

Incentive Auctions

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Incentive Auctions: Progenitors

- **Spectrum auctions**
 - FCC, since 1994
 - Adopted worldwide, with similar design
- **Compensations paid to conflicting uses**
 - Done since clearing of microwave links from PCS spectrum in mid-1990s
- **Spectrum exchange**
 - Proposal to clear 700 MHz spectrum before end of digital transition
 - Upper UHF channels would cease OTA but retain “must carry”

Incentive Auctions: High-level issues

- **Voluntary vs. voluntary**
 - Reducing or eliminating OTA must be voluntary for broadcasters
 - Relocation/repacking cannot be voluntary
- **Broadcasters must share in the surplus**
 - Broadcasters have the reasonable expectation of being able to broadcast OTA, and should receive meaningful compensation in return for reducing or eliminating OTA
- **Legislation needs to be vague on auction mechanism**
 - There is substantial auction design expertise available
 - FCC has utilized it most effectively in the past
 - Poorly-drafted statutory language could stop this from happening