

SCHEDULE 5

Regulation 103

Determination of 700 MHz individual frequency lot additional prices

Additional price

1.—(1) OFCOM shall determine an additional price for each winning 700 MHz individual frequency lot assignment stage bid by imposition of the requirements that the additional prices must satisfy that are set out in paragraphs 2 to 5.

(2) Where an additional price so determined includes a fraction of a pound, the additional price shall be that price rounded up to the nearest whole pound.

First requirement

2. The additional price for each winning 700 MHz individual frequency lot assignment stage bid shall be no less than zero and no more than the amount of that winning 700 MHz individual frequency lot assignment stage bid.

Second requirement

3.—(1) Taking the additional prices for the winning 700 MHz individual frequency lot assignment stage bids together, the additional prices shall be such that if—

- (a) the amount bid by each winning bidder for the 700 MHz individual frequency lot assignment stage option selected in its winning 700 MHz individual frequency lot assignment stage bid had been the additional price rather than the amount of its winning 700 MHz individual frequency lot assignment stage bid (“reduced winning 700 MHz individual frequency lot assignment stage bid”), and
- (b) subject to sub-paragraph (2), the amount bid by each winning bidder in respect of each other valid 700 MHz individual frequency lot assignment stage bid made by that bidder had been reduced by an amount equal to the difference between the amount of its winning 700 MHz individual frequency lot assignment stage bid and the additional price for that relevant winning 700 MHz individual frequency lot assignment stage bid,

the combination of the reduced winning 700 MHz individual frequency lot assignment stage bids submitted by the winning bidders would have been the valid combination of 700 MHz individual frequency lot assignment stage bids or one of the valid combinations of 700 MHz individual frequency lot assignment stage bids (as the case may be) having the highest total value of amounts bid.

(2) Where the amount of a bid has been reduced in accordance with sub-paragraph (1)(b) and is less than zero, the amount of that bid shall be treated as if it were zero for the purposes of this paragraph.

(3) The bids mentioned in sub-paragraphs (1)(a) and (1)(b) shall, after reduction of the amount of those bids in accordance with those paragraphs, be treated as valid 700 MHz individual frequency lot assignment stage bids for the purposes of this paragraph.

Third requirement

4. Taking the additional prices for the winning 700 MHz individual frequency lot assignment stage bids together, the total of those additional prices shall be no greater than the total of any other prices for the winning 700 MHz individual frequency lot assignment stage bids that satisfy the requirements set out in paragraphs 2 and 3.

Status: This is the original version (as it was originally made).

Fourth requirement

5.—(1) Taking the additional prices for the winning 700 MHz individual frequency lot assignment stage bids together, the opportunity cost variance of those additional prices calculated in accordance with sub-paragraph (2) shall be less than the opportunity cost variance, calculated in accordance with sub-paragraph (2), of any other prices for the winning 700 MHz individual frequency lot assignment stage bids that satisfy the requirements set out in paragraphs 2 to 4.

(2) The opportunity cost variance (“OCVA”) of prices mentioned in sub-paragraph (1) is the amount calculated in accordance with the formula $OCVA = \sum (p_A - c_A)^2$ where—

- (a) “ p_A ” is the price for a winning 700 MHz individual frequency lot assignment stage bid; and
- (b) “ c_A ” is the amount calculated in accordance with the formula set out in sub-paragraph (3) in respect of that winning 700 MHz individual frequency lot assignment stage bid.

(3) The formula is $c_A = u_A - t_A + b_A$ where—

- (a) “ u_A ” is the amount calculated in accordance with sub-paragraph (4);
- (b) “ t_A ” is the total amount of the winning 700 MHz individual frequency lot assignment stage bids; and
- (c) “ b_A ” is the amount of the winning 700 MHz individual frequency lot assignment stage bid for which p_A is the price.

(4) The amount calculated in accordance with this sub-paragraph is the total amount of the valid combination of 700 MHz individual frequency lot assignment stage bids or one of the valid combinations of 700 MHz individual frequency lot assignment stage bids (as the case may be) having the highest total value of amounts bid where, for each 700 MHz individual frequency lot assignment stage bid made by the winning bidder that submitted the winning 700 MHz individual frequency lot assignment stage bid for which p_A is the price, the amount of that 700 MHz individual frequency lot assignment stage bid is treated as if it were zero for the purposes of this sub-paragraph.

(5) Where the amount of a 700 MHz individual frequency lot assignment stage bid is treated as if it were zero in accordance with sub-paragraph (4), that 700 MHz individual frequency lot assignment stage bid shall be treated as a valid 700 MHz individual frequency lot assignment stage bid for the purposes of that sub-paragraph.

Interpretation

6. In this Schedule “valid combination of 700 MHz individual frequency lot assignment stage bids” shall be construed in accordance with regulation 102.