



Federal  
Communications  
Commission

## **State and Local Government Webinar** Incentive Auction Briefing

**Rebecca Hanson**  
Senior Advisor, Spectrum  
Media Bureau

**June 18, 2013**



# What are Spectrum Incentive Auctions?

Incentive auctions are a voluntary, market-based means of repurposing spectrum by encouraging licensees to voluntarily relinquish spectrum usage rights in exchange for a share of the proceeds from an auction of new licenses to use the repurposed spectrum.



## The Broadcast Incentive Auction

- Broad ranging proceeding introducing the concept of incentive auction to help meet U.S. broadband spectrum needs
- Implements Spectrum Act legislation passed by Congress in February 2012
- FCC issued its NPRM on September 26, 2012
- FCC is analyzing public comments and ex parte filings and is refining proposals
- Goal is to adopt rules in 2013 and hold the auction in 2014



# Broadcast Incentive Auction: Objectives

## Relieve Spectrum Crunch

- Create market-based process for repurposing maximum amount of UHF spectrum for flexible use

## Provide for a Healthy Broadcast Industry

- Provide unique business opportunity for participating broadcasters
- Preserve broadcast service for nonparticipating broadcasters

## Statutory Fiscal Objectives

- Forward auction proceeds must exceed reverse auction payments
- Cover repacking reimbursement and admin costs
- Other congressional objectives (FirstNet, deficit reduction)

## Promote Innovation and a Vibrant Mobile Market

- Availability of low-band spectrum for a range of mobile broadband providers and a contiguous unlicensed band
- Launchpad for advanced wireless networks



# Broadcast Incentive Auction: Key Components



1

## Broadcasters

- Offer to relinquish spectrum usage rights

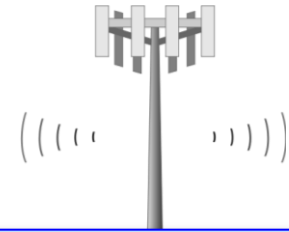
2

3

Reverse Auction



1. Broadcaster Options
2. Reverse Auction Design
3. Repacking of Broadcast Stations
4. Forward Auction Design
5. 600 MHz Band Plan
6. Integration of Forward and Reverse Auctions
7. Unlicensed Use/TV Whitespaces



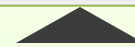
5

## Mobile Broadband Providers

- Offer to purchase spectrum licenses

4

Forward Auction



7



# Broadcast Incentive Auction: Design Goals

## Simplicity

- Want to make bidding for TV broadcasters simple because *their participation is critical to the success of the auction*

## Efficiency

- Measured in terms of both achieving the optimal auction outcome and closing the auction in a timely fashion

## Transparency

- Critical for stakeholder buy-in



# Eligibility for Participation in the Reverse Auction

## Who is eligible?

- Spectrum Act authorizes full power and Class A stations only
  - Primary interference protection
  - Ceded in exchange for auction proceeds

## Who is not eligible?

- Station whose license is expired, cancelled or revoked
- LPTV and translator stations
  - Interference protection is secondary to full power and Class A stations, and new wireless services

## Three ways to participate:

Go off air

Channel share

Move from UHF to VHF



# Participate and Stay on the Air: Channel-Sharing

## Stations share single transmitter and antenna

- Pairing through private negotiations
- Capital infusion from contribution of spectrum
- OpEx and CapEx savings

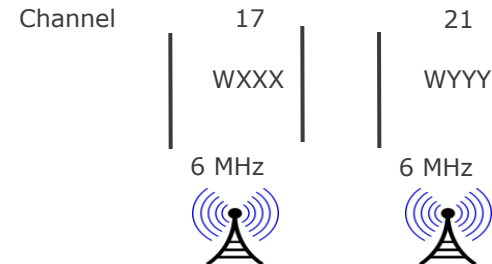
## Each station is licensed portion of 6-megahertz channel

- Two stations on a channel share 19.4 Mbps
- Can allocate bandwidth dynamically as needed

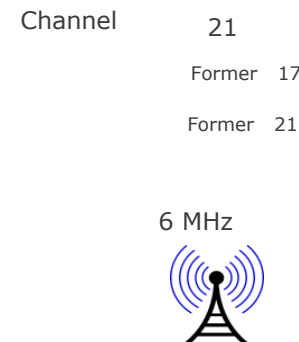
## Each station remains a primary FCC licensee

- Call letters, channel guide number (PSIP), other indicia of station identity remain
- Includes all current licensee rights (*e.g.*, must carry)

## Current: 12 MHz for Broadcasting



## Potential: 6 MHz for Broadcasting 6 MHz for Auction







# Participate and Stay on the Air: UHF to VHF

Station contributes a UHF channel in exchange for auction proceeds and the promise of a VHF channel

Retain 6 megahertz

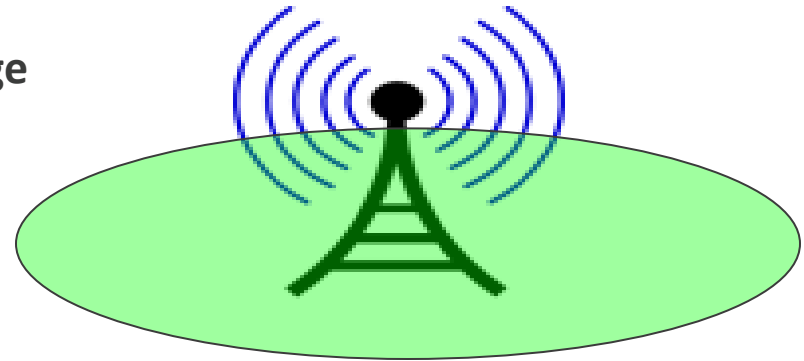
Can still multicast

Retain must-carry rights

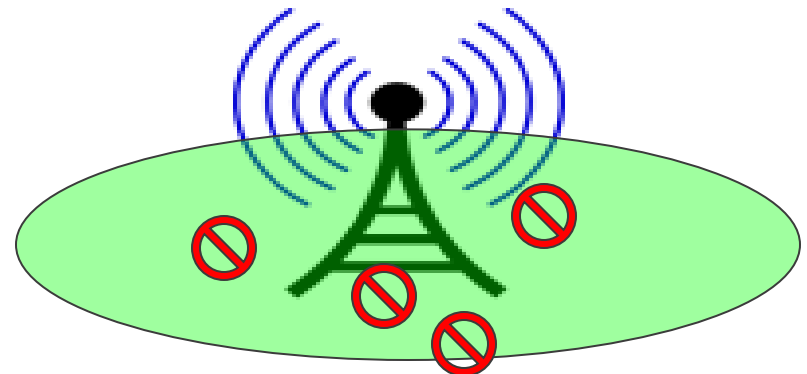
Coverage area may have more interference

Mobile broadcast more difficult

Current: 6 MHz in UHF



Future: 6 MHz in VHF





# Some Considerations for Public Television Stations

High concentration of public television stations in some markets

States are cutting public television budgets

Channel sharing is an opportunity to rationalize the sector, trim duplicative stations, increase efficiencies in programming

- Moving to VHF may also be appropriate choice for some stations

Consider long-lead actions that may facilitate participation by state-owned or controlled stations

- Any restrictions in a station's state law?
- Any restrictions in a state-owned station's organizing charter?
- Any other relevant restrictions?

*Conducting due diligence now could increase your options later*



## Post-Auction Transition Issues

- Goals are to transition expeditiously / minimize viewer disruption
  - Should there be one transition completion deadline, or a series?
  - Is 18 months enough time to move to new frequencies?
  - When should terminating bidders cease operations?
  - When and how should consumers be notified to rescan?
  
- Broadcasters will be reimbursed for their reasonable transition costs
  - Congress committed \$1.75 billion
  - Three years to reimburse



## For More Information Go To

[www.fcc.gov/learnprogram](http://www.fcc.gov/learnprogram)

- Frequently asked questions
- Copies of notices, proposed rules and related rulemakings
- Descriptions of proposed auction design options
- In-depth descriptions of interference proposals for broadcasters post-auction
- Archived webinars on various auction components
- Links to comment on open proceedings



# Questions?