

[SK] Winner of the Tender for the 4th Multiplex

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The Slovak Telecommunications Regulatory Authority (hereinafter “Telecom Office”) announced on 15 December 2011 the winner of the tender for the frequencies allocated for the 4th terrestrial multiplex. The company Towercom was awarded individual authorisation for the use of the given frequencies with the purpose to build up a communications network for the 4th multiplex that will provide TV broadcasting in DVB-T standard (with a possible upgrade to a newer standard, e.g., DVB-T2), along with other complementary interactive digital services such as EPG, e-government, online trading etc.

The tender had the form of a beauty contest with two participants. Act. No 220/2007 Coll. (Digital Act) sets out the required criteria, but the importance of each criterion was assessed and awarded with a specific number of points (maximum 2700) by the Telecom Office.

The participants could earn the most points (600) for the scheduled signal coverage at the start of the multiplex. 500 points were assigned respectively for the offered price, the ability to build up and operate multiplex in the scheduled time and the technical solution. Transparency and credibility of financial resources were awarded 300 points and the interest to operate the multiplex in more frequency allocations at one time 200 points. The participants could gain 100 points for declaring the obligation to provide a project with the aim of promoting technical means that enable end-users to access digital broadcasting or other complementary interactive digital services. All except the last criterion were binding, meaning that the participant must have declared how it would achieve the objectives set. The minimum price was determined to be EUR 500,000 by the Telecom Office. One participant was rejected from the contest for not meeting the necessary requirements in its application (failure to provide a legal Slovak translation for its English project documentation of the transmitters and antenna system).

According to the individual authorisation Towercom is obliged to start the commercial operation of the multiplex by 31 August 2012 with a network coverage of 46.5% of the Slovak population, which must be increased to 61% by 31 December 2012. By this date Towercom will also provide at least the interactive services EPG, Multimedia Home Platform MHP (e-government, online trading) and Over-The-Air (OTA) software update. These obligations were declared

by Towercom in its application and became legally binding. The authorisation is valid until 2029 and the offer price of EUR 500,100 must be paid.

Towercom now holds licences for all frequencies used in existing or prepared national terrestrial multiplexes in Slovakia. Towercom originally developed from a State-owned company for governing and operating TV and radio transmission. It gained the licences for the first and second multiplex in a tender procedure with similar criteria as in the recent contest. This fact and especially the actual final outcome (Towercom being the only provider of all national multiplexes) are subject to continuous criticism of some journalists. The main objection is that although the criteria are laid down by law the scheme of assessment set by the Telecom Office favoured Towercom, the owner of the only existing system of TV transmitters in Slovakia. The Telecom Office actions therefore supposedly granted Towercom a monopoly in the DVB-T market in Slovakia.

The Telecom Office responds to this criticism saying that there is no monopoly in the Slovak digital terrestrial TV market. According to the European Commission's Recommendation No. 2007/879/EC the Telecom Office executed in 2010 a three-criteria-test in the wholesale market for broadcasting transmission services, to deliver broadcast content to end-users and found that the market is no longer susceptible to ex-ante-regulation since there are 16 companies (it should be noted, however, that the referred operators are not active on a national level in the transmission of broadcasting services in the DVB-T standard) providing analogue or digital terrestrial TV broadcasting and there is also effective competition in other platforms such as satellite, IPTV and cable. The European Commission reviewed the Telecom Office findings and raised no objections.

Vítězom výberového konania na 4. multiplex je Towercom 15.12.2011

<http://www.teleoff.gov.sk/index.php?ID=5101>

Press release about the winner of the tender for 4th multiplex, 15 December 2011

Štvrtý multiplex začne do 31.8.2012 s pokrytím min. 46,5% 21.12.2011

<http://www.teleoff.gov.sk/index.php?ID=5151>

Follow up press release with some details about 4th multiplex, 21 December 2011

