

## **Notice of Decision to Award a 10 year Broadcasting Act Licence to current Licence Holder Energy Communications Ltd for the Service Energy FM**

One of the three existing Broadcasting Licences granted under the Broadcasting Act 1993 ("the Act") will expire in July 2013. There is no process for renewal of licences in the current legislation. The Communications Commission invited applications in respect of the frequencies between 91.2 MHz and 105.2 MHz associated with the licence. The Commission received one application, from the existing licence holder, Energy Communications Ltd, for the service Energy FM. Following this, the Commission published a public notice inviting comments on the application.

The Commission has decided to award a 10-year licence to Energy Communications Ltd.

### **Process for assessment of applications**

The Commission considered the application at its meeting on 17 June 2013, prior to which the application was circulated to members together with all responses received to the consultation. The Commission is required to have regard to certain matters under section 2(2A) of the Broadcasting Act 1993 in considering a licence application. These are considered below. Responses were received from: Manx Radio, 3FM, Mr Alan Jackson, and Mr Robert Allison (responding in a private capacity).

### **Consideration of Application and Feedback**

The most critical feedback was received from Manx Radio, who stated that there is insufficient advertising and sponsorship revenue on the Island to sustain three radio stations. The Commission was of the view that the market has supported three radio stations to date. While all three have had to make changes in more difficult times, the licence holders are continuing to run their services. The granting of the licence to the existing service would maintain the status quo.

In considering the application in relation to section 2(2A)(a), the ability of a licensee to maintain a service, the Commission noted that there are three radio stations on the Isle of Man competing for a limited amount of advertising and sponsorship income.

It was noted that Energy Communications Ltd had provided a sound business plan, had a track record in providing a radio service, and that the recent co-location of premises and merging of some back-office functions with 3FM had cut costs.

In evaluating the merits of the application under 2(2A)(b), the extent to which any such proposed service would broaden the range of programmes available, the Commission were of the view that, as the licence holder proposed to continue the existing service, broadening the range of programmes was a less important criterion for consideration than would be the case for a new service; or if a change in service had been proposed. Energy FM's station format states that the 15-35 age range is their target market, which provides some differentiation with Manx Radio, and 3FM.

In assessing the application under 2(2A)(c), the extent to which the service would affect the ability of any existing licensed service to be maintained, the Commission took into account the views of Manx Radio which were given in a full and comprehensive submission. To summarise Manx Radio was of the strong opinion that three licensed services were too many for the Isle of Man, given the TSA (Total Survey Area, as defined by RAJAR<sup>1</sup>) of 71,000 and the limited pool for deriving advertising and sponsorship income. Manx Radio stated that the policy of licensing new stations had, in their calculation, contributed towards a material drop in Manx Radio's total annual commercial income from 2001/02 to 2012/13); and in their view the launch of two new stations had failed to stimulate any growth in total spend on radio advertising in the Island.

Ron Berry of 3FM stated that the station had lived with Energy as a competitor for 10 years and he felt that it was important for the listener to have choice particularly in the local market.

There can be no doubt that times are difficult for all three radio stations. However the Commission felt that maintaining the status quo and letting the market decide on their viability was a reasonable approach to take.

The Commission also considered section 2(2A) (d) – the extent to which demand for service is or is to be met by other means. It acknowledged that the market has changed since the licence was initially granted: internet radio, DAB and internet TV, including local content, are all readily available and increasingly being used as sources of entertainment, information and news. However, the audience figures from 3FM and Manx Radio, together with Energy's estimates, show that there is still a significant demand for local analogue radio.

The Commission also considered the applicant was a fit and proper person to hold the licence in accordance with section 2(4)(a) and was not a disqualified person under section 3 and Schedule 1 of the Act.

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<sup>1</sup> **RAJAR stands for Radio Joint Audience Research** and is the official body in charge of measuring radio audiences in the UK. It is jointly owned by the BBC and the RadioCentre on behalf of the commercial sector.