

7 December 2015

Radio Spectrum Fees Review
Radio Spectrum Management Policy and Planning
Ministry of Business, Innovation and Employment
PO Box 2847
WELLINGTON 6140

email: radio.spectrum@mbie.govt.nz

Dear Sir/Madam

RADIO SPECTRUM FEES REVIEW 2015

This submission is Orion New Zealand Limited's response to the Ministry's "*Review of Licence Fees Framework: Consultation Document*".

No part of this submission is considered to be confidential under the Official Information Act 1982.

Orion's contact person for this submission is:

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Introduction

Orion is the owner and operator of one of New Zealand's largest electricity distribution networks. As radio networks provide an integral part of monitoring and controlling this network Orion is a large user of both fixed point-to-point and fixed point-to-multipoint systems in the Canterbury area. These fixed services mainly operate in the UHF bands.

Review Comments

Orion welcomes this review and supports the overall intentions expressed in the document, together with the two major proposals relating to: under-recovery of fees for a period; and the introduction of a single fee for all licence types.

Orion notes that one of the key objectives of this review is to "*fairly allocate the costs in relation to work undertaken*". This is an important issue that Orion wishes to ensure is addressed.

In section 4.3.1, the Ministry argues that the current licensing practice for multiple repeaters on a common channel promotes inefficient use of the radio spectrum, denies spectrum to other users and provides interference protection for locations not in use.

Currently fixed point-to-multipoint systems require a licence for each transmitter. While this is an acceptable approach in a standard point-to-point fixed service there are a number of reasons why this is inappropriate for a point-to-multipoint fixed systems.

1. Engineering processes

The engineering of licences and subsequent use of the radio spectrum for point-to-multipoint system is more akin to that of a standard land mobile repeater service. While there are differences in that the outstations are stationary and that they are able to be fitted with directional antennas, the reality is that each of the outstations are using the same transmit frequency from a broad area to provide information to a central location.

2. Frequency denial

Because each of the outstations use the same frequency and may be in a variety of locations, this means that, from a frequency denial point of view, issues are broadly similar to those of a standard land mobile channel. There is no limit on the number of outstations that may be added, provided they are part of the same system.

3. Licensing based on cost of provision of service

The processes currently employed for licensing bi-directional point-to-multipoint fixed services is similar to requiring a licence for a land mobile repeater station and also separate licences for each mobile station that uses the repeater. In reality there is no additional interference protection provided as a result of paying fees for these additional licences.

When the arguments used in section 4.3.1 of the Fees Review are applied against point-to-multipoint fixed service systems, the analysis shows that it is not appropriate to separately charge fees for the outstation licences.

Orion is happy with the services provided by RSM and strongly asserts that these services should be maintained. On the other hand, it is clear that the setting of licence fees for bi-directional point-to-multipoint fixed services is not based on the cost of provision of the service. While each individual licence fee may seem

relatively minor, the value of additional licence fees paid becomes substantial when the number of outstations and the effective life of the service is taken into account.

As a key objective of this Fees Review is to "*fairly allocate the costs in relation to work undertaken*", Orion asserts that the Ministry should address this anomaly of charging fees for each outstation of point-to-multipoint fixed service licences.

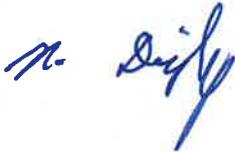
Conclusion

As noted above, Orion welcomes this review and supports the overall approach, together with the two major proposals relating to: under-recovery of fees for a period; and, the introduction of a single fee for all licence types.

Orion considers a review of the licensing of fixed point-to-multipoint services is also required as part of this review, to ensure consistency in application of the costs relating to work undertaken, and as an acknowledgement that frequency denial from the use of point-to-multipoint fixed service systems is similar to mobile services.

Please feel free to contact Mr Neville Digby should you wish to discuss this submission further.

Yours sincerely

A handwritten signature in blue ink, appearing to read "N. Digby".