



August 15, 2017

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Senior Director
Spectrum Licensing Policy Branch
Innovation, Science, and Economic Development Canada
235 Queen Street, 6th Floor
Ottawa, Ontario K1A 0H5

Dear Sir/Madam:

Re: *Canada Gazette, Part I, July 15, 2017, Notice No. SLPB-003-17 – Consultation on a Licensing Framework for Residual Spectrum Licences in the 700 MHz, 2500 MHz, 2300 MHz, PCS, and 1670-1675 MHz Bands – Eastlink’s comments*

Please find attached the comments of Bragg Communications Inc., carrying on business as Eastlink (“Eastlink”), in response to Canada Gazette Notice SLPB-003-17 – *Consultation on a Licensing Framework for Residual Spectrum Licences in the 700 MHz, 2500 MHz, 2300 MHz, PCS, and 1670-1675 MHz Bands* (Part I, July 15, 2017).

We appreciate the opportunity to provide our views to the Department.

Sincerely,

A handwritten signature in blue ink, appearing to read "D Heckbert".

Denise Heckbert
Director, Wireless Regulatory, Eastlink

Email: regulatory.matters@corp.eastlink.ca
6080 Young Street Halifax NS B3K 2A4

**INNOVATION, SCIENCE, AND ECONOMIC DEVELOPMENT CANADA
CONSULTATION ON A LICENCING FRAMEWORK FOR
RESIDUAL SPECTRUM LICENCES
IN THE 700 MHz, 2500 MHz, 2300 MHz, PCS, and 1670-1675 MHz BANDS
CANADA GAZETTE, PART I, JULY 15, 2017 (SLPB-003-17)**

**COMMENTS OF
BRAGG COMMUNICATIONS INC., OPERATING AS EASTLINK**



15 AUGUST 2017

1. Bragg Communications Inc., carrying on business as Eastlink (“Eastlink”), appreciates the opportunity to provide comments on the issues raised under SLPB-003-17 – *Consultation on a Licensing Framework for Residual Spectrum Licences in the 700 MHz, 2500 MHz, 2300 MHz, PCS, and 1670-1675 MHz Bands* (the “Consultation”).
2. Under the Consultation, Innovation, Science and Economic Development Canada (the “Department”) seeks comments on its proposed terms and conditions, and auction framework, for licensing available spectrum in the above noted bands. Eastlink herein provides our comments.

Ongoing challenges in infrastructure development

3. The Department’s set aside spectrum in the AWS-1 auction allowed us to acquire the spectrum needed to begin building a wireless business. Using that spectrum, and spectrum we have been able to obtain in the subsequent years, Eastlink has been ranked the fastest and most reliable network in our serving area every year since we launched service in 2013,¹ we were the only service provider to launch a 100% 4G LTE network, and were the first to launch a pure VoLTE service in Canada (launched in Timmins, Ontario last year, and now available in five provinces). Eastlink has also made available uniquely consumer friendly offers, including no term contracts, separating the cost of the device from the cost of the plan, and innovative data fees management tools that provide customers unprecedented flexibility and control over their monthly costs. We have expanded our network as quickly as possible, launching service in several new markets each year, and deploying infrastructure in primarily rural areas across six provinces. And, Eastlink continues to make significant infrastructure investments throughout our licence area, including rural areas.
4. However, the mobile wireless incumbents continue to have substantially more spectrum than regional new entrants, particularly in the sub-1GHz bands, making the 600 MHz spectrum auction critical to our ability to compete. Eastlink submits that access to additional spectrum resources in all bands is necessary for regional service providers to compete sustainably against the larger incumbents; competition that has and will continue to result in new

¹ Eastlink’s LTE Network was ranked “fastest and most reliable” in PC Magazine’s 2013/14, 2014/15, and 2015/16 studies, published each year in September.

technology launches, advanced wireless services deployed in rural areas, and sustainably competitive service and plan offerings for all Canadians.

5. Eastlink has responded below to the Commission's eleven questions on its proposed framework for the spectrum licences available under this Consultation.

Consultation questions

Q1 — ISED is seeking comments on the choice of licences being made available through this licensing process:

- a. are there other licences that should be made available in this licensing process?
and***
- b. are there any of these licences that should not be included in this licensing process?***

6. Eastlink is not aware of other available licences that should be made available through this licensing process. We submit it is reasonable to auction the available 700 MHz, 2500 MHz, PCS and I-Block licences through this licensing process. Eastlink reserves the right to provide comments on the 2300 MHz licences in the reply period of this Consultation.

Q2 — ISED is seeking comments on its proposals to:

- a. maintain the spectrum aggregation limits on the 700 MHz licences;***
- b. maintain the spectrum aggregation limits on the 2500 MHz licences including newly available 2585-2595 MHz licences; and***
- c. not impose competitive measures on other licences issued through this licensing process.***

7. Eastlink supports ISED's proposal to maintain the spectrum aggregation limits on the 700 MHz licences.

8. Eastlink also supports ISED's proposal to maintain the spectrum aggregation limits on the 2500 MHz licences, including the newly available unpaired licences. We submit that the winner determination process of the CCA format resulted in spectrum remaining unallocated despite the fact that bidders had placed value on the licences during the auction. The policy objectives underlying the Department's spectrum aggregation limits in this band have not changed and should not be waived because of the CCA process.

9. We note that I-Block and PCS spectrum licences may not have had protective measures in place due to uncertainty regarding the equipment ecosystem in 2008. Eastlink submits that protective measures could be reasonable in the PCS G-Block spectrum band given that there is more certainty around available equipment and that the incumbents already hold roughly 60 MHz of PCS spectrum each (e.g., Rogers and Bell/Telus) for use in their networks. This would be the only PCS spectrum available to regional new entrants, and it is necessary to diminish the spectrum imbalance in support of sustainable competition. As a result, Eastlink submits that the PCS spectrum licences should be set-aside for operating mobile wireless service providers who are not national incumbents with more than 10% of the market share.
10. As there is still considerable uncertainty surrounding the I-Block spectrum band ecosystem, it may continue to be appropriate to forego protective measures for this band at this time.

Q3 — ISED is seeking comments on:

- a. the likely timeframe for availability of equipment capable of providing access to licensed spectrum on an opportunistic basis;**
 - b. licence terms;**
 - c. the proposal to apply"" deployment levels to each of the licences as described in annex F; and**
 - d. the proposed conditions of licence as outlined in annexes A through F.**
11. Eastlink has not investigated equipment ecosystems for dynamic spectrum allocation, and we would require considerably more detail on exactly how the proposed opportunistic access would function before we could comment. We submit that providing opportunistic access to spectrum in any band would represent a significant change from the way the Department has historically granted access to spectrum and, therefore, any proposals should be subject to a fulsome consultation with specific proposed approaches set out upon which parties could comment. We note this is particularly true where it comes to licensed spectrum, in which wireless service providers have made considerable investments in RAN equipment, mobile devices, and the spectrum licences themselves.
 12. Eastlink supports the proposed licence terms the Department has proposed except for the I-Block spectrum band. Eastlink submits that, if anything, the I Block licence term should be longer because it does not yet have a developed ecosystem. I Block licence holders will have

invested in the spectrum licence based on the expectation that a 3GPP standard would be developed in due course. It is only reasonable that I Block licence holders should have the time needed for the 3GPP standard to be developed, and then some time to deploy the spectrum, before the licence expires. Eastlink submits that the I Block licence term should be 20 years in keeping with the other spectrum bands.

13. Eastlink supports the Department's proposed deployment levels for all spectrum bands except the I-Block band. Eastlink submits that, as there is currently no equipment ecosystem for I Block licences and no parties have had an opportunity to deploy the spectrum, there is no need to change the deployment requirements from those originally established in Appendix C of the AWS-1 Licensing Framework. The original deployment targets were reasonable for entities just beginning to deploy a particular type of spectrum, and would continue to be reasonable for licensees who will begin to deploy a new type of spectrum – the I Block – once it has a standardized technical framework. The deployment standards should be required by the end of the new licence term, assuming the I Block is standardized under 3GPP with ample time to deploy.
14. Eastlink generally supports the Conditions of Licence outlined in annexes A through F, though we agree with comments submitted by the CWTA under the SLPB-002-17 consultation regarding Research and Development and certain reporting requirements.

Q4 — ISED is seeking comments on its proposals:

- a. to use the sealed-bid auction format for the auction of residual licences, and**
- b. on the timelines set out in the Proposed Table of Key Dates.**

15. Eastlink supports the sealed-bid auction format for the auction of residual licences as the process is simple and efficient, which is appropriate given the small number of licences available in each spectrum band, relative to other more complex auctions. We submit that the process worked well for the AWS-3 spectrum licences and should be effective in this case as well.
16. Eastlink further supports the timelines set out in the Proposed Table of Key Dates.

Q5 — ISED is seeking comments on its proposal to include package bidding for 2500 MHz licences in the sealed bid auction format.

17. Eastlink generally does not support package bidding as it can disadvantage regional service providers, as compared to large national service providers which bid on inherently larger packages. However, in this case, Eastlink understands the rules as set out in Paragraph 35 of the Consultation to mean that package bidding will only be available within each regional “Group” and that bidders will not be able to combine “Groups” to make a larger national package. Under this approach, as the package bidding is only possible within each region, and not nationally, the risk of larger national or even larger regional service providers enjoying a related and unreasonable regional advantage in the auction is diminished. As a result, in this unique case, Eastlink supports the Department’s proposal to include package bidding as set out in Table 6 and described in Paragraph 35 of the Consultation.

Q6 — ISED is seeking comments on its proposal to use a second-price rule for this auction and the Vickrey price determination mechanism.

18. Eastlink supports the Department’s proposal to use a second-price rule for this auction.

Q7 – ISED is seeking comments on the proposed opening bids as presented in tables 7, 8, 9, and 10.

19. Eastlink generally supports the proposed opening bids as presented in the above noted tables.

Q8 – ISED is seeking comments on its proposed rules regarding Affiliated and Associated Entities, which would apply to applicants and bidders in the upcoming auction of residual spectrum licences.

20. Eastlink generally agrees with the Department’s proposed rules regarding Affiliated and Associated Entities.

Q9 – ISED is seeking comments on the rules prohibiting collusion and other communication rules, which would apply to bidders in the upcoming auction of residual spectrum licences.

21. Eastlink generally agrees with the Department's proposed rules prohibiting collusion and other communication rules for this upcoming auction.

Q10— ISED is seeking comments on:

- a. the proposed auction process for the auction of residual licences;**
- b. the proposed use of Canada Post's ePost Connect services for auction applications, associated documentation and bid forms; and**
- c. section 8.12, the proposal to auction some or all of the frequency bands separately. Please include any preferences on the order of the bands.**

22. Eastlink generally agrees with the Department's proposed auction process for the auction of residual licences. We do not have any comment at this time on the proposed use of Canada Post's ePost Connect services or the proposal to auction some or all of the frequency bands separately, though we may comment in the reply phase of this Consultation.

Q11 – ISED is seeking comments on the proposed renewal process.

23. Eastlink supports the Department's proposed renewal process.

Conclusion

24. Eastlink generally supports the Department's proposals as set out in this consultation with a few key exceptions, including our position that PCS G-Block spectrum should be set aside for mobile wireless operating new entrants, and that the I-Block spectrum licence terms and deployment requirements should be modified as described above given the lack of equipment ecosystem at this time. We submit that the sealed-bid auction format is an efficient means of making this spectrum available to service providers who require it to compete sustainably in Canada's mobile wireless market.

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