



**M1 Limited**

23 August 2021

Ms Aileen Chia  
Director-General (Telecoms and Post)  
Deputy Chief Executive (Connectivity Development & Regulation)  
Infocomm Media Development Authority  
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Singapore 117438

Dear Ms Chia,

**PUBLIC CONSULTATION ON THE NEXT WAVE OF 5G GROWTH & DEPLOYMENT IN SINGAPORE: POLICY ISSUES & PROPOSED REGULATORY DESIGN FOR 2.1 GHZ BAND (“CONSULTATION”)**

1. We refer to the Consultation issued on 26 July 2021.
2. M1 welcomes the opportunity to submit our comments to the Consultation. Our response to the Consultation is enclosed in this letter.
3. Should IMDA require any further elaboration or clarification, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wee Keng Hoon'.

Mr Wee Keng Hoon  
Deputy Director  
Regulatory

Encl.



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**M1'S RESPONSE TO PUBLIC CONSULTATION ON THE NEXT WAVE  
OF 5G GROWTH & DEPLOYMENT IN SINGAPORE: POLICY ISSUES &  
PROPOSED REGULATORY DESIGN FOR 2.1 GHZ BAND  
("CONSULTATION")**



This paper is prepared in response to IMDA's public consultation document issued on 26 July 2021 and represents M1's views on the subject matter. Unless otherwise noted, M1 makes no representation or warranty, expressed or implied, as to the accuracy of the information and data contained in this paper nor the suitability of the said information or data for any particular purpose otherwise than as stated above. M1 or any party associated with this paper or its content assumes no liability for any loss or damage resulting from the use or misuse of any information contained herein or any errors or omissions and shall not be held responsible for the validity of the information contained in any reference noted herein nor the misuse of information nor any adverse effects from use of any stated materials presented herein or the reliance thereon.



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## **Introduction**

1. M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to over 2 million customers. With a continual focus on network quality, customer service, value and innovation, M1 links anyone and anything; anytime, anywhere.

## **M1's views on the proposed spectrum allocation framework for 2.1 GHz**

2. M1 supports the development of a proportionate and stable regulatory environment as it will catalyse a sustainable and growing info-communications industry where long term planning and decisions can be undertaken.

3. M1 welcomes the opportunity to review and submit our comments to the Consultation. In particular, M1 welcomes the proposal by IMDA to allocate the 2.1 GHz spectrum band for 5G SA services in Singapore following the expiry of existing 3G spectrum rights on the band on 31 December 2021. As IMDA has rightly pointed out, the 2.1 GHz band is one of the sub-6 GHz bands with good propagation characteristics and the 5G ecosystem for the 2.1 GHz band has been growing rapidly. Allocating the 2.1 GHz spectrum band for 5G SA services helps keep Singapore's telecommunications industry in pace with the latest developments.

4. M1 agrees with IMDA's position that MNOs with existing 3G subscribers should be given a first-right-of-refusal (FROR) lot. As IMDA has recognised, 3G continues to remain relevant over the short to medium term, as a sizeable portion of local mobile subscribers, enterprises and inbound roamers would still be using 3G. An FROR lot will be essential to support these 3G customers and ensure that their services would not be adversely affected by the upcoming expiry of the 2.1 GHz band.

5. M1 notes that IMDA has also proposed to allocate the 2.1 GHz band amongst the existing MNOs by way of a spectrum auction process. M1 would like to highlight the following concerns for IMDA's consideration.

## **Auction Rules**

6. Under the proposed 5G auction format, IMDA has specified the following

*“Quantity stage: each round, the MNOs specify demand for quantities of lots and the price increases at every round at increments to be determined by IMDA. Bidders will be required to place a price for lots they want when they reduce bids or exit the auction (i.e., expressly stating an “exit bid” will be mandatory). IMDA understands from MNOs’ feedback that one or two lots would not be cost-effective for 5G SA deployment. Therefore any MNO, who is allocated a single or two 2.1 lot(s) at the end of the quantity stage but has never submitted a bid for a single or two 2.1 lot(s) in its initial offer or at any round*



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*of the quantity stage, may opt to reject the allocation of one or two lot(s) in its entirety. Successful qualified bidders of the rest of the lots then go on to the 'assignment stage'."*

7. M1 is concerned that IMDA intends to allow any MNO, who is allocated a single or two 2.1 lot(s) at the end of the Quantity Stage, to opt to reject the allocation of one or two lot(s) in its entirety at the end of the Quantity Stage. This could allow any MNO who does not have a serious intent to obtain the 2.1 GHz spectrum to exploit and drive up the spectrum prices payable by other MNOs during the auction process. There is no check and balance mechanism, as the responsible MNO could “walk out” from the auction outcome without any financial repercussions to that MNO. Such an outcome will be extremely unfair to successful bidders, as it would result in them paying unnecessarily higher spectrum prices.

8. M1 believes that should an MNO decide to participate in the auction, the MNO must be prepared for and accept any possible outcome from the auction. It is essential that the 5G Auction Format be equitable, provide certainty to all auction participants, and to minimise any potential gaming by an MNO.

9. Therefore, as part of the proposed 5G Auction Format, we submit that regardless of the number of lots an MNO is allocated with at the end of the Quantity Stage, that MNO must still be bounded by this outcome and deliver the requirements as a 2.1 GHz 5G spectrum right holder. M1 believes that such an approach would minimise any potential gaming by an MNO, and also ensure any MNO who intends to participate in the auction is indeed committed to deliver the policy outcome of IMDA.

### **Proposed Reserve Price of a 2.1GHz Lot**

10. In the consultation paper, IMDA is proposing to set a fair value of S\$10 – S\$15 million per lot, with the value being derived from, *inter alia*, the economic value of the spectrum arising from technical factors and commercial factors such as the expected market demand.

11. However, in setting the reserve price, we submit that IMDA should also take into account the following factors:

(A) The challenging economic climate that the MNOs are operating in as a result of the COVID-19 pandemic.

The MNOs are already investing heavily in their existing and new infrastructure to provide nationwide 5G coverage and services. Setting a high reserve price for a 2.1 GHz lot (and the spectrum prices would go up even higher as a result of the auction) would aggravate the challenging business environment which we are already facing, and undermine future development and investment in infrastructure and services.

Further, M1 does not expect the use of the 2.1 GHz band to be revenue generating, as it would be used to complement the C-band for 5G.



Additionally, in a recent policy paper by the GSMA<sup>1</sup> on Spectrum Pricing, it was noted that high spectrum prices can harm consumers through lower quality mobile broadband services. Instead, the GSMA states that the most efficient way to assign spectrum is by allowing the market to set the price. This is only possible if the reserve price is set well below any prediction of market value.

**(B) Deviation from other countries' reserve price of a 2.1 GHz lot**

The proposed reserve price of S\$10 to S\$15 million per lot is significantly higher than the reserve price of a 2.1 GHz lot in some other developed countries where a 2.1 GHz auction was being conducted in the past 2 years. For instance, we observed some countries<sup>2</sup> have set their reserve price for such a lot to be between S\$3.14m to S\$8m.

We also note that when compared to the previous reserve prices set for 900 MHz (S\$20 million) and 2.5 GHz (S\$3 million) in the 2017 auction held by IMDA, the proposed reserve price of S\$10 – S\$15 million per 2.1 GHz lot is high.

Therefore, for the interest of the industry and consumers, we submit that IMDA should set a lower reserve price for the 2.1 GHz lot.

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<sup>1</sup> <https://www.gsma.com/spectrum/wp-content/uploads/2021/05/Spectrum-Pricing-Positions.pdf>

<sup>2</sup> This includes Denmark, Germany, Norway, Portugal and Slovenia.