

**TERMS FOR THE GRANT OF LICENCES FOR LAYING
INTERNATIONAL TELECOMMUNICATIONS CABLE SYSTEMS ON
FORESHORE AND SEABED OF THE UNITED KINGDOM TERRITORIAL
WATERS WITHIN THE OWNERSHIP OF THE CROWN ESTATE
COMMISSIONERS**

1 Introduction

- 1.1 The following are the Crown Estate Commissioners' ("the Commissioners") terms for the granting of new licences ("Licences") to lay and maintain international telecommunications cable systems on the seabed of the United Kingdom territorial seas within the ownership of the Commissioners. Where the Commissioners own the foreshore over which the cable system is laid this will be included in the Licence and will not affect the licence fee payable under these terms.
- 1.2 These terms have been established by the Commissioners following consultation with the members of the United Kingdom Cable Protection Committee and individual operators.
- 1.3 The Commissioners will review these terms periodically but will not change them without prior consultation with the United Kingdom Cable Protection Committee and/or any other representative body and/or any other interested parties who have expressed in writing a desire to be consulted.
- 1.4 If the licence fee determined under these terms is not acceptable to an applicant for a Licence then the applicant may require the Valuation Office Agency to determine the licence fee

2 Cable System Definitions

For the purposes of these terms the following definitions apply

2.1 Single Destination

A system that has a primary point of commencement or termination within the United Kingdom and a primary point of termination outside UK territorial waters.

2.2 **Self Healing Loop**

A system originating within the United Kingdom but with a destination outside UK territorial waters that is constructed as a self healing loop or series of loops connected at nodal points.

2.3 **Multi Destination**

A system that either has a primary point of commencement/termination within the United Kingdom or which has a point of entry and departure on the UK mainland and which has more than one destination outside UK territorial waters.

2.4 **Marine Transiting Cable**

A cable which enters UK territorial waters but does not land within the United Kingdom.

3 **Effective Date**

All annual considerations mentioned below will be effective from 1 January 1998 to 31 December 1999, in respect of the new Licences granted by the Commissioners. For entry after 1 January 2000, the considerations will be subject to indexation in accordance with paragraph 8.

4 **Annual Consideration – Operational Fee**

For the purposes of determining the best consideration in accordance with Section 3(1) of the Crown Estate Act 1961, the following annual considerations (“Operational Fee”) will apply from the date that a cable system becomes operational (or if earlier an agreed longstop operational date):-

4.1 Single Destination : £105,000 per annum

4.2 Multi Destination

4.2.1 Primary commencement/ termination system - £105,000 per annum

4.2.2 Other systems treated on merit, having regard to the extent to which the characteristics differ from 4.2.1 or 4.3

4.3 Self Healing Loops : £157,500 per annum

4.4 Marine Transiting Cable : £63,500 per annum

5 **Non Operational Fees**

The following annual considerations will apply to all cable systems and each limb in the case of loop and multi destination systems (irrespective of destination) for the following periods:-

- 5.1 Between the date of entry and the date the cable system becomes operational - £29,000 per annum per cable (“the Pre Operational Fee”).
- 5.2 The Licensee will be permitted to terminate a licence at any time upon giving at least 12 months written notice subject to the cable system being removed and restoration of the seabed/foreshore. If such notice is given but it is not possible to remove the whole system due to environmental or technological reasons then, provided the Licensee has decommissioned the system and removed as much of it as is possible and restored the relevant seabed/foreshore, the annual consideration will reduce to £10 per annum and the Licensee’s right to use the system will cease.

6 **No Dredging Zones**

- 6.1 The annual considerations contained within paragraphs 4 and 5.1 are on the basis that no dredging will be permitted for a distance of 250 metres measured either side of the cable (“the No Dredging Zone”).
- 6.2 For a further distance of an additional 250 metres measured on either side of the No Dredging Zone there will be a Dredging Notification Zone whereby the Commissioners will notify the licensee before granting any dredging licence within the Dredging Notification Zone.

These notification procedures will operate for a period of six years calculated from 1st January 1998 as they are an interim measure pending the making and implementation of The Environmental Impact Assessment and Habitats (Extraction of Minerals by Marine Dredging) Regulations which are expected to provide a statutory regime for consultation.

7 **Works Zones**

- 7.1 There will be a Works Restriction Zone either side of a cable in which no third party works can occur without the consent of the licensee, which consent cannot be

unreasonably withheld. The Works Restriction Zone extends to 250 metres either side of the cable in water depths up to 55 metres below chart datum and 500 metres either side of the cable in depths greater than 55 metres below chart datum.

- 7.2 In water depths up to 55 metres below chart datum there will be a Works Notification Zone covering the areas between 250 metres and 500 metres either side of the cable in which no third party works can occur without the licensee being notified.

8 **Indexation**

- 8.1 For the purposes of assessing fees for the new licences the annual considerations set out in paragraphs 4 and 5.1 above will be subject to indexation in accordance with the RPI from November 1999. Indexation will be upward only in accordance with the following formula:-

$$RC = IC \times \frac{A}{B}$$

RC = the Pre Operational Fee payable on the date of entry in the case of paragraph 5.1 or the Operational Fee payable on date the cable becomes operational in the case of paragraph 4.

IC = the Pre Operational Fee specified in paragraph 5.1 or the Operational Fee specified in paragraph 4 (as the case may be).

A = the index value of the Retail Prices Index for the month two months preceding the date of entry or the date the cable becomes operational (as the case may be).

B = the index value of the Retail Prices Index for November 1999.

- 8.2 For the avoidance of doubt, the Pre Operational Fee payable from the date of commencement of the new licence shall not be less than the annual consideration specified in paragraph 5.1 and the Operational Fee payable from the date the cable becomes operational shall not be less than the annual consideration specified in paragraph 4 above notwithstanding that the RC calculated in accordance with the formula shall be less than the consideration specified in paragraph 5.1 or 4 (as the case may be).
- 8.3 Reference to the Retail Prices Index means the monthly General Index of Retail Prices (all items) described in the Employment Gazette published by Her Majesty's

Stationery Office of the Central Statistical Office or of any official publication substituted for it calculated by reference to a base figure of 100 for January 1987.

9 **Review of Operational Fees**

The Operational Fee shall be subject to review on the third anniversary of the date the Operational Fee became payable and three yearly thereafter.

The Operational Fee shall be adjusted on each review date in accordance with the formula in paragraph 8, except that:-

IC = the consideration determined as at the date of the previous review.

A = the index value of the Retail Prices Index for the month two months preceding the review date.

B = the index value adopted for the purposes of the previous review.

10 **Minerals**

The Commissioners will liaise with applicants for licences to identify routes for cable systems which will avoid existing and future mineralised areas and those areas previously identified with potential for commercial exploitation. In the event that it is not practicable to avoid such areas then a compensation payment will be made, calculated in accordance with an industry recognised method of valuation.

11 **Form of Licence**

11.1 A model form of licence has been established following consultation with the members of the United Kingdom Cable Protection Committee and individual operators and a copy is available on application. The model form of licence will form the basis of any licence granted pursuant to these terms. The Commissioners may revise the terms of the model form of licence but will not do so without prior consultation with the United Kingdom Cable Protection Committee and/or any other representative body and/or other interested parties who have expressed a desire in writing to be consulted but the period the Commissioners allow for consultation will reflect how urgently the revision is required and how significant it is.

11.2 Licences will be granted for a period of 20 years from the proposed entry date

11.3 In most cases one Licence will be granted for each cable. However where a cable forms part of a submarine cable system and the licence fees are determined on the basis of the system as a whole then a single licence may be granted in respect of the whole system. In such a case a Pre Operational Fee will be paid for each cable within the system and provision will be made in the licence for the Operational Fee to become payable in respect of one cable in the system if it becomes operational in advance of others (so that for example in the case of a self healing loop system an Operational Fee of £105,000 per annum (subject to indexation) is payable for the first cable on it becoming operational). If requested by the applicant provision will also be made in the licence for reduction in the Operational Fee in the event of the decommissioning provisions taking effect in respect of only one of the cables (so that for example in the case of a self healing loop if the system is partially decommissioned leaving a single cable operational an operational fee of £105,000 (plus indexation) is paid for that remaining cable).

12 **Other Matters**

12.1 For the purposes of these terms international telecommunications cable systems are defined as cables running from the United Kingdom to non UK destinations or systems passing within UK territorial waters between non UK destinations.

12.2 These terms shall not affect the construction or interpretation of the Licence and in the event of any inconsistency the terms of the Licence shall prevail.

13 **Professional Costs**

Applicants for Licences will be responsible for the Commissioners reasonable legal advice and surveyors costs on the grant of a Licence. The parties anticipate that surveyors costs (where applicable) will be a time based fee when the annual consideration accords with the rentals in paragraphs 4 and 5.