initiated administrative proceedings in which it checked all submitted documents for correctness and completeness and the calculation for compliance with the relevant laws and regulations.

At the same time, CTU initiated proceedings before the European Commission in the matter of state aid, the subject of which is the payment of net costs for the period 2018–2022 to the postal licence holder (Czech Post). Until the completion of these proceedings, it is not possible to issue a decision on net costs for the accounting period of 2018. The proceedings concerning the reimbursement of the net costs for the year 2018 was therefore suspended; the decision will be issued, and the net costs will be reimbursed only after the proceedings before the European Commission have been completed.

In 2019, data on parcel delivery services were collected for the first time in accordance with Regulation (EU) 2018/644 of the European Parliament and of the Council on cross-border parcel delivery services. Subsequently, data on prices and the provided services was also collected, whereas the data was evaluated, aggregated by CTU and submitted to the European Commission for further use.

INSPECTION ACTIVITIES

Inspections which CTU carried out in 2019 in the area of electronic communications were related to the availability and operation of public payphones/public telephone stations operated as part of the universal service, compliance with the conditions of number portability in mobile networks, compliance with General Authorisation No. 12 (concerning

the operation of equipment in licence-exempt frequency bands of 2.4 GHz to 71 GHz), and compliance with obligations related to handling of complaints.

In the area of postal services, CTU inspected in 2019 compliance with the obligation to make least one attempt to deliver parcels and postal items in envelopes, type III.

Within its inspection activities in 2019, CTU investigated the interference with digital television signal in connection with the operation of LTE networks in the 800 MHz band. No significant negative effects on television viewers have been reported. The experience to date confirms that the measures and processes taken to deal with the cases of interference with DTT, which have been set up and implemented in cooperation with LTE networks operators, were set up correctly and the negative effects on television viewers throughout the period were in line with CTU's predictions.

CONSUMER PROTECTION

In 2019, CTU continued working together with the Czech Technical University (also referred to as "ČVUT"), the technical auditor, on accreditations of price calculators, which allow users to easily and clearly compare the prices of electronic communications services and choose the most advantageous service for them. During the year, CTU renewed accreditations of Tarifomat and Tarifon calculators. At the same time, CTU began preparing a new free comparison tool which must be, pursuant to Section 66a of the Act, published no later than on 1 January 2021, in a way that allows remote access.

To inform the general public about retail price level of the most important services of electronic communications, CTU operated the so-called price barometer on its website also in 2019 (<https://www.ctu.eu/vyhledavaci-databaze/srovnavaci-prehled-cen-a-podminek/cenovy-barometr>).

In 2019, CTU carried out several inspections, mainly focusing on subscriber contracts. Specifically, by providers of the Internet access service it checked proper implementation of the requisites of the contracts laid down by Regulation (EU) 2015/2120 of the European Parliament and of the Council laying down measures concerning open internet access. For selected providers of TV signal dissemination, it checked the fulfilment of legal obligations when making unilateral changes to contracts and changes in the providers' programme offers. The result was the finding that, compared to the situation described in previous years, there was a certain stabilization of the application practice in the Czech Republic and its acceptance by major service providers. Compared to previous years, CTU no longer encountered some of the previously common deficiencies.

Nevertheless, based on the findings, CTU initiated the creation of a joint working group with the sector which began preparing new and more accurate definitions of basic parameters of the Internet access services as well as their implementation in practice in the form of self-regulatory measures on the part of the sector.

FINANCIAL RESULTS OF CTU

On the income side of the budget, in 2019 CTU reported CZK 856.329 million; on the expense side of the budget it reported CZK 1.171 billion.

In 2019, there was an increase in planned expenditures of CTU by CZK 1,000,000,000 in connection with Act No. 202/2019 Coll. which amended Act No. 29/2000 Coll., the Postal Services Act, and which brought an increase in the limit for the reimbursement of the net costs arising from the provision of universal postal services by Czech Post.

Savings were made from the 2019 budget amounting to CZK 1,375,421,373.82, of which CZK 1,250,000,000 were saved expenses for the coverage of the loss resulting from the provision of the postal service, CZK 27,960,575.28 were saved expenses for the reimbursement of the loss resulting from the provision of the universal service, and CZK 97,460,798.54 were attributed to other expenditure items.

2019 budget (in CZK thousands)	
Fees for frequencies and numbers	805,926.37
Administrative fees collected	32,510.30
Penalties collected	17,109.81
Other	782.42
Total income	856,328.90
reimbursement of net costs resulting from the provision of universal service and from the loss resulting from the provision of special prices	104,039.43
reimbursement of net costs of the universal postal services	500,000.00
expenses to ensure the operation of the Office	566,815.65
Total expenses	1,170,855.08

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PART 1 State of the electronic communications and postal services markets in 2019

1. Electronic communications market

1.1. Developments in the main segments of the retail market

1.1.1. Mobile services

In 2019, just like in the previous period, mobile services in the retail market were provided, in addition to the mobile network operators (hereinafter also referred to as "MNO¹"), i.e., T-Mobile Czech Republic a.s. (hereinafter referred to as "T-Mobile"), O2 Czech Republic a.s. (hereinafter referred to as "O2"), and Vodafone Czech Republic a.s. (hereinafter referred to as "Vodafone"), also virtual operators referred to as MVNO² – e.g., O2 Family, s.r.o., SAZKA a.s., Tesco Mobile ČR s.r.o., ČEZ Prodej a.s., Moraviatel a.s., Nordic Telecom s.r.o. (which operates as a MVNO in the T-Mobile network and, at the same time, has a full MVNO wholesale contract with O2). There were also branded resellers operating in the market – e.g., BLESKmobil, Mobil.cz, OpenCall, PREmobil. However, they act as sales "channels" for their main operators. Mobile virtual operators (MVNOs) provide their services on the basis of wholesale inputs either from mobile network operators or from entities referred to as MVNE.³ In 2019, these were, e.g. Quadruple a.s., IPEX a.s., GoMobil s.r.o. Basic overview of the number of all categories of mobile service providers in 2019 is presented in Table 1.

Table 1: Service providers on the mobile services market as of 30 June 2019

Type of Provider	Number of Providers
MNO	3
MVNE	14
MVNO	143
Branded Reseller	14

¹ MNO (Mobile Network Operator) is an entity providing mobile services to end subscribers on its behalf, having its own radio access network.

² MVNO (Mobile Virtual Network Operator) is an entity providing mobile services to end customers on its own behalf who does not have its own radio access network (or rather, does not have its own frequency block allocation for building a radio access network).

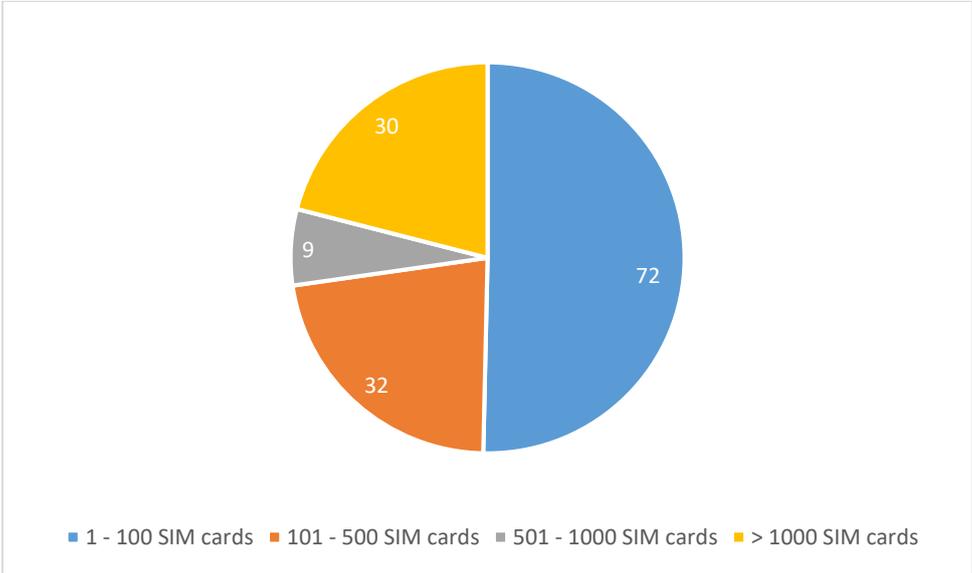
³ MVNE (Mobile Virtual Network Enabler) is an entity offering wholesale services to other operators (in the form of MVNO or brand resellers), i.e., without its own subscriber contracts. It has some mobile network elements but not the mobile access network (RAN).

In terms of the number of SIM cards, network operators maintained vast majority of the market – approximately 93 %. The share of MVNOs is stable, around 7 %, of which the share of asset independent MVNOs⁴ in 2019 was about half, i.e., 3.5 %.

In terms of the structure of MVNOs (see also Chart 1) by their size, in terms of the number of SIM cards, it is necessary to state that out of the total number of 143 virtual operators, only 30 MVNOs (i.e., 21 %) manage more than 1000 SIM cards, and a half of MVNOs manage no more than 100 SIM cards. Their market share in the retail market for mobile services is therefore virtually zero. The largest player in the group of independent virtual operators is SAZKA a.s. with market share of 1.3 %. After the dynamic development which has been taking place since 2013, when a large number of virtual operators gradually entered the market, the situation in the mobile services market has been stabilizing in recent years and virtual operators have not been developing significantly. This fact is mainly due to wholesale dependence of MVNOs on network operators, which does not allow them, with respect to the wholesale prices used in commercial offers (in the context of retail offer prices of MNOs), to expand their customer base through attractive retail offers, continue to grow, and thus increase the level of competition on the market. This situation was identified by CTU within the preparation for the possible application of ex-ante regulation of the wholesale mobile services market (see above).

This position of MVNOs even more intensified in 2019 when MNOs introduced new retail mobile plans with high volumes of data or unlimited data usage to which MVNOs have not been able to adequately respond.

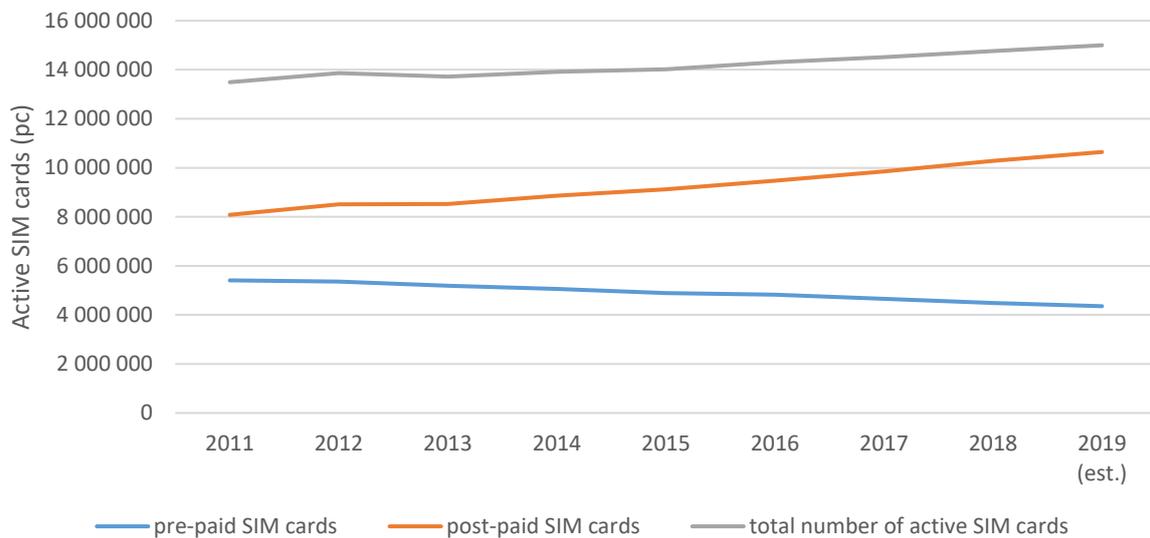
Chart 1: MVNO structure by number of managed SIM cards by 30 June 2019



⁴ i.e., having no asset connections with MNO.

In comparison with 2018, there was again a slight increase in the total number of active SIM cards in 2019.⁵ At the end of 2019, this was almost 15 million (year-on-year increase approximately by 242 thousand). Development of the number of active SIM cards in mobile networks, including division into post-paid and pre-paid SIM cards, is shown on Chart 2.

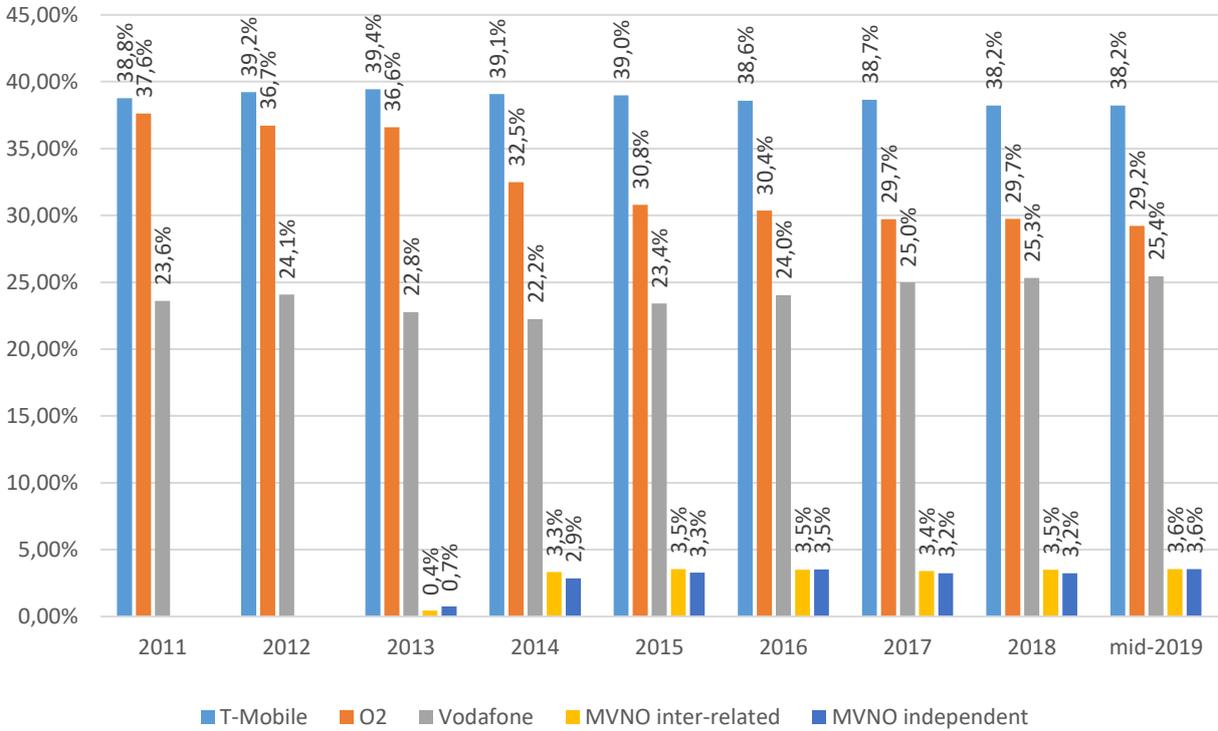
Chart 2: Development of number of active SIM cards between 2011 a 2019



The following chart shows the development of the market share of each provider as of mid-2019. MVNOs are divided in the chart into asset related (to MNOs) and independent, i.e., not asset related to MNOs. Specifically, the asset related MVNOs are COOP Mobil s.r.o. (1/3 owned by Vodafone), O2 Family, s.r.o. (100% owned by O2) and Tesco Mobile ČR s.r.o. (50% owned by O2).

⁵ Active SIM cards are SIM cards for which a valid contract on provision of services has been signed (post-paid), or which were used for calls, sending SMS, MMS messages, or for data services at least once in the last three months of the period in question (pre-paid).

Chart 3: Development of market shares based on the total number of active SIM cards on retail market



With respect to the current and future development of the services of Internet of Things (IoT) and SMART services (smart city, smart home, smart manufacturing, etc.), Industry 4.0, and implementation of new technologies in the LTE networks, and the envisaged construction of 5G networks, CTU expects the importance of M2M (Machine to Machine) services to increase in the future. Already now it is possible to observe that the total number of SIM cards used for M2M services more than tripled during this period, and at the end of 2019 it was almost 1.1 million SIM cards. The continued development of M2M services is evidenced by the fact that a total of 1.28 PB of data were transmitted on M2M SIM cards in the first half of 2019 alone, which corresponds to a year-on-year increase of 129 %.

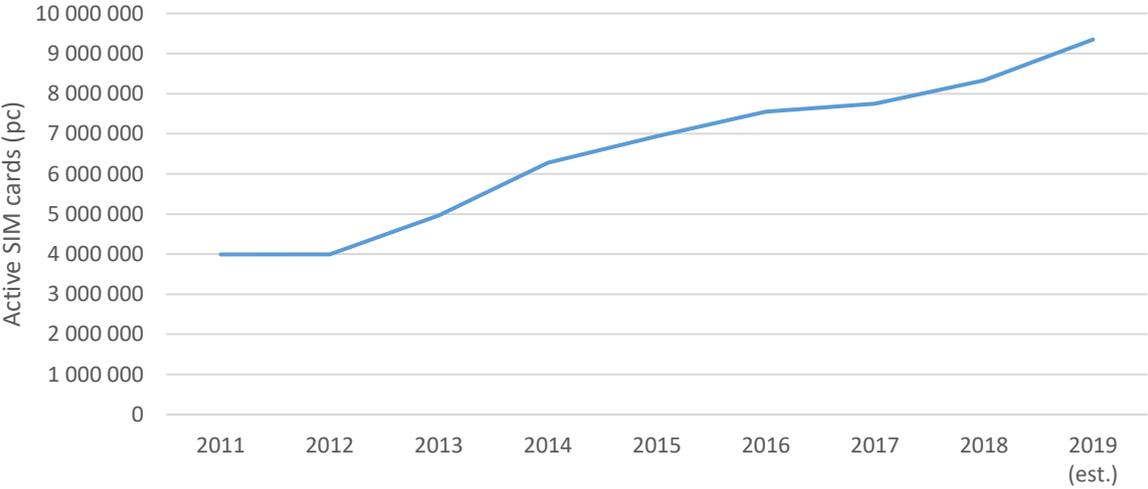
1.1.2. Development of mobile data services

In terms of mobile services, the market for mobile data services continued to be at the forefront also in 2019. Just like in the previous years, mobile operators offered three basic types of mobile Internet access services in 2019 – so-called Internet on a Mobile Phone (Internet v mobilu), used in mobile phones and smart phones, and the so-called Mobile Internet (Mobilní internet) which is intended for portable devices such as tablet, laptop with the use of a separate data SIM card. In their LTE networks, MNOs and some other operators (Nordic Telecom and PODA) also offer services of high-speed Internet access at a fixed location through SIM cards (so-called fixed LTE). However, by their nature, these are Internet

access services at a fixed location. Therefore, the volume of data transferred within these services is not included in the below-presented volumes of transferred mobile data.

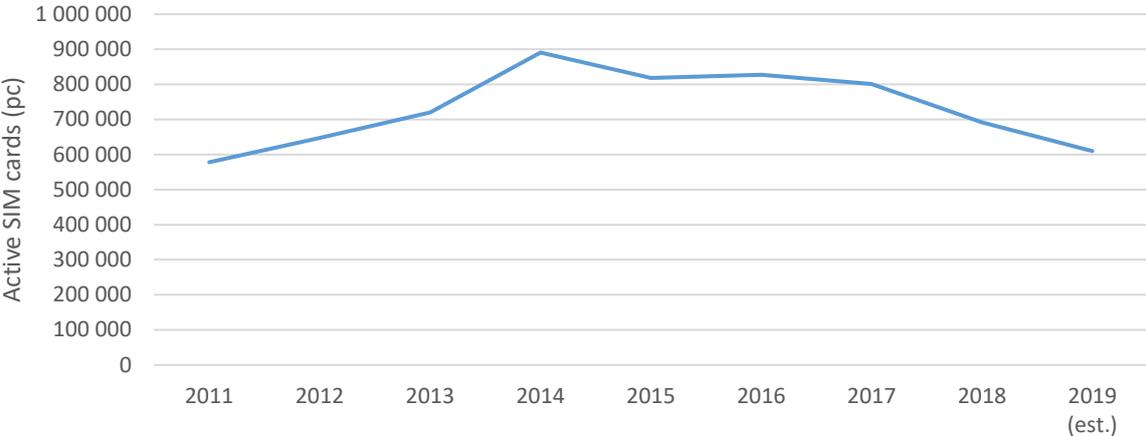
The number of active SIM cards using the service of Internet on a Mobile Phone (Internet v mobilu) increased again in 2019. In comparison to 2018, it grew by approximately 1 million to some 9.35 million. The growth is a result of further development of LTE networks (e.g., deployment of the Carrier Aggregation technology, or by building optical backhaul for base stations in order to increase the capacity of LTE networks), and also good availability of suitable terminal equipment devices (among other things, in certain cases, it is also possible to take advantage of discounts of mobile service providers on terminal equipment devices), development and attractiveness of the content which customers can consume. The development of the number of active SIM cards using the service of Internet in a Mobile Phone in the period 2011 to 2019 is documented by the following Chart 4.

Chart 4: Development of the number of active SIM cards used for Internet in mobile services between 2011 and 2019



The opposite trend continued also in 2019 in active SIM cards of the Mobile Internet (Mobilní internet) service. Their number decreased again in 2019 approximately by 82 thousand to approximately 610 thousand users. This reflects customers' migration to the services of Internet on a Mobile Phone (Internet v mobilu), migration to the services of the so-called fixed LTE, as well as higher utilisation of Internet access via fixed networks. Development of active SIM cards using the services of Mobile Internet (Mobilní internet) in the period 2011 to 2019 is shown on the following Chart 5.

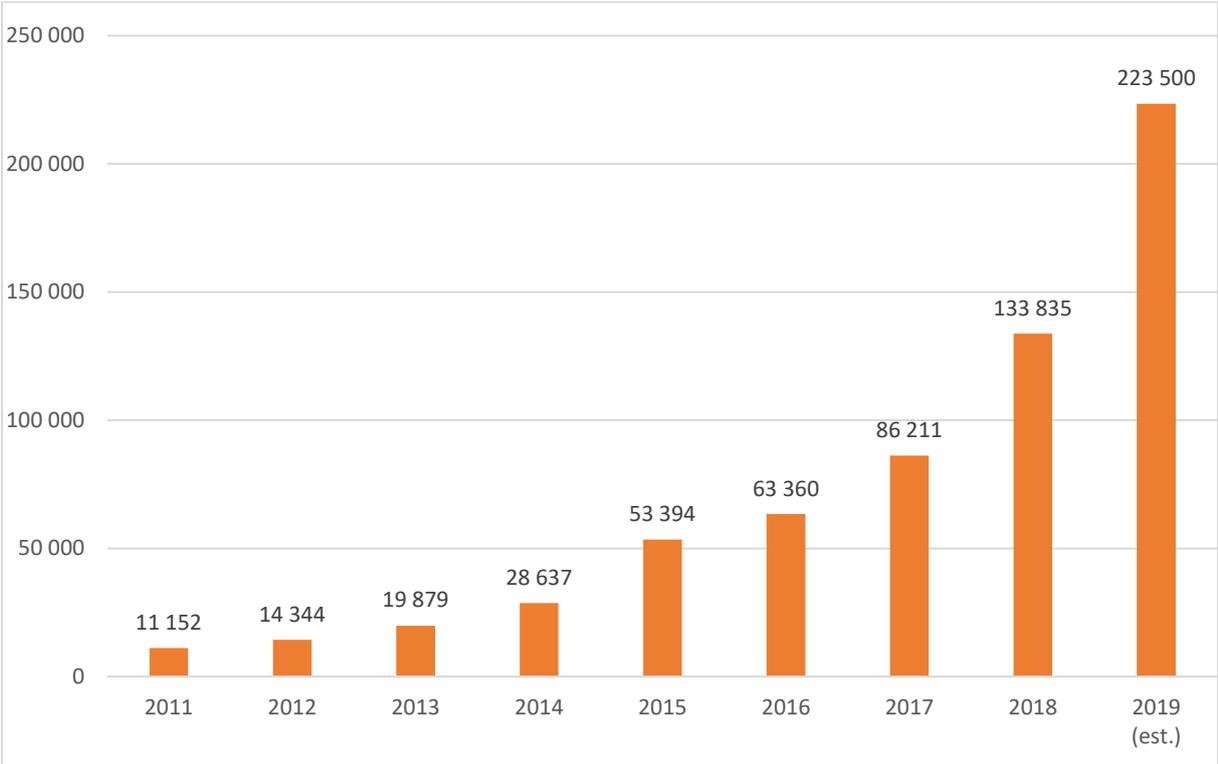
Chart 5: Development of the number of active SIM cards using mobile Internet between 2011 and 2019



1.1.3. Volume of mobile data transferred

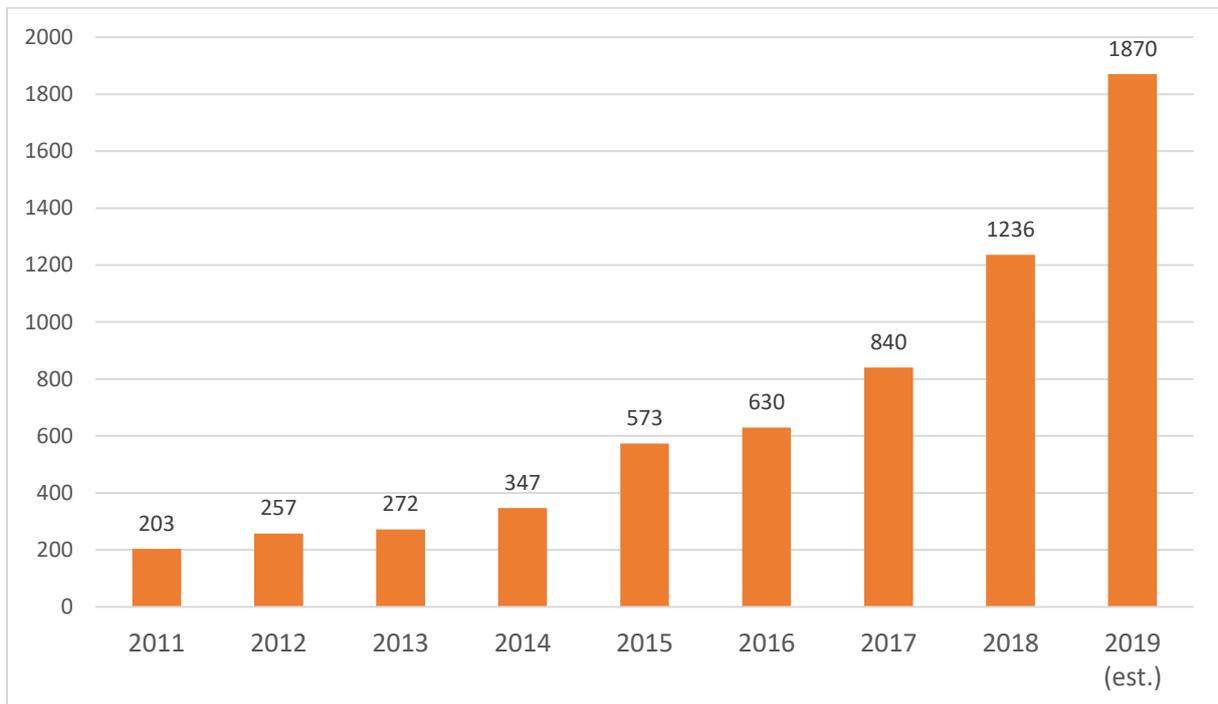
As the following chart shows, the volume of transferred mobile data has more than tripled over the last three years (from 2016 to 2019). This development reflects the fact that since 2017, the data packages offered within mobile tariffs increased several times. This was subsequently reflected in increased consumption of mobile data by end subscribers. The biggest change in that period occurred in 2019, and especially in its second half when MNOs introduced new tariffs with higher data volumes as well as unlimited voice, SMS and data tariffs. However, as the volume of transmitted data increases, it is possible to observe a decrease in the average download speed in MNO networks when in the period between January 2019 and January 2020, according to the measurements carried out by NetMetr (<https://www.netmetr.cz/cs/>), the data download speed in LTE networks dropped by 10 %. In CTU's opinion, this decrease is more a reflection of the introduction of unlimited data tariffs, where in some tariffs the download speeds are limited, rather than a result of overloading of mobile networks.

Chart 6: Volume of transmitted mobile data (in TB) between 2011 and 2019



The average monthly data consumption in the SIM cards using mobile data services was, according to CTU estimates, almost 1.9 GB in 2019 – which represents a year-on-year increase by approximately 51 % in the average monthly consumption; the increase relative to 2016 was approximately 197 %.

Chart 7: Average monthly consumption of mobile data per SIM card with data services since (in MB) – development between 2011 and 2019

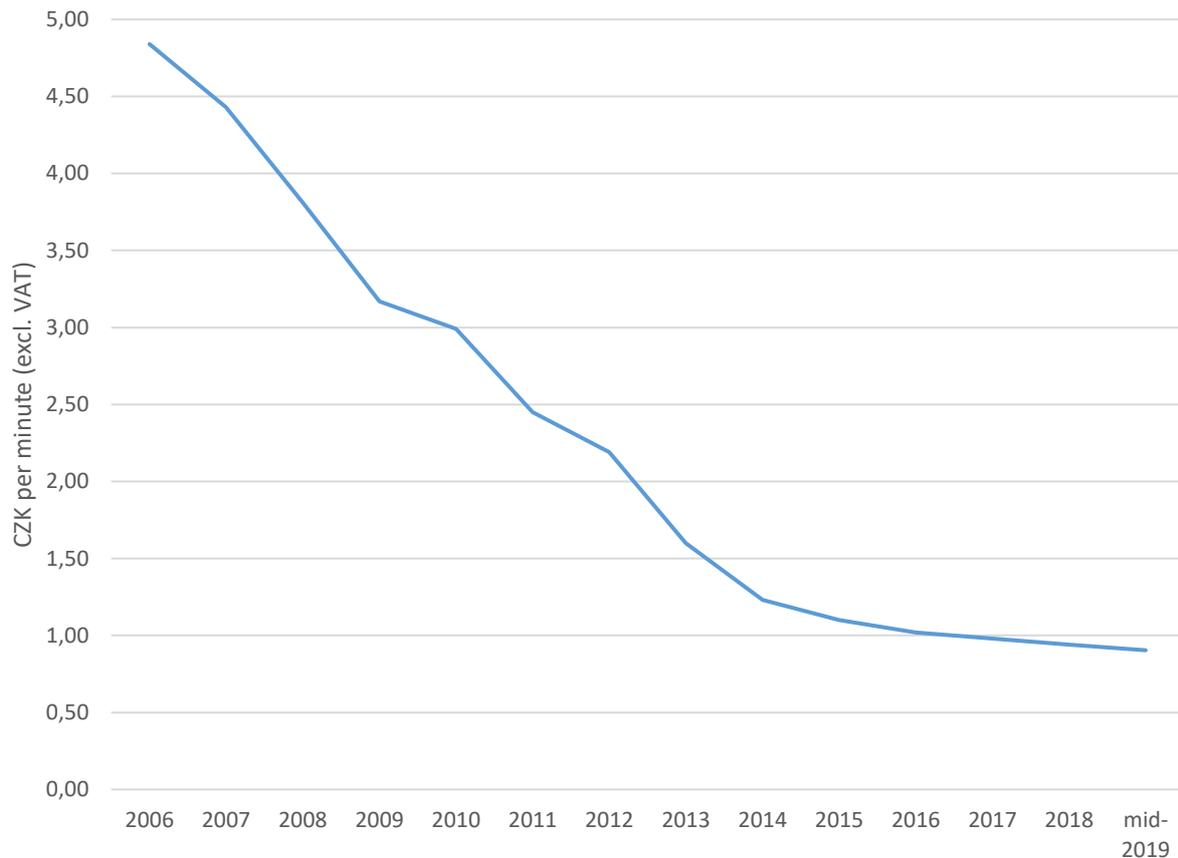


1.1.4. Prices of mobile services

Price development according to average minute price

As far as the development of the average price per actual call minute is concerned, we can say that the long-term trend of falling prices continued also in 2019. There was a decrease in the average minute price for an actual call minute of approximately 4.3 % to CZK 0.90 per minute in the first half of 2019 in comparison with the average for the whole year 2018. The factors that contribute to the declining trend of the average price per minute include the decreasing average price for businesses by 8.6 %. The average price for non-business (residential) customers increased slightly by 1.5 %.

Chart 8: Average retail price per actual call minute



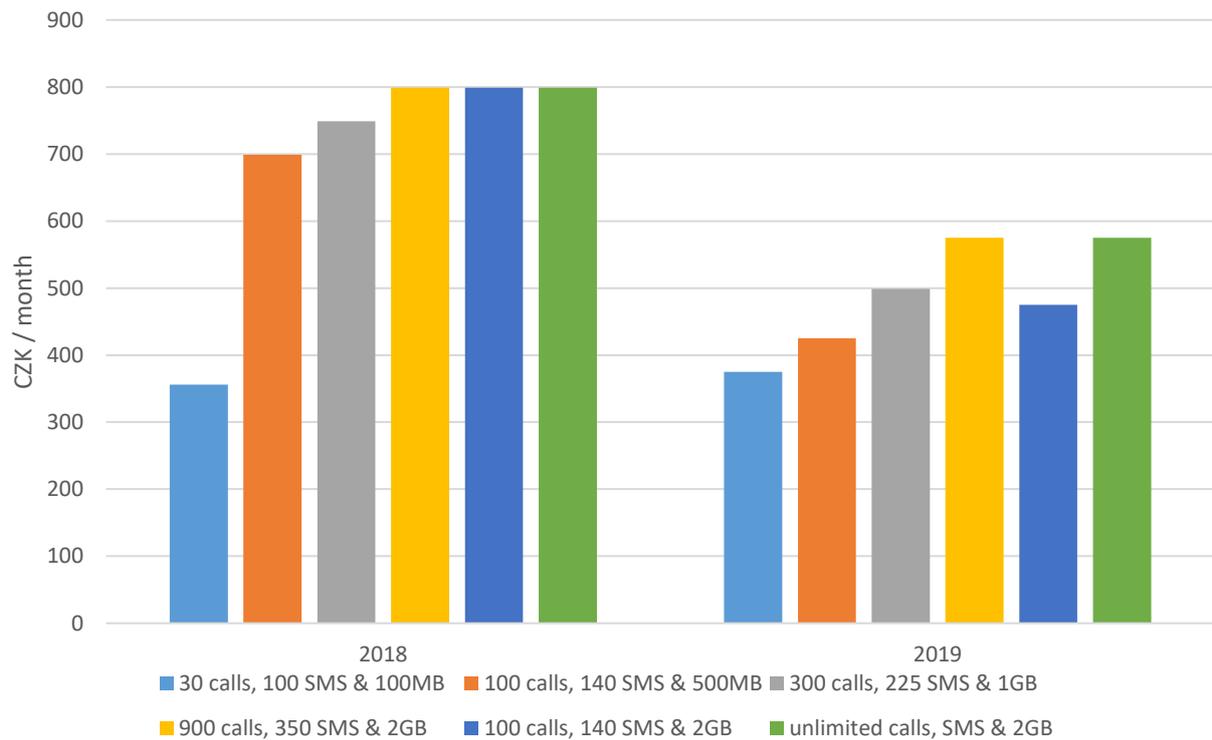
In the first half of 2019, the largest drop in the price of calls occurred by Vodafone, namely by 5.9 % to CZK 0.79 per minute which is also the lowest average price of calls in the first half of 2019. Please note, that the resulting price also takes into account the price which the operators charge legal entities and individuals carrying out business activities.

Price development according to consumer baskets

The second method, which CTU used additionally to monitor the development of the prices of mobile services, is the method of calculating prices according to retail consumer baskets. The prices calculation of these consumer baskets is based on the information provided by Strategy Analytics.

The results used in the comparison of the plans come from the 4th quarter 2019 and 2018. They are pre-paid tariffs and post-paid tariffs with commitment for 24 months. The total lowest monthly price of the consumer basket is captured in the following chart. The chart shows that in the case of the basket with the lowest consumption the price increased year-on-year by 5.3 % (to CZK 375); in the case of the following basket (with consumption of 100 calls, 140 SMS messages and 500 MB data) there was a decrease by 39.2 % (to CZK 425). The price of another consumer basket decreased by 33.4 % (to CZK 499) and the prices of the remaining two baskets with the highest consumption identically decreased year-on-year by 28.0 % (to CZK 575).

Chart 9: Annual development of prices of mobile services market baskets

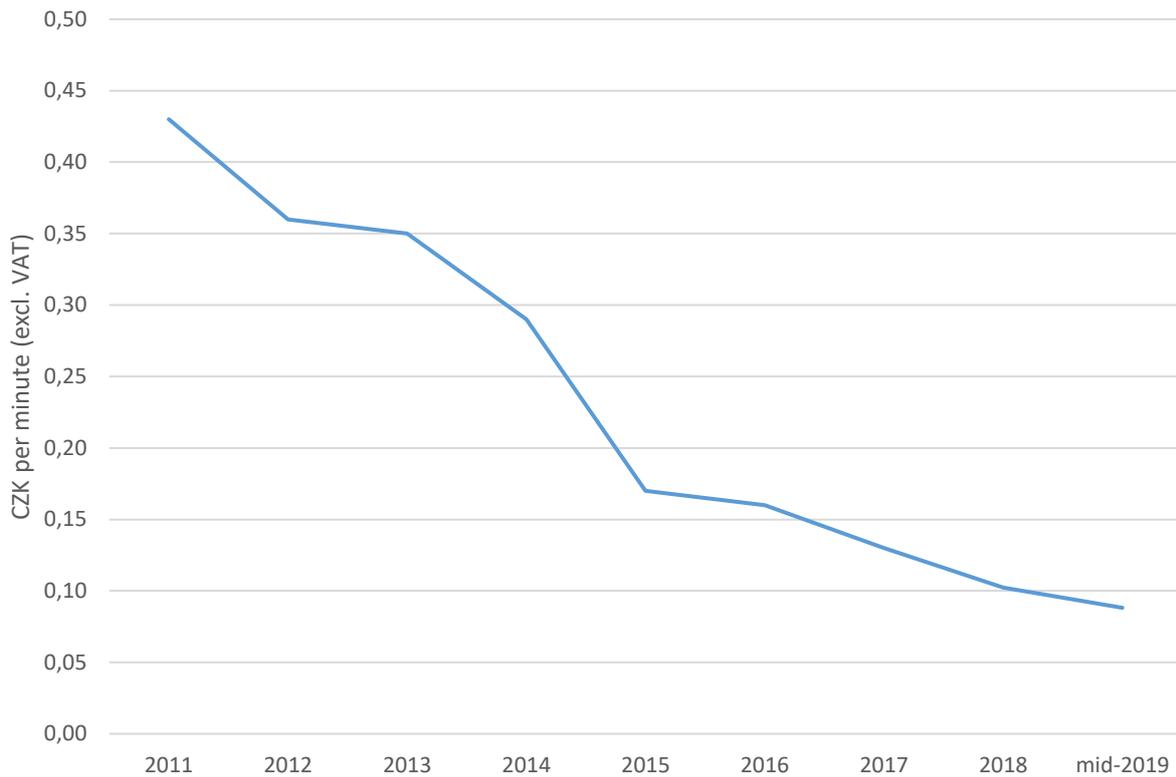


Price development of mobile data services by average price per MB of data

With respect to the long-term unfavourable position of the Czech Republic in international price comparisons – focusing primarily on the prices (and achievable volumes) of mobile data, CTU focuses below in greater detail on the price development of this segment of the mobile market services.

The average unit price for 1 MB of actually used data decreases in time based on the long-term trend of data limits increase in the offers of mobile operators which is then reflected in the increasing data consumption of the users. This trend is supported by the following chart. For the period in question, from 2011 to mid-2019, the average unit price for 1 MB of data (not including fixed LTE) decreased by CZK 0.34, i.e., by more than 79 %, whereas for the last 3½ years (between 2015 and mid-2019) it decreased by CZK 0.08, i.e., by 48 %, to CZK 0.09 per MB.

Chart 10: Average retail price for 1 MB of data



Prices of the service of Internet on a Mobile Phone (Internet v mobilu)

Relative to 2018, there have been significant changes in the offer of data services of Internet on a Mobile Phone (Internet v mobilu), namely introduction of unlimited data tariffs by all three network operators. In the cheaper offers with unlimited calls and SMS, two network operators still offer increased data limits of the previous year, namely 4 GB in T-Mobile and 5 GB in Vodafone, but in both cases the price dropped from CZK 799 to CZK 675 and from CZK 777 to CZK 599, respectively. O2 maintained the price of the cheapest plan with unlimited calls and SMS at CZK 499, but increased the data limit from 0.2 to 1 GB. Data limit is now a normal part of all standard tariffs and along with the price also the most important parameter which is used to distinguish the individual offers of mobile operators. The new tariffs with unlimited data of the three largest network operators were introduced, with different conditions, in the 3rd quarter of 2019.

1.1.5. Prices of international roaming

On 15 June 2019, two years have passed since the obligation of mobile operators to provide retail roaming services on the so-called RLAH basis (Roam Like At Home) came into force, where they are obliged to charge prices (in a simplified manner) for calls made, SMS messages sent and data used at the same prices as at home. From 1 January 2019, the value of EUR 0.0085 per minute was in effect, as laid down in Implementing Regulation No. 2018/1979 of 13 December 2018. On 28 November 2019, the weighted average of MTR, applicable from January 2020, was reduced by Commission Implementing Regulation (EU) 2019/2116 to EUR 0.0079 per minute (CZK 0.20).

In 2019 CTU did not receive any request for charging surcharges for roaming services above the level of domestic prices.

1.1.6. Prices of international calls and SMS

On 15 May 2019, the regulation of retail prices for communications within the EU entered into effect, introduced by the amended Regulation (EU) 2015/2120 of the European Parliament and of the Council laying down measures concerning open internet access and retail prices for regulated communications within the Union and amending Directive 2002/22/EC and Regulation (EU) No. 531/2012.

New price caps of EUR 0.19 per minute for calls and EUR 0.06 per SMS apply to previously unregulated retail prices for international communications. Prices stated in a currency other than the Euro shall be converted on 15 May each year using the average value of the reference exchange rates published on 15 January, 15 February and 15 March of that year by the European Central Bank in the Official Journal of the European Union. Using this average exchange rate (25.673 CZK/EUR), the price caps in the Czech Republic are effective from 15 May 2019 to 14 May 2020 in the amount of CZK 5.90 incl. VAT (CZK 4.878 not incl. VAT) per minute of call and CZK 1.86 incl. VAT (CZK 1.54 not incl. VAT) per SMS.

1.1.7. Services of High-speed Internet access at a fixed location

The state of the retail market for high-speed Internet access services in 2019 was documented mainly by the development of individual technical solutions, as well as further market consolidation.

In terms of individual methods of technical implementation of high-speed access services, access via wireless networks in unlicensed bands (referred to as Wi-Fi) maintained the majority in the retail market in 2019. CTU assumes a year-on-year increase of access from 1.09 million in 2018 to approximately 1.13 million. In xDSL access, CTU also assumes a year-on-year increase of access to as many as approximately 920 thousand (as opposed to the decline in the previous years (2015-2017)). The long-term growth of the number of access through optical networks (FTTH/B) continued also in 2019. In the case of access through

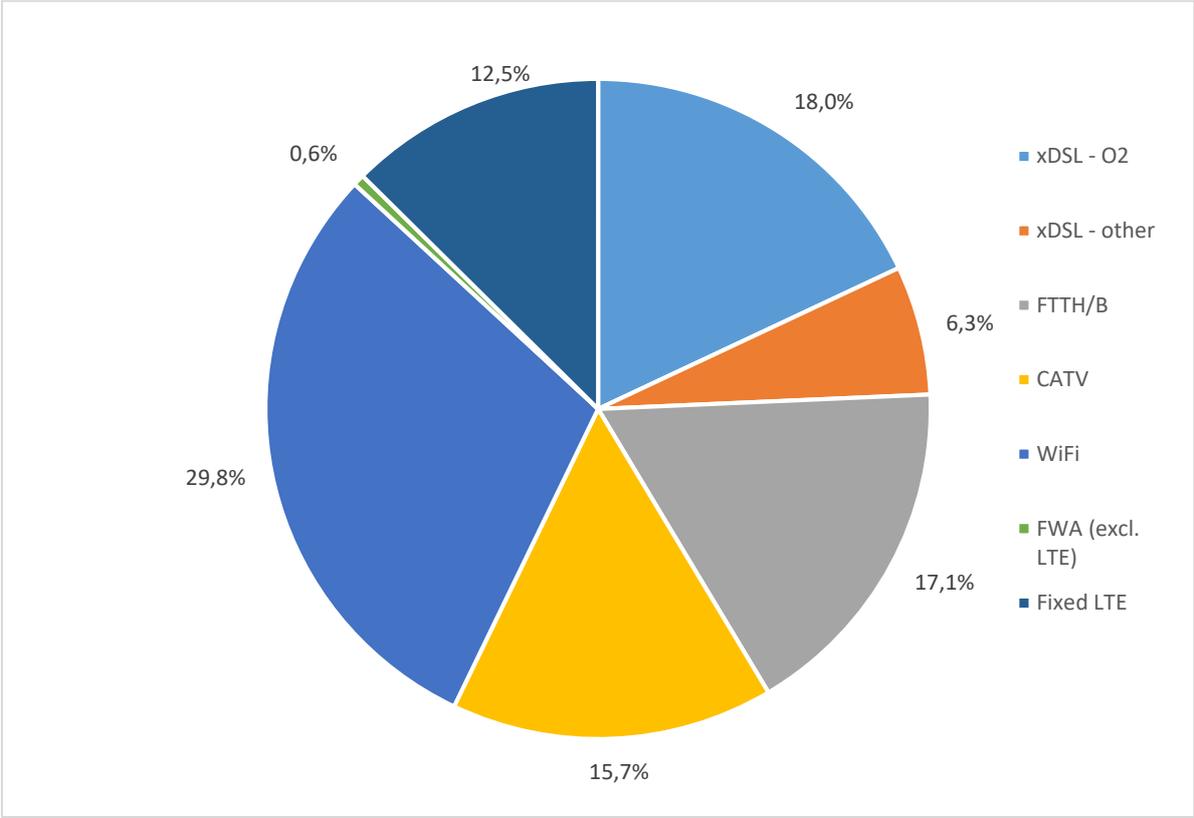
these networks, CTU expects that the level of approximately 650 thousand will be reached in 2019. On the other hand, for CATV access, CTU expects a slight year-on-year decrease, approximately to 595 thousand at the end of 2019. The services of high-speed access which have so far been least represented in the retail market are still high-speed wireless access services using the licensed bands (FWA) (except the services of the so-called fixed LTE). A significant increase of access in 2019 was observed (either in absolute terms or expressed in relative terms according to market shares) in the services of the so-called fixed LTE. CTU estimates the increase from 358 thousand in 2018 to approximately 475 thousand. In terms of market shares, there was a year-on-year increase from 10 % in 2018 to 12.5 %. The category of the services of fixed LTE includes both services of purely fixed⁶ nature and services of nomadic⁷ nature.

The distribution of the retail market of high-speed access according to individual technologies (see Chart 11) shows that none of the high-speed access methods is dominant. This shows continued significant degree of competition in terms of the infrastructure. Another Chart 12 subsequently documents the development of the representation of individual technological solutions since 2012.

⁶ These services are provided in a specific fixed connection point which the subscriber chooses for the use of the service in the subscriber contract - it is usually the so-called installation address.

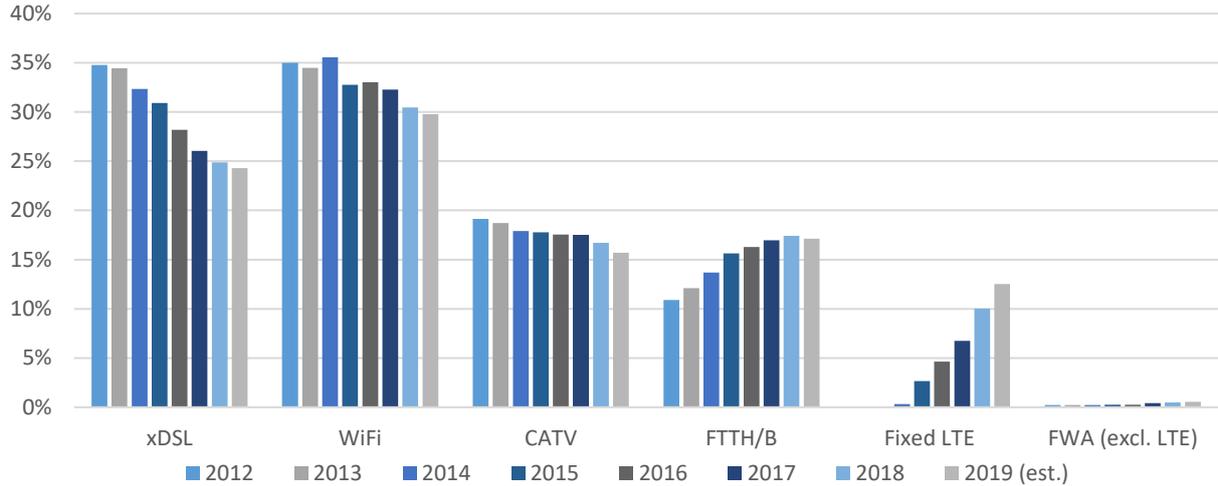
⁷ Nomadic service means a way of providing a service that is not limited to one fixed location, but can be accessed from anywhere within the network coverage, and the service is not provided, or its operation is not guaranteed, during the movement of the end point (equipment) within the network.

Chart 11: Share of broadband access by individual technological solutions (including fixed LTE) as of 31.12.2019*



Note: * using qualified estimates

Chart 12: Development of broadband access share by individual technological solutions on retail market



The above chart clearly shows that the progressive platforms, that are FTTH/B networks and the so-called fixed LTE, are experiencing long-term growth; in relative terms, the so-called fixed LTE is the only high-speed access method which experienced an increase of the market share also in 2019.

The existing coverage with optical networks (FTTH/B) in the Czech Republic can be evaluated as above average in all-European comparison, where e.g., according to the study Broadband Coverage in Europe in 2018 of the European Commission (available online at: <https://ec.europa.eu/digital-single-market/en/connectivity>), the household coverage in the Czech Republic of 38,4 % is above the EU28 average which is 29.6 % of households. However, it should also be noted that the annual growth rate of coverage with FTTH/B networks is lower in the Czech Republic (year-on-year increase by 1 percentage points) than the EU28 average (year-on-year increase by 3.5 percentage points). Looking at international comparison of availability of NGA networks,⁸ the Czech Republic is above the EU average; specifically, the coverage in the Czech Republic with these networks in 2018 was 89.8 % and in the EU, it was 83.1 %.

In terms of coverage in rural areas, this coverage of households is lower in the Czech Republic, according to the updated study for the year 2018 for optical networks FTTH/B, by 5.9 percentage points than the EU average – specifically 8.3 % in the Czech Republic relative to 14.2 % in EU28. In household coverage with NGA networks, the Czech Republic is significantly above the EU28 average, specifically higher by 10.1 percentage points.

In 2019, UPC Czech Republic was taken over by Vodafone Czech Republic (the merger was completed in April 2020), thereby strengthening its position in the relevant retail market as the second largest provider (after O2 Czech Republic). Also the third mobile operator, T-Mobile Czech Republic, strengthened its position in the market for high-speed access at a fixed location following its merger with LEMO internet and RegioNET Morava and after it has acquired Planet A, bringing it closer to its declared goal of covering more than 1 million households with optical access networks by the end of 2025. These three companies (O2, Vodafone and T-Mobile) are also the largest providers of DSL access (comprising 97% of all DSL retail access) and also the so-called fixed LTE subscriptions in retail market. The intention to cover more than 1 million households was announced also by Nordic Telecom with its services of the so-called fixed LTE (plan of covering 1.3 million households by the end of 2020) in the 3.7 GHz frequency band, whereas the company also operates services through the networks of its subsidiary Nordic Telecom Regional (formerly Libli) which owns wireless networks in non-licensed frequency bands and optical access networks. In addition to the aforementioned companies, the following companies also have a significant number of customers: PODA (it offers services via optical and wireless networks including the so-called fixed LTE in the 3.7 GHz frequency band), STARNET (optical access networks and wireless networks in non-licensed frequency bands) and Nej.cz (provider of high-speed

⁸ The study includes in the NGA networks also connections implemented through VDSL, FTTH/B and CATV networks with DOCSIS 3.0.

access via optical networks, CATV networks and wireless networks in non-licensed frequency bands).

1.1.8. The prices of high-speed access services

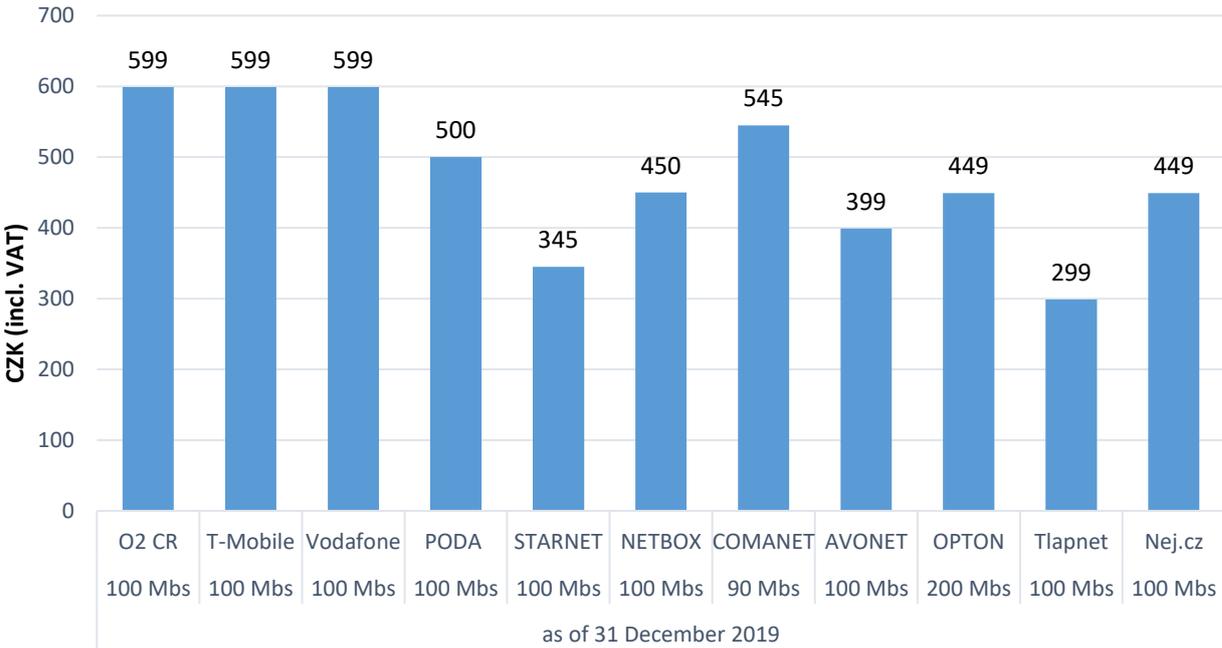
The retail market of fixed high-speed Internet access brought a relatively stabilized price level for the end-customers in 2019.

In 2019, the major operators came up with offers of new services with speed up to 1000 Mbit/s. Nevertheless, there has not been a nationwide solution, but only selected locations where the above-mentioned innovations occurred in the access network. Most providers of Internet connection services at a fixed location offered in 2019 an option to choose out of standard tariffs, but they usually also offered cheaper versions of the services, usually connected with a contractual commitment to use the relevant service, mostly for 12 months, or with subscribing to other electronic communications services.

The largest provider of fixed Internet access services, O2, made a change in the offering of its tariffs in 2019 by adding a tariff named EXKLUSIV HD with advertised maximum speed of 1000 Mbit/s. This tariff became a part of the new HD series of tariffs in October 2019 for Internet at a fixed location, under the name Internet HD Diamantový (Internet HD Diamond).

For the sake of comparison, the following chart shows the offers available from other selected operators on the Czech market that offer their services in the sphere of high-speed Internet access at a fixed location. It must be stated that the price offers are not easy to compare among providers since the individual services are based on different technology and differing qualitative parameters which ensue from this. The overview clearly shows that most alternative operators respond to the market development and offer, just as in the previous year, subscriber connection with speed 100 Mbit/s as a standard.

Chart 13: Comparison of prices for Internet access service in 2019 per selected operators

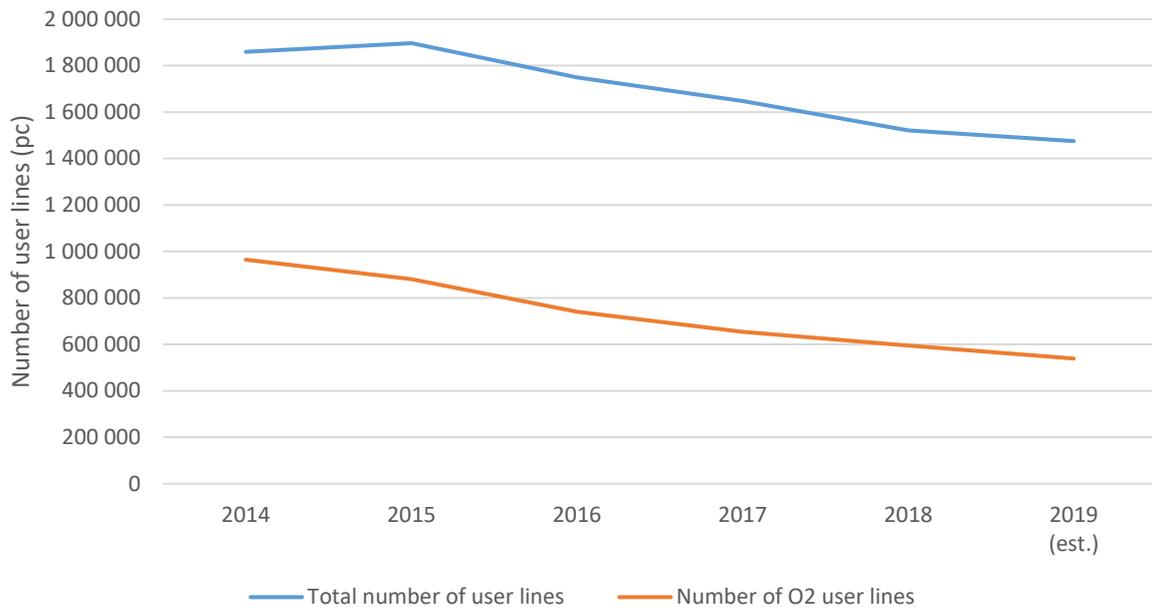


1.1.9. Voice services provided on fixed networks

Similarly to the previous year, also in 2019, the most important companies active in the market of telephone services at a fixed location included, in terms of the number of subscriber lines, were in particular O2, UPC, Vodafone (which started to merge in 2019), T-Mobile and IPEX a.s. O2 maintained its important position in the provision of the publicly available telephone service at a fixed location also in 2019 (market share approximately 37 % of the number of subscriber lines), in spite of the further expected decrease of the number of subscriber lines.

Even in 2019, however, the trend of a year-on-year decrease in the total number of subscriber lines continued in 2019, approximately by 3 % (by more than 7 % relative to last year's drop) to about 1.47 million subscriber lines.

Chart 14: Development of number of user lines

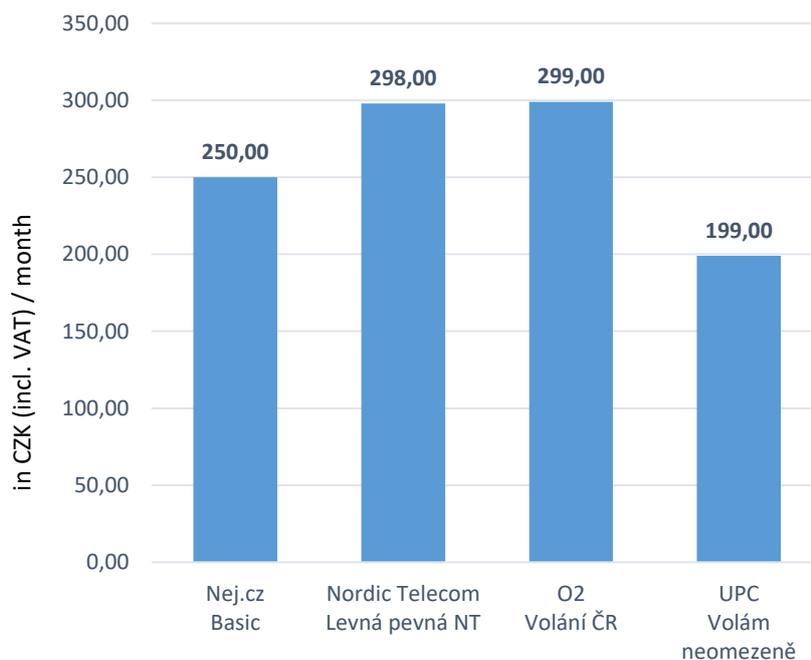


Development of the prices of voice services in fixed networks

The prices of voice services in fixed networks did not change in 2019 in comparison to the previous year.

For illustration, the following chart shows the comparison of the monthly prices for using the telephone service through fixed networks in the major operators providing this service.

Chart 15: Comparison of monthly prices for using fixed lines as of 31.12.2019



1.2. Development of prices for selected wholesale services

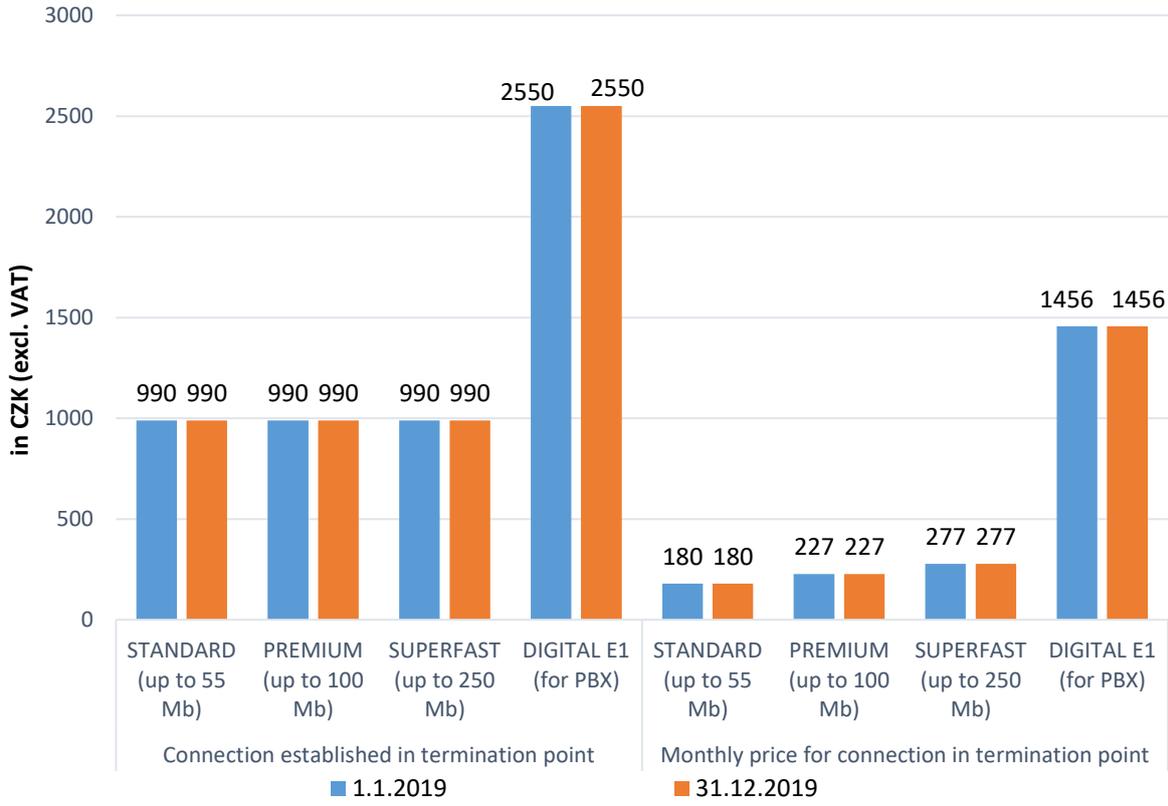
In order to amend the summary of the overall price situation in retail market, CTU provides general information in the next section on the development of the price level of selected wholesale services.

1.2.1. Wholesale high-speed Internet access

No major change occurred in 2019 in the market of wholesale high-speed Internet access. CETIN continued with gradual refinement and adjustments of its reference offer of MMO (Mass Market Offer) which represents today the basic product offer in the wholesale market of high-speed Internet access.

The wholesale MMO includes network connection at the terminal point in the form of one-off prices for the set-up of the line and monthly recurrent payments for the operation of the line. Based on this connection, the user has an option of access to a number of services provided over the IP network, e.g., on top of the basic Internet connection, also TV and video signal dissemination. The user of MMO services can use the capabilities of the transport network of CETIN and concentrate its data traffic to the central or regional transfer point. MMO also makes it possible for the users to influence, according to their needs and priorities, the dimensioning and throughput of the CETIN transport network capacity allocated to them. In addition to these sub-elements, the wholesale MMO also includes the possibility of ensuring access to the control systems and technical support for troubleshooting including online monitoring system. The development of prices of the two basic services out of the wholesale MMO in 2019 is illustrated by the following overview.

Chart 16: Wholesale prices of CETIN for broadband access (MMO reference offer)



The overview shows that wholesale prices within the wholesale offer of CETIN remained unchanged in 2019.

Nevertheless, the current market situation cannot be considered optimal, because the alternative wholesale offers are absent on the market. A number of larger and smaller operators are not yet in a hurry to create their own offers of wholesale cooperation in the provision of high-speed Internet access. In this context, however, it is necessary to emphasize that most operators who are interested do not see typically prices or the issue of financing as the main problem preventing more dynamic development of high-speed networks, but rather administrative problems with the permissions for construction projects, the relevant bodies' non-compliance with deadlines for statements, or issues of easements, i.e., problems associated with the Building Act. The solution of these problems, however, is the basic prerequisite for improvement of the offer of the services of high-speed Internet connection on wholesale market looking forward.

1.2.2. Prices of the mandatorily published reference offers of LTE services

As part of the ongoing supervision of the fulfilment of the commitment of wholesale offer from auction of frequencies in the 800 MHz, 1800 MHz and 2600 MHz frequency bands, which CTU held in 2013, CTU checked the fulfilment of this commitment in 2019 on a number of occasions.

The information on the development of wholesale prices according to the above-mentioned commitment of wholesale 4G offer is shown in the following table presenting a comparison of prices from the first period of the effective term of the commitment (September 2014/April 2015) and the values of these wholesale prices in 2019. This comparison documents the decrease of wholesale prices per unit of data (1 MB) of this regulated LTE wholesale offer based on LTE auction.

Table 2: Development of wholesale prices according to the above commitment of 4G offer with comparison of prices from the first period of the effective term of the commitment.

	Operator/Type of Service		September 2014 – April 2015	May 2019 – October 2019	November 2019 – April 2020
One-time price (in CZK)	O2		27,000,000	27,000,000	27,000,000
	T-Mobile		9,000,000	24,800,000	24,800,000
	Vodafone		33,000,000	33,000,000	33,000,000
Wholesale price (in CZK per 1 MB of data)	O2	Mobile service	0.63	0.104	0.086
		Fixed LTE		0.0041	0.0033
	T-Mobile	Mobile service	0.7	0.0762	0.0762
		Fixed LTE		0.0174*	0.0216*
	Vodafone	Mobile service	0.51	0.05	0.0444
		Fixed LTE		0.0045	0.0028

* VO prices of the service T-Mobile for the purpose of creating a retail offer of the so-called nomadic version of the Fixed LTE service

1.3. Regulation of the electronic communications market in 2019

In 2019, CTU focused mainly on completing the three-criteria test for the wholesale mobile services market and its preliminary analysis. Subsequently, it issued a new Measure of General Nature No. OOP/1/12.2019-11 extending the list of relevant markets for ex-ante regulation to include a new wholesale market for access to mobile services (relevant market

No. 5). In addition, CTU launched the 5th round of analyses of the relevant markets in 2019, namely analyses of relevant markets No. 1 and 2.

1.3.1. Preparation for the regulation of wholesale mobile services market

After having performed the three-criteria test (hereinafter referred to as "T3K") and processed the related preliminary analysis of the wholesale mobile services market, CTU completed in 2019 the process of consultation with the European Commission and the Office for the Protection of Competition. Within the evaluation of T3K (<https://www.ctu.cz/sites/default/files/obsah/stranky/223526/soubory/trhmobilnichsluzeb/3k-kezverejneniverejnoverze.pdf>), CTU stated that all three assessed criteria were met, i.e., that there are significant barriers to entry into the defined market, that the structure of the defined market does not lead to effective competition, and that competition law alone is unable to respond to a failure of that market. Within the preliminary analysis (<https://www.ctu.cz/sites/default/files/obsah/ctu/sdeleni-o-zahajeni-konzultace-k-predbezne-analyze-velkoobchodniho-trhu-mobilnich-sluzeb/obrazky/predbeznaanalyzavelkoobchodnihotrhumobilnichsluzebverzeprovkprozverejnenipodepsany.pdf>) of this market, CTU found significant indications of the existence of joint significant market power (T-Mobile Czech Republic a.s., O2 Czech Republic a.s. and Vodafone Czech Republic a.s.) and their tacit collusion.

Based on the aforementioned conclusions of T3K, at the end of 2019, CTU expanded the list of relevant markets by adding *market No. 5 - wholesale market for access to mobile services*, namely by issuing measure of a general nature No. [OOP/1/12.2019-11](https://www.ctu.cz/sites/default/files/obsah/predpisy-opatreni/38839/soubory/oop112201911finalnikvydanielverzespeceti.pdf) (<https://www.ctu.cz/sites/default/files/obsah/predpisy-opatreni/38839/soubory/oop112201911finalnikvydanielverzespeceti.pdf>). This made it possible for CTU in early 2020 to start performing a standard analysis of the new relevant market No. 5.

1.3.2. Commencement of the 5th round of analyses of the relevant markets

As part of the 5th round of analyses of relevant markets, CTU launched – as the first ones in 2019 - analyses of relevant markets *No. 1 – wholesale services of call termination in individual public telephone networks provided at a fixed location* and *No. 2 – wholesale services of voice call termination in individual mobile networks*.

The analysis of relevant market No. 1 was launched on 29 March 2019 and its proposal was submitted for public consultation for a period of one month (<https://www.ctu.cz/vyzva-k-uplatneni-pripominek-k-navrhu-opatreni-obecne-povahy-analyzy-trhu-c-a1xx2020-x-trhu-c-1>) on 24 September 2019. Following the public consultation, the comments received were settled and the settlement was published on 19 November 2019 at the discussion site of CTU.

The analysis of relevant market No. 2 was launched on the same day, i.e., 29 March 2019, and its proposal was subject to public consultation in the period from 24 September 2019 to 24 October 2019 (<https://www.ctu.cz/vyzva-k-uplatneni-pripominek-k-navrh-opatreni-obecne-povahy-analyzy-trhu-c-a2xx2020-x-trhu-c-2>).

After the public consultation, the proposals of both analyses were sent to the Office for the Protection of Competition for taking a stance at the beginning of 2020.

1.3.3. Price regulation of wholesale electronic communications services

In 2019, CTU primarily supervised compliance with previously imposed corrective measures, which it imposed in the price area on the basis of previously performed analyses of the relevant markets of call termination (markets No. 1 and 2) and market for services with local access provided at a fixed location (market No. 3a).

For the purposes of the price regulation applied and for determining the net costs of providing universal service, CTU completed in 2019 the regular update of the value of the percentage return on invested capital before tax, WACC, for the defined company providing electronic communications networks or providing a publicly available electronic communications service. CTU, together with the update of WACC, also updated the risk premium for NGA networks. After public consultation and after consultation of the European Commission, CTU set new WACC values in the amount of 7.25 % and 8.66 %, respectively, for the next generation network access service. The respective Measure of General Nature No. OOP/4/02.2019-2 was issued by CTU on 26 February 2019 and published on its website.

2. Preparation of the auction of frequencies of 700 MHz and 3400–3600 MHz

In early 2019, CTU published an updated version of the basic principles for comments. CTU prepared a framework position on the received comments, in which it focused mainly on the response to the newly introduced details of the proposed conditions of the tender (see above). Based on the evaluation of further comments, CTU modified the proposal of the basic principles. The framework position on the received comments together with the above-mentioned main conclusions were published by CTU on 18 March 2019.

After the Czech government discussed on 8 April 2019 the previous CTU material with information on the proposed conditions of the tender being prepared, CTU completed the preparation of the proposed comprehensive documentation of Invitation to Tender for Granting of the Rights to Use Radio Frequencies to Provide Electronic Communications Networks in the 700 MHz and 3400–3600 MHz Frequency Bands (hereinafter referred to as "Invitation to Tender"). The draft Invitation to Tender, including all annexes thereto, was published by CTU on 26 June 2019 (here: <https://www.ctu.eu/public-consultation-call-comments-draft-invitation-tender-granting-rights-use-radio-frequencies>). At the same time,

CTU published a comprehensive draft cost model documentation for pricing national roaming services and PPDR services in public mobile network.

An overview table with the text of individual comments and their settlement was published by CTU within the statutory deadline on 26 August 2019. Following negotiations with the Office for the Protection of Competition and subsequently also the bodies of the European Commission, CTU prepared the final version of the tender conditions. In November 2019, CTU handed over the summary information material to the Ministry of Industry and Trade through which it was to be submitted to the government.

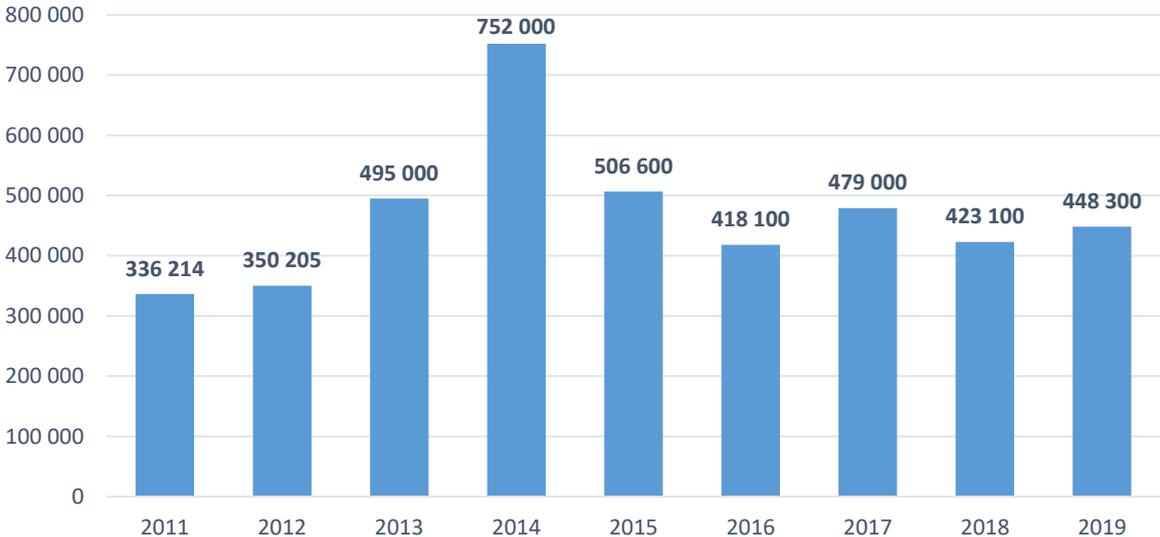
Based on the opinion of the government and the recommendations contained in its resolution No. 84 dated 27 January 2020, CTU started preparing in early 2020 the modified version of the tender conditions for repeated public consultation.

3. Telephone number portability

3.1. Portability in mobile networks

A total of 5,212,316 telephone numbers have been ported until 2019 (including 2019) since the introduction of telephone number portability in mobile networks in 2006. The trend of using the telephone number portability in mobile networks in the period 2011 to 2019 is documented by the following chart.

Chart 17: Number of ported telephone numbers – mobile networks

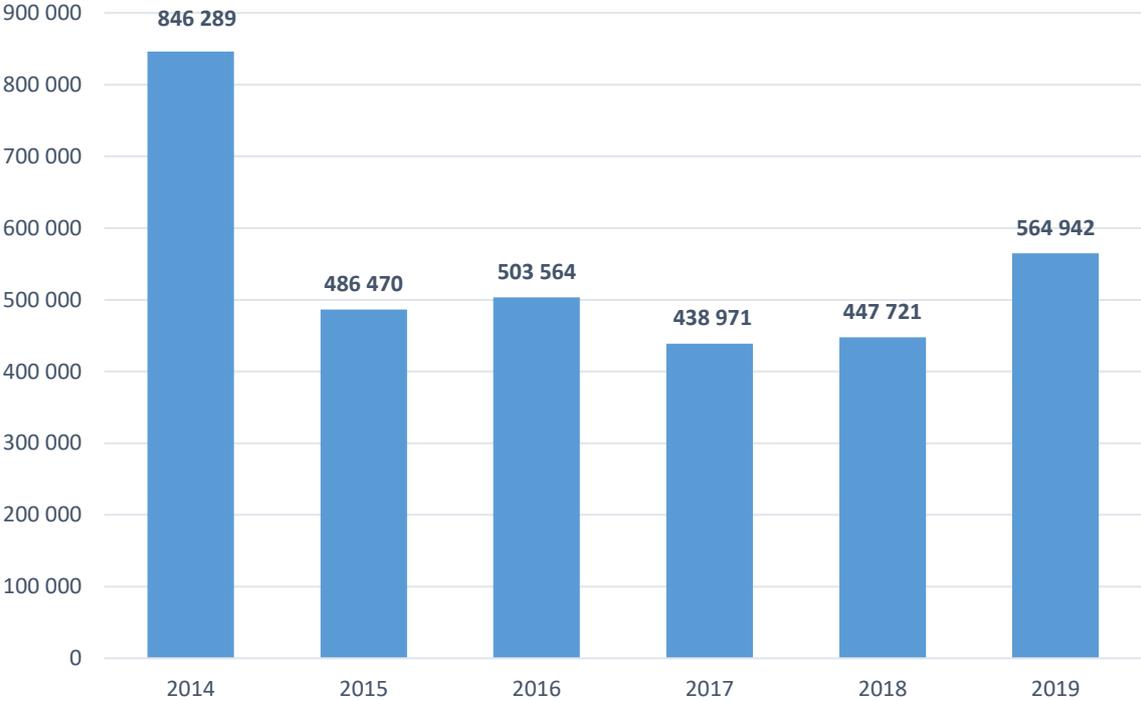


3.2. Portability in fixed networks

A total of 10,709,049 individual subscriber telephone numbers have been ported until 2019 (including 2019) since the introduction of telephone number portability in fixed networks in 2003, whereas in the same period a total of 422,427 telephone numbers were

ported⁹ in fixed networks. In 2019 a total of 564,942 individual subscriber telephone numbers were ported, which represents a year-on-year increase approximately by 26 %. The number of telephone numbers ported in fixed networks increased year-on-year in 2019 approximately by 16 % to 18,651 cases of ported numbers.

Chart 18: Number of ported individual subscriber numbers – fixed networks



4. Postal services market

4.1. Situation of the postal market

In 2019, a total of 37 operators were licenced to carry out business activities in the area of postal services provision. Of these 37 operators, however, only 25 actually provided postal services, i.e., they actually transported postal items. A total of 23 postal service operators offered postings within the entire Czech Republic within some postal service, and 31 operators provided the delivery of postal items within the entire Czech Republic. 14 out of these operators provide delivery of postal items in some areas through another postal service provider, not by means of its own resources. The following table shows information on the number of operators and an overview of individual postal services offered by them in 2019.

⁹Porting means transfer of a separate telephone number or an entire number of series (e.g., if a series of 1000 numbers is ported it constitutes one porting).

Table 3: Overview of the number of operators authorized to offer a specific postal service in 2019

Type of postal service	Number of providers authorised to offer the postal service
Delivery of postal consignment of up to 2 kg	27
Delivery of postal parcel of up to 10 kg	26
Delivery of postal parcel of over 10 kg	23
Delivery of registered consignment of up to 2 kg	23
Delivery of registered consignment of over 2 kg	20
Delivery of valuable consignment of up to 10 kg	18
Delivery of valuable consignment of over 10 kg	16
Delivery of a postal consignment of up to 7 kg for the blind	4
Delivery of a registered consignment of up to 7 kg for the blind	4
Delivery of printed matter bag	9
Delivery of registered printed matter bag	8
Other postal services	9

Source: CTU

The table does not include the postal service of "delivery of a remitted amount of money". According to the Postal Services Act, this service may only be provided by the holder of the postal license which is, for the period 2018–2022, Czech Post.

The development of the postal services market is best documented by the number of transported postal items within individual postal services. As the following table shows, the number of postal items such as postal items up to 2 kg or registered letters decreased in 2019. The main reason is a change in the way of communication, which occurred as a result of the mass expansion of electronic communications services, such as e-mails, SMS messages, data mailboxes or various communication applications.

The decrease, although not so significant, can also be observed in the category of delivery service of a valuable postal item or, more precisely, delivery of a valuable postal item up to 10 kg. This service is offered by the holder of the postal license, i.e., Czech Post, within the basic services, but also by some other providers with similar parameters. For postal parcel delivery services, or delivery of postal parcels up to 10 kg, the increase in the total number of transported parcels continued in 2019. This is mainly due to the offer of delivery of postal items from online shops through the so-called collection points of two large postal service operators. At the same time, some of the collection points allow posting of postal items.

Table 4: Development of the number of postal items carried

Type of postal service	2016	2017	2018	2019
Delivery of postal consignment of up to 2 kg	334,924,453	308,589,291	304,456,214	296,716,101
Delivery of a postal parcel	2,268,142	10,007,619	10,517,006	16,009,550
- of which delivery of postal parcel of up to 10 kg	668,375	8,251,563	8,307,344	13,085,483
Delivery of a registered consignment	82,618,091	80,825,128	73,606,800	69,713,454
- of which delivery of registered consignment of up to 2 kg	82,460,091	80,620,128	73,362,300	69,396,454
Delivery of valuable consignment	2,658,767	2,494,758	2,394,282	2,161,000
- of which delivery of valuable consignment of up to 10 kg	2,619,716	2,460,517	2,365,152	2,144,000
Delivery of a postal consignment of up to 7 kg for the blind	78,867	78,033	85,179	79,000
- of which delivery of a registered consignment of up to 7 kg for the blind	18,282	19,225	15,518	15,000
Delivery of printed matter bag	9,217	8,582	7,438	6,000
- of which delivery of registered printed matter bag	2,134	1,931	1,806	2,000
Other	509,246,775	635,936,473	875,120,525	184,161,363

Note: In 2019, CTU found an inaccuracy in the data on the number of transported postal items in the period 2016-2018 in the category "other" when one of the postal service operators also included transit carriage. Therefore, the data in this category has been revised retrospectively for these years compared to the data in the Annual Reports for the period 2016-2018.

The postal services operators offer posting of postal items either by the so-called pick-up collection, i.e., picking up the item directly from the customer or by means of brick and mortar establishments, either owned or those of a contract partner. Some operators also use them for delivery of postal items. The following table shows that the number of establishments of contract partners has increased in 2019. In particular two operators use this method to deliver postal items which are not delivered to the place specified in the postal address.

Table 5: Number of establishments of postal service companies

Number of post offices	2016	2017	2018	2019
Own	3,081	2,894	2,733	2,661
- out of which Czech Post	2,984	2,807	2,648	2,600
Contract partners	419	1,800	2,762	4,581
- out of which Czech Post	327	507	656	702
Total	3,500	4,694	5,495	4,103
- out of which Czech Post	3,311	3,314	3,304	3,302

CTU monitors the quality of postal services by means of the development of the number of complaints. The total number of complaints filed in 2019 shows a decrease compared to all previous years. Similarly, there was a decrease in the number of justified complaints, but this may not be an indicator of improving the quality of postal services.

Table 6: Number of complaints about postal services

	2016	2017	2018	2019
Number of received complaints	203,799	192,459	221,951	198,470
- out of which justified	45,115	39,385	46,294	42,567
Ratio of complaints to number of carried consignments	0.020 %	0.017 %	0.017 %	0.031 %

Note: In 2019, CTU found an inaccuracy in the data on the number of transported postal items in the period 2016-2018. Therefore, the ratio of complaints to the number of transported postal items has been recalculated retrospectively for these years compared to the data in the Annual Reports for the period 2016-2018.

4.2. Development of the basic services in 2019

Basic services defined in Section 3 of the Postal Services Act are to be provided by the postal licence holder. 2019 is the second year of the five-year period when Czech Post is obliged to provide and ensure all basic services under the postal licence granted for the period from 1 January 2018 to 31 December 2022.

Decrease of the number of postal items and money orders posted within the basic services with the Czech Post is a long-term trend. As the following table clearly shows, this trend applies to all basic services, including those which are increasing in aggregate terms for all operators. This is not only because customers can use comparable products of other operators, but also because Czech Post offers commercial products with added value on top of the basic services.

Table 7: Basic services provided by Czech Post in the period 2015-2019 (in CZK thousands)

Indicator	2015	2016	2017	2018	2019
Number of carried postal consignments up to 2 kg (standard consignments)	269,901	239,415	218,560	192,180	173,842
Number of carried postal consignments up to 10 kg (standard consignments)	508	362	345	325	287
Number of carried postal consignments up to 7 kg for the blind (standard consignments)	49	47	42	45	38
Number of carried registered consignments up to 2 kg	79,927	72,275	69,196	65,923	62,597
Number of carried registered consignments up to 7 kg for the blind	14	13	12	12	12
Number of carried valuable consignments up to 10 kg (parcels)	2,854	2,362	2,207	2,142	1,912
Number of carried printed matter bags	6.214	5.966	5.759	5.322	6.000
Number of carried registered printed matter bags	2.054	2.118	1.916	1.766	2.000
Number of delivered postal orders	41,873	37,831	33,416	30,448	27,385

Source: *Česká pošta (Czech Post)*

It is evident that the trend of replacing postal items containing documents, i.e., falling into the category of postal items up to 2 kg and registered letters, continued in 2019. These are being replaced by electronic forms of communication. The decrease of the number of registered letters is smaller because this basic service is used mainly by public administration bodies. This service meets the requirements of the applicable legislation (e.g., Code of Administrative Procedure) for delivery of official letters, and therefore it is used for delivery in situations where the recipient does not have a data mailbox set up. This service allows the sender to get a receipt of delivery to the recipient as well as other parameters necessary for the application of the so-called delivery presumption which is not possible with other basic services.

A significant decrease is evident in the basic services which can be used to carry goods or other valuables. The number of postal parcels up to 10 kg decreased relative to 2015 by 43 %. The number of valuable postal items decreased in comparison with the same period by 33 %. Instead of these basic services, customers use commercially provided non-regulated postal services of the Czech Post or other operators, for example express shipments or shipments with guaranteed delivery time.

Online banking replaces the previously widely used postal service of delivery of money orders (as the only possible means of money transfer) which used to be used both by citizens and by authorities or companies. The number of transported postal money orders is declining, as more and more residents and other institutions use cashless payment options which are faster and do not require a visit to the post office.

4.2.1. Regulation in the area of basic services

Regulation in the area of postal services was focused also in 2019 on the supervision of the fulfilment of obligations of individual operators arising from the Postal Services Act. In the case of the postal licence holder, CTU oversees whether the general availability of basic services of a specified quality is ensured, including providing sufficient information to the public about the basic services and how to use them. In the area of basic services, CTU publishes separately, pursuant to Section 37(3)(b) of the Postal Services Act, the report on the fulfilment of the obligations imposed on the postal license holder in the Postal Bulletin and on its website (<https://www.ctu.eu/report-fulfilment-obligations-czech-post>).

The parameters of availability of the basic services are laid down by Decree No. 464/2012 Coll., on the determination of specifications of individual basic services and basic quality requirements for their provision, as amended by Decree No. 203/2016 Coll. With effect from 1 January 2016, these criteria are supplemented by Government Regulation No. 178/2015 Coll., on determination of the minimum number of establishments for the provision of basic services.

In the decision to grant the postal license for the period 2018–2022, CTU defined municipalities or parts of municipalities where a post office of Czech Post must be located in order to reach the above-mentioned number of 3,200 post offices ensuring the availability of basic services.

For the speed of delivery of a postal item to the recipient, which is the only unambiguous and measurable parameter of the quality of the basic service provided, a valid parameter of 92 % was set for the year 2019. This is the percentage of postal items that must be delivered on the first business day following the day on which their postal item was posted. CTU checks whether the measurements by an independent agency are carried out correctly according to the methodology and whether Czech Post fulfils the defined indicator. In 2019, Czech Post fulfilled this indicator in the amount of 92.76 %.

4.2.2. Prices of basic services in 2019

In 2019, Czech Post increased the prices of some basic services.¹⁰ The increase in prices occurs on the basis of the legal obligation to provide basic services at cost-oriented prices, and over time, there is an increase in unit costs, caused by a long-term decline in demand for universal postal services and non-decreasing total costs necessary for the provision of basic services in the defined scope and quality.

¹⁰ These price increases were announced by Czech Post to CTU according to Section 33(8) and (9) of the Postal Services Act, with the exception of the introduction of a separate price for the service of "One-time change of place of delivery (redirection)" starting from 1 June 2019; CTU subsequently commenced administrative proceedings with Czech Post on imposition of a penalty for misdemeanor which was still pending as of the end of 2019.

The most significant change in the area of the prices of universal postal services in 2019 was the change in the system of charging for parcels and increase of their prices starting from 1 March 2019. Instead of charging the price by weight as previously, parcels are now priced according to their largest dimension. The current prices are approximately CZK 20 higher on average (the difference between the price of the most widely used service of Valuable parcel up to 2 kg before the change and the corresponding service of Valuable parcel S after the change of the prices charging system). There was a more significant increase in the prices for large light postal items, while the prices of small and heavier parcels fell in some cases.

From 1 February 2019, Czech Post increased the price of postal money orders 'cash – account' (money orders A) and the price of postal money orders 'account – cash' (money orders B) by CZK 3, postal money order cash – cash (money orders C, D) by CZK 5. The prices of letters delivered abroad increased again in 2019. The prices of standard letters, registered letters and valuable letters were increased. The increase in the lowest weight category up to 50 g was CZK 4 for priority postal items. The prices of the same weight category for registered letters was increased by CZK 13–14, for valuable letters by CZK 17–18. The price increase was greater for heavier postal items. In connection with price regulation in 2019, CTU did not find that the cost-oriented prices of the basic services are unaffordable for users due to the change thereof. The following table documents the price development of the most important Czech basic services.

Table 8: Change of prices of selected basic services in 2019

Domestic consignment		
Service	Price until 28.2.2019 (CZK per unit)	Price from 1. 3. 2019 (CZK per unit)
Standard parcel up to 2 kg	74	
Standard parcel up to 5 kg	81	
Standard parcel up to 10 kg	95	
Standard parcel S (up to 35 cm)		89
Standard parcel M (up to 50 cm)		119
Standard parcel L (up to 100 cm)		169
Standard parcel XL (up to 240 cm)		319
Valuable parcel up to 2 kg	110	
Valuable parcel up to 5 kg	120	
Valuable parcel up to 10 kg	140	
Valuable parcel S (up to 35 cm)		129
Valuable parcel M (up to 50 cm)		159
Valuable parcel L (up to 100 cm)		209
Valuable parcel XL (up to 240 cm)		359
Registered parcel up to 500 g	74	

Registered parcel up to 1,000 g	79	
Registered parcel up to 2,000 g	83	
Registered parcel S (up to 35 cm)		99
Registered parcel M (up to 50 cm)		119
Registered parcel L (up to 60 cm)		169

4.2.3. Funding of basic services

On 30 August 2019, the amendment of Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act) entered into effect and made it possible to reimburse the net costs for the years 2013 and 2014 in the amount of CZK 800,000,000 for the two years, in two instalments: CZK 500,000,000 in 2019 and CZK 300,000,000 in 2020. The first instalment was paid to Czech Post in September 2019, the second one will be paid on 1 March 2020. At the same time, this amendment increased the limit of net costs representing an unfair burden to CZK 1,500,000,000.

At the same time, on 30 August 2019, Czech Post filed a request for reimbursement of net costs representing an unfair financial burden for the year 2018 in maximum possible amount of CZK 1,500,000,000. Total net costs for the year 2019 were quantified by Czech Post in the amount of CZK 2,711,845,862. Net costs for the network of post offices were quantified by Czech Post in the amount of CZK 1,452,972,061, net costs of the delivery network were quantified in the amount of CZK 1,247,646,718, and net costs of the supporting processes induced by the obligation to provide basic services were quantified in the amount of CZK 26,074,775. The intangible and market benefits were determined in the amount of CZK 85,243,182, and the entitlement to reasonable profits was determined in the amount of CZK 70,395,489. Immediately after receipt of the request, CTU commenced the administrative proceedings in which CTU verified the accuracy and completeness of all information submitted and consistency of the calculation with the Postal Services Act as well as with Decree No. 466/2012 Coll., on the method of the Czech Telecommunication Office in calculating the net costs of fulfilling the obligation to provide universal services, as amended.

In 2019, CTU continued the proceedings before the European Commission in the matter of state aid, concerning the reimbursement of net costs for the period 2018–2022 for the postal licence holder (Česká pošta, s.p.). According to Section 34e(3) of the Postal Services Act, in the case of proceedings before the European Commission in the matter of state aid concerning the financing of net costs representing an unfair financial burden, such proceedings are considered to be a preliminary question procedure under the Administrative Procedure Code, and it is not possible to issue a decision on the net costs for the accounting period of 2018 until the completion of this procedure. The proceedings concerning the request for reimbursement of net costs for the year 2018 were suspended; the decision will be issued, and the net costs will be reimbursed only after the proceedings before the European Commission have been completed.

Table 9: Summary overview of reimbursement of net costs incurred in the period 2013–2018 made as of 31 December 2019 (in CZK)

Year	Czech Post request	Approved amount of net costs	Net costs compensation
2013	1,774,645,468	947,797,553	500,000,000*
2014	1,754,764,485	851,780,872	
2015	1,755,213,456	914,807,746	700,000,000
2016	2,093,847,271	1,267,674,931	600,000,000
2017	2,142,600,138	1,253,322,382	500,000,000
2018	2,711,845,862	n/a	n/a

* reimbursement for the period 2013–2014 in the amount of CZK 300,000,000 will be paid, according to Act No. 202/2019 Coll., as of 1 March 2020.

4.3. Regulation in the area of parcel delivery

In 2019, data was collected for the first time on the parcel delivery services according to Regulation (EU) 2018/644 of the European Parliament and of the Council on cross-border parcel delivery services (<https://eur-lex.europa.eu/legal-content/CS/TXT/?uri=CELEX:32018R0644>) (hereinafter referred to as "Regulation") which entered into effect on 22 May 2018 and is a directly applicable regulation. CTU provided the collected data to the European Commission. The Regulation is supposed to support the achievement of one of the objectives of the Digital Single Market Strategy for Europe, namely to ensure more efficient and affordable cross-border parcel delivery service, strengthen the trust of consumers, improve consumer protection, and it also focuses on the issue of tackling discrimination of consumers based on residence (geoblocking).

One of the basic obligations of cross-border parcel delivery service providers is to provide basic information to the national regulatory authority, such as the identification data of the company, description of the services provided, and the general terms and conditions relating to parcel delivery services. The required information was provided to CTU via the prescribed forms by 14 providers in 2019. On the basis of the lists of prices obtained pursuant to Article 5 of the Regulation, CTU assessed for Czech Post, as the provider of general (basic) services, whether the prices of the services are not disproportionately high. CTU identified two prices of Czech Post which had to be assessed, namely:

- parcel with the possibility of tracking, weighing 1 kg, to Germany, for CZK 547,
- parcel with the possibility of tracking, weighing 2 kg, to Germany, for CZK 578.

As a result, it was stated that the prices of both services assessed are disproportionately high. CTU sent this conclusion by 30 June 2019 to the European Commission which published a non-confidential version of this assessment on its website within one month of the date of receipt.

5. Terrestrial digital television and digital radio broadcasting

5.1. Television broadcasting

In 2019, detailed preparations were made for the completion of the transition of terrestrial digital television broadcasting disseminated in nationwide broadcasting networks 1 to 4 in the DVB-T standard to the DVB-T2 standard.

In the second half of 2019, in accordance with the applicable legislation, CTU changed the block allocations of radio frequencies for the provision of a public electronic communications network for broadcasting in the DVB-T standard of all holders so that these block allocations also include radio frequencies for broadcasting in the DVB-T2 standard. At the same time, deadlines were set for the commencement or termination of the use of individual allocated radio frequencies, which were based on the deadlines in the Technical Plan of Migration. This created the necessary precondition for starting the transition of television broadcasting to the DVB-T2 standard in the scope and according to the schedule according to the Technical Plan of Transition and for the release of the 700 MHz frequency band.

According to Government Order No. 199/2018 Coll., on Technical plan of transition of terrestrial digital television broadcasting in DVB-T standard to DVB-T2 standard (hereinafter referred to as "Technical Plan of Transition"), the transition process began at the end of November 2019, when high-power DVB-T transmitters 'Praha' and 'Praha město' on channel 53 in the broadcasting network No. 1 (public service multiplex of Czech Television) were switched off and reception of broadcasting is possible only in the DVB-T2 standard.

Continuation of the process of transition of television broadcasting to the DVB-T2 standard in the rest of the Czech Republic, which started on 5 January 2020, will ensure release of radio frequencies in the "700 MHz" frequency band. This will create the conditions to use this frequency band for the development of future new 5th generation IMT networks.

Operation of the existing regional television broadcasting in the DVB-T standard, for which individual authorisations to the use of radio frequencies of the radio service (hereinafter referred to as "authorisations") were previously issued with validity until 30 June 2019, could be extended until 5 January 2020 based on the updated wording of the Measure of General Nature of the part of the radio spectrum utilization plan No. PV-P/10/03.2019-3 for the 470–960 MHz frequency band of 5 March 2019.

From the point of view of the possibility of continuation of the existing operation of aforementioned regional television broadcasting networks after 5 January 2020, a significant step was the adoption of another updated wording of the Measure of General Nature of the part of the radio spectrum utilization plan No. PV-P/10/12.2019-8 for the 470–960 MHz frequency band of 3 December 2019, which laid down the conditions for their continuation until 30 June 2020 with the exception of Regional Network 2, where the broadcaster

requested revocation of the authorisation to operate the transmitters of this network and therefore this regional network has ceased to exist.

The current overview of national and regional broadcasting networks and other details of the status of terrestrial television and radio broadcasting can be found on CTU's website at <https://digi.ctu.cz/dtv/>.

5.2. Radio broadcasting and preparation for future digital broadcasting

The international coordination of frequency requirements for new transmitters to transmit FM radio broadcasting in the 87.5 – 108 MHz frequency band continued in 2019, submitted by foreign administrations as well as by private operators of radio broadcasting in the Czech Republic through the Council for Radio and Television Broadcasting (hereinafter referred to as "RRTV") or Czech Radio (Český rozhlas). According to the relevant laws, the cooperation with RRTV took place, i.e., CTU, upon RRTV's request, determined diagrams of the utilization of individual radio frequencies and the size of the population covered by the radio signal transmitted on these radio frequencies.

In 2019, there was a significant shift in the coverage of the territory of the Czech Republic with the signal of terrestrial digital radio broadcasting, disseminated by both private entities and the operator of public service broadcasting, the Czech Radio.

CTU started granting individual authorisations to the use of radio frequencies to private companies from 1 March 2019 (after successful frequency coordination). The operators (České Radiokomunikace a.s., RTI cz, s.r.o., TELEKO digital, a.s.) were granted authorisations in 2019 for the following sites: Příbram, Olomouc, Liberec, Praha, České Budějovice, Kašperské Hory, Ústí nad Labem, Klatovy, Beroun, Ostrava, Frýdek Místek, Jihlava, Karlovy Vary. On the basis of the concept for the development of digital radio broadcasting approved by the government, another radio license was granted in 2019 to Czech Radio, as a broadcasting operator by law, for the following sites: České Budějovice, Jáchymov, Klatovy Doubrava, Plzeň Sylván, Brno, Nový Jičín, Olomouc Radíkov, Tasov and Zlín. This created the prerequisites for Czech Radio to be able to cover 95 % of the population in 2020, which is considered nationwide coverage pursuant to Act No. 231/2001 Coll. on Radio and Television Broadcasting and on Amendment to Other Acts.

The current overview of the status of terrestrial digital radio signal coverage and other details of the status of terrestrial radio broadcasting can be found on CTU's website at <https://digi.ctu.cz/dtv/>.

6. Legal Framework

The legal framework for the electronic communications services market and postal services market and for the exercise of regulatory and monitoring powers and responsibilities consists in particular of:

- Act No. 127/2005 Coll., on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act),
- Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act),
- Act No. 194/2017 Coll., on Measures to Reduce the Costs of Deploying of High-Speed Electronic Communications Networks and on Amendment of Certain Related Acts (hereinafter referred to as "Act No. 194/2017 Coll.").

The following Acts and regulations were enacted in 2018 which had or will have in the future impact on the sector of electronic communications services or the sector of postal services.

6.1. Amendments of the Electronic Communications Act

Act No. 311/2019 Coll., which amends Act No. 127/2005 Coll., on electronic communications, enters into effect on 1 April 2020, with the exception of Article I, paragraphs 2 to 14 which take effect on the day of promulgation, and paragraphs 15 and 16 which take effect on 15 May 2024.

The changes in legislation that are introduced by this Act can be divided into the following points:

- regulation of rights and obligations in ensuring the portability of a telephone number pursuant to Section 34 of the Electronic Communications Act,
 - o the current option of the service provider to charge subscribers a price for the porting of a telephone number is repealed, i.e., it is therefore free of charge for the subscriber directly under the law,
 - o the so-called "one stop shop" is newly implemented: the subscriber who wishes to change the service provider will be able to take care of everything by communicating only with the new (receiving) provider,
 - o the period for termination of the contract is shortened in the event of a migration between service providers, from the original 10 days to 2 or, as appropriate, 3 business days,
 - o the so-called verification code of the subscriber for porting the telephone number was introduced directly into the Act,
 - o at the request of a consumer using a prepaid service, the provider being abandoned is obliged to return the remaining balance of the subscription to this consumer.

- reduction of the amount of payment (contractual penalty) in case of early termination of the contract for a definite period
 - o such payment may be required from the consumer only if the contract is terminated within three months of its conclusion, and may not exceed one twentieth of the sum of the monthly lump sum remaining until the end of the agreed term of the contract (or one twentieth of the sum of the minimum agreed monthly fees remaining until the end of the agreed term of the contract)
- CTU's obligation to publish, in a way that allows remote access, a free independent comparison tool which will make it possible to compare and assess the different publicly available electronic communications services in terms of their prices and quality.
 - o the publication of information concerning the quality of the service provided is postponed under the transitional provisions (Article II of Act No. 311/2019 Coll.), and CTU is obliged to ensure such publication within 9 months of the effective date of Act No. 311/2019 Coll., i.e., by 1 January 2021.

For the sake of completeness, the list of changes to the Electronic Communications Act needs to include also amendment of Section 104(4):

- it newly allows expropriation (creation of easement) in cases where the already existing legal title to the use of a property for the placement of a public communication network has expired for already existing buildings,
- stipulation or, more precisely, modification of penalty provisions (Section 118 of the Electronic Communications Act) for breach of the above-mentioned obligations and introduction of new penalties for breaches of the obligations set out in Regulation (EU) 2015/2120 of the European Parliament and of the Council.

Act No. 277/2019 Coll., amending certain laws in connection with the adoption of the Act on the Collection of Laws and International Treaties, takes effect on 1 January 2022, except of Article LXI, paragraph 25 and part sixty-three which entered into effect on 31 December 2019.

Part 50 of this Act contains a technical amendment of the Electronic Communications Act, through which the wording of the relevant provisions is brought into line with the new terminology introduced by Act No. 222/2016 Coll., on the Collection of Laws and International Treaties and on the creation of legal regulations promulgated in the Collection of Laws and International Treaties (Collection of Laws and International Treaties Act).

Ruling of the Constitutional Court No. 161/2019 Coll. of 14 May 2019 rejected a motion of a group of deputies to repeal the following provisions:

- Section 97(3) and (4) of Act No. 127/2005 Coll., on electronic communications,

- Section 88a of Act No. 141/1961 Coll., on Criminal Procedure (Code of Criminal Procedure),
- Section 68(2) and Section 71(a) of Act No. 273/2008 Coll., on the Police of the Czech Republic, Decree No. 357/2012 Coll., on the storage, transmission and disposal of operational and location data.

6.2. Amendments of the Postal Services Act

Act No. 202/2019 Coll., amending Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act), as amended, and Act No. 319/2015 Coll., amending Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act), as amended, and Act No. 77/1997 Coll., on state enterprise, as amended, took effect on 30 August 2019.

This Act modifies, in particular:

- the rights of the postal license holder in the area of reimbursement of net costs associated with the provision of basic services. The maximum amount of net costs representing an unfair financial burden has been newly increased, from the original amount of CZK 500,000,000 to CZK 1,500,000,000, i.e., for preliminary net costs, to a maximum of CZK 750,000,000.
- the existing processes pursuant to Section 6(4) of the Postal Services Act where CTU is entitled to decide to impose an obligation, newly within a period of no less than 20 days, upon the postal service operator to change its postal conditions if they are inconsistent with the Postal Services Act, or implementing legal regulations to this Act, or inconsistent with the law containing consumer protection rules, due to unfair, deceptive or aggressive business practices, or due to consumer discrimination.
- certain penalty provisions in Section 37a of the Postal Services Act and introduction of a special amount for the sum imposed as a coercive fine, which now amounts to up to CZK 5,000,000.

6.3. Other laws and regulations

Decree No. 157/2005 Coll., on the details of enrolment for the examination of special competence for the operation of radio transmission equipment, on the extent of knowledge needed for the different special competence types, on the manner of performing the examination, on the types of special competence certificates and on the duration of their validity, came into effect on 1 September 2019.

This Decree modified the types of certificates of professional qualification based on international practice:

- a new type of certificate is introduced: "limited certificate of inland waterway radio operator" for the operation of stations on inland waterways (Section 2(l) of Decree No. 157/2005 Coll.),
- the scope of authorisation for existing certificates is modified, especially in the case of a limited certificate of a radiotelephone operator of the mobile radiotelephone service (Section 2(f) of Decree No. 157/2005 Coll.
- the General Certificate of a Radiotelephone Operator of the mobile radiotelephone service is modified so as to clearly reflect the fact that it is a maritime mobile radiotelephone service operator certificate, with an authorisation for holders to operate a ship station in the maritime mobile service, but without the use of the elements of GMDSS system.

In addition:

- there is a reduction of the time when it is possible to first pass the "corrective" exam or, more precisely, the first chance when the exam can be repeated if the applicant was evaluated with the grade "failed",
- the period of validity of some certificates is adjusted, including the period by which the validity of the certificate may be subsequently extended.
- transitional provisions regulate the treatment of cases where certain types of certificates of professional qualification will no longer be issued, while some certificates issued so far will remain valid.

Decree No. 187/2019 Coll., amending Decree No. 466/2012 Coll., on the procedure of the Czech Telecommunication Office in calculating the net costs of fulfilling the obligation to provide basic services, came into effect on 1 August 2019.

The amendment in question modified the methodology for determining the entitlement to a reasonable profit: this profit is now expressed in the form of the cost of capital. At the same time, the structure of information reported according to individual annexes to the Decree was modified.

Decree No. 361/2019 Coll., on the template of the card of an employee and a civil servant authorized to perform inspections of electronic communications and postal services, came into effect on 1 January 2020.

This Decree establishes new models of identification cards used by employees of the Czech Telecommunication Office authorized to perform inspections in the field of electronic communications and postal services to identify themselves. At the same time, the former Decree No. 209/2017 Coll. is repealed.

PART 2 Expert and administrative activities of CTU

1. Consumer protection

1.1. Price calculators

The task of CTU according to Section 5 of the Electronic Communications Act is to promote the interests of end-users. One of the tools used by CTU to achieve this is allowing users to simply and clearly compare the prices of electronic communications services. In 2019, CTU renewed the accreditation of two previously accredited price calculators: Tarifomat and Tarifon. CTU cooperated with the Czech Technical University as a technical auditor, whose role in the whole process is to verify the fulfilment of the accreditation criterion of "accuracy".

A link to the accredited price calculators can be found at CTU website [available online at: <https://www.ctu.eu/price-calculators>].

1.2. Price barometer

CTU operated the so-called price barometer on its website also in 2019 [available online at: <https://www.ctu.cz/vyhledavaci-databaze/srovnavaci-prehled-cen-a-podminek/cenovy-barometr>]. It shows the development of prices divided into individual intervals by the size of the data limit for four mobile operators. However, its purpose is not to compare the offers provided by individual providers of electronic communications services, but instead to indicate the development of the retail price level for the most important electronic communications services. This distinguishes it from price calculators, for which CTU awards accreditation and which offer help in selecting the most appropriate service.

1.3. Subscriber contracts

In 2019, subscribers most often complained about problems in concluding contracts, when the content of a formally concluded contract (according to the subscribers) differs from the terms and conditions agreed verbally with the representatives of the companies. In addition, there were complaints about termination of contracts, where, according to the complaints, there is an obstruction on the part of the companies, which should make it difficult for the subscribers to terminate the contract or leave for a different provider. Complaints about unilateral changes to the contract and the issue of automatic renewal of commitments were also recorded. The complaints are usually settled by providing legal advice to the complainant and by instructing them on the options of their further actions.

In 2019 CTU carried out several inspections related to subscriber contracts:

- Inspection of implementation of Regulation (EU) 2015/2120 of the European Parliament and of the Council in the part thereof that concerns access to the open

Internet. CTU focused mainly on smaller service providers, who still have relatively low legal awareness of the regulation provided for by the aforementioned Regulation.

- Inspection of the adjustment of the complaint process in the contract terms of selected providers. A fundamental finding from the inspection was the verification of previous findings of CTU on a different system of handling complaints and reporting (and rectification of) failures.
- Inspection of contract terms and conditions of selected providers of TV signal dissemination, especially with regard to the fulfilment of statutory obligations in the implementation of unilateral changes to contracts and changes in the program offering of the providers. During this inspection, CTU did not find any serious errors.

1.4. Net neutrality – Internet access (open Internet)

CTU is the competent supervisory body for issues related to Regulation (EU) 2015/2120 of the European Parliament and of the Council laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union (hereinafter also referred to as "Regulation").

In accordance with Article 5 of the Regulation, CTU prepared and published its report on the results of monitoring compliance with the Regulation (available at <https://www.ctu.eu/report-ctu-results-monitoring-compliance-regulation-eu-20152120-period-1st-may-2018-30th-april-2019>), namely for the period from 1 May 2018 to 30 April 2019. It could state that compared to the situation described in previous years, there was a certain stabilization of the application practice in the Czech Republic and its acceptance by major service providers. Compared to previous years, CTU no longer encountered some previously common deficiencies, whether in terms of the status of the contract terms and conditions and in terms of the practices used by the providers (traffic management measures going beyond reasonableness, tying services to specific terminal devices, etc.).

At the same time, based on the findings, CTU considers it necessary to determine more precisely the basic definitions of the parameters of the quality of access to the Internet. To this end, a joint working group was set up, composed of representatives of CTU, businesses and their associations, which began to prepare a comprehensive solution for the definition of the basic parameters of Internet access services, in accordance with the Regulation and the BEREC guidelines, in the form of a self-regulatory measure.

2. Settlement of subscriber disputes and complaints by users of the services

2.1. First-instance administrative proceedings

In 2019 CTU settled 72,188 subscriber disputes of which 46,945 pending disputes were carried over from 2018, and 25,243 cases of administrative proceedings were newly commenced. A total of 37,887 decisions on the matter were issued in the period in question. CTU settled subscriber disputes concerning the payment of the price for services and issued 37,657 decisions on the matter. CTU issued 216 decisions on objections to the handling of a complaint about the service provided, and on an objection to the handling of a complaint about the billing of a service, of which 199 were decisions on an objection to the handling of a complaint about the billing of a service. The remaining decisions were related to a different dispute.

The number of subscriber disputes decreased in 2019 relative to 2018 by 22 %. Just as in 2018, in 2019 CTU issued more decisions than the number of newly commenced administrative proceedings, despite the fact that in 2019 CTU issued 7,698 fewer decisions than in 2018, a drop by 16.9 %. The number of pending disputes carried over from previous years therefore gradually decreases.

Overviews of subscriber disputes for the year 2019 are provided in Annexes No. 1 and 1a) of this Report.

2.2. Second-instance administrative proceedings

In 2019 the Department for Review of Decisions newly received 3,087 administrative appeals in disputes about the payment of a price for the services of electronic communications (Section 129(1) in conjunction with Section 64(1) of the Electronic Communications Act).

As of 31 December 2019, the total number of pending administrative appeals (i.e., including administrative appeals not settled in the previous period) was 14,924, and the majority out of this number are administrative appeals filed by providers of electronic communications services.

Decisions on administrative appeals in disputes about the payment of the price for electronic communications services were made in 8,513 cases. A total of 56 decisions were made on administrative appeals against decisions on objections to the handling of a complaint (Section 129(3) of the Electronic Communications Act) in the period in question.

In the area of postal services, concerning objections to the handling of a complaint about a defect of postal services (Section 6a(1) of the Postal Services Act), 90 new administrative appeals were newly filed with CTU as of 31 December 2019. A total of 100 administrative appeals were processed.

In the period in question, mainly objections of the customers of Czech Post were raised, most frequently claiming destruction, damage or non-delivery of the 'Balík do ruky' service, failure to deliver remitted money to the authorized recipient, or delivery of a postal item to an unauthorized recipient. The decisions prevailing in these matters are ones which complied with the objection of the customers of Czech Post, mostly because the damage to the postal items occurred during the postal carriage, i.e., in the period from the posting of the postal item to its delivery. The decision usually included awarding a claim for damages incurred in a causal damage to the postal item.

2.3. Disputes in the area of postal services

This involves administrative proceedings which CTU commences upon request of the recipient or sender. The commencement of the proceedings is conditional upon the fact that the recipient or sender, before lodging an application for the proceedings, makes a warranty claim on defects to a provided postal service with the operator of postal services and the warranty claim is not accepted by the operator of postal services or settled at all. In 2019 CTU decided in 466 cases and issued 391 decisions. 75 proceedings on objections to the handling of a complaint are carried over to the following period.

In addition to the decision on objections against the handling of a complaint, CTU checked whether the operators of postal services comply with other legal obligations – for example, timely publication of information on the changes of the postal terms at each post office and also in a manner allowing remote access, information on the opening hours of the post offices, information on mailboxes, etc.

Two nationwide inspections took place in 2019. The first inspection focused on checking whether the obligation to make at least one attempt to deliver parcels pursuant to Section 3(2)(d) of the Postal Services Act was observed. During the second inspection, the information provided by the postal licence holder as an objective reason for non-delivery of parcels was examined. The third inspection checked whether the postal license holder complied with its legal obligation when delivering postal items delivered in envelopes with a green stripe, the so-called type III. The details of these inspections are provided in the text dealing with the inspection activities of CTU. In addition, 70 local investigations were carried out in the period in question which were probing the availability of the mandatory information or probing specific complaints and objections of the customers.

Based on suggestions from the general public or findings from CTU's own activities, in 2019 CTU commenced 76 proceedings concerning misdemeanours. The result of the proceedings conducted by CTU in 2019 is 64 fines imposed in total amount of CZK 1,731,500.

2.4. Complaints of subscribers and users of electronic communications services

In 2019, CTU processed 1,970 complaints raised by subscribers or users of electronic communications services. Of which:

- 419 (21.3 %) complaints were unfounded and the investigation did not reveal a breach of the Electronic Communications Act,
- in 113 cases (5.7 %) CTU was not in charge to process the complaints and it referred them to the competent public administration bodies,
- 1,438 (73 %) complaints were settled by CTU using a procedure pursuant to the Electronic Communications Act (by carrying out the inspection, commencing proceedings concerning misdemeanour, or by providing legal advice to the complainant on the next steps in the matter).

The most complaints in 2019, similarly to the previous years, pertained to billing of the price for the services (412 complaints, which represents 20.9 % of the total number of complaints) and subscriber contracts (490 complaints, which represents 24.9 % of the total number of complaints). These complaints are processed by CTU by providing legal advice to the complainant, or by settling them in administrative proceedings pursuant to Section 129 of the Electronic Communications Act (subscriber disputes) as objections to the handling of a complaint about the price for the provided services.

The number of complaints about services provided within the universal service was minimal. In 2019 CTU received only 3 complaints which was related to complaints concerning disabled people's access to a publicly available telephone service and received 1 complaint which was related to the issue of public payphones.

2.5. Complaints of users of postal services

In 2019 CTU registered 227 complaints about the universal postal services and 449 complaints related to the basic parameters of provision of postal services:

- 74 complaints were unfounded (32.6 %)
- 152 complaints (67 %) were handled by CTU using the procedure according to the Postal Services Act
- 1 complaint was referred to the relevant body.

In the period in question, most complaints were related to the delivery of registered letters, basic international postal services, and delivery of postal items up to 2 kg. Just like in the previous periods, the number of complaints about the processing of complaints is one of the most frequent areas where customers encounter problems. A relatively large number of complaints concerned postal items sent abroad or from abroad.

3. Automated system of monitoring of the frequency spectrum

According to Section 15 of the Electronic Communications Act, CTU carried out inspections of effective use of the radio spectrum. In 2019, 4,584 cases were entered

through ASMKS system, of which were:

- 1,905 requirements for monitoring of the radio spectrum and other measurements,
- 898 requirements for inspections of radio and electrical equipment, electronic equipment, networks and services, and postal services, and
- 1,175 requirements for investigation of the interference with the radiocommunication services.
- 4,270 cases were concluded in total (including cases carried over from the previous year).

Specific information on the number of completed measurements within the monitoring of radio spectrum, completed inspections of radio spectrum, and pending instances of interference is provided in Annex 5 of this Report.

4. Inspection activities

4.1. Keeping records and checking undertakings in electronic communications and postal services

Pursuant to Section 14 of the Electronic Communications Act, in 2019 CTU issued:

- 101 certificates certifying that the entity intending to carry out business in the area of electronic communications has fulfilled the obligation pursuant to Section 13 of the same Act and reported this fact to CTU in writing,
- 474 certificates of notification of a change of information provided in the notification of business activities pursuant to Section 13(6) of the Electronic Communications Act.

CTU performed regular inspection of businesses in the field of electronic communications, whether they carry out their activities in accordance with the activity notified pursuant to Section 13 of the Electronic Communications Act. Inspections performed by CTU also revealed 11 instances of performance of communication activities without a certificate; these were subsequently dealt with in misdemeanour proceedings.

Pursuant to Section 19 of the Postal Services Act, CTU issued:

- 6 certificates certifying that the entity intending to carry out business in the area of postal services has submitted the notification pursuant to Section 18 of the Postal Services Act,
- 2 certificates of notification of a change of information provided in the notification of business activities pursuant to Section 19(4) of the Postal Services Act.

4.2. Checking the compliance with CTU decisions

4.2.1. Inspection of public payphones and availability and quality of the signal of mobile networks at the public payphone location

As part of the regular review, the following inspections were carried out:

- from September 2018 to April 2019, an inspection of 1,498 public payphones/public telephone stations operated within the universal service. At each site CTU checked the availability of the signal of mobile operators.
- from September 2018 to April 2019, an inspection of the physical existence and functionality of public payphones included in universal service.
- since October 2019, CTU has been checking the physical existence and functionality of 1,298 public payphones included in universal services provided by O2 Czech Republic a.s. At the same time, the availability and signal quality of three mobile operators is being checked at the site of each inspected public payphone included in the universal service.

4.2.2. Checking the process of portability of mobile phone numbers in selected providers of the electronic communications services according to Section 34 of the Electronic Communications Act and OOP/10/10.2012-12.

The inspection took place in April and May 2019 at network operators T-Mobile, Vodafone and O2. These operators are required by law to ensure number portability within the scope of the provisions of Section 34 of the Electronic Communications Act and the conditions laid down in Measure of General Nature No. 10, both in terms of the processes and technically. The inspection was focused on compliance with the maximum time of interruption of provided services on the day of porting of the number. A total of 27,485 mobile phone number porting was checked in the period under review. The inspection did not reveal any deficiencies that would indicate a failure of the inspected operators to ensure the obligation. Individual minor deficiencies were resolved during the inspection.

4.2.3. Checking the compliance with the conditions of General Authorisation No. VO-R/12/09.2010-12.

In 2019, CTU carried out 234 inspections in 174 various operators. The percentage of failed checks due to non-compliance with the set conditions is approximately 84 %, (an increase relative to 2017 and 2018, when this percentage was 79 % and 73 %, respectively).

Out of the total number of 234 inspections, 10 of them were carried out on the basis of complaints about the interference with CHMI meteorological radars.

Most of the performed inspections concerned RLAN equipment in the 5 GHz frequency band, where the most common finding was the use of frequencies intended for indoor use by equipment located outside buildings. Approximately 7 % of the inspections performed concerned RLAN equipment in the 60 GHz frequency band. The most common finding there was operation of fixed installations in violation of VO-R. The violations of the conditions of VO-R were subsequently dealt with in misdemeanour proceedings.

4.2.4. Checking the compliance with the legal obligations under the Electronic Communications Act, under the Consumer Protection Act, and under the Postal Services Act

Checking the compliance with the obligations related to the handling of complaints set out in Section 64(10) of the Electronic Communications Act at selected providers of the electronic communications services.

In October and November 2019, an inspection was carried out at O2, T-Mobile and Vodafone. The inspection did not reveal any facts that would indicate that the individual inspected companies are not fulfilling their obligations arising from Section 63(1)(i) of the Electronic Communications Act, Section 64(7) to (12) of the Electronic Communications Act and also according to Section 13 and Section 19 of the Consumer Protection Act.

CTU stated that the contract terms of all inspected companies include the information pursuant to Article 4(1)(a)(e) of the Regulation (EU) 2015/2120 of the European Parliament and of the Council, how to proceed in case of a permanent or regularly recurring deviation in the actual performance of the Internet access service as regards speed or other quality of service parameters.

Within the inspections, CTU recommended to individual operators to inform the subscribers in a suitable and comprehensible manner about the fact that reporting a service failure does not automatically mean filing a complaint about the service and to instruct their subscribers accordingly.

Checking the compliance with the obligation to make at least one delivery attempt pursuant to Section 3(2)(d) of the Postal Services Act in case of postal parcels included in universal postal services pursuant to Section 3(1)(d) of the Postal Services Act.

Inspections were carried out during the month of February 2019 at 3 major postal depots (Malešice, Horní Počernice, Hybernská) of Czech Post ensuring the delivery of postal parcels within the city of Prague. In cases where CTU found non-compliance with the obligations to deliver them in accordance with Section 3(2)(d) of the Postal Services Act, i.e., so that at least one delivery to each natural person or legal entity is made every business

day, CTU will proceed in accordance with its scope of powers and responsibilities.

Checking the delivery of postal items in type III envelopes

Within its supervisory activities, CTU checked, according to Section 37(2)(b) of the Postal Services Act, delivery of postal items in envelopes with a green stripe, type III, by the postal licence holder. CTU focused mainly on checking the fulfilment of the obligation to make an attempt at delivery directly into the hands of the recipient and only in case the recipient is not reached at the address to insert the postal items into the house mailbox.

With respect to the fact that CTU itself is a sender of a significant number of this type of postal items, it checked the delivery of these postal items in February. The inspection did not reveal any facts that would indicate a breach of the legal obligations of the postal license holder. Out of the total number of 956 postal items delivered in the period in question, 204 of the delivered documents in this period were delivered to the recipient during the delivery round against the signature, 752 documents were placed in the recipient's home mailbox due to the fact that the recipient was not reached at the delivery address during delivery.

4.3. Investigation of the interference with the digital television signal in relation to the operation of LTE networks in the 800 MHz frequency band

In the area of DTT (digital terrestrial television) the year 2019 was characterized by a gradual transition to broadcasting in the DVB-T2 standard and simultaneous broadcasting in DVB-T+DVB-T2. Experience to date confirms that the measures and processes taken to deal with the cases of interference with DTT which have been set up and implemented in cooperation with LTE network operators, were set up correctly and the negative effects on television viewers throughout the period were in line with the CTU predictions. No serious negative effects on television viewers have been found.

As of 31 December 2019, LTE operators operated in the 800 MHz frequency band 204 stations in test operation and 16,762 stations in permanent operation; the total number of LTE base stations operated was 16,966.

In 2019 CTU received 734 submissions of television viewers about the interference with DVB-T, whereas as of 31 December 2019, 745 submissions (including cases from the previous year) regarding interference with television signal (including community antennas) have been closed.

Interference caused by the LTE signal was proven in 72 cases; the remaining 673 reports were not justified and were caused mainly by defects in the users' reception equipment, insufficient TV signal, or the interference was not manifested during the inspection at the viewer's house. Relative to 2018, the number of submissions received and processed shows a declining trend.

4.4. Cooperation with Czech Trade Inspection Authority

In 2019, CTU worked with the Czech Trade Inspection Authority according to the "Agreement on cooperation between Czech Telecommunication Office and Czech Trade Inspection Authority". The cooperation consisted in particular of participation of the CTU employees in the inspections of telecommunication terminal and radio equipment and RC models. CTU provided assistance and cooperation in verifying the parameters of radio equipment in the field or in measuring samples collected during inspections by the Czech Trade Inspection Authority. Measurements for the needs of the Czech Trade Inspection Authority were undertaken as part of 32 joint inspections. Deficiencies were found mainly in case of short-range equipment. The equipment used unauthorised frequencies and no declaration of conformity was submitted. The Czech Trade Inspection Authority deals with the identified shortcomings within the scope of its duties.

5. Radio spectrum management

In addition to the routine activities, the most important activities in the course of the radio spectrum management in 2019 were:

- deciding on individual authorisations for the use of radio frequencies and setting fees for their use,
- processing of coordination requirements of foreign administrations,
- making changes in radio frequency block allocations to implement the refarming of the 900 MHz band,
- making changes in radio frequency block allocations necessary for the transition to DVB-T2
- reviewing the need to limit the number of rights in cases where radio frequency allocations were about to expire.

5.1. Decisions on radio frequency block allocations

In 2019, CTU decided on the following cases of radio frequency block allocations:

1. Based on a review whether there are still reasons for limitation the number of rights for the use of radio frequencies in the frequency segment of 24.549–24.745 25.557–25.753 GHz, CTU cancelled the limitation of the number of rights in these frequency segments.
2. Based on a review whether there are still reasons for limitation of the number of rights for the use of radio frequencies in the frequency segment 1452–1479.5 MHz (band L), CTU cancelled the limitation of the number of rights in this frequency segment which is harmonized on European level to support the provision of high-speed mobile services of electronic communications.
3. Holders of block allocations in the 900 MHz frequency band interested in a change which would allow the use of these block allocations for high-speed services with LTE

technology focused on the meetings of the working group which proposed, on the basis of an analysis prepared by CTU, possible future distribution of radio frequencies in that band. A necessary condition was the consent of all block allocation holders, which was conditional upon the maintenance of the same number of preferential GSM system channels in the border areas for all holders. Based on the agreement on long-term lending of some preferential channels between individual block allocation holders, all block allocation holders agreed to the refarming and CTU could start the process of change in accordance with the Act.

4. In accordance with Act No. 252/2017 Coll. amending Act No. 127/2005 Coll. on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act), as amended, Act No. 483/1991 Coll. on Czech Television, as amended, and Government Regulation No. 199/2018 Coll. on Technical Plan of Transition of Terrestrial Digital Television Broadcasting from DVB-T Standard to DVB-T2 Standard, CTU issued, in September 2019, new block allocations for broadcasting in the DVB-T2 standard with validity period until 31 December 2030 to the existing holders of block allocations of radio frequencies for ensuring a public electronic communications network.

5.2. Decisions on authorisations to the use of radio frequencies

The total numbers of decisions in the related administrative proceedings, divided according to individual radiocommunication services, are clearly presented in the table in Annex 3 of this Report.

In comparison with the previous years, the number of individual authorisations issued has slightly decreased. As in previous years, greatest interest is shown in radio frequencies of fixed service (point-to-point connection) required to ensure a public electronic communications service consisting mainly of wireless access to high-speed data services (e.g., Internet access) or used for radio connection of the base stations of mobile operators. The reasons for this include in particular flexibility and time availability of radio infrastructure, although broadcasting networks operators are focusing on the deployment of an optical network with regard to future anticipated transmission capacities.

The development of new networks in the 800 MHz frequency band continued, but there were in certain cases compatibility problems between the operation of LTE base stations and the reception of terrestrial digital television broadcasting in the DVB-T system. All the problems that arose were operatively resolved and eliminated during test operation which in the case of LTE base stations in the 800 MHz frequency band continues mandatorily for the period of two months.

The trend continued in 2019 where allocation holders also decided in some cases to use for the LTE system a section of radio frequencies currently used for the 3G – UMTS system (2100 MHz frequency band), the full development of which never occurred in the

Czech Republic. In 2019 the holders of block allocations also expanded the use of frequencies in the 2600 MHz frequency band. Radio signal coverage of public high-speed networks in the frequency bands of 800 MHz, 1800 MHz, 2100 MHz, and 2600 MHz can be found on the relevant website at <https://digi.ctu.cz/lte-pokryti>.

5.3. Conditions of the use of radio frequencies under General Authorisations

In 2019, CTU issued updates of the following two General Authorisations:

1. General Authorisation No. VO-R/10/12.2019-9 [available online at: https://www.ctu.eu/sites/default/files/obsah/ctu/vseobecne-opravneni-c.vo-r/10/12.2019-9/obrazky/vo-r10-122019-9_en.pdf] for the use of radio frequencies and for the operation of Short Range Devices; update in particular to add several new frequency segments for certain types of short-range devices (in frequency bands 860 MHz, 5,8 GHz, 60 GHz) due to the implementation of the decision and recommendation of the Commission and CEPT.
2. General Authorisation No. VO-R/12/12.2019-10 [available online at: <https://www.ctu.eu/general-authorisation-no-vo-r12122019-10>] or the use of radio frequencies and for the operation of equipment for broadband data transmission in the 2.4 GHz – 71 GHz band; update in particular to newly allow utilization of radio frequencies by stations for high-speed data transmission in the frequency bands above 66 GHz, to lay down less restrictive conditions for the use of the frequency band 57 up to 66 GHz, and to allow utilization of radio frequencies by stations of fixed high-speed "point-to-point" links in the frequency band of 57–66 GHz, in line with the decision and recommendation of the Commission and CEPT.
3. General Authorisation No. VO-R/24/05.2019-4 [available online at: <https://www.ctu.eu/sites/default/files/obsah/ctu/general-authorisation-no.vo-r/24/05.2019-4/obrazky/vo-r-242019enfin.pdf>] for the operation of equipment of infrastructure for transmitting radio signals inside tunnels, premises of buildings and trains; update in particular to allow improvement of the coverage inside the railway carriages with the signal of mobile networks using repeaters.

5.4. Testing qualification

Section 26(1) of the Electronic Communications Act lays down the cases in which professional qualification is required to operate transmitting radio equipment. Under Section 26(2) of the Act, only a person having a valid professional qualification certificate for the relevant radio equipment may operate that equipment. CTU examination committees test the professional qualification of the candidates for a general and defined aeronautical mobile service radio operator certificate, nautical mobile service certificates and certificates for HAREC and NOVICE amateur radio communication station operators.

In 2019, CTU issued 2287 new professional qualification certificates and extended the

validity of 2589 professional qualification certificates, which is the highest number in the recent years. An overview of the certificates issued in 2019 can be found in Annex 4 of this Report.

5.5. Refarming of the 900 MHz frequency band

In relation to the tender in the 700 MHz frequency band which is being prepared (see chapter 2 – Auction of radio frequencies), the existing block allocation holders showed interest in redistribution of rights in the 900 MHz frequency band (original GSM band) such that in the future it is possible to use also channels with the width of 5 MHz and more. This utilization was not possible now due to the considerable fragmentation of the 900 MHz frequency band and its distribution among block allocation holders. Following the changes made to the block allocations and the agreements concluded on the future use of certain radio frequencies in border areas, the preparation of refarming in the 900 MHz frequency band, which took place in April 2020, continues.

5.6. Fees for the use of radio frequencies

In accordance with Government Regulation No. 154/2005 Coll., on determining the amount and method of calculating charges for using radio frequencies and numbers, the total amount of fees collected for the year 2019 is CZK 1,008.7 million.

This is a decrease, which is the result of a reduction of the fees in 2018 and which was partly compensated by the expanding the utilization of newly allocated frequency bands based on the continued development of the use of these radio frequencies for high-speed data transmission, in particular through LTE networks.

6. Number management

Throughout 2019, CTU decided on requests of businesses for a licence to use numbers, number series and codes, addresses and names (hereinafter referred to as "numbers") or, more precisely, on requests of businesses for a change, extension of the validity period, and revocation of the licences from the numbering plans pursuant to Section 30 et seq. of the Electronic Communications Act. In this area CTU issued 339 decisions, of which 64 decisions on granting a licence to use numbers, 21 decisions on a change of a licence, 186 decisions on extension of validity period of a licence, 39 decisions on revocation of a licence, 4 consents to transfer of rights, 18 decisions on transfer of rights, and 7 decisions on termination of administrative proceedings.

7. Settlement of disputes between entities carrying out communication activities

5 new dispute administrative proceedings commenced in 2018 were commenced in 2019. The administrative body continued to resolve 4 dispute administrative proceedings commenced in previous years and not completed in 2018. Thus, a total of 9 disputes were

heard in 2019 between entities performing communication activities, and 6 disputes were finally settled in the same year, 3 disputes remained unresolved and will be resolved in 2020.

In terms of the subject of the disputes dealt with in 2019 pursuant to Section 127 of the Electronic Communications Act, it is possible to summarize that all requests for commencement of proceedings were related to disputes about payments (payment of due amounts of money for the services of electronic communications provided).

Final decisions issued in the administrative proceedings conducted pursuant to Section 127 of the Electronic Communications Act concerning disputes between parties undertaking communication activities are available at www.ctu.cz.

7.1. Participation in the businesses' negotiations of the access agreement or network interconnection agreement

In the second half of 2018 and in the first quarter of 2019, CTU participated – upon request of mobile virtual operator 3ton – in the negotiations between this company and T-Mobile about an amendment of a commercial interconnection agreement where the wholesale prices for mobile services charged by T-Mobile were the disputed part.

Because there was no mutual agreement between the two companies, CTU issued an opinion in March 2019, in which it supported as justified the request of 3ton for adjustment of the prices and suggested possible ways in which this adjustment should take place. Following the issue of CTU's opinion, further negotiations took place between the two parties, which, however, did not lead to an agreement on the adjustment of wholesale prices. CTU therefore requested in November 2019 that T-Mobile fulfil the opinion of CTU of March 2019, i.e., that it performs a general revision of the wholesale conditions and continuously adjust them with regard to the development of the retail market. The CTU opinion issued pursuant to Section 80(6) of the Electronic Communications Act, however, is not legally binding on the recipients and CTU has no tools to enforce it.

8. Settlement of disputes between providers of postal services

2 dispute administrative proceedings were initiated in the third quarter of 2019, in which Czech Post, as the postal licence holder, seeks a decision imposing an obligation on two postal service operators to sign amendments with it to the existing contracts on access to postal infrastructure and to special services associated with the operation of the postal infrastructure, which were signed in 2015–2017 in accordance with the then published reference offer, which reflected the previous final decisions of the administrative body on prices and conditions of access.

Both submitted motions for settlement of disputes could not be completed by the end of 2019 by issuing a decision on the matter. The final decisions issued in administrative proceedings conducted pursuant to Section 34 of the Postal Services Act concerning disputes

about access to postal infrastructure are available at www.ctu.cz.

9. Settlement of disputes pursuant to Sections 5, 9, 10 and 14 of Act No. 194/2017 Coll.

5 new dispute administrative proceedings were initiated in 2019 within the activities of ensuring access to physical infrastructure. The number of newly initiated administrative proceedings increased significantly compared to 2018, when only 2 administrative proceedings were initiated. At the same time, the administrative body continued to settle 1 dispute which had not been completed in the previous year. From a factual point of view, these were both disputes over access to physical infrastructure outdoors and disputes over access to physical infrastructure indoors.

In 2019, therefore, a total of 6 disputes were heard between entities performing communication activities as the beneficiaries and owners or managers of the infrastructure as obligors. Even during the administrative proceedings concerning the disputes, the passivity of the parties to the proceedings became apparent, so that the administrative body had to use all the procedural tools provided to it by the Code of Administrative Procedure to obtain relevant claims and evidence from the parties and thus collect sufficient information as a basis for its decisions.

All disputes were finally settled in the period in question. A legal action was filed against 1 decision (concerning a dispute about access to physical infrastructure indoors) in administrative justice.

The final decisions issued in administrative proceedings conducted pursuant to Sections 5, 9, 10 and 14 of Act No. 194/2017 Coll. are available at www.ctu.cz.

10. Crisis management and security

In terms of the scope of its powers and responsibilities, CTU carries out activities, among other things, related to crisis management, security and integrity of public networks of electronic communications. The main effort in these areas focused on monitoring, inspection activities, and methodological assistance to businesses operating public electronic communications networks and the services provided on them pursuant to the Electronic Communications Act, in particular with focus on Sections 88 and 99, including the relevant implementing Decrees.

In the area of compliance with legal obligations under the Electronic Communications Act, Section 88 – ensuring the protection of traffic and location data and the confidentiality of communications, and Section 99 – security, integrity, and provision of services in crisis situations, physical inspections of the practical fulfilment of obligations imposed by law were carried out in 2019 in accordance with the Inspection Activity Plan of CTU at České Radiokomunikace a. s. and WIA spol. s. r. o. In addition to the physical inspections, administrative inspections were carried out focusing on the statutory documentation, which

was requested for submission and for expert inspection. This documentation was requested from Fayn Telecommunications s.r.o., Moraviatel a.s., and ha-vel internet s.r.o.

Pursuant to Section 98(4) and 98(5) of the Electronic Communications Act, CTU is also responsible for collecting information on serious breaches of security and loss of network integrity from entities that provide a public communication network or a publicly available service. CTU received 5 such reports from business undertakings in 2019. CTU then sends a summary report on the occurrence of serious breaches in public communications networks to the European Union Agency for Cybersecurity (ENISA).

Within the obligations pursuant to Act No. 181/2014 Coll., on cybersecurity – to introduce and implement security measures to the extent necessary to ensure the cyber security of the CTU's significant information systems – resources were strengthened last year mainly within the framework of technical security measures with an emphasis on the detection and evaluation of cybersecurity incidents.

In 2019 CTU was also involved in the preparation, implementation and partial evaluation of the international exercise of the emergency management bodies of NATO CMX 2019.

11. International Activities

In accordance with this Government Decision No. 507/2011 of 29 June 2011 and in accordance with the performance of tasks which arise from the Electronic Communications Act, in 2019 CTU ensured direct participation at work meetings of the European Commission advisory committees, in the BEREC, RSPG, ERGP workgroups and the bodies or working groups of international organizations (ITU, CEPT, OECD, ETSI and NATO), at bilateral and multilateral meetings. Four regular joint sessions of BEREC and IRG took place in 2019 in which the regulatory bodies were represented by their head representatives.

The most important event of 2019 was the World Radiocommunication Conference (WRC-19). The conference is the supreme body of the Radiocommunication sector of ITU (ITU-R). WRC-19 took place in the period from October 28 to November 22, 2019 in Sharm el-Sheikh, Egypt and adopted by consensus the Final Acts of the Conference, which include in particular the updating of the Radio Regulations. The Regulations are a technical-regulatory document whose rules are applied by the telecommunication administrations of the ITU member states in mutual communication when coordinating the use of the radio spectrum.

Within the scope of its responsibilities, CTU coordinated the preparation of WRC-19 on national level by leading an inter-ministerial working group for the preparation for WRC-19, was engaged in the preparation of the regional group of European countries within CEPT where, among other things, provided the function of European coordinator for two items on the conference agenda, in the preparation of EU countries within RSPG as well as preparation in the bodies and working groups of ITU-R (CPM, RA, etc.). During the conference, it coordinated the progress of the national delegation and its cooperation with the actions of other European countries. It prepared a detailed report on the results of the

conference on all the discussed points and published it on its website (<https://www.ctu.eu/report-worl-radiocommunication-conference-wrc-19>).

PART 3 Information on the need to pass new regulations or amend the existing regulations

1. Electronic communications

1.1. The need for an amendment of the Electronic Communications Act

On 17 December 2018, the wording of the approved Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code was published in the Official Journal of the European Union. The deadline for transposition of the Directive in question is set at 21 December 2020 and its responsible authority is the Ministry of Industry and Trade, which launched on 16 December 2019 an inter-ministerial comment procedure on the material entitled "Draft amendment to Act No. 127/2005 Coll., on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act), as amended, and certain other Acts". Comments on the submitted material could be raised no later than 31 January 2020. The whole process should therefore be completed during 2020.

Given that this is an extensive regulation covering all substantive parts of the Electronic Communications Act which is the basic legal regulation for the operation of Czech Telecommunication Office, CTU pays considerable attention to the entire process of transposition of Directive 2018/1972 (Electronic Communications Code).

1.1.1. The need to issue implementing regulations for the Electronic Communications Act

In relation to the work on the transposition of the European Electronic Communications Code into the laws of the Czech Republic, which took place in 2019 and will take place also in 2020 under the responsibility of the Ministry of Industry and Trade, and also to the general need to respond to the current factual development in the sector of electronic communications, there is a need for comprehensive assessment of all implementing regulations for the Electronic Communications Act. In 2020, it will therefore be necessary to ensure appropriate changes to these regulations on the basis of such a revision.

Amendment of the Electronic Communications Act by means of Act No. 311/2019 Coll. amending Act No. 127/2005 Coll., on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act), as amended, was passed in 2019. This Act shall enter into force on 1 April 2020, and in the new Section 66a(5) in conjunction with Section 150(5) of the Electronic Communications Act it authorizes CTU to issue a new implementing regulation, a Decree laying down the scope, form and manner of delivery of

information by businesses providing publicly available electronic communications services, for the purpose of ensuring the functioning of a comparison tool for comparing and assessing different publicly available electronic communications services in terms of their price and quality. Although the Act does not take effect until 1 April 2020, this deadline would not be sufficient for the assignment, development, and deployment of the comparison tool in the relevant IT solution ensuring the fulfilment of the obligation pursuant to Section 66a of the Electronic Communications Act. The transitional provision of Act No. 311/2019 Coll. thus provides the possibility to implement a comparison tool in the part concerning the quality of the services provided with a delay of up to 9 months. The Decree is therefore expected to be issued in the 2nd half of 2020.

2. Postal services

2.1. The need for an amendment of the Postal Services Act

The Regulation (EU) 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services was adopted in 2018. Although it is a normative law with direct effectivity, the legal order of the Czech Republic needs to be adapted to this regulation, at least in the part on determining the national administrative authority responsible of its execution, and in part on sanctions for non-keeping obligations laid down in this regulation. As the responsible party, the Ministry of Industry and Trade prepared a relevant draft amendment to the Postal Service Act in 2018; although its legislative procedure was taking place during 2019, it was not finished (Chamber of Deputies document No. 555). Completion of the legislative procedure to the draft law in question is assumed in 1st half of 2020.

2.1.1. The need to issue implementing regulations for the Postal Services Act

Within the preparation of legislative work plan for 2020, CTU did not identify any need to amend neither implementing regulations for the Postal Services Act which are under its authority, nor the regulations under the authority of Ministry of Industry and Trade.

3. Act No. 194/2017 Coll., on measures to reduce the costs of deploying high-speed electronic communications networks and on the amendment to some other acts

3.1. The need for an amendment of the Act No. 194/2017 Coll.

In 2019, given some 2 years' experience with applying the Act No. 194/2017 Coll., on measures to reduce the costs of deploying high-speed electronic communications networks

and on the amendment to some other acts, CTU identified the need to amend the Act in legal-technical way. Considering that the issues related to rights and obligations determined in the Act No. 194/2017 Coll., are also part of the transposition of the Directive (EU) 2018/1972 (European Electronic Communications Code), CTU suggested to amend the Act No. 194/2017 Coll. within its comments on document “Draft law amending the Act No. 127/2005 Coll., on electronic communications and on the amendment of certain related acts (Electronic Communications Act), as amended, and some other acts.” The legislative procedure to this document, including settlement of the comments exercised within the inter-ministerial comment procedure, will be under way during 2020.

PART 4 Organization and operation of CTU

1. Financial results of CTU

The binding indicators of Chapter 328 – CTU ensue from Act No. 336/2018 Coll., on the state budget of the Czech Republic for 2019, as amended. An overview of the achievement of these indicators is provided in Annex 8, while Annex 10 presents an overview of binding indicators for 2020 (an obligation laid down by the Electronic Communications Act).

1.1. Evaluation of the achievement of the indicators of chapter 328 – Czech Telecommunication Office

TOTAL INCOME

The approved budget for the binding indicator of total income in the amount of CZK 898,789,346 was not adjusted in 2019. The actual amount is CZK 856,328,896.18, i.e., the adjusted budget was achieved at a level of 95.28 %. The decline in income was caused by the change of Government Regulation No. 154/2005 Coll., on determining the amount and method of calculating charges for using radio frequencies and numbers, as amended. This change has reduced the fees for the use of radio frequencies and thus resulted in lower income collection.

Tax income - administrative fees amounting to CZK 32,510,302.97 were collected, meaning that the adjusted budget was achieved at a level of 73.89 %.

A significant part of non-tax income, capital gains and received transfer payments is the income arising from CTU activity, i.e., income from the radio spectrum management in the amount of CZK 700,593,103.07, and income from the number management in the amount of CZK 105,333,271.

For the year 2019, CTU collected fines imposed in administrative proceedings in the amount of CZK 17,109,810.98.

The income reported in other income items is random in nature and is therefore not budgeted.

Overviews of total income for 2019 are presented in Annex 8 and the planned income in 2020 are presented in Annex 9 of this Report.

TOTAL EXPENDITURE

In 2019, the expenses of CTU increased by CZK 1,000,000,000 in connection with Act No. 202/2019 Coll. which amended Act No. 29/2000 Coll., on postal services, and which brought an increase in the limit for the reimbursement of net costs arising from the provision of universal postal services by Czech Post.

Total expenses for the year 2019 were used in the amount of CZK 1,170,855,075.18, i.e., 47.44 % of the adjusted budget was used.

The expenses budget of CTU is structured according to the budget composition in terms of sectors into 5 sections, namely:

- Section 241100 – Post matters,
- Section 241200 – Telecommunication matters
- Section 246100 – Activities of central bodies of state administration in communications
- Section 249100 – International cooperation in communications,
- Section 527334 – Other management in the area of crisis management

Indicator/ Section	Approved budget 2019	Adjusted budget 2019	Actual use as of 31 December 2019	% of usage (3/2)
a	1	2	3	4
Total expenses of which:	1,468,076,432	2,468,076,432	1,170,855 075.18	47.44
Section 241200	750,000,000	1,750,000,000	500,000,000.00	28.57
Section 241200	132,000,000	132,000,000	104,039,424.72	78.82
Section 246100	577,091,432	577,091,432	558,458,662.38	96.77
Section 249100	8,915,000	8,915,000	8,350,144.18	93.66
Section 527334	70,000	70,000	6,843.90	9.78

Expenditures are further segmented into current and capital expenditure.

Indicator	Approved budget 2019	Adjusted budget 2019	Actual use as of 31 December 2019	% of usage (3/2)
a	1	2	3	4
Total expenses of which:	1,468,076,432	2,468,076,432	1,170,855,075.18	47.44
Current expenses	1,419,441,086	2,419,685,666	1,145,580,924.33	47.34
Capital expenditures	48,635,346	48,390,766	25,274,150.85	52.23

Current expenditure

In 2019, current expenditure was used in the amount of CZK 1,145,580,924.33, i.e., 47,34 % of the adjusted budget.

Capital expenditure

Capital expenditure was used by CTU for the programme with registration number 128 02 Development and renewal of the material and technical basis of CTU, the approved

budget for 2019 was CZK 48,635,346. Capital expenditure was used in the amount of CZK 25,274,150.85, i.e., 52.23 % of the adjusted budget.

2. Management of non-budgetary funds

2.1. Radiocommunication Account

The obligation to set up the Radiocommunication Account, which CTU administers, arose for CTU from the Electronic Communications Act. The account was opened at the Czech National Bank, Prague branch, as an external resources account with the broadened prefix of "26016". It is created according to Government Regulation No. 153/2005 Coll., on the determination of the method of providing funds to the radio communication account, the amount thereof, and the method of fund withdrawal, at 30 % of the fees collected for the use of radio frequencies. Money is transferred to the account on a quarterly basis (invariably after the quarter having passed).

The funds are used for the coverage of effectively and practically spent costs incurred by the holders of individual authorisations to the use of radio frequencies, who incurred these costs as a result of the changes in the use of radio spectrum for reasons due to the Electronic Communications Act. They can be further used for the coverage of the expenses associated with the fulfilment of the obligation of CTU within the radio spectrum management. In 2019 CTU paid from the radiocommunication account expenses in total amount of CZK 49,567,581.46.

Table 10: Balance of the Radiocommunication Account (in CZK)

Account balance as of 1 January 2019	870,893,852.14
Budgeting for 2019	301,305,902.00
Drawing for 2019	49,567,581.46
Account balance as of 31 December 2019	1,122,632,172.68

3. Human resources

Based on the organized tenders, 39 employees began working for CTU in 2019 (of which: 12 as employees under an employment contract and 27 in civil service status).

CTU also supports private and family life of its employees, either by means of various benefits, or e.g., by allowing a flexible working service or working part-time. In 2019, 13 female employees started maternity leave, 1 employee started parental leave, and 9 female employees returned from maternity leave.

Civil service or employment with CTU was terminated by 54 employees (4 employment contracts and 50 civil service contracts) in 2019. They either went to work for another employer or retired. As of 31 December 2019, 47 employees received old-age pension.

The average number of FTE was 577. As of 31 December 2019, the filling number of employees was 578.

Table 11: Number of employees (in comparison to 2017 and 2018)

Indicator/Period	2017	2018	2019
Systemised number of employees	643	663	627
Average FTEs	584	582	577
Newly hired employees	66	64	39
Civil service/employment contracts terminated	60	47	54
Employees in post-productive age as of 31 December	20	33	47

3.1. Funds for the salaries of CTU employees

The budget of funds for the salaries of civil servants without EU projects for the year 2019 was CZK 284,577,824.

The average salary of a CTU employee in 2019 was CZK 41,528.

3.2. Number of systemized positions

There were 627 systemized positions in CTU in 2019. For the year 2020, 596 systemized positions were approved within the annual systemization.

3.3. Employee training

Employee training was carried out according to Act No. 234/2014 Coll., on civil service, as amended, Act No. 262/2006 Coll., Labour Code, as amended, and CTU Binding Guideline No. 15/2016 which lays down the procedures for improvement and increasing the education of CTU employees.

Training events were organized according to the CTU Employee Training Plan for the year 2019 and focused primarily on electronic communications, postal services, the relevant laws and regulations, information technologies, foreign languages, personal skills, and managerial skills of senior officers.

The initial training for newly hired employees was conducted mainly by means of e-learning. This training contained basic information about state administration and CTU, the fundamental rights and obligations of CTU employees, the fundamentals of working with information technologies used at CTU, the code of ethics, prevention of corruption, the environmental policy, filing rules, the obligation of employees at times of crisis management and other selected regulations. New employees also received follow-up initial training where they were prepared for the general and special parts of the civil service examination.

36 employees passed the clerical test, 28 of them passed the test in the field of service No. 36 Electronic communications and postal services.

Courses were held for selected employees in cooperation with the Faculty of Electrical Engineering at the Czech Technical University in Prague and the Faculty of Electrical Engineering and Communication at the Brno University of Technology, these courses concentrating on current technology and services in electronic communications and their development. Large number of employees attended the Radiocommunication conference.

Most employees received training on the implications of the General Data Protection Regulation (GDPR) within the activities of CTU.

Language training was provided to employees in the form of group and individual courses in English, French and German.

The training of senior officers focused on communication skills, time management, stress handling, conflict management, people and team management.

Individual employees attended various training events organised by external agencies according to their individual training needs.

Seminars to provide first aid in the workplace were also provided for CTU employees.

The costs of training and education services as of 31 December 2019 were CZK 4,931,000 and the expenditures on conference fees CZK 360,000.

Table 12: Number of employees who have completed training in 2019

Type of training	2019
Initial introductory training	40
Follow-up introductory training	28
Continuous training	1,681
Training for senior officers	63
Language training	260

An overview of personnel data for the year 2019 is shown in Annex 10 of this Report.

4. Information technologies

Modern technology for monitoring network traffic was delivered within the Integrated Regional Operational Programme. This technology significantly increases the possibilities of detecting and responding to cyber incidents/events. In the area of network traffic security, a generational renewal of firewall elements was also performed.

An above-limit public contract for the construction of the Electronic Data Collection information system (hereinafter referred to as "IS ESD") was assigned in tender, for the collection of statistical data from businesses in electronic communications, from postal

service providers and providers of cross-border parcel delivery services. Implementation began in the third quarter of 2019; IS ESD should be put into operation in November 2020.

4.1. Open data

The year 2019 was again characterized by an expansion of activities in the field of open data of CTU on national and international level. CTU also actively participated in public events in the field of open data this year. It became a sponsor of selected competitions and activities supporting open data. It participated in many conferences, working groups and other events related to open data.

In cooperation with the Supreme Audit Office, CTU organized Hackathon of Public Administration 3.0. It was already the third year of a successful activity long supported by CTU. A record number of institutions took part in the third annual Hackathon, and for the first time, representatives of the local governments also took part in the competition, namely the cities of Prague, Brno, and also Czech Radio participated. From the 17 registered applications, the expert jury selected the best application called 'Statistika hrou' (Statistics as a Game). The winning applications are found on the website at <http://hackujstat.cz>. At the same time, individual projects are freely available and can be followed up and further developed.

As part of its support of open data, CTU became a sponsor of the 7th annual contest entitled 'Společně otevíráme data' ('Opening Data Together') which awards the best applications based on open data and supports the emergence of new services for the public and shows the social and economic potential of open data and open source technologies. The winning application called Mapavysilacu.cz uses open data of CTU for a long time.

CTU not only publishes open data, but also creates applications that use or provide it. In 2019, a web application called 'Měření ČTÚ' was launched at <http://qos.ctu.cz>, offering the public a comprehensive visualization tool. It can serve as a basic tool for users when comparing the quality of services of individual operators. It offers a comparison of mobile communications services and the plan is to gradually add other services, e.g., radio or fixed Internet connection services. The scope of measured data will be similarly expanded.

In the application, the user can clearly display the measurements performed by CTU professionals on the background map of the Czech Republic or other data sources - results of user measurements from NetMetr and the results of coverage simulations performed by CTU on the basis of data about base stations provided to CTU by mobile operators.

In the local open data catalogue at <http://data.ctu.cz>, CTU also published new open data e.g., daily updated dataset 'Stationary measurement of mobile signal' which is linked with the web-based application 'Měření ČTÚ.' The local catalogue, in the section Applications, included now more than 20 web applications and databases that are linked to or use open data of CTU.

PART 5 Mandatory Parts of the Annual Report

1. Annual report on the Universal Service

The CTU compiles an Annual Report on the Universal Service in accordance with Section 50(2) of the Electronic Communications Act. In addition to information about the scope of services provided within the universal service in 2019, this report also contains information about the manner of financing the universal service laid down by the Electronic Communications Act for the period under consideration, 2019.

1.1. Mandatorily provided partial services of the universal service

Public payphones

The obligation to provide partial service of public payphones or other, similar means of technology as allowing access to the publicly available telephone service (hereinafter referred to as "payphones") (Section 38(2)(e) of the Electronic Communications Act) was imposed upon O2 based on the result of a tender, with effect from 1 January 2018 to 31 December 2020. The decision includes an annex containing the list of public payphones included in the universal service in 2019. For the sake of ensuring the economic efficiency of the provided partial service, CTU determined the precise extent of the provision of the service using the criterion of density and based on a declining level of usage and continues in the gradual reduction in the number of the payphones operated within the universal service.

On 17 September 2019, CTU issued an amendment of its decision which specified particular public payphones provided within the universal service from 1 January 2020.

Access of people with disabilities to the publicly available telephone service

The obligation to provide services involving access for disabled persons to a publicly available telephone service, to the directory inquiry service and to directories of subscribers which is equal to the access enjoyed by other end-users, in particular using special telecommunication terminal devices (Section 38(2)(f) of the Electronic Communications Act), was imposed on O2 based on the tender with effect from 16 July 2018 to 16 July 2021.

Special prices or price plans

The obligation to allow persons with special social needs according to Section 44 and Section 45 of the Electronic Communications Act to choose prices or price plans that differ from the price plans provided under normal commercial terms and conditions such that these persons have access to and are able to use a partial service and a publicly available telephone service (Section 38(3) of the Electronic Communications Act) (hereinafter referred to as "special prices") was imposed on O2 based on the tender with effect from 4 July 2017 to 4 July 2020.

With regard to the ending effective period of the imposition of obligations, on 4 June 2019 CTU launched a review of the grounds on which the special pricing obligation was imposed. As part of the review, on the basis of the findings and facts and taking into account the interests of the end users, CTU found that the grounds on which the special price obligation was imposed in the context of universal service continue. Furthermore, CTU stated that it intended to impose an obligation to offer special prices, namely from 5 July 2020 to 31 December 2021. In view of the above, on 20 December 2019 CTU called for tender for the provider of the service.

1.2. Partial services of the universal service provided on a commercial basis

The partial services listed below are subject to regular monitoring and CTU reports on their evaluation every year. In June 2019, based on monitoring for the year 2018, CTU found no reasons to impose the above-mentioned obligations. Therefore, the partial services listed below were provided by commercial entities also in 2019, and CTU did not impose an obligation to provide them. They were specifically:

- a) connection to the public communication network at a fixed location (Section 38(2)(a) of the Electronic Communications Act),
- b) access to the publicly available telephone service at a fixed location (Section 38(2)(b) of the Electronic Communications Act),
- c) periodical publication of subscriber directories and access of end-users to these directories (Section 38(2)(c) of the Electronic Communications Act),
- d) information service on telephone numbers of the subscribers of the publicly available telephone service, available for end-users (Section 38(2)(d) of the Electronic Communications Act),
- e) supplemental services to services specified in Points a) and b) of the Electronic Communications Act (Section 38(2)(g) of the Electronic Communications Act), namely:
 - gradual repayment of the price for the set-up of the connection to the public communication network for consumers,
 - selective blocking of outgoing calls, sending of premium text or multimedia messages free of charge or, if technically feasible, access to similar services with a higher price or calls to specified types of numbers for the subscriber,
 - itemised billing of the price for the subscriber free of charge,
 - the provision of information, at the request of the subscriber, on lower prices or more favourable price plans and the terms and conditions under which these are applied, if this information is available, and

- monitoring of the subscriber's expenditures associated with the use of the publicly available telephone service, including free notification of the consumer in the event of unusual or excessively increased usage of this service.

1.3. Funding of the universal service

The funding of the universal service was performed in previous years according to Act No. 151/2000 Coll. on Telecommunications and on Amendment to Other Acts, as amended (hereinafter referred to as "Telecommunications Act"), namely for the period from 2001 to 2005 and for a part of 2006, and subsequently according to the Electronic Communications Act for the period from 2006 to 2019.

The funding of the universal service for the period 2001–2005 has been already closed. CTU therefore only provides information on pending proceedings and, as appropriate, proceedings which may have been finally closed in 2019.

1.3.1. Under Telecommunications Act (situation in 2019)

LOSS FOR THE YEARS 2004-2006

Following a previous court decision, CTU heard again in 2016 and 2017 the proceedings concerning the verification of the demonstrable loss for the period 2004–2006. During the new hearing, in accordance with the EU Directive on universal service which, according to the courts, has direct effects in this case, CTU quantified the intangible benefits of the provider of the universal service and assessed whether the verified loss constitutes unfair burden for the provider. In all three decisions issued, only the loss resulting from the provision of free services or services whose price did not cover the costs incurred was recognized for compensation, i.e., not a loss for the full range of the universal service imposed, as the following table shows.

Table 13: Summary of the coverage of the loss from universal service for the period 2004–2006 in CZK

Loss for a year	Amount of loss verified by CTU	Payments paid to universal service account	Contribution from O2
2004	302,622,498	208,614,879	94,007,619
2005	286,966,147	206,967,794	79,998,353
2006	280,274,507	137,152,181	143,122,326

New administrative decisions on the verified amount of loss and contributions to the financing of universal service for these years (2004–2006) were gradually challenged again by an administrative action brought by some of the companies which contributed to the coverage of the loss.

CTU therefore states in this Annual Report that in 2019, none of these legal actions were finally decided by the court. Funding the coverage of the loss from universal service for the period 2004 - 2006 was therefore not closed even in 2019.

1.3.2. Under Electronic Communications Act

In 2010 and 2011, decisions were issued on the amount of the net costs for the period 2006 – 2009. Subsequently, the decisions were challenged by some parties through administrative appeals and legal actions, and therefore the cases were heard again in the period 2014 – 2019. The determined amount of the net costs did not change in any of the cases, and the conclusions assessing the net costs as an unbearable burden were confirmed. The decision was supplemented by detailed arguments relating in substance to the claims, in particular as regards the method of allocating overheads, findings relating to the intangible benefits, and new calculations to assess the unbearable burden, including taking into account all the criteria set out in the case law of the European Court of Justice. Detailed information on the amount of payments is presented in the Table 15.

With respect to the fact that the judgments issued based on the legal actions brought by T-Mobile revoked the decision on the amount of net costs, which was the basis for issuing payment orders, the original payment order of T-Mobile for the years 2006, 2008 and 2009 was also cancelled. New payment orders were issued for T-Mobile in 2018 and 2019.

NET COSTS FOR THE YEARS 2006–2009

The amount of reimbursement of net costs that were verified by CTU is documented in Table 15. Nevertheless, the decisions for the years 2006 to 2008 were gradually challenged in the previous years by legal actions brought by T-Mobile. These actions were still pending in 2019. Therefore, the verification of the net costs for the years 2006 to 2008 was not finally closed by the end of 2019.

NET COSTS FOR THE YEAR 2009

CTU determined net costs for the year 2009 by a decision of 23 March 2018 at CZK 73,363,998; the intangible benefits were taken into account in the amount of CZK 4,983,955.90. T-Mobile filed an administrative appeal against the decision, which was rejected by a decision of 2 August 2018 and the decision was upheld. T-Mobile subsequently filed an action which was suspended by the Metropolitan Court in Prague for failure to pay for the court fee. The contribution of MobilKom, a.s., valued CZK 275,262, was only paid in the amount of CZK 2,284.31 in 2014 and in the amount of CZK 105.39 in 2019 – both amounts were transferred to O2. The remaining part of the contribution will be paid to the universal service account from the state budget due to uncollectability of the claim after the completion of the insolvency proceedings.

NET COSTS FOR THE YEARS 2010–2018

The reimbursement of the net costs determined by the final decisions of CTU for the individual years of provision of the universal service to the defined extent was fully made from the state budget for the benefit of O2 which provided this service in the period 2010–2018.

NET COSTS FOR THE YEAR 2018

On 25 July 2019, O2 submitted a request for reimbursement of the net costs for the provision of the service of public payphones and the service of the sale of specially equipped telecommunication terminal devices in 2018. CTU verified this bill, in particular by means of a comparison with the results of separate records of costs and revenues, by checking the methodology of construction of the allocation keys, assessment of the development of the costs in time, and by verification of the correctness of the allocation of the invested capital.

The provision of the service of public payphones was verified already in 2018. The legitimate claim of people with disabilities for purchase of specially equipped telecommunication terminal devices for the price of standard terminal devices was also verified. The net costs of the service of public payphones were quantified as CZK 32,210,905.35 and the net costs of the sale of special telecommunication terminal devices were included in the amount of the limit for this service of CZK 8,437.00. Intangible benefits were not identified. Total net costs in the amount of CZK 32,219,342.35 were assessed as unbearable burden. The net costs were determined by a final decision of CTU of 24 October 2019, and the reimbursement thereof was fully made from the state budget on 19 November 2019 to O2 which provided the universal service in 2018.

Table 14: General overview of the reimbursements of the net costs incurred in the period 2006–2018 in CZK

Net costs for a year	Amount of coverage of net costs demanded by a provider	Amount of net costs verified by CTU	Payments paid to the universal service account	Note
2006	84,169,933	73,875,953	37,533,749	The contribution made by O2 was calculated at 36,342,204 CZK
2007	118,666,047	105,478,583	56,652,325	The contribution made by O2 was calculated at 48,826,258 CZK
2008	114,934,483	100,992,529	55,688,078	The contribution made by O2 was

				calculated at 45,304,451 CZK
2009	89,435,212	73,363,998	40,367,067	The contribution made by O2 was calculated at 32,723,953 CZK
2010	47,483,383	46,582,341	-	Net costs were paid from state budget
2011	54,992,883	55,028,579	-	Net costs were paid from state budget
2012	51,285,028	50,136,727	-	Net costs were paid from state budget
2013	46,984,256	46,969,448	-	Net costs were paid from state budget
2014	48,244,872	48,240,857	-	Net costs were paid from state budget
2015	37,728,377	37,548,680	-	Net costs were paid from state budget
2016	35,833,679	35,822,312	-	Net costs were paid from state budget
2017	34,078,959	34,066,380	-	Net costs were paid from state budget
2018	32,219,508	32,219,342	-	Net costs were paid from state budget

1.4. Loss from the provision of the universal service of "Special prices"

The loss on the mandatory provision of the partial service of "Special prices" (according to Section 38(3) of the Electronic Communications Act) is covered from the state budget. On 17 July 2019, O2 submitted a request for the coverage of loss arising from the provision of special prices in 2018. CTU checked the submitted data and after elimination of the identified deficiencies, issued a decision on 13 November 2019 on determination of the

loss arising from the provision of special prices within the universal service in the amount of CZK 71,820,082.37. The recognized loss was paid to O2 from the state budget on 6 December 2019.

Table 15: Overview of the coverage of the O2 loss on the provision of special prices incurred in 2018 in CZK

	Submitted loss	Recognised loss
O2 fixed network	61,485,722	58,258,502
O2 mobile network	13,593,029	13,561,580
O2 total	75,078,751	71,820,082

2. Annual Report of the Czech Telecommunication Office on Provision of Information Pursuant to Act No. 106/1999 Coll., on Free Access to Information, as Amended, for the year 2019

The Czech Telecommunication Office publishes this Annual Report on the Provision of Information in the Year 2019 which has been prepared according to Section 18 of Act No. 106/1999 Coll., on Free Access to Information, as amended (hereinafter referred to as "Act No. 106/1999 Coll.").

According to Section 3 of Act No. 127/2005 Coll., on electronic communications and amending certain related acts (Electronic Communications Act), as amended (effective as of 1 May 2005), CTU is the central administrative body for the exercise of state administration in the matters laid down by this law, including market regulation and determining the conditions of undertaking business in particular in the spheres of electronic communications and postal services. Within its scope of powers and responsibilities laid down by the law, i.e. as the body of state administration, it supervises adherence to legal regulations in the spheres of electronic communications and postal services and also compliance with the obligations in the above-mentioned areas aimed at consumer protection, as stipulated by Act No. 634/1992 Coll., the Consumer Protection Act, as amended, as well as compliance with the obligations laid down by Act No. 194/2017 Coll., on measures to reduce the costs of deploying high-speed electronic communications networks and on amendment of some related Acts.

Basic information on the organisation structure and activity of CTU is available to the general public at CTU's website at www.ctu.eu, including its Electronic notice board, and on the notice board placed on the information panel in the lobby of the CTU headquarters. Information on the resolution of situations according to Decree No. 442/2006 Coll., laying down the structure of information about the liable entity to be made public by a method enabling remote access, as amended by Decree No. 416/2008 Coll., is also available through the public administration portal (www.portal.gov.cz).

According to Section 18(1) of Act No. 106/1999 Coll., CTU publishes the following data:

a) Number of requests for information submitted

69 written requests for information were submitted to CTU and put on record in 2019. In four cases, CTU assessed the request as a request for access to the file pursuant to Section 38 of the Code of Administrative Procedure, and not a request according to Act No. 106/1999 Coll. Three requests came from one requesting person whom CTU asked to amend the filing within 25 days of the date of delivery of the request, which the requesting person failed to do. In the fourth request the requesting person even asked to be sent a decision in proceedings to which he was party. The requested decisions were therefore sent to the requesting person, as a party to the administrative proceedings in question, and the request was not processed according to Act No. 106/1999 Coll.

The requests for information were related to areas where CTU is active and generally focused in particular on:

- provision of electronic communications services and postal services, complaints filed about the defects of the electronic communications services provided, granting the rights for the use of radio frequencies (23 requests),
- postal licences (4 requests),
- general administrative activities of CTU or decisions issued by CTU both in the area of electronic communications and postal services (16 requests),
- administrative court proceedings to which CTU is a party, or compensation for damage pursuant to Act No. 82/1998 Coll., on liability for damage caused within the exercise of public authority by a decision or incorrect administrative procedure and on amendment of No. 358/1992 Coll., on notaries and their activities (Notary Act), as amended (2 requests).

Information was also provided on:

- economic management of CTU and internal organization matters and activities of CTU and personnel issues (10 requests),
- communication with the EU Commission (1 request),
- written tests from examinations to get individual certificates of professional qualification (2 requests)
- inspections carried out (7 requests).

b) Number of decisions on the rejection of a request

24 decisions on the rejection of a request were issued in 2019, 11 of which concerned only rejection of a part of the request where information was provided in part.

c) The number of suspended requests for the provision of information with notification of the applicant in accordance with Section 14(5)(c) of Act No. 106/1999 Coll. (on the grounds that the request in question is not a request pursuant to Act No. 106/1999

Coll., or concerns information which does not fall within the scope of powers and responsibilities of the entity obliged to provide information) and in accordance with Section 17(5) of Act No. 106/1999 Coll. (on the grounds that there was no response to the request of CTU to pay the costs associated with the provision of the requested information within the statutory time limit)

In 2019, CTU put aside 1 request for information, namely because the requesting person did not pay the required amount of costs within the statutory time limit.

d) Number of appeals (administrative appeals) filed against a decision

8 administrative appeals were filed in 2019 against a decision to reject a request.

No administrative appeal was filed against a decision to postpone a request for information in 2019.

e) Copies of the substantial parts of the court decisions (Section 16(4) of Act No. 106/1999 Coll.)

In 2019, the court did not rule on any case of rejection of a request for information by CTU.

f) Number of complaints filed pursuant to Section 16a of Act No. 106/1999 Coll., reasons for filing the complaints, and brief description of the processing

In 2019, CTU handled 1 complaint according to Section 16a (3) b) of Act No. 106/1999 Coll. about the actions of CTU as the obliged entity when handling a request for the provision of information, specifically about failure to comply with the time limit for provision of information. CTU apologized to the complainant for not complying with the legal deadline and offered assurance that it had taken such measures to prevent the above-mentioned misconduct in the future.

g) List of exclusive licences provided, including the reasoning for the need to provide an exclusive licence (Section 14a of Act No. 106/1999 Coll.)

In 2019 CTU did not provide any exclusive licence.

h) Other information relating to the application of Act No. 106/1999 Coll.

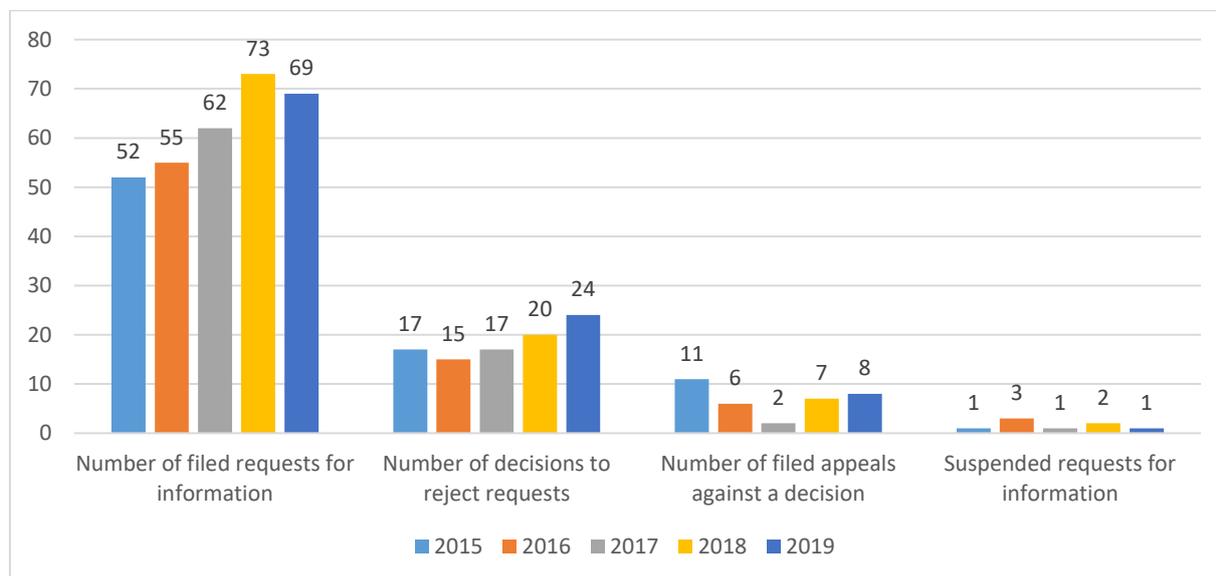
In 2019, CTU charged the costs associated with providing the information according to Section 17 of Act No. 106/1999 Coll. in the amount of CZK 21,472 but the person requesting the information did not pay the amount within the set time limit.

The written requests for the provision of information included in the records for 2019 were handled in accordance with the law and the internal regulations at CTU. CTU did not put requests for the provision of information made by telephone on record and operatively handled them in the same way with regard to the quantity and character of such requests.

The provided information is published on the CTU website in accordance with Act No. 106/1999 Coll.

An overview of the settled written requests for the provision of information in 2019 in comparison with the previous years, starting from 2015, is shown in the following chart.

Chart 19: Provision of information according to Act No. 106/1999 Coll., on free access to information, as amended, for 2015–2019



Note: This Annual Report was published on 2 March 2020 in a manner allowing remote access, i.e., on the website of CTU (www.ctu.cz).

Table 16: Provision of information pursuant to Act No. 106/1999 Coll., on free access to information, as amended, for the period 2015–2019

	Filed requests for information	Decisions to reject requests	Filed appeals against a decision	Suspended requests for information
2015	52	17	11	1
2016	55	15	6	3
2017	62	17	2	1
2018	73	20	7	2
2019	69	24	8	1

3. Annual Report of the Czech Telecommunication Office on out-of-court settlement of consumer disputes (Section 20k(4) and (5) of the Consumer Protection Act)

The legal framework for out-of-court settlement of consumer disputes in the area of electronic communications services and postal services in 2019 consisted in particular of Act No. 127/2005 Coll., on Electronic Communications and on Amendment to Certain Related

Acts (Electronic Communications Act), as amended, and Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act), as amended, including the implementing regulations. Specifically, out-of-court settlement of consumer disputes is regulated by Section 129 of the Electronic Communications Act and Section 6a of the Postal Services Act. The procedural actions of CTU within out-of-court settlement of consumer disputes are regulated by Act No. 500/2004 Coll., Code of Administrative Procedure, as amended. General obligations of CTU, as the subject of the out-of-court settlement of consumer disputes, in particular the disclosure and notification obligation, are regulated in Act No. 634/1992 Coll., the Consumer Protection Act, as amended.

Settlement of disputes in the area of electronic communications has been provided by CTU since 1 July 2000 when the Telecommunications Act came into effect. In the area of postal services, CTU has been dealing with this type of disputes since 1 January 2013 when the amendment of the Postal Services Act came into effect.

On 28 December 2015 or, more precisely, on 1 February 2016, Act No. 378/2015 Coll. amending the Consumer Protection Act and some other Acts came into effect, where this amendment legally introduced the institute of out-of-court settlement of consumer disputes, and Articles VI. and VII. of this amendment amended Section 129 of the Electronic Communications Act and Section 6a of the Postal Services Act. Out-of-court settlement of disputes has been possible with CTU since 1 May 2005 when the Electronic Communications Act entered into effect, but the aforesaid amendment introduced, for example:

- three-month time limit for the settlement of the consumer dispute,
- new disclosure obligations of CTU during the proceedings concerning a consumer dispute,
- qualification conditions and conditions for the discharge of the office of the person deciding in the out-of-court settlement of consumer disputes,
- obligation to publish the information specified in Section 20i of the Consumer Protection Act on a website,
- notification obligation to the Ministry of Industry and Trade.

Pursuant to Section 20k(4) of Act No. 634/1992 Coll., the Consumer Protection Act, as amended, the subject of the out-of-court settlement of consumer disputes shall provide the Ministry of Industry and Trade with the following information once every two years:

a. on the number of disputes submitted to it and the types of suggestions related to it;

For the year 2019 the Czech Telecommunication Office received **376** requests regarding a dispute between the consumer and provider of electronic communications services or provider of postal services. The requests were related to the dispute proceedings regarding an objection against the handling of a complaint about the billing, complaint about the electronic communications service, concerning a dispute about non-pecuniary supply,

and concerning an objection against the handling of a complaint about the defects of postal services.

b. on the percentage of out-of-court settlements of consumer disputes which were suspended or rejected without finding a solution, and the percentage of the reasons for the suspension or rejection, if known;

In 2019, proceedings were suspended in **26%** of the total number **376** requests received for out-of-court settlement of consumer disputes. Out of the total number of suspended proceedings (**99** requests) the proceedings were suspended for the following reasons:

Reason for suspension of proceedings	Share in %
the requesting party withdrew the request	23
the requesting party failed to rectify substantial defects of the request	24
the requesting party failed to pay the administrative fee	39
Procedural issue occurred – the requesting party filled earlier the request with other administrative body	2
the request has become irrelevant	11

c. on the average time necessary for the settlement of the dispute;

The average time necessary for the settlement of the dispute within the out-of-court settlement of consumer disputes was 118 days.

d. on the degree of compliance with the outcome of the out-of-court settlement of consumer disputes, if known;

Administrative proceedings conducted by the Czech Telecommunication Office have two instances. A decision issued by the Czech Telecommunication Office is binding upon the parties and enforceable by other procedures according to the law.

e. on system or serious problems which occur frequently and lead to disputes between consumers and vendors;

Main reasons for disputes between consumers and providers of electronic communications services include failure to comply with the legal obligations related to contract termination consisting in particular of charging contractual fines where the amount exceeds the limit laid down by the law, and also unilateral changes to contracts consisting of e.g., increase of the price for the agreed services, changes of parameters of the agreed service of electronic communications. Another reason is disagreement with the bill of data consumption, or, alternatively, of renewals of data packages which were not requested. The general reason is the inadequate awareness of consumers about the rights and obligations under the contract, incorrect interpretation of these provisions by consumers, as well as

inadequate explanation of the dismissed complaints from which the consumer is often unable to verify the justification of the dismissal by the provider of the consumer's complaint.

In the area of postal services, a serious and recurrent subject of dispute is damage to the contents of postal items and compensation for the damage contents or for lost postal item, or for the failure to make an attempt to deliver, incorrect delivery of postal items consisting of delivery of a postal item to an unauthorized person, or (non-)payment of the C. O. D. amount. A major reason is the insufficient awareness of consumers about the postal terms, including, but not limited to, packaging of the postal item, method of calculation of the damages, and permitted content of a postal item with respect to the service chosen, as well as the handling of complaints by the operator of postal services where it is inadequately explained and often ambiguous and repetitive.

f. on potential cooperation of the entities within a network of entities of the out-of-court settlement of consumer disputes facilitating cross-border disputes and assessment of the effectiveness of this cooperation, if any;

In 2019 Czech Telecommunication Office did not receive any request related to a cross-border dispute.

g. on professional training of individuals for performing the out-of-court settlement of consumer disputes;

The employees responsible for performance of the out-of-court settlement of consumer disputes are trained on regular basis within the training of civil servants on the laws and regulations under which the disputes are processed.

h. on assessment of the effectiveness of the out-of-court settlement of consumer disputes and on its potential improvement;

With respect to the binding nature of the decision for the dispute parties and the procedures according to the laws, the settlement of consumer disputes is considered sufficiently effective.

4. Information on handling complaints about the activities of CTU for the year 2019

In 2019, CTU handled 18 filings which were assessed as complaints pursuant to Section 175 of Act No. 500/2004 Coll., Code of Administrative Procedure, as amended, taking into account their nature and contents.

In six cases, the complaints were filed about actions of the administrative body when carrying out inspection activities pursuant to Act No. 255/2012 Coll., on inspection (the Code of Inspection Procedure). Specialized departments of CTU assessed the filing not as objections according to Section 10 of Act No. 255/2012 Coll., on inspection (the Inspection Code), but instead as complaints under Section 175 of the Code of Administrative Procedure.

In four cases, there was one complainant who lodged complaints about exceeding the powers of CTU in relation to the definition of inspection done by CTU. The complaints were found to be unfounded. Of the other two complaints, one was found to be justified as it pointed to errors in the inspection report. A remedy was immediately provided by creating an addendum to the inspection report and by sending it to the complainant. At the same time, CTU, as an administrative body, took steps to ensure that a similar error would not recur. In the second case, the complainant was allegedly under severe pressure and misled by an incorrect citation of Section 15 (2) of the Inspection Code concerning the imposition of fines for misdemeanours. Although the CTU employee quoted the provision of the Inspection Code inaccurately, from the substantive point of view, the wording he used has the same meaning in the area of administrative punishment, so it could not mislead the complainant. Therefore, the complaint was assessed as unfounded.

The other complaints included reservations to unprofessional or unethical actions of the officials or their allegedly incorrect actions when conducting administrative proceedings, alleging that it constituted breach of Act No. 500/2004 Coll., Code of Administrative Procedure, as amended, Act No. 127/2005 Coll., on Electronic Communications and on Amendment to Certain Related Acts (Electronic Communications Act), as amended, Act No. 29/2000 Coll., on Postal Services and on Amendment to Certain Related Acts (Postal Services Act), as amended, or Act No. 634/1992 Coll., on consumer protection, as amended. An overview of the complaints filed in 2019 is attached hereto.

An investigation in individual cases thus revealed, that 12 complaints are unjustified, and six complaints are justified, 3 of which were assessed as only partially justified.

In addition to a justified complaint about the administrative body's procedures in carrying out the inspection, there was a complaint assessed as justified, namely a complaint about the administrative body's procedure consisting of the processing of personal data about the complainant and other natural persons appearing in the extract from the Administration Information System of Population Registry (hereinafter referred to as "AISEO"). CTU apologized to the complainant and, in order to provide a remedy, proceeded to anonymize all personal data in the administrative file relating to persons who are not parties to the proceedings. At the same time, measures were taken to ensure that all administrative files containing a printed extract from the Technology Centre of the Ministry of the Interior of the Czech Republic – information from AISEO, which are submitted to the parties to the proceedings for inspection or sent outside of CTU, are first subject to anonymization of all personal data which is not related directly to the party to the proceedings. All employees of the department of CTU where the error occurred were informed about the measure.

The subject of the third justified complaint was an error on the part of a CTU employee consisting in failure to comply with the deadline for issuing a decision. The deadline was breached disproportionately and for no apparent reason, and the employee's conduct was assessed as a disciplinary offense with all the consequences. The complainant

was sent an apology and assured that measures had been taken to ensure that similar errors would not recur in the future.

The impetus for filing the first partially justified complaint was the inappropriate conduct of officials. The complainant was assured that corrective measures had been taken to eliminate the deficiencies identified in the complaint so that they would not recur. Employees were reminded of strict adherence to the rules of ethics of CTU employee laid down in the Code of Conduct for Employees and, at the same time, binding organizational and procedural procedures were set up for dealing with the subscribers and citizens.

The cause of another partially justified complaint was an error on the part of a CTU employee consisting in failure to comply with the deadline for issuing a decision. The corrective measure was adopted in the form of an internal management instruction to department heads to ensure and check compliance with process procedures.

The last partially justified complaint was a complaint about the actions of the administrative body, namely about the absence of documents on legal representation in the administrative file. The remedy was provided by assessing the complaint and the administrative appeal of the complainant filed against the CTU decision were assessed as justified. The administrative appeal was complied with in full, the contested decision was annulled, and a new proceeding was brought concerning the matter. At the same time, CTU apologized to the complainant for this error and assured her that the measures taken in this case would lead to the proper conduct of the administrative proceedings.

The complaints processed as unjustified concerned the possible incorrect actions of the administrative body when conducting administrative proceedings in the area of electronic communications, postal services, or consumer protection, which, however, were not proven during the investigation. The complaints namely concerned, for example, the settlement of the objection to the handling of a complaint about defects of the provided postal service, or information regarding the existence of a contract for access to the network, or to wholesale services for the purpose of resale thereof pursuant to Section 115 of the Electronic Communications Act. No remedial actions were adopted in case of the complaints about incorrect actions of the administrative body assessed as unjustified.

In two cases, the complainant requested an inquiry into the way the complaint was handled according to Section 175(7) of the Code of Administrative Procedure. The first case was a complaint against the conduct of a responsible official due to alleged unilateral preferential treatment of counterparty, failure to discuss the complainant's reasons and evidence, and deciding in a clear and complete bias against the complainant. The superior administrative body found the actions of the employees of the first-instance administrative body to be correct and in accordance with the law and agreed with them. In the second case, the request for an inquiry into the way the complaint was handled according to Section 175(7) of the Code of Administrative Procedure was related to incorrect actions of CTU in the matter of the complainant's motion regarding the possible misdemeanour committed by Czech Post consisting in Czech Post allegedly handling two postal items posted by the

complainant in violation of Section 7(1) of the Postal Services Act. The superior administrative body came to the conclusion that the first-instance administrative body reacted fully in accordance with the applicable regulations and assessed the complaint, like as the first-instance administrative body, as unfounded.

Other than the above-mentioned complaints, CTU did not receive any anonymous filing in 2019 and no other motion was assessed by CTU.

CTU did not receive any petition in 2019.

CTU also has on record all submissions announced or delivered to it in the matter of suspicion of corruption or fraud by any of its employees. It checks and regularly assesses these within its remit as part of an analysis of the handled complaints based on the provisions of Section 175 of the Code of Administrative Procedure. The list of complaints is provided in Annex 11 of this Report.

In 2019 CTU did not receive any report of suspected corrupt conduct by an employee of CTU.

As for the messages received at the anti-corruption e-mail address (korupce@ctu.cz) which was put into operation on 10 July 2007, they are handled in a special manner within CTU in terms of its regular monitoring and responsible evaluation, since the anti-corruption e-mail address could act as a potential source of information on potential corrupt conduct by CTU employees. CTU is therefore ready to respond promptly and actively to such submissions in accordance with internal regulations and based on generally applicable regulations.

The anti-corruption e-mail address also serves for submitting reports pursuant to Government Regulation No. 145/2015 Coll., on measures related to the reporting of suspicion of committing the offense in the service office which were processed pursuant to this Regulation. For the sake of completeness, it is necessary to state that the address korupce@ctu.cz is used by the public for submitting suggestions in the event of suspected unlawful acts of businesses in electronic communications or postal services, i.e., for submissions of a nature other than what it is supposed to serve. Such submissions are nevertheless referred to the relevant department of CTU for processing within the relevant legal framework.

PART 6 Annexes

1. Overview of subscriber disputes in electronic communications services in 2019
 - 1a. Subscriber disputes – number of issued decisions in 2019
2. Subscriber / user complaints on electronic communications services in 2019
3. Overview of issued decision on individual authorisations to use radio frequencies in 2019
4. Verification of professional competence to operate radio equipment in 2019
5. Identification of source of interference with operation of electronic communications equipment and networks or with provision of electronic communications or radiocommunications services in 2019
6. Overview of monitoring activities in the exercise of control of electronic communications in 2019
7. Measures of General Nature (OOP) acc. to the Electronic Communications Act issued in 2019
8. Fulfilment of binding indicators of state budget in 2019
9. Chapter indicators – budget overview for 2020
10. Basic personnel data – 2019
11. List of complaints as of 31 December 2019 (Article 175 of the Act No. 500/2004 Coll., Administrative Procedure Code)

Note: Annexes can be found in a separate PDF document.