

## CONTENT

- ◆ Situation on the electronic communication market . 2
- ◆ Radio spectrums ..... 2
- ◆ Market analyses ..... 3
- ◆ Legislative changes ..... 3
- ◆ Virtual operators ..... 4
- ◆ EU regulations ..... 5
- ◆ Controlled by CTO ..... 5-7
- ◆ THEME OF THE MONTH:  
Czech Telecommunication Office Activity Plan for 2014... 7

## Fair and unfair practices

The CTU published Recommendations of the Czech Telecommunication Office in relation to draft contracts for the provision of publicly-accessible electronic communication services ("Doporučení Českého telekomunikačního úřadu k návrhům smluv o poskytování veřejně dostupných služeb elektronických komunikací") at the turn of the year. This document aims to offer a comprehensive description of the practices most commonly used by providers of publicly-accessible services throughout the duration of

*(continue on page 4)*

## Management summary

### Data operation management

The CTU published General rules and recommendations for the use of data operation management in the provisions of Internet access services (Obecná pravidla a doporučení pro využívání řízení datového provozu při poskytování služby přístupu k síti internet) on 20<sup>th</sup> December 2013. The document was prepared in accordance with Measure 7 of the State Policy in Electronic Communication – Digital Czech Republic, version 2.0, The Path to a Digital Economy (Státní politika v elektronických komunikacích – Digitální Česko v. 2.0 Cesta k digitální ekonomice). The CTU expects that individual providers will respect the rules and recommendations and observe them in the provision of Internet access services.

### Frequency auction

The frequency auction for the LTE network ended with approval of the agreement of all participants on the division of radio spectrum blocks (abstract blocks). After closing the electronic auction stage, the CTU called on the winning bidders to present an agreement on the division of the radio frequencies they obtained in individual frequency bands. The joint agreement reached by Telefónica Czech Republic, a.s., T-Mobile Czech Republic a.s., and Vodafone Czech Republic a.s., was presented to the Office at the close of the set period, on 19<sup>th</sup> December 2013. The CTU considered the document and accepted it with regard to fulfilment of the principle of maximum integrity of radio frequency allocation. The Office decided at the next stage of the tender to reject the applications made for radio frequencies submitted by the unsuccessful candidates in the tender. It will subsequently call on the winning bidders to pay the price of the frequencies they obtained and, once payment has been made, will issue them with a decision on the allocation of radio frequencies.

### Million crown penalty for UPC

The CTU imposed a penalty of one million crowns on UPC Česká republika, s.r.o., for the use of misleading business practices. Between September 2011 and September 2012, the penalised organisation offered packages of its products with the promise of a "unique price that applies for good", in that it stopped billing the prices originally guaranteed on 1<sup>st</sup> January 2013. This is one of the biggest penalties imposed by the CTU in the sphere of consumer protection on an electronic communication undertaking for an administrative infraction.

## Situation on the electronic communication market

### Telefónica

Customers who use Telefónica's O2 TV digital television services with the O2 TV Start tariff will be able to watch the NOVA HD, ČT4 HD and ČT HD channels as part of an extended short-term marketing campaign to 30<sup>th</sup> January 2014.

Telefónica also extended (to 31<sup>st</sup> January 2014) a special regional Internet Bundle offer with automatic prolongation.

### T-Mobile

T-Mobile modified its "S námi"<sup>1</sup> (With us) tariffs on 1<sup>st</sup> December 2013 to include the option of increasing the speed of downloaded data after exceeding the FUP limit. After exhausting their data limit, customers can raise the data limit by 100 MB for CZK 99 for all "S námi" tariffs, by 300 MB for CZK 199 for the S námi 590 or S námi 790 tariffs or by 1 GB for CZK 199 for the S námi 1490 tariff.

According to the price list valid as of 1<sup>st</sup> December 2013, T-Mobile announced the option of choosing a roaming service provider (voice, SMS and data) within the European Union from 1<sup>st</sup> July onwards. Customers will be able to choose a provider of roaming services within the European Union independent of the provider of domestic mobile services, if such a provider exists. This service does not apply to calls, SMS or data outside the European Union, for which custom-

ers will remain the clients of the operator.

### vodafone

Vodafone launched the operation of an LTE network on the 900 MHz frequency in the Litoměřice area, the northern part of the Plzeň region and part of the Liberec area on 10<sup>th</sup> December 2013 as part of the Turbo Internet<sup>2</sup> strategy. It added further locations in the Karlovy Vary, Liberec, Ústí nad Labem, Plzeň and Central Bohemia regions on 17<sup>th</sup> December 2013. Vodafone customers can now use fast mobile Internet that uses LTE 900 MHz coverage in rural areas and the 3G network in towns and cities. The fast Internet network is accessible to all Vodafone customers within the covered area that have their own LTE SIM card, that have a mobile device that supports fast Internet technology and that use Vodafone data services. The maximum download speed is somewhere around 20 Mbit/s.

During December 2013, Vodafone announced a special offer data tariff with a discount of 50 % on the Mobilní připojení 4 GB (Mobile connection 4 GB) and Mobilní připojení 10 GB (Mobile connection 10 GB) tariffs. All Vodafone customers that already own at least one Vodafone SIM card for which they have undertaken to pay a minimum of CZK 249 per month for a period of two years are entitled to the discount. In the case of the Mobilní připojení 4 GB tariff, customers pay CZK 268.22 per month

<sup>2</sup> Visit the Vodafone website at <http://www.vodafone.cz/turbo/> for more about the company's Turbo Internet strategy.

for a second data SIM card instead of the standard price of CZK 536.43 per month and for the Mobilní připojení 10 GB tariff customers pay CZK 504.17 per month for a second data SIM card instead of the standard price of CZK 1,008.33 per month.



As part of a special offer valid throughout December 2013, UPC offered new customers special prices on Klasik+, Komfort+ and Mini digital television services, the offer applying to on-line orders and a commitment to use the service for a period of 12 months. For Klasik+ services, customers will pay a monthly price of CZK 200 instead of the standard CZK 400.57 per month and can enjoy one package from a choice of Sport, Relax or Darwin free-of-charge. This tariff allows customers to use more than 50 Czech and Slovak channels, including 12 HD channels. As part of this special offer, customers will pay CZK 379 per month for the Komfort+ package instead of the standard price of CZK 578.49 and can enjoy more than 100 channels, including 22 HD channels, over this period. Customers who ordered the Mini digital television service as part of the on-line offer will continue to pay CZK 154 for this service per month instead of the standard price of CZK 221.64 and will be able to watch more than 20 Czech channels, including 7 HD channels. The price for connecting the service when making an on-line order is CZK 1 instead of the original CZK 99.

<sup>1</sup> The "S námi 390", "S námi 590", "S námi 790" and "S námi 1490" tariffs.

## The management of radio spectrums

The CTU submitted a proposed new version of the part of the plan for the use of spectrum no. PV-P/9/XX.2013-Y for frequency band 39.5–43.5 GHz for public consultation on 4<sup>th</sup> December 2013. The aim of the proposed amendments is to make part of the 40.5–43.5 GHz band accessible in order to introduce high-capacity point-to-point links. In order to make the band accessible, the Office is primarily moving ahead with the need to introduce high-capacity microwave links,

which will be used during the onward development of the 3G/3G+ mobile network infrastructure and the launch of 4G mobile networks.

The CTU published for public debate on 9<sup>th</sup> December 2013 a proposed Spectrum Management Strategy (Strategie správy spektra), whose compilation drew on the Digital Czech Republic State Policy version 2.0 – The Path to a Digital Economy (Státní politika Digitální Česko v. 2.0 – Cesta k digitální ekonomice). In the pro-

posed Strategy, the Office presents information to the expert and general public on the main objectives involved in radio spectrum management with regard to its practical and effective use, with the accent on the main priorities of the state policy, among them making other bands accessible for high-speed Internet access, enabling innovation in the sphere of services and technology and ensuring equal user access to the spectrum.

## Market analyses

### Market 1 – access to public telephone network at a fixed location

The CTU published an appeal for comments regarding proposed Measures of a General Nature “Market Analysis A/1/XX.2013-YY, market 1 – access to public telephone networks at a fixed location” on 17th December 2013. Comments regarding the proposed analysis could be made within one month of the date of publication of this appeal.

### Market 2 – call origin (origination) in the public telephone network at a fixed location

Public consultation of a proposed price decision for Telefónica Czech Republic, a.s., based on an analysis of relevant market 2 came to an end on 9th December 2013. Comments regarding the proposed decision were submitted by two undertakings/persons - Telefónica Czech Republic, a.s., and Pavel Štěpánek from LIVE TELECOM a.s. The CTU published the settlement of these comments and communicated the results of public consultation on 23rd December 2013.

Subsequent public consultation of a proposed decision to impose obligations on Telefónica Czech Republic, a.s., based on an analysis of relevant market 2, came to an end on 11th December 2013. Comments regarding the proposed decision were submitted by one undertaking - Telefónica Czech Republic, a.s. The CTU published the settlement of these comments and communicated the results of public consultation on 23rd December 2013.

The CTU Council issued Decision SMP/2/12.2013-4, which determined Telefónica Czech Republic, a.s. to be an undertaking with significant market power on relevant market 2, on 13th December 2013. The decision was delivered to Telefónica Czech Republic, a.s., on 11th December 2013.

Public consultation of a proposed decision to impose obligations on Telefónica Czech Republic, a.s., came to an end on 11th December

2013. As part of public consultation, the CTU only received comments from Telefónica Czech Republic, a.s., publishing the settlement of these on 23rd December 2013.

### Market 3 – terminating calls (termination) in individual public telephone networks provided at a fixed location and market 7 – terminating calls (termination) in individual public mobile telephone networks

The CTU published Measures of a General Nature “Market Analysis A/3/12.2013-8, market 3 – terminating calls (termination) in individual public telephone networks provided at a fixed location” and “Market Analysis A/7/12.2013-9, market 7 - terminating calls (termination) in individual public mobile telephone networks” in Volume 20 of the Telecommunication Journal published on 13th December 2013. These Measures of a General Nature came into effect on the fifteenth day following the date of their publication in the Telecommunication Bulletin. The CTU will continue by commencing administrative proceedings in the matter of determining undertakings with significant market power (SMP decision) and subsequently

commencing administrative proceedings in the matter of imposing obligations on undertakings with significant market power (REM decision) and imposing obligations relating to price regulation on undertakings with significant market power (CEN decisions).

### Market 6 – wholesale terminating segments of leased lines irrespective of the technology used to ensure leased or reserved capacity

The CTU dealt with comments received within the scope of public consultation of proposed Measure of a General Nature “Market Analysis A/6/XX.2013-YY, market 6 - wholesale terminating segments of leased lines irrespective of the technology used to ensure leased or reserved capacity”. Three undertakings made comments as part of public consultation. The CTU published a table of the settlement of comments and communicated the results of public consultation on its website on 6th December 2013. The CTU will amend the proposed analysis of relevant market 6 based on the comments made and subsequently send this to the Office for the Protection of Competition for a statement.

## Legislative changes

Decree No. 462/2013 Sb. on determining the size and method of payment of effectively invested costs for the listening to (wire-tapping) and recording of messages, for storing and providing operating and localisation data and for the provision of information from the database of subscribers to publicly-accessible telephone services was promulgated in Chapter 177 of the Collection of Laws on 31<sup>st</sup> December 2013.

The decree, in accordance with Section 97(7) of the Electronic Communications Act, determines the size and manner of payment of effectively-invested costs for the establishment and assurance of interface for the connection of terminating telecommunication devices for the listening to (wire-tapping) and recording of messages, for storing and providing operating and localisation data and for the provision of information from the data-

base of subscribers to publicly-accessible telephone services, whereby it replaces existing Decree No. 486/2005 Sb. in this respect. Decree No. 462/2013 Sb. reflects changes in legal regulation and economic impacts, in particular to Decree No. 357/2012 Sb. on storing, transferring and destroying operating and localisation data, and verifies the current costs of providing operating and localisation data and information from the database of subscribers to publicly-accessible telephone services. It also takes into account existing experience from practice as concerns, in particular, the documentation of billing the payment of costs or the specification of the calculation of costs when taking into consideration the existence of automatic processing of requests for the provision of information.

This decree entered into effect on 1<sup>st</sup> January 2014.

## Virtual operators

### RWE Mobil

A new virtual operator, RWE Mobil, part of the RWE electricity and gas company, began offering mobile services via the T-Mobile network at the beginning of December 2013. The operator offers its "RWE NABITO" tariff for CZK 25 per month. Customers will pay CZK 1.30 per minute for calls within the operator's own "network" and CZK 2.30 per minute for calls to other fixed and mobile networks within the Czech Republic. One SMS to all networks within the Czech Republic will cost CZK 1.30. Calls are billed in blocks of 30 seconds after the first minute (60+30 pricing). Internet for a day can be bought to accompany the tariff for CZK 25 (data limit of 25 MB) and Internet for a month for CZK 100 (data limit of 100 MB).

### Vodafone – Oskarta

Vodafone began selling mobile services via its own virtual operator Oskarta on 2<sup>nd</sup> December 2013. The virtual operator offers a prepaid service with calls to all networks within the Czech Republic for CZK 2 per minute. Calls are billed in seconds after the first minute (60+1 pricing). Customers pay CZK 1.50 for one SMS to all

networks within the Czech Republic. Accompanying the tariff until 31<sup>st</sup> May 2014 is the pre-set "Internet na den" (Internet for a day) service, with a data limit of 500 kB per day.<sup>1</sup> What is more, customers can buy "Internet na týden" (Internet for a week) for CZK 49 for 7 days (60 MB data)<sup>2</sup> or "Internet na měsíc" (Internet for a month) for CZK 149 per month (data limit of 200 MB).<sup>3</sup> Internet speed is reduced to 20 kbit per second once the data limit has been exhausted.

### MOBIL.CZ

Virtual operator MOBIL.CZ is offering its customers a reduced rate for calls to all fixed and mobile networks within the Czech Republic, this offer running from 12<sup>th</sup> December 2013 to 31<sup>st</sup> March 2014. The operator has replaced the original rate of CZK 2.50 per minute with a rate of CZK 2.20 per minute. Calls are charged for the first minute and then in seconds (60+1 pricing).

### Air Telecom

Air Telecom came up with a Christmas-time offer for new cus-

tomers. Each new customer that chooses one of six mobile tariffs<sup>4</sup> by 31<sup>st</sup> December 2013 and simultaneously enters into a contract with Air Telecom for 24 months receives a bonus in the shape of free minutes, SMS or data for mobile Internet for the entire duration of the contract. With the AIR Junior and AIR Relax tariffs, customers also receive a data package with a limit of 50 MB, with the AIR Mini tariff an extra 20 free SMS to all networks within the Czech Republic, with the AIR Max tariff an extra 50 minutes and 50 free SMS within the operator's own "network", with the Air Max Plus tariff an extra 100 minutes and 100 free SMS within the operator's own "network" and with the Air Unlimited tariff a data package with a limit of 200 MB.

Alongside its mobile services, Air Telecom also has bonuses for those interested in mobile Internet. Each new customer who buys the Mobilní internet 8 GB (Mobile Internet 8 GB) service with a 24-month commitment receives a discount of 25 % on the service for a period of six months. This means that the customer pays CZK 217 per month instead of CZK 289 per month for a period of six months.

1 This service will be replaced by the new "Internet jak je třeba" (Internet as required) tariff on 1<sup>st</sup> June 2014, with a price of CZK 1 per 1 MB.

2 60 MB of data can be restored for CZK 39 at any time in the event of having insufficient credit during the relevant period.

3 200 MB of data can be restored for CZK 99 at any time in the event of having insufficient credit during the relevant period.

4 The AIR Junior, AIR Mini, AIR Relax, AIR Max, AIR Max Plus and AIR Unlimited tariffs.

## Fair and unfair practices...

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contractual relations between provider and subscriber.

When compiling the Recommendations, the CTU primarily used information taken from an analysis of the contractual documents of more than forty providers active within the territory of the Czech Republic, including all three mobile operators.

The fundamental parameter for our consideration of specific contractual provisions was not principally their compliance or otherwise with the law, but an appraisal of their fairness, in that unfair provisions or practices were those practices and provisions in direct conflict with legal regulations (and which come within the CTU's remit by law) and those which are not in conflict with any

legal regulations, but whose very essence does not always accommodate subscribers or is beneficial to them.

Naturally, the document does not limit itself to unfair practices, presenting examples which are favourable for the consumer. In doing so, the CTU wishes to motivate service providers to amend their contractual terms and conditions in the direction indicated in the CTU's Recommendations.

## Telecommunication regulation in the EU

Commission implementing Decision of 11 December 2013 amending Decision 2006/771/EC on harmonisation of the radio spectrum for use by short-range devices and repealing Decision 2005/928/EC was published in the Official Journal of the European Union on 13<sup>th</sup> December 2013. It ensues from this decision that Member States shall present a report on its implementation to the Commission not later than 1<sup>st</sup> September 2014, that Decision 2005/928/EC is repealed and that Annex to Decision 2006/771/EC is replaced with the wording presented in the annex to the new Decision.

The 17<sup>th</sup> joint meeting of IRG/BEREC was held in Budapest between 4<sup>th</sup> and 6<sup>th</sup> December 2013. The Board of Regulators discussed the results of public consultation in relation to the

BEREC Work Programme for 2014 and elected the BEREC Chair for 2015, who will also be the Vice-Chair for 2014. It also elected three BEREC Vice-Chairs for 2014. Information was also discussed on the planned review of the organisation rules of the Board of Regulators for 2014. The Management Committee familiarised delegates with the recruitment of staff for administrative work at the BEREC Office and with the arrival there of a new administration manager. A report on accounting at the BEREC Office for 2013 was presented and preparation was made for a uniform position for discussions of the "Connected Continent" regulation with the European Commission and with European Parliament committees.

The 46<sup>th</sup> meeting of the Radio Spectrum Committee (RSC) was held in Brussels on 11<sup>th</sup> and 12<sup>th</sup> December

2013. The main topics of discussion were the level of implementation of harmonisation decisions by Member States, the introductory proposal of European Commission mandates for CEPT in relation to the preparation of technical solutions for harmonising the 1.5 GHz and 2.3 GHz band for high-speed wireless communication, the matter of harmonising the operation of PMSE devices (particularly those having the nature of wireless microphones) in the duplex gap of the 800 MHz band and in the 1800 MHz band and further harmonisation of the use of radio spectrums by short-range devices. Discussion also looked at the spectrum register, the requirements made of Member States in terms of providing data for the register and regular information from CEPT as regards the future arrangement of the 700 MHz band.

## Checked by the CTU in December...

### ... the operation of communication activities without a licence

– in one case the Office ascertained the undertaking of communication activity without authorisation. The CTU will commence administrative proceedings with the relevant provider.

### ... observance of the terms and conditions of individual licences to use radio frequencies

– the CTU conducted nine inspections to predominantly concern observance of the terms and conditions laid down for the operators of VHF FM transmitters. It subsequently issued appeals for the rectification of shortcomings and will commence administrative proceedings.

... observance of the terms and conditions of general authorisation no. VO-R/12/09.2010-12 for the use of radio frequencies and for the operation of equipment for broadband data transmission in the 2.4 GHz – 66 GHz bands – the CTU conducted 57 inspections, during which it ascertained that 20 undertakings had violated terms and conditions. The CTU

has called on the relevant undertakings to rectify the shortcomings identified and will commence administrative proceedings in the matter.

### ... the use of radio frequencies without a licence

– the CTU conducted a total of six inspections at undertakings whose individual licences had expired. It discovered five cases of the use of frequencies without a licence and therefore commenced administrative proceedings.

### ... sources of interference to the operation of electronic communication equipment and networks, the provision of electronic communication services or operating radio communication services

– the CTU conducted a total of 95 in situ investigations, of these 23 cases of interference to public mobile networks and 15 cases of interference to weather radars. In ten cases the Office issued an appeal to rectify interference. The main causes of interference were mainly identified as Wi-Fi devices being operated on weather radar frequencies, defects to active tele-

vision antennae, DECT telephone devices not intended for operation within the EU, GSM repeaters, the radiated emissions of lift (elevator) inverters and the amateurish installation of antennae and distribution systems for television receivers.

### ... the availability of a GSM signal in connection with the distribution of public payphones

– the CTU completed an inspection of signal availability in communities with up to 4,999 inhabitants in December 2013. The information obtained in this way will help in updating decisions on the imposition of the obligation to provide a constituent universal service (public payphones). The inspection showed that the signal of two or more operators was not available in a total of 46 communities.

### ... incorporating the conditions of Measures of a General Nature OOP/10/10.2012-12 in the contractual terms and conditions of providers of electronic communication services

– the inspection checked whether undertakings

*(continue on page 6)*

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that declared themselves as providing publicly-accessible telephone services comply with the conditions for the transfer of telephone numbers arising from the Measures of a General Nature mentioned above. The Office carried out its inspection at all providers of services on record, a total of 597 undertakings. It will subsequently commence administrative proceedings with all service providers that did not comply with their obligations.

### **Cooperation between the CTU and Czech Trade Inspection Authority (Česká obchodní in-**

**spekce)** – When conducting inspections at dealers in telecommunication terminal and radio equipment as part of cooperation between the CTU and the CTIA, the organisations discovered the sale of radio-controlled model cars operating in the 31 MHz, 45 MHz and 49 MHz bands in Litvínov, Jablonec nad Nisou and the town of Hrob in the Teplice area. Such radio equipment cannot be operated in the Czech Republic without an individual licence to use radio frequencies. The organisations also discovered the sale of wireless bells operating in the 308 to 313 MHz bands, which are reserved in the Czech Republic for the Ministry of Defence. The CTIA is dealing with

the shortcomings identified within the scope of its duties.

**An inspection of postal services** – The CTU investigated 12 complaints to primarily concern the delivery of postal consignments, the handling of claims and adherence to the specified opening hours for the public in December 2013. It verified adherence to the statutory obligation of the provider of postal services to publish changes to the conditions of postage at least 30 days prior to these changes becoming effective at each branch and in a way allowing for remote access. This the CTU did within the bounds of 25 inspections.

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## **The CTU working for the consumer**

### **During December 2013:**

**The CTU commenced 7207 cases of administrative proceedings** to concern subscriber disputes between a person conducting communication activity on the one hand and a subscriber on the other, in the matter of financial payment and proposals for the commencement of proceedings regarding an objection to the settlement of a warranty claim relating to the billing of price or to the publicly-accessible electronic communication service provided, the CTU deciding on such matters according to Section 129 of the Act on Electronic Communication.

**The CTU issued 6814 decisions in this regard, 6786 of these decisions concerning matters of financial payment (payment of the price of services).**

### **Disputes between undertakings in electronic communications**

The CTU commenced proceedings against contestant ČD-Telematica, a.s. at the instigation of Air Telecom, a.s., in December 2013 in the matter of (i) a dispute on the imposition of the obligation to allow the customers of the claimant connection from 1.1.2014 to 31.3.2014 in the contestant's network based on a concluded master contract and (ii) the order of an injunction, the imposition of the obligation to allow customers of the complainant connection from 1.1.2014 to 31.3.2014 in the contestant's network based on the concluded master contract. The CTU accommodated the application for an injunction.

The dispute of complainant Telefonuji, s.r.o., against contestant Voinet, s.r.o., on discharge of the obligation to pay the price of electronic communication services provided was returned for re-consideration after the first-instance decision was overturned.

### **Postal services**

Czech Post (Česká pošta s.p.), as the holder of a postal licence, presented an application for the amendment of rules for keeping separate records of costs and earnings to the CTU on 4<sup>th</sup> September 2013 in accordance with Section 33a(4) of Act No. 29/2000 Sb. on postal services and amending certain acts (the Act on Postal Services - hereinafter referred

to as the "AoPS"). The CTU published a decision, approving the rules submitted, on 13<sup>th</sup> December 2013.

The obligation to keep (on an on-going basis) separate records of the costs associated with running individual services to which the postal obligation applies was imposed on the postal licence holder in amendment to the AoPS No. 95/2005 Sb. (Section 33(5)). Section 33a of amendment to the AoPS No. 221/2012 Sb. does not therefore introduce this obligation, but defines the purpose for which separate records of costs and earnings are kept. The legal regulation in question draws on Article 14 of Directive of the European Parliament and of the Council 2008/6/EC.

It ensues from Section 33a of the AoPS that Czech Post is obliged to keep separate records of the costs and earnings associated with the provision of the individual basic services stated in its postal licence and of other services so as to provide source materials for calculating the net cost of individual basic services, for regulating the prices of basic services and for proving the fact that there is no cross-financing between basic services. For separate records to achieve the purpose

defined by law, the rules for keeping such records had to be supplemented.

Four decisions on the imposition of penalties on Czech Post became final and conclusive in December 2013. These concerned the improper approach of Czech Post in 2012 when delivering two standard consignments, two valuable packages, two registered consignments and one insured letter. Czech Post put all seven consignments into storage without first making the mandatory attempt to deliver them to the place of residence of the addressee. Standard consignments were not delivered to the addressee for the reason that Czech Post assumed that the addressee had arranged to collect this sort of consignment. This, however, was only true for the packages.

#### Price calculators

On page 8 of its Monthly Monitoring Report for November 2013 (Měsíční monitorovací zpráva za listopad 2013), the CTU stated that a regular inspection of adherence

to accreditation criteria by the Tarifomat price calculator had found failure to adhere to certain accreditation criteria, calling on the operator to rectify the matter. Specifically, the CTU criticised the operator of the price calculator for the need to provide a telephone number before having the chance to use the calculator and the absence of links to the general commercial terms and conditions of the operators under comparison. Due to the fact that rectification by the operator took longer than the time set, Tarifomat temporarily removed the accreditation logo from its website in accordance with the contract and the CTU provided information on this on its own website. Tarifomat made the required rectification, removing the need to enter a telephone number and adding links to general commercial terms and conditions, in the course of December and the price calculator now therefore complies with all terms and conditions of the contract.

The CTU completed its accreditation of the Tarifon price calculator

during December 2013 in cooperation with a technical auditor. The mobile call service, which successfully complied with all accreditation criteria, was awarded accreditation for next year. A contract between the CTU and Tarifon should be signed at the beginning of January 2014.

#### Universal service

The CTU brought to a close on 6th December 2013 public consultation of the plan to impose the obligation (as part of a universal service) to allow persons with special social needs in accordance with Section 44 and 45 of the Act on Electronic Communication ("AoEC") to choose prices or price plans that differ from the price plans provided under normal commercial terms and conditions such that these persons have access to and can use constituent services and a publicly-accessible telephone service ("special prices") according to Section 38(3) of the AoEC. The CTU only received comments from Telefónica Czech Republic, a.s., as part of public consultation, publishing the settlement of these on 23rd December 2013.

## Czech Telecommunication Office Activity Plan for 2014

**The Czech Telecommunication Office (CTU) has compiled a plan for its main activities in 2014 and will present this to the public. The CTU Council approved the Activity Plan at its meeting on 15<sup>th</sup> January.**

The CTU drew primarily on the following assumptions in determining its main tasks and activities for 2014: CTU activities must continue to focus principally on creating conditions for the onward development of economic competition on electronic communication markets and on the liberalised postal service market, on supporting technological innovation and supporting the construction of new generation fixed and mobile networks and on protecting the consumer.

The aim at the CTU is to involve itself just as actively as last year in discussions of proposals made

by the European Commission aimed at changing the European regulatory framework for electronic communication.

The CTU will take the expected changes to European and subsequently national legislation and other conclusions drawn at an international level, including the joint positions of the BEREC and ERGP European regulator associations, into consideration in its proposed strategy for regulation, inspection and consumer protection for 2015 to 2018, which is under preparation.

As far as the electronic communication market is concerned, the

CTU primarily expects continuing development of competition on the mobile market, with the launch of attractive price offers and high quality services provided under fair conditions. This should be helped by the continuing positive trend that began last year with the commercially-agreed market entry of virtual mobile operators.

It is the view of the CTU that accelerated development of new 4th generation mobile networks (LTE) and the fast-expanding offer of mobile data services will contribute to further development in the sphere of mobile services and infrastructural competition in the provision of data services (in particular, access to the Internet). In this regard the CTU expects significant activity from all three mobile operators

ahead of schedule, before the set development criteria, or at auction through adopted commitments. From the end user's perspective, the timely publication of wholesale offers of 4G services by LTE operators and their responsible approach to discussions of the possible market entry of 4G service providers will certainly be important.

The CTU expects an increase in activity among operators this year in terms of building modern NGA access networks based mainly on an optical infrastructure.

The postal market is entering its second year after the completion of market liberalisation. The Office expects the determined postal licence holder to ensure the required level of availability and quality of basic postal services for all users.

The CTU considers an important aspect in the development of the competitive environment to be the proper and fast progression of negotiations on access to elements of the postal infrastructure of the postal licence holder to the benefit of other competitors on the postal market.

The CTU also determined the tasks set out below with regard to the anticipated development of the situation on the electronic communication and postal services markets and in accordance with the legal framework. It is, at the same time, faced with the challenge of ensuring effective performance of all entrusted activities within a modified (reduced) budget framework.

## The development of economic competition

### Analyses of relevant markets

The fundamental task of the CTU this year is to complete the third cycle of analyses of relevant markets. After issuing analyses of relevant wholesale markets 2 (call origin at a fixed location), 3 (terminating calls in public mobile telephone networks) and 7 (terminating calls in mobile networks) in the form

of Measures of a General Nature at the end of last year, the CTU will conclude the follow-up administrative proceedings already commenced on determining undertakings with significant market power and on imposing the relevant corrective action.

The process of preparing public consultation and workshops relating to proposals for remaining analyses of relevant markets will continue alongside this. The markets in question are retail market 1 (access to a network at a fixed location) and wholesale markets 4 (access to actual infrastructure), 5 (broadband access services) and 6 (terminating segments of leased lines). The CTU aims to determine the undertakings on all markets having significant market power this year based on the analyses completed and to impose corrective action or commence proceedings with them on the imposition of the relevant corrective action.

One other important activity at the CTU in the first half of 2014 is to complete an analysis of the newly-set relevant market 8 (mobile origination).

The CTU will also concentrate on a methodology for conducting analyses of relevant markets and, where appropriate, shall prepare a review of this to take into account the intended European Commission Recommendations on Relevant Markets.

## Innovations and new generation networks

### The development of the LTE network

Following on from the completed auction stage, the CTU will issue a decision on allocations of radio frequencies to the winning bidders and in doing so bring to an end the tender for 4th generation mobile network frequencies. This will be followed by monitoring of satisfaction of the set conditions for building a network, including the obligations laid down for territorial coverage

and the provision of a wholesale offer of 4G mobile services.

The CTU will also propose procedure for the allocation of frequencies in the 1800 MHz band and the unpaired part of the 2600 MHz band not involved in the auction in the course of 2014. If interest is shown in these frequencies, the CTU will proceed with a tender during the year.

### The spectrum management strategy

The CTU aims to complete a comprehensive Spectrum Management Strategy (Strategie správy spektra) for the forthcoming medium-term period until the year 2020 and to present this to the government of the Czech Republic for discussion in the first quarter of 2014. The CTU began public consultation of the proposed document at the end of 2013 and will arrange a workshop in which to evaluate this.

The Office will also begin carrying out the tasks set out in the Strategy compiled during 2014. This mainly involves procedure regarding licencing frequencies in the 3600 to 3800 MHz band, preparing solutions for freeing-up frequencies within the scope of Digital Dividend II (Digitální dividenda II) and articulating the position of the Czech Republic for the World Radiocommunication Conference 2015.

### The development of digital television and radio broadcasting

The CTU will put forward a procedure for the development of DVB-T/2 terrestrial digital television broadcasting. To this end, it will organise working party meetings during 2014 which all bodies concerned (network operators, broadcasting operators and the relevant state bodies) will attend. The CTU will subsequently propose a possible technical solution for the switch to DVB-T/2 standard. The organisation of the switch itself and the decision to undertake it, however, is not within its remit.

The CTU intends to build on the consultation principles of the tender



for group allocation in band III that went ahead in the second half of 2013. The Office will present proposed specific conditions of such a tender for public consultation in the first half of the year. If the bodies concerned show clear interest, it will launch a tender in the second half of 2014.

The CTU shall work closely with the relevant ministries and regulatory bodies in 2014 in both cases of support for the further development of terrestrial digital television and radio broadcasting.

### **New generation networks**

The year 2014 will see the Office follow on from its activity in 2013, in that it created a proposed national programme of support for building new generation access (NGA) networks in cooperation with the Ministry of Industry and Trade (MoIT).

The CTU shall process the results of mapping the accessibility of NGA infrastructure within the Czech Republic in the first quarter of 2014. To this end, it will evaluate the conclusions of public consultation regarding the proposed resultant material already carried out and will publish the definitive document. It will also continue its preparation of the support programme so that this proposal can be presented to the government for consideration by the end of the first half of 2014. This will again be done in cooperation with the MoIT.

The CTU also plans to create a Register of Passive Infrastructure (RPI) in 2014 and to compile a feasibility study, choose a contractor and start working on the chosen solution.

### **The accessibility and quality of services**

#### **Universal service**

The task of the CTU in this regard is to maintain the accessibility of individual services within a universal service to the same extent as in 2013. For this reason it will conduct a tender to find a provider of

favourable prices and pricing plans for a defined grouping of handicapped persons whilst ensuring access to a publicly-accessible telephone service. The provider chosen should begin providing the constituent service based on the obligations imposed in the middle of 2014 such that the continuity of provision to date is maintained.

The CTU will also review the existence of reasons for new imposition of the obligation to provide public payphones and will monitor the level of assurance of other constituent services from a universal service that are provided on a commercial basis. It will publish the results of its investigation in the second half of 2014.

The CTU will also ensure the financing of net costs and loss incurred by the specified undertakings as arising from the provision of a universal service in electronic communication during the previous year.

#### **Basic (postal) services**

The CTU shall, in the first half of 2014, evaluate satisfaction of the terms and conditions for the provision of basic services by postal licence holder Czech Post (Česká pošta, s. p.). The evaluation report will be published on its website. The Office will also select a new auditor of the results of measuring transportation times submitted by Czech Post in 2014.

Auditing work in relation to postal services in 2014 will primarily concentrate on the accessibility (including price accessibility) of basic services and their quality and on the procedures of the postal licence holder in terms of claims and when handling complaints made by postal service users.

One significant new activity in which the CTU will involve itself in 2014 is the auditing of the net costs of providing basic services, as applied by Czech Post. The CTU will determine the amount in the second half of the year and judge

whether this is an unfair financial burden.

### **The quality of the services provided**

The CTU will concentrate on checking adherence to the newly-set terms and conditions for transferring telephone numbers. It will therefore, at the beginning of 2014, evaluate findings made in this area in the 4th quarter of 2013.

The Office aims to contribute toward the required quality of data services or Internet access provided. Following on from its publication of a set of general recommendations and rules for the management of data operation at the end of 2013, the CTU will prepare a proposal for the determination of basic quality parameters of data services by updating Measures of a General Nature according to Section 71(3) of the Act on Electronic Communication.

It will also prepare a methodology for evaluating data service parameters for verifying the quality of services in the LTE network and other technological access solutions. The Office therefore wants to allow end users to compare the quality of services provided by individual Internet access providers and verify the qualitative results achieved by them.

### **Consumer protection: electronic communication and postal service users**

#### **Contractual terms and conditions**

The most significant work of the CTU in terms of consumer protection in 2014 will be to continue its monitoring and analysis of the contractual documents of selected electronic communication service providers. In this regard, the Office will also concentrate on the contractual terms and conditions of so-called mobile virtual network operators (MVNO). It will proceed in a similar way in relation to postal service providers.

The CTU will also regularly monitor the terms and conditions of

services provided by investigating complaints made by subscribers and users and publishing a quarterly evaluation of these. The CTU shall, in the interests of more thorough checks of fulfilment of the conditions of the Act on Consumer Protection, continually supervise business practices in the provision of electronic communication services and postal services and sanction any cases of violation of the act identified.

### **Information for consumers and users of services**

The CTU shall review and update its website in 2014, concentrating in particular on the provision of advice, warnings and important information in its "Consumer Protection" (Ochrana spotřebitele) section. It will also make user interface clearer and shall make it easier to search for documents.

The Office will prepare an update of the price barometer in the first half of 2014, in that this should now include the price development of mobile (and data) services and take into consideration the offers of virtual mobile operators.

The CTU also wants to continue increasing the degree of openness towards the public. It will therefore make the first data files available in open formats in the first half of 2014 in relation to the recommendations from the "Open data" project that came to an end last year.

## **Inspections**

### **Monitoring the development of LTE networks**

The CTU will carry out thorough inspections of the fulfilment of de-

velopment criteria that the winning operators accepted as obligations within the frequency auction. In this regard, the Office will make an application available on its website that lets all users find up-to-date information about the progress of construction and coverage of the area with LTE networks and UMTS networks.

The CTU will also organise talks between a working party and the relevant network operators in order to come up with a comprehensive and fast solution for cases in which terrestrial digital TV broadcasting (DVB-T) is disrupted by LTE networks. To this end, it will complete and evaluate an on-going experiment that involves checking the influence of LTE networks on the reception of terrestrial digital broadcasting and will publish a final report.

### **Inspections relating to the operation of WiFi networks**

The CTU has not been satisfied with the degree of adherence to Measures of a General Nature No. VO-R/12/09.2010-12 on the use of radio frequencies and on the operation of devices for the broadband transmission of data in the 2.4 GHz to 66 GHz bands for some considerable time now. It will therefore make sanctions in cases of violation of the set conditions stricter this year, one reason for this being the continual cases of interference to weather radar by the operation of radio devices according to this general authorisation. It will also organise workshops with the operators of WiFi devices and networks in the

first quarter of the year, at which it will again explain the reasons for setting conditions and familiarise them with further aims in relation to carrying out inspection work in this area.

### **Automatic frequency spectrum monitoring system (AFSMS)**

The CTU has long been interested in increasing the effectiveness of monitoring the frequency spectrum from the perspective of adherence to the set conditions and identifying sources of interference. For this reason the CTU will press ahead with the onward development of the AFSMS in 2014 by modernising the antenna system.

*The tasks presented in this document outline the areas which the Office considers to be crucial this year. We will continue our practice of informing the general public of the results and conclusions of all our activities throughout the year.*

### **Monthly monitoring report - December 2013**

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