



Czech telecommunication office

August 2017

Telegraphically on communications

Amendment of the Electronic Communications Act has passed the legislative process

On 31 July, president Miloš Zeman signed the amendment of the Electronic Communications Act which, among other things, deals with the transition to television broadcasting in new standard DVB-T2. The Act also makes it easier to port a telephone number to a competitor and prohibits automatic renewal of contracts without the party's consent.

Test auctions

CTU presented to the press an auction system of e-FRACTAL which was used for the auction of the frequencies in 3.7GHz band. The presentation included an interactive part in which it was possible to try the system and take part in a test auction.

Turkey was interested in spectrum monitoring when visiting CTU

A delegation from the Turkish telecommunication office visited CTU in order to share Czech experience with the deployment and operation of the system of monitoring of radio spectrum. The work meeting took place on 10 and 11 August.

Regulation

Rejected requests for permission to charge roaming surcharges

In accordance with Article 6c of Regulation (EU) No 531/2012 of the European Parliament and of the Council, as amended (hereinafter referred to as "Regulation"), CTU received in May three requests for permission to charge a roaming surcharge. They came from virtual operators independent of the network operators, namely Mundio Distribution Czech Republic s.r.o., miniTEL s.r.o. and ERBIA MOBILE s.r.o.

The Office assessed these requests according to Article 6c(3) of the Regulation and, in accordance with Article 6c(4) of the Regulation, found all requests for the roaming surcharge to be unsubstantiated and the information provided by the operators insufficient. The requesting parties failed to prove fulfillment of the conditions set in Article 10(1) of Commission Implementing Regulation (EU) 2016/2286 that they would be unable to recover their costs of providing regulated retail roaming services, with the effect that the sustainability of their domestic charging model would be undermined.

CTU subsequently issued a decision on dismissal of all three requests for the roaming surcharge.

Price calculators

At the beginning of August, CTU completed the process of accreditation of the Tarifomat price calculator and extended the accreditation validity period of this price calculator by another year. Price

calculator Tarifomat compares the prices of mobile calls and mobile Internet access. The list of the currently accredited price calculators is published at [CTU's website](#).

NGA mapping

In the first half of 2017 CTU collected and verified by means of the system of electronic data collection (ESD) geographic information (on the level of address locations) from businesses in electronic communications related to the availability of the Internet access service categorized according to the different technologies. This information was fixed as of 30 June 2017, and based on this information CTU created resource materials which were subsequently transferred to the Ministry of Industry and Trade on 14 July for the purpose of implementation of the National Plan of Development of New Generation Networks and implementation of the related grant program.

Postal services

On 18 July CTU at its headquarters processed the written questions received regarding the text of announcement of the tender for the postal license holder for the period from 1 January 2018 to 31 December 2022 announced on 30 June 2017 with ref. No. ČTÚ-39 063/2017-610. The answers to the questions are published at [CTU's website](#).

Financial results

O2

Total consolidated operating income of O2 grew in the first half of 2017 by 1.4% to CZK 18.487 billion year-on-year. EBITDA grew by 0.8% to CZK 5.093 billion year-on-year, net profit amounted to CZK 2.632 billion, growing by 3.6%. Total number of customers as of 30 June for mobile services is 4,903,000, a year-on-year increase by 0.1%. The number of customers with a plan grew by 2.1% to 3,366,000. In the area of prepaid services the number of customers decreased by 3.9% year-on-year to 1,537,000. In mobile data, data traffic in the first half of 2017 grew by more than 80% year-on-year.

T-Mobile

Also T-Mobile [published](#) its financial results for the 1st half of 2017. Total revenues grew by 3.4% year-on-year to CZK 13.221 billion; revenues from mobile services grew by 2.5% year-on-year to CZK 9.271 billion. The average monthly revenue per user of mobile services (ARPU) grew by 1.2% year-on-year to CZK 253. At the end of the 1st half of the year mobile services of T-Mobile were used by 6.155 million customers, a slight year-on-year increase by 2.4%. The number of customers with a plan grew by 4.6% to 3.790 million, number of prepaid customers dropped by 0.8% to 2.365 million. Customers called 159 minutes a month in the mobile network k, which is 0.6% more than in the 1st half of the previous year. The volume of data transmitted in the mobile network grew by 49.3% year-on-year to 21,786 TB (terabytes).

Market analyses

Market 3a

wholesale local access provided at a fixed location and market 3b - wholesale central access provided at a fixed location for mass-market products

[In part 10/2017](#) of the Telecommunication Bulletin CTU published a measure of general nature – [analysis of market No. A/3a/07.2017-3](#) (market No. 3a) and [analysis of market No. A/3b/07.2017-4](#) (market No. 3b).

Based on the results of the analyses published, CTU will commence administrative proceedings concerning the definition of an undertaking with significant market power, and subsequently it will commence administrative proceedings concerning the imposition of obligations, and in the case of relevant market No. 3a also administrative proceedings concerning the imposition of obligations related to price regulation.

The analyses of these relevant markets showed that the markets are not effectively competitive and there is an undertaking with significant market power on those markets – Česká telekomunikační infrastruktura.

Market 4

wholesale high-quality access provided at a fixed location

On 23 June CTU sent proposals of measures of general nature of analyses of market No. 4 ([A/4/XX.2017-Z](#)) to the European Commission for notification. The Office received the Commission's decision on the proposed analysis of relevant market no. 4 on 19 July. In its decision, the European Commission stated that it has no suggestions on the proposed measure sent. Based on this decision, CTU will issue the final measure of general nature – analysis of relevant market No. 4.

Checked by CTU in July...

Summary of the audit activities of the electronic communication services

Type of activity	Number of certificates or inspections		Number of calls to rectify shortcomings	Number of administrative proceedings commenced	Number of decisions awarded ^{*)}	Decided in the favour of		Penalties imposed	
	Total	Of which				the subscriber	the provider	Number	Size in CZK
1. Number of awarded certificates of notification of operating a business (Section 14 of the ZEK)	9								
2. Number of changes to certificates of notification of operating a business (Section 14 of the ZEK)	51								
3. The operation of communication activity without a certificate	8			0	0			0	0
4. Adherence to the terms and conditions of general authorisations	54		32	10	12			12	357500
a) in relation to providing public communication networks and associated facilities		0	0	0	0			0	0
b) in relation to providing electronic communication services		1	0	0	0			0	0
c) in relation to the use of radio frequencies and the operation of devices (radio equipment)		53	32	10	12			12	357500
5. Inspection of radio frequencies	224		0	4	4			4	126000
a) the use of radio frequencies without authorisation		7	0	3	4			4	126000
b) adherence to the conditions of an individual licence for the use of radio frequencies		2	0	0	0			0	0
c) identifying sources of interference to the operation of electronic communication equipment and networks, the provision of electronic communication services or the operation of radio-communication services	215		0	1	0			0	0
6. Inspection of numbers for the purposes of number administration (number of inspection calls)	0		0	0	0			0	0
a) the use of numbers without authorisation		0	0	0	0			0	0
b) the use of numbers in conflict with authorisation		0	0	0	0			0	0
7. Subscriber disputes resolution	0			4424	2867	848	1795		
a) of opposition to the processing of complaints concerned to the provided services		0		2	0	0	0		
b) of opposition to the processing of complaints concerned to the billing for services		0		14	12	3	2		
ba) access to services with expressed price (data and voice)		0		0	0	0	0		
baa) access to data services with expressed price provided on Internet or other data networks		0		0	0	0	0		
c) on the payment of the price for services (monetary performance)		0		4408	2854	845	1793		
d) other		0		0	1	0	0		
8. Failure to provide information according to Section 115 of the ZEK				0	0			0	0
9. Other	185		2	26	6			14	2157000
TOTAL	531		34	4464	2889	848	1795	30	2640500

^{*)} The total number of decisions awarded includes cases in which administrative proceedings are concluded with a resolution, i.e. cases of the death of the subscriber, the cessation of existence of the company, the discontinuation of proceedings by law (bankruptcy), not having the remit to decide etc.

Summary of the audit activities of the postal services

Type of activity	Number of certificates or audits		Number of measures in the interest of proper provision of the services according to § 6, subsection 4 and § 37 of ZPS	Number of administrative proceedings from the previous month	Number of initiated administrative proceedings	Number of issued resolutions	Decided in favour of			Sanctions imposed		Number of the administrative proceedings carried forward to the next month
	total	of which					subscriber	provider	Other	number	amount in CZK	
1. Number of issued certificates on business notification	0											
2. Number of changes to certificates on business notification	0											
3. Execution of the postal service without certificate	0			0	0	0				0	0	0
4. Compliance with the conditions of the Postal services act ("ZPS") and other regulations	0		0	1	0	0				0	0	1
Compliance with the postal conditions according to § 6 of ZPS		0	0	1	0	0				0	0	1
Compliance with the conditions for quality requirements according to Decree No. 464/2012		0	0	0	0	0				0	0	0
5. Decision about objections against settlement of the complaint according to § 6a of ZPS	0			67	30	24	0	18	6			73
6. Settlement of the disputes according to § 37, subsection 3, paragraph a) of ZPS	0			0	0	0	0	0	0			0
7. Failure to provide information according to § 32 a) of ZPS				0	0	0				0	0	0
8. Other local inspection	1		0	12	2	2				2	4000	12
Administrative procedure in the matter of a tort according to § 37a subsection 3 paragraph a)		0	0	3	1	2				2	4000	2
Administrative procedure in the matter of a tort according to § 37a subsection 1 paragraph a)		0	0	1	0	0				0	0	1
Administrative procedure in the matter of a tort according to § 37a subsection 2 paragraph a)		0	0	1	0	0				0	0	1
Administrative procedure in the matter of a tort according to § 37a subsection 2 paragraph e)		0	0	3	1	0				0	13000	4
Administrative procedure in the matter of a tort according to § 37a subsection 1 paragraph c)		0	0	1	0	0				0	0	1
Administrative procedure according to § 142 Administrative procedure code		0	0	1	0	0				0	0	1
Administrative procedure in the matter of a tort other		0	0	2	0	0				0	0	2
TOTAL	1		0	80	32	26	0	18	6	2	4000	86

End of Fér plans makes it possible to terminate the contract without penalties

If the operator decides to change its offer and, for example, completely discontinue some plans it constitutes a unilateral change of contract consisting of a change of substantial requisites. The parties thus have the right to disagree with the change and terminate the contract early without any penalties.

Complainants have been recently contacting CTU more often with a report Vodafone announced that their current plan was cancelled (Fér plan). They also received information from the operator that they can choose a different plan. The complainants report that the newly offered plans are not satisfactory for them, in particular due to the higher price. They also report that Vodafone did not inform them about the possibility to terminate the contract.

The Electronic Communications Act allows providers to change their plan offering and, for example, completely discontinue some plans, but in such case they are obliged to comply with the information obligation pursuant to Section 63(6). Complete discontinuation of plans constitutes a unilateral change of contract consisting of a change of substantial requisites in this case (offer of another plan) and, at the same time, according to the reports submitted, a change impairing the position of the subscriber (it results in an increase of the subscriber's costs of using the electronic communication services). In such case, the consumers should therefore be demonstrably informed not only about the discontinuation of their existing plan but also about their right to terminate the contract as of the effective date of the change, without a penalty associated with premature contract termination. The

information needs to be provided in a manner which was selected by the subscriber for delivery of the bills. In the cases addressed by CTU the subscribers were informed about the discontinuation of the plan in the bill and also in an SMS.

The fact whether Vodafone correctly complied with its statutory obligations associated with the unilateral change of contract is currently being investigated by CTU. Should a breach of statutory provisions regulating the information obligation of providers be found, CTU will commence proceedings concerning an offence with the operator.

Radio spectrum management

CTU submitted to the Ministry of Industry and Trade, for submission to the government, a Situation Report on the Status of Implementation of the Measures from the Radio Spectrum Management Strategy which was adopted by the Government of the Czech Republic in 2015.

The situation report was subjected to inter-ministerial commenting and summarizes, in line with the task imposed by the government on the chairman of Czech Telecommunication Office, the implementation of the strategic measures after two years, and with respect to the past development and harmonization plans on European level it updates and amends the set of strategic measures in particular in order to further support the future use of radio spectrum within the process of building the so-called digital economy.

Out of 33 measures defined for the period 2015–2017, 26 tasks have been implemented within the scope of the assignment in terms of the deadline as well as contents. These measures include in particular an auction of the remaining frequencies in the bands of 1800 MHz and 2600 MHz, auction of frequencies in band 3.6–3.8 GHz, adoption of the Strategy of Development of Terrestrial Digital Television Broadcasting which defined the basic framework of actions in the future release of the 700MHz band frequencies in favor of the future high-speed wireless networks, adoption of the Concept of Development of Terrestrial Digital Broadcasting of Český rozhlas (Czech Radio), measures in the area of fee policy, fulfillment of the needs of the ministries of defense and interior, and other measures.

As for the near future, the most important measures out of the proposed new measures are steps to enhance the transmission rates of the networks and support for future development of 5G networks. They also include preparation of the proposed actions of CTU in the auction of frequencies in the 700MHz band intended for the development of IMT networks, including the 5th generation networks, the plan to release 3.4–3.6 GHz bands and 1.4GHz bands, and preparation for the release of frequencies in 24.25–27.5GHz bands intended for generic 5G networks. The release of additional frequency bands also creates additional room for other businesses.

Legislative changes

Creation of single information point

Czech Telecommunication Office will act as the Single Information Point (JIM) which, in order to facilitate the implementation of high-speed electronic communication networks, is supposed in particular to provide coordinated access of the authorized people to information on the physical infrastructure or construction works.

On 10 July, **Act No. 194/2017 Coll., on measures to reduce the cost of deploying high-speed electronic communications networks** and on the amendment of some related acts, was published in part 71 of the Collection of Laws.

The Act is a transposition of Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks. This Act entered into effect on the fifteenth day after promulgated, i.e., on 25 July, with the exception of the provisions of part two, paragraphs 12 through 17 [amendment of the Electronic Communications Act, Section 118 (penalties)], which entered into effect on the date of promulgation thereof, i.e., on 10 July.

Cyber security

On 14 July, Act No. 205/2017 Coll. amending Act No. 181/2014 Coll. on cyber security and on the amendment of related acts (Cyber Security Act), as amended by Act No. 104/2017 Coll., and some other acts, was published in part 74 of the Collection of Laws.

The Act is a transposition of Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (NIS Directive). At the same time, a new body is established – National Office for Cyber and Information Security which is the central administrative body for cyber security and takes over these tasks from the current authorized body, National Security Authority.

This Act entered into effect on the first day of the first calendar month following the date of promulgation hereof, i.e., on 1 August.