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Dear Ms Chia

IMDA'S PUBLIC CONSULTATION ON NEXT WAVE OF 5G GROWTH & DEPLOYMENT IN SINGAPORE: POLICY ISSUES & PROPOSED REGULATORY DESIGN 2.1 GHZ BAND (CONSULTATION)

1. TPG Telecom Pte. Ltd. (**TPG**) is grateful for the opportunity to make submissions in response to the above Public Consultation issued by IMDA on 26 July 2021. This consultation is critical in ensuring a fair and competitive environment in the Singapore telecommunications market.
2. In summary, TPG considers that the proposed policy settings, when considered in the light of the prior policy decisions, have a very significant anti-competitive effect on TPG and its business.

Introductory Comments

3. For the purposes of ensuring that our situation is clear, it is important to reflect on the history of TPG's entry into the Singapore market:
 - a. First, in February 2016, the IMDA expressed a desire to create a more competitive telecommunications landscape in Singapore and decided to facilitate the entry of a 4th mobile network operator by way of its ground-breaking new entrant spectrum auction.
 - b. In the ensuing months, in that contested auction, TPG invested more than S\$100million to acquire spectrum, and committed to spend hundreds of millions more to build a 4G mobile network meeting IMDA's coverage obligations.
 - c. Whilst there was of course no guarantee from the IMDA that TPG's entry would be profitable or successful, the calling for the entry of a 4th mobile network operator was surely not to be understood as being a call for a short-term operator that could be effectively hindered in the market by limiting its access to future technological developments such as 5G.
 - d. TPG did in fact make the investments sought by the IMDA and commenced selling 4G mobile services in 2020 offering excellent value plans, which have made available financial benefits to Singapore consumers and improved the overall economic efficiency of Singapore as a nation.
 - e. In 2019, the IMDA set a policy rule that only two parties would be granted licences to use an available and important 5G global spectrum band – the 3.5 GHz band. TPG put forward a compelling case for that spectrum. However, the IMDA determined that *all* the then existing MNOs other than TPG (i.e., Singtel, Starhub and M1) would be given

access to the critical 5G mid-band spectrum. The result was that *only* TPG was excluded from being able to offer 5G SA nationwide services.

- f. In response to this clearly very challenging situation, TPG sought from the IMDA permission to use TPG's 2.3 GHz licensed spectrum to provide a pathway to 5G for its growing customer base. At this time, there is no certainty that the IMDA will grant TPG a licence to do that other than a 5G NSA market trial which expires 31 Dec 2021.
4. Critically, if TPG does not obtain access to spectrum that can be used as a foundation for 5G services (such as the 2.3 GHz that it already owns or the 2.1 GHz spectrum that is currently under consideration), TPG's ability to compete in the market with a viable 5G product will be effectively ruled out by regulatory policy decisions. The negative impact to TPG of not being able to offer plans using the most recent 5G technology to consumers cannot be understated.
5. As it stands today, Singtel, M1 and Starhub together with their associated MVNOs today control over 95% of the market and, so far as TPG is concerned, they dominate the market for mobile services in Singapore. For that reason, we refer to them in this paper as each being a **Dominant MNO**.

The Proposed Policy on Allocation Limits and FROR

6. The policy described in the consultation paper can be understood as follows:
 - a. There are a total of 12 lots of 2.1 GHz spectrum available.
 - b. The IMDA proposes to allocate one lot to each of the Dominant MNOs. The stated position is that those lots are to be used by the Dominant MNOs for 3G services. These are known as FROR lots.
 - c. The remaining nine lots are to be auctioned using an escalating clock auction.
 - d. Each MNO including TPG is limited to acquiring five lots (including the FROR lots). The result is that, assuming the Dominant MNOs all take their allocated FROR lots), the bidding for the nine lots will be:
 - i. TPG can bid for five.
 - ii. Each of the Dominant MNOs can bid for four.
 - e. There will therefore be bidding for 17 lots and only 9 lots available. In the ordinary course, this should result in making the auction extremely contested.

Submissions on Policy on Allocation Limits and FROR & Recommendations

7. In the ordinary course, spectrum policy should be set in a manner that is competitively neutral and does not advantage dominant providers. In TPG's submission, the effect of the proposed policy is anti-competitive against TPG.
8. Mid-band spectrum (i.e., the bands between 1 GHz and 6 GHz) is extremely important for 5G. It provides bandwidth that enables the capacity delivery and coverage that 5G will demand.
9. As the only party not awarded 3.5 GHz spectrum and not (to date) permitted use of its 2.3 GHz spectrum for commercial 5G SA services, TPG has no mid-band 5G and/or C-Band spectrum.
10. In those circumstances, the ordinary expectation would be that a regulator would ensure a balancing of the competitive landscape by ensuring that an MNO without C-Band spectrum (particularly one which was excluded by regulatory decision rather than having been outbid at an auction) would definitely obtain access to at least one lot of C-Band.

RECOMMENDATION 1: TPG should be given the right to acquire one lot on a right of first refusal basis. If it wishes to acquire more, it can do so as part of the auction.

11. The setting of the proposed limits (i.e., 5 in total) is also anti-competitive as it will favour the Dominant MNOs.
12. The Dominant MNOs have a strong incentive to limit the effectiveness of TPG as a competitor.
13. There are a number of ways they could do that. The most obvious and beneficial to Singapore and its citizens is to compete against TPG by offering innovative products at a better price. That kind of “attack” on TPG is to be welcomed.
14. However, there are other ways for a Dominant MNO to limit TPG’s effectiveness as a competitor, including by influencing regulatory policy settings or using policy settings in a way that damages the competitor and makes it difficult or impossible to compete.
15. Whilst TPG makes no suggestion that the Dominant MNOs are influencing the policy settings set by the IMDA, with the proposed limit of 5 lots in the auction, the Dominant MNOs can effectively use balance sheet strength and existing cash flows generated from many years of benign competitive environment, to bid TPG completely out of the auction.

RECOMMENDATION 2: TPG submits that a more equitable approach would be:

- i. to set aside the FROR Lots (including one for TPG as previously stipulated) (leaving the amount of available lots for bidding to be 8)
 - ii. to remove any restriction on the Dominant MNOs for how they use that spectrum (i.e., they can use for 3G, 4G, 5G or any other 3GPP standards)
 - iii. set the limits for all MNOs at 3 lots, hence making the bidding ratio 12 lots desired for the available 8 lots.
 - iv. not set FROR Lots at the Reserve Price but the Winning Bid Price.
16. In TPG’s submission, Recommendation 2 has the following positive benefits:
 - a. It provides a positive incentive on the Dominant MNOs to upgrade their networks from old technology (3G) to a more modern technology such as 5G.
 - b. It makes a four lots outcome a reasonable possibility for all parties (i.e., 1 lot FROR plus 3 available to be acquired in the auction).
 - c. The likelihood is that one or more parties will reduce their demand to 2 or 3 lots (including an FROR lot) when the price reaches an appropriate value in use.
 - d. Hence all parties will be in a position to acquire an amount of spectrum that is useful and to acquire a sufficient amount of additional spectrum if they value it highly enough. This is particularly so having regard to the fact that the Dominant MNOs have 3.5 GHz spectrum already.

Policy on 5G Network Deployment

17. As a pre-cursor to TPG’s submissions on this subject, TPG notes that, in its decision to allocate 3.5 GHz spectrum to the Dominant MNOs, the IMDA required that the holders of that 5G spectrum must use that spectrum to build out 5G standalone nationwide networks using the 3.5 GHz band to meet a standard of 95% outdoor coverage.
18. In paragraph 29 of the Consultation Paper, the IMDA seems to be proposing to set a policy that now permits the 3.5 GHz spectrum holders to use *both* the 3.5 GHz spectrum *and* any 2.1 GHz spectrum that they acquire to meet that already existing obligation.

19. Quite obviously, that appears to significantly water down the effect of the obligation of the original 3.5 GHz licence since the Dominant MNO could choose to make use of 3.5 GHz spectrum in some locations and 2.1 GHz spectrum in other locations. Alternatively, the Dominant MNO could use the 2.1 GHz spectrum to provide coverage (to meet the obligation) and the 3.5 GHz to provide capacity in targeted locations.
20. Clearly, the incentive for a Dominant MNO will be to save money by limiting the deployment of one or both bands, a fact which seemingly would stand against the IMDA's desire that all the 3.5 GHz spectrum be made available across 95% of the population.
21. Conversely, a party such as TPG will have an obligation to build a nationwide 5G standalone network using *only* 2.1 GHz spectrum (if it is able to successfully acquire some).

Submissions on 5G Network Deployment & Recommendations

22. As a matter of principle, TPG is of the view that regulatory policy should not determine how an MNO chooses to deploy its spectrum. Spectrum that is licensed to an MNO should be able to be used for whatever purpose the MNO considers most efficient in the market, be it 3G, 4G, 5G or some other future technology. This is entirely consistent with 3GPP standards. Spectrum policy should be technology agnostic. There is no justifiable rationale to limit 5G to specific bands, other than to protect the interest of incumbent 5G spectrum holders.
23. As such and as a matter of principle TPG does not have any particular objection to the idea that the Dominant MNOs be able to use the 2.1 GHz and 3.5 GHz spectrum for their own purposes.
24. However, if the IMDA is going to set rules about the requirements for one party and then different rules for another party, that would in TPG's respectful submission, be unfair. If TPG is required to build a nationwide 5G mobile network with only a limited amount of spectrum and not be able to use its 2.3 GHz spectrum for the same purpose, there is a great imbalance in the way the rules operate. The Dominant MNOs can use 3.5 GHz and 2.1 GHz, but TPG could only use 2.1 GHz.
25. It is also worth considering that the economics of the auction by such a policy would be affected. A Dominant MNO that legally must have planned to allocate capital to meet its current 5G obligations (i.e., from the CFP process) will be able to divert that capital towards defeating TPG in the auction. TPG on the other hand, would be required to set aside more capital to meet the obligation and therefore have less available to bid. It is clearly not fair to TPG that this occur and greatly reduces the likelihood of TPG being able to secure spectrum in a 2.1 GHz auction.

RECOMMENDATION 3: The IMDA take the opportunity to become "hands off" in relation to the use of all spectrum (including 2.3 GHz). That is, allow MNOs to use all allocated spectrum bands for their most efficient use.

26. The other anomaly TPG points out relates to the joint venture consortium between M1 and StarHub. M1 and StarHub were 5G CFP winners through their Joint Venture Consortium, Antina Pte. Ltd. (Antina), a separate legal entity which does not offer 3G services.

RECOMMENDATION 4: If CFP winners are allowed to use both the 3.5 GHz and the 2.1 GHz bands in combination to meet 5G coverage obligations, then:

- i. The Antina should only be allowed to bid (not M1 and StarHub individually).
- ii. FROR privilege should logically not be extended to Antina, unless the issues of parity raised above are addressed.

Conversely, if both M1 and StarHub are to bid separately under this proposal, it is effectively result in both having “two bites of the cherry” as they could potentially combine their 2.1 GHz bands with the 3.5 GHz band in a RAN sharing arrangement with Antina, resulting in a potential joint aggregation of 10 blocks out of only 12 available. This again allows unfair competition, especially against TPG which is yet to secure any 5G mid-band spectrum. We would therefore repeat our earlier proposal to limit allocation for the Dominant MNOs and set aside spectrum for TPG.

Other Comments

27. We note that the contents in the Closed Consultation are similar to this Public Consultation. To IMDA’s proposals and comments which are identical in both documents, we would include and repeat our responses, recommendations and queries to IMDA by reference here.
28. TPG is fully aligned with IMDA’s policy objectives in its *Policy for Fifth-Generation (5G) Mobile Networks and Services in Singapore*, as below, and we wish to reiterate our objectives in offering the most competitive and high-quality mobile services in Singapore, to provide consumers with affordable and generous plans, and to support market innovation. It is our hope that IMDA advances a 2.1GHz band policy that supports an open, competitive, fair, non-discriminatory and transparent market and regulatory framework which is aligned with the principles in the Singapore Australia Free Trade Agreement.
- a. Maximise value of 5G for the economy and welfare for the consumers;
 - b. Facilitate efficient allocation of scarce spectrum resources;
 - c. Bring about 5G networks that are secure and resilient; and
 - d. Support the growth of Singapore’s telecommunications sector.

Thank you again for the opportunity to make a submission. Our hope is that the IMDA will give serious consideration to our above submissions and recommendations which are purely focused on bringing the benefits of 5G to the Singapore economy with very competitive pricing of 5G services and avoiding a regulatory quagmire.

Please do not hesitate to contact the undersigned at RichardCY.Tan@TPGTelecom.com.sg.

Sincerely,



Richard Tan Chung Yaw, CEO
TPG Telecom Pte. Ltd.