

FREQUENCY SPECTRUM FEES AND PRICING REGULATIONS

COMMENCEMENT

In exercise of the powers conferred on it by Section 70 of the Nigerian Communications Act 2003 and section 28 of the Wireless Telegraphy Act, the Nigerian Communications Commission hereby makes the following Regulations.

PART 1 – SCOPE

1. These Regulations are made to standardise Frequency Spectrum Fees and pricing in order to promote efficiency and conformity with International standards in the usage of Spectrum in the Federal Republic of Nigeria.
2. The Objective of these Regulations are:
 - a. To establish a transparent, fair, competitive and non-discriminatory Frequency Spectrum pricing procedure that will include but is not limited to auctions, beauty contest and other internationally accepted methods of determining Frequency Spectrum price.
 - b. To ensure that Frequency Spectrum Price reflects market value and are directly proportional to Frequency Spectrum size.
 - c. To promote efficiency and competition by simplifying and harmonizing the Frequency Spectrum pricing process.
 - d. To achieve government policy objectives of even development of telecommunication infrastructure across Nigeria and universal access and service.

Scope of
the Regulations

Objectives

3. The Provisions of the Wireless Telegraphy Regulation as they apply to fees and duration of licences with particular reference to Section 11 and Section 12 are hereby amended by these Regulations.
4. The Commission shall establish a license category for Frequency Spectrum capable of being shared by several operators on a simultaneous basis.
5. The Commission shall determine from time to time the type of frequency spectrum that may be shared by two or more licensees.
6. These regulations shall cover the determination of Frequency Spectrum fees for commercial activities in the Telecommunications sector of Nigeria.

PART II - LICENSING AREAS

7. In line with international best practises Frequency Spectrum pricing shall be determined by competitive methods to be selected by the Commission from time to time. Licensing Tiers
8. Frequency Spectrum will be issued according to Licensing areas that corresponds to the states of the Federal Republic of Nigeria and the Federal Capital Territory. The Licensing areas have been categorised into tiers as contained in the first schedule to these Regulations. This categorization is subject to review by the Commission from time to time.
9. With the exception of microwave frequencies, all Frequency Spectrum will be priced on a state by state basis depending on market potentials and economic activities.

PART III – FREQUENCY SPECTRUM LICENSES AND PERMITS

10. a. The duration of licenses for Frequency Spectrum and the terms and conditions attached shall be determined by the Commission.
- b. Frequency Spectrum License shall be classified as:
 - i. Short term permit with a tenure of four months,
 - ii. Medium-term permit with a tenure of one year.
 - iii. Long term renewable license with a tenure of five, ten or fifteen years
- c. Frequency spectrum licenses with a tenor of one year and below are classified as permits
- d. All Frequency Spectrum Licence shall be subject to renewal upon the payment of renewal fees and other terms and conditions as may be determined by the Commission.
- e. Medium term permits other than those specified in paragraph (f) and (g) below are renewable only at the Commission's discretion.
- f. Allotees of Frequency Spectrum or other operators may exercise the option to pay for Frequency Spectrum on an annual basis or five yearly basis, provided that such frequency spectrum were not allotted through an auction process. In the case of an Auction frequency spectrum shall be paid for in accordance with the rules of the Auction..
- g. Fees payable by operators shall be determined by a pricing formula as described in the second schedule to these regulations.
- h. All operators who have been allotted Frequency Spectrum have an obligation to submit a report on the usage of the frequency spectrum so allotted on an annual basis
- i. All Frequency Spectrum allotted must be utilized within one year of allocation . All Licence for Frequency Spectrum not utilized within one year of the allocation is subject to revocation by the Commission.

- j. Where Frequency Spectrum License is revoked for non-utilization, the license fee paid shall not be refundable except at the Commission's discretion
11. The fees as stated in the schedules to these regulations shall be deemed to have come into force on the 1st day of January 2002.

PART IV – PRICING POLICY

12. a. The Commission shall adopt a pricing formula that reflects the economic value of Frequency Spectrum in order to encourage the efficient usage of Frequency spectrum and stimulate growth.
- b. The price of Frequency Spectrum shall be directly proportional to the size of Frequency Spectrum assigned.
- c. The price of Frequency Spectrum shall vary depending on the frequency band and band price shall reflect the level of congestion, market demand and the relative cost of deploying network infrastructures.
- d. The Fees payable for Frequency Spectrum shall be sufficient and adequate to encourage the optimal use of this scarce resource and also cover the administrative cost of Frequency Spectrum Management.
- e. The fees payable for each category of Frequency Spectrum shall be as determined by a pricing formula as described in the second schedule to these Regulations.
- f. The price per MHz of Frequency Spectrum will be determined and published by the Commission on a yearly basis and may be reviewed from time to time as may be determined by the Commission.
- g. The unit price and rate applicable to the pricing formula as stated in the second schedule is subject to review by the Commission from time to time. All such charges regarding unit price and rate will affect only new requests for Frequency Spectrum and renewal of expired Licences, or reinstatement of revoked licences.

Pricing Formula

13. These Regulations may be cited as the Frequency Spectrum Fees and Pricing Regulations 2003.

14. In these Regulations, unless the context otherwise requires the following expression shall have the following meanings.

Title

Definition

“Act” The Nigerian Communications Act 2003 or any succeeding legislation thereto.

“Commission” The Nigerian Communications Commission.

“Nigeria” The entire geographical area, the territorial waters, air limits of Nigeria and any area to which the provisions of the Act apply.

“Operator” As the context permits, a provider of a telecommunication service duly licensed by the Commission, including but not limited to the Licensed Carrier.

“Person” Any individual, firm, corporation, partnership, trust, limited liability company, joint venture, Government Entity or other Entity.

“Radio Regulations” The publication of the International Telecommunications Union (ITU) that delineates radio frequencies into bands and stipulates the services applicable.

“Frequency Spectrum”	A wide range of frequencies with different characteristics and applications.
“Telecommunications Network Infrastructure”	Any form of installation or group of installations which ensure either the transmission or the transmission and routing of telecommunications signals and the associated exchange of the control and operational information between network termination points.
“Wireless Telegraphy Act” or “WTA”	Wireless Telegraphy Act Cap 469 Laws of the Federation of Nigeria 1990 as amended by Wireless Telegraphy (Amendment) Act No. 31 of 1998 or any succeeding Legislation thereto.
“ Wireless Telegraphy Regulations	Wireless Telegraphy Regulations issued as subsidiary Legislation under the WTA Act chapter 469.

SCHEDULE 1

LICENSING AREAS

The entire geographic area of Nigeria has been classified into licensing areas as listed below:

This classification may be reviewed by the Commission from time to time.

TIER	STATES
Tier 1	Lagos
Tier 2	Rivers, FCT, Delta, Kano Kaduna
Tier 3	Ogun, Edo, Oyo, Anambra, Abia
Tier 4	Enugu, Akwa Ibom, Benue, Ondo, Bayelsa, Plateau, Cross Rivers, Imo, Osun, Niger, Kwara, Kogi, Borno, Bauchi
Tier 5	Nassarawa, Gombe, Ebonyi, Adamawa, Ekiti, Jigawa, Katsina, Kebbi, Sokoto, Taraba, Yobe, Zamfara

SCHEDULE 2

A. Pricing Formula

The price of spectrum for a licensing region will be calculated using the formula below:

* Spectrum fee = (Unit Price) (B) (K₁) (K₂) per state

Where B = assigned bandwidth in MHz or spectrum size in MHz

K₁ = **Band factor**
1 for 3.5GHz Band
1.6 for 1.8/1.9GHz Band
1.4 for 800/900 MHz Band
1.2 for 2.0-2.5 GHz Band
0.8 for 10.5GHz Band

For Bands Lower than 800 MHz or Higher than 10.5GHz, the factor, K₁, will be determined as the bands are allocated.

K₂ = **Tenure Duration Factor**
0.3 for 3 months
1 for 1 year license
4 for 5-year license (standard)
7.2 for 10 year license
10.4 for 15-year license.

Duplex/Simplex: For simplex channel, unit price per state will be half of equivalent duplex channel.

UNIT PRICE PER MHZ FOR EACH LICENSING REGION

LICENSING REGION	UNIT PRICE PER MHZ PER ANNUM
Tier 1:	
Lagos State	₦3Million
Tier 2:	
Abuja FCT	
Kano State	
Rivers State	
Kaduna State	
Delta State	₦ 1.5 Million (one Million five Hundred thousand Naira) only

Tier 3:	
Anambra State	
Edo State	
Ogun State	
Abia State	
Oyo State	₦ 1.2 Million (One Million, two hundred thousand Naira) only

Tier 5: Adamawa Ebonyi Ekiti Gombe Jigawa Katsina Kebbi Nasarawa Sokoto Taraba Yobe Zamfara	₦0.3 (three hundred thousand Naira) only
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B. PRICING FORMULA FOR MICROWAVE FREQUENCIES:

Price per hop = Unit Price (F1) (F2) (N)
per annum

Where unit Price = N18,000.00 (eighteen
thousand Naira)

F1 = Band Factor

1.2 = 1-4 GHZ band

1 = 6/7/8 GHZ band

0.8 = 13 GHZ band

0.7 = 15 – 18 GHZ band

0.5 = 19 – 25 GHZ band

F2 = Bandwidth Factor

1 = 3.5MHz

2 = 7 MHz

4 = 14 MHz

8 = 28 MHz

16 = 56 MHz

N = Total number of RF Channels (for N+1 Systems)

All Microwave frequencies are subject to renewal by 31st Dec. of every year.

Microwave frequencies are not priced on state basis. Unit price is uniform throughout the Federation and subject to review from time to time.

