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Innovation, Science and Economic Development Canada  
c/o Senior Director, Spectrum Licensing Policy Branch  
235 Queen Street (6th Floor, East Tower)  
Ottawa, Ontario K1A 0H5

Via email: [ic.spectrumauctions-encheresduspectre.ic@canada.ca](mailto:ic.spectrumauctions-encheresduspectre.ic@canada.ca)

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**Re: Consultation on a Licensing Framework for Residual Spectrum Licences in the 700 MHz, 2500 MHz, 2300 MHz, PCS and 1670-1675 MHz Bands**

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These comments are filed by XplorNet Communications Inc. ("XplorNet") in response to the above-referenced consultation. XplorNet welcomes the opportunity to comment on the proposed licensing framework for residual licences in the above noted bands.

In the pages that follow, XplorNet has commented on the issues raised by Innovation, Science, and Economic Development Canada ("ISED") in its consultation document.

Yours truly,

A handwritten signature in blue ink, appearing to read "C. Prudham", written over a light blue horizontal line.

Christine J. Prudham

CJP/jm

Enclosure

**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?**

Xplornet agrees with the licences included in this licensing process and does not propose that any licences be added or excluded from the process.

**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 2595 MHz licences; and**
- c. not impose competitive measures on other licences issued through this licensing process.**

Xplornet agrees with maintenance of the spectrum aggregation limits on the 700 MHz, and 2500 MHz licences, including the 2595 MHz licences. This spectrum is prime mobile wireless spectrum and there is still a need in Canada to permit new entrants to acquire additional spectrum to compete effectively with Bell, TELUS and Rogers. These incumbent carriers hold vast amounts of spectrum in most parts of Canada. As a new mobile wireless entrant, Xplornet believes that absent a spectrum aggregation limit, these entrenched wireless providers would use the auction process to secure most or all of the spectrum available. Their financial resources would permit them to outbid all other carriers.

Further, removing the aggregation limits would allow the very parties that returned such spectrum an opportunity to repurchase it, thereby defeating the purpose of returning the spectrum in the first place. Essentially, this spectrum would have just been “parked” with ISED without any opportunity for it to be acquired by the parties ISED intended to afford the opportunity to purchase such spectrum. The aggregation limits on the 700 MHz and 2500 MHz should remain in place during this process in order to achieve the desired result.

Xplornet is unclear why ISED is not proposing spectrum aggregation limits for the PCS spectrum (G-Block and I Block). This is also prime mobile wireless spectrum and should be subject to the same aggregation limits as other PCS and cellular spectrum. Although the entrants have changed since the original sale of the PSC spectrum, the need to make

spectrum available to new entrants has not. The same policy considerations regarding undue concentration and opportunities for new entrants remain today and, therefore, the spectrum aggregation limits should remain.

The exception to this view would be the 2300 MHz spectrum. Since there can be only one 30 MHz licensee per tier 4 area, the typical policy considerations are not applicable and a spectrum aggregation limit does not make sense to prevent concentration.

**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;**

Xplornet does not have a firm view on when equipment will be available that can provide access to licensed spectrum on an opportunistic basis. However, Xplornet does have views regarding making spectrum available on an opportunistic basis. Even if such equipment were available today, Xplornet does not believe it is in the best interests of the public to pursue this academic approach to the allocation of spectrum. While on a theoretical level it may be appealing, on a practical level it is the equivalent of unlicensed spectrum. Regardless of the timeframe in which equipment capable of accessing spectrum on an opportunistic basis becomes available, no spectrum should be repurposed for licensing on this basis without a full public consultation well in advance of any steps being taken to implement changes to the current spectrum management policies.

**b. licence terms;**

Xplornet supports the 20 year term proposed for the licences other than the 1670-1675 Block. A 20 year term provides carriers with sufficient time to invest in development and rollout of their spectrum and recoup a reasonable return on investment. Given that there is less certainty regarding the use and ecosystem for the 1670-1675 Block, Xplornet agrees that a 10 year licence term is appropriate for those licences as long as this licence term aligns with the terms of similar blocks around it.

**c. the proposal to apply deployment levels to each of the licences as described in annex F; and**

Xplornet agrees with the deployment levels proposed by ISED in its consultation document.

**d. the proposed conditions of licence as outlined in annexes A through F.**

Xplornet has no comments on the proposed conditions of licence at this time. They are consistent with ISED's policies and expectations to date.

**Q4 — ISED is seeking comments on its proposals:**

**a. to use the sealed-bid auction format for the auction of residual licences, and**

Xplornet generally agrees that the sealed bid auction format is appropriate for most of the licences being auctioned. However, it has concerns that this approach is not best for the 2500 MHz licences. There are considerably more of these licences relative to others and they cover most of Canada. The combinatorial clock approach would be more appropriate for these licences as this process enables more complete price discovery. This will be an important auction for carriers that already have 2500 MHz spectrum and are looking to fill in gaps in coverage. These parties should be given the opportunity to have the same kind of auction that has been held in the past for national spectrum with multiple rounds of bidding.

**b. on the timelines set out in the Proposed Table of Key Dates.**

Xplornet agrees with the Proposed Table of Key Dates subject to the caveat that if the auctions are not going to take place on the same date (see **Q10(c)** below), there will need to be some adjustment to the dates.

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

Xplornet does not favour use of the packages assembled by ISED for the auctioning of 2500 MHz spectrum. This approach may favour a party that does not have any 2500 MHz spectrum but it works against non-incumbent carriers like Xplornet that have some geographic coverage but have gaps in coverage. For this type of carrier, the packaging of the spectrum may make it impossible to augment one's spectrum in a rational way. The inclusion of more than one large metropolitan area in a package may make it prohibitively expensive for a party that already has a licence to serve one of them but not the other. For this reason either the packages should be undone, or alternatively, they should be repackaged so as not to include metropolitan areas with populations greater than 500,000 in a package. These should be separately auctioned.

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

Xplornet agrees with ISED's proposal.

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

Xplornet has no comments on the proposed opening bids.

**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.**

In the interest of expedience in this auction process, Xplornet agrees with the 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.**

These rules are well-understood from their application in the previous auctions where they appear to have worked. They are essential to a fair auction process.

**Q10 — ISED is seeking comments on:**

- a. the proposed auction process for the auction of residual licences;**

Xplornet agrees with the auction process.

- b. the proposed use of Canada Post's ePost Connect services for auction applications, associated documentation and bid forms;**

Subject to learning more regarding the logistics of the ePost Connect service, in principle, this is acceptable to Xplornet.

**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.**

Xplornet believes that the auction for 2500 MHz spectrum should precede the auctioning of the other residual spectrum.

**Q11 — ISED is seeking comments on the proposed renewal process.**

The proposed renewal process is acceptable to Xplornet but any decision following such a review should be made at least one year prior to the expiration of the licence term.