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For Immediate Release

**FCC ESTABLISHES BIDDING PROCEDURES FOR
2016 INCENTIVE AUCTION**
Auction Scheduled to Begin March 29, 2016

WASHINGTON, August 6, 2015 – The Federal Communications Commission today adopted the *Procedures Public Notice* establishing the bidding procedures for next year’s incentive auction. The incentive auction, scheduled to begin on March 29, 2016, is designed to allow market forces to make available high-quality low-band spectrum for mobile broadband.

Following a period of extensive public comment, stakeholder engagement, and Commission deliberations, today’s action simplifies and adds further transparency to the auction.

Specifically, the item adopted today:

- Establishes a procedure for selecting the initial clearing target (i.e., the amount of repurposed spectrum offered in the auction) that allows market forces to determine the highest and best use of spectrum on a near-nationwide basis while lowering the average “impairment threshold” – the maximum percentage of the overall population that new wireless licensees cannot serve – by as much as half depending on the clearing target.
- Establishes a formula for calculating opening price offers for each eligible television station based equally on its interference and population characteristics, noting that population is an important indicator of value in the forward auction.
- Eliminates the “Dynamic Reserve Pricing” proposal that would have reduced opening bids for stations that cannot be repacked in the TV band.
- Bases the calculation for forward auction minimum opening bids, upfront payments, and bidder eligibility (as well as for measuring bidding activity) on the assignment of a specific number of “bidding units” to each spectrum block to be auctioned.
- Ensures that broadcasters receive information about channel vacancies from round to round so that they can assess whether to drop out of the auction based on the likelihood that the current price will continue to decrease.
- Ensures that wireless companies receive detailed information on “impaired” licenses in a given area, including the source and location of any interference; and progress reports on the prices of each block, quantity demanded, and how close forward auction bidding is to confirming that the auction can close at the selected clearing target.
- Establishes two categories of generic spectrum blocks for bidding in the clock phase of the forward auction: “Category 1” blocks with potential impairments that affect zero to 15 percent of the population of a geographic area (“Partial Economic Area” or “PEA”); and “Category 2” blocks with potential impairments that affect greater than 15 percent and up to 50 percent. Prices for frequency-specific licenses will be adjusted downward at

- the end of the assignment phase of the forward auction by one percent of the final clock price for each one percent of impairment to the license.
- Authorizes the auction system to relocate TV stations in the downlink, uplink, or duplex gap in a limited number of geographic areas where necessary to accommodate market variations in broadcaster participation, and seeks further comment on a proposal to preserve an additional vacant channel for licensed wireless microphones and unlicensed devices in such geographic areas in which a TV station is assigned a channel in the duplex gap.
 - Affirms the proposed average price and spectrum benchmarks of \$1.25 and 70 megahertz of licensed spectrum, respectively, to implement the final stage rule adopted in the *Incentive Auction Report & Order*. The benchmarks will help to ensure that winning bids for the licenses in the forward auction reflect competitive prices and return a portion of the value of the spectrum to taxpayers without reducing the amount of spectrum repurposed for new, flexible-use licenses. Satisfaction of the final stage rule will also trigger the establishment of the spectrum reserve adopted in the *Mobile Spectrum Holdings Report & Order*.
 - Establishes a 20 MHz cap on the total amount of reserve spectrum that any reserve-eligible entity could acquire in PEAs with populations of 500,000 or fewer people.
 - Enables the Commission to trigger an “extended round” to give bidders the opportunity to meet the final stage rule without moving to another stage if the shortfall is 20 percent or less.
 - Affirms the assignment round bidding procedures proposed in the *Comment PN* with a modification: in addition to limiting PEA grouping to PEAs with the same mix of clock-phase winners and winnings, as proposed, we will limit PEA grouping to unimpaired PEAs. Winning clock-phase bidders will have the opportunity to bid for their preferred combinations of licenses, consistent with their clock-phase winnings, in a series of single sealed-bid rounds conducted by PEA or, in some cases, PEA group.
 - Establishes optimization techniques to determine a final TV channel assignment plan that satisfies the constraints adopted in the *Incentive Auction R&O* and strives for these additional policy goals:
 - Maximizing the number of stations that stay on their pre-auction channels;
 - Minimizing aggregate new interference to individual stations; and
 - Avoiding channel reassignments for stations with high anticipated costs.These goals, in turn, will help to ensure that the total reimbursement costs associated with the repacking process remain below the \$1.75 billion in the TV Broadcaster Relocation Fund that Congress made available, speed the post-auction transition process and minimize disruption for stations and viewers alike.

For more information about the Incentive Auction, please visit <https://www.fcc.gov/incentiveauctions>.

Action by the Commission August 6, 2015 by Public Notice (FCC 15-78). Chairman Wheeler, Commissioners Clyburn and Rosenworcel approving. Commissioners Pai and O’Rielly dissenting. Chairman Wheeler, Commissioners Clyburn, Rosenworcel, Pai and O’Rielly issuing statements.

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