

**BEFORE INNOVATION, SCIENCE, AND ECONOMIC DEVELOPMENT CANADA**

**IN THE MATTER OF**

**CANADA GAZETTE 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**

**ICE WIRELESS, INC. RESPONSE**

**AUGUST 14, 2017**

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## INTRODUCTION

1. Ice Wireless, Inc. (“Ice Wireless”) is pleased to submit these comments in response to Innovation, Science, and Economic Development Canada’s (“ISED”) Consultation on a Licensing Framework for Residual Spectrum Licences in the 700 MHz, 2500 MHz, 2300 MHz, PCS and 1670-1675 MHz Bands as set out in SLPB-003-17<sup>1</sup> (the “Consultation Notice”).

## ANSWERS TO ISED 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?

2. Ice Wireless has no comment regarding the choice of licences for this specific 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 2585-2595 MHz licences; and
- c. not impose competitive measures on other licences issued through this licensing process.

3. Ice Wireless reiterates its position that new licensees should be limited to a single paired block in the 700MHz band for blocks A, B, C, C1 and C2<sup>2</sup>. This would promote competition in the North through new entry rather than allowing existing licensees to aggregate spectrum to create barriers to entry for potential competitors.
4. Ice Wireless recognizes the desire for ISED to seek a balance between maximising revenue obtained for the public purse and providing stimulus for new entrants in the wireless market. Ice Wireless proposes that priority should be given to bidders with no existing licence within a given band before considering bids from licensees who already hold spectrum in this band and that spectrum aggregation rules apply to all bands.

<sup>1</sup> Canada Gazette, Part I, July 6 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*

<sup>2</sup> Ice Wireless, *In the Matter of Canada Gazette, Part I, Notice no. SLPB-002-15 – Consultation on a Licensing Framework for Residual Spectrum in the 700 MHz and AWS-3 Bands, Comments of Ice Wireless Inc.*, May 25 2015, section 7.

**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.**

- 5. Ice Wireless cannot predict with any certainty the timeframe for the availability of equipment capable of providing access to licensed spectrum on an opportunistic basis.
- 6. Ice Wireless agrees with the proposed 20-year licence term.
- 7. Ice Wireless agrees with the proposed deployment levels.
- 8. Notwithstanding our comments regarding spectrum aggregation in paragraphs 3 and 4 above, Ice Wireless agrees with the proposed conditions of licence.

**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*.**

- 9. The sealed bid format is preferred over more complicated methods such as the Combinatorial Clock Auction format. The sealed bid format is a simpler format that will remove barriers for smaller organisations to participate.
- 10. The proposed timeline in the *Proposed Table of Key Dates*<sup>3</sup> is reasonable and will allow Northern operators to deploy equipment during summer 2018. Any substantial delays to the proposed timeline risks pushing equipment deployment to summer 2019, or later for far-Northern installations.

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<sup>3</sup> *Proposed Table of Key Dates*, ISED, July 6 2017, <http://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf11309.html>

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

11. Ice Wireless favours packaged bidding, as an aggregate of licences for contiguous or complementary geographic areas allows providers to create more appealing products for consumers and provides an opportunity to achieve greater operational efficiency.

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

12. Ice Wireless agrees with ISED's proposal to use the Vickrey price determination mechanism. This approach will incent bidders to bid what they consider to be the true value of the spectrum.

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

13. Ice Wireless previously proposed that the 700MHz spectrum blocks in the Yukon, Northwest Territories and Nunavut have an opening bid of \$0.05/MHz/pop.<sup>4</sup> Given that the opening bid proposed by ISED for 2500MHz spectrum in the three territories is \$0.051/MHz/pop and that the 700MHz spectrum on auction has gone unsold in two successive auctions, Ice Wireless maintains that its original proposal is reasonable. Building and operating mobile networks in northern Canada is very costly and the markets are small. While it may be reasonable for ISED to seek the maximum potential revenue in southern urban markets, in the northern regions where “[m]any Northern communities have a significant infrastructure deficit”<sup>5</sup>, the priority should be the elimination of barriers where possible.
14. Ice Wireless proposes that ISED use the same opening bid price for the 700MHz blocks as the 2500MHz blocks. For greater certainty, Ice Wireless proposes that the opening bid price for the 700 MHz blocks be set as per Table 1 below.

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<sup>4</sup> Ice Wireless, *In the Matter of Canada Gazette, Part I, Notice no. SLPB-002-15 – Consultation on a Licensing Framework for Residual Spectrum in the 700 MHz and AWS-3 Bands, Comments of Ice Wireless Inc.*, May 25 2015, section 16.

<sup>5</sup> Bains, Navdeep, *Canadian Northern Economic Development Agency (CanNor) 2017-18 Departmental Plan*, 2017, 7.

**Table 1 Proposed opening bid prices for the 700 MHz licences**

Tier	Service Area Name	MHz	Population <sup>6</sup>	\$/MHz/pop	Opening Bid (20-year licence, 10 MHz)
4-170	Yukon	5+5	35,874	0.051	\$18,000
4-171	Nunavut	5+5	35,944	0.051	\$18,000
4-172	Northwest Territories	5+5	41,786	0.051	\$21,000

15. Ice Wireless agrees with the pricing proposed for the opening bids for other frequencies.

**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.**

16. Ice Wireless is opposed to any rule that allows Affiliated or Associated entities to make separate bids or that applies spectrum aggregation limits separately between Affiliated or Associated entities. Specifically, Ice Wireless is concerned that the rules regarding Associated entities will enable manipulation to allow aggregation in excess of what is permitted by the licensing framework. Such separation works strongly against smaller providers and new entrants, does not further telecommunications policy with regards to competitiveness and affordability<sup>7</sup>, and is not in the best interest of the consumer.

**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.**

17. Ice Wireless agrees with the proposed rules prohibiting collusion.

<sup>6</sup> Population values using 2016 census information.

<sup>7</sup> *Telecommunications Act* sections 7 (b) and (c)

**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.**

18. Ice Wireless has no comment on the proposed auction process or the use of Canada Post’s ePost Connect services.

19. If Ice Wireless were to comment on its preferred order of frequency band or preference for separate auctions for different frequency bands, its response could be interpreted as a signaling of Ice Wireless’s intentions and disclose proprietary and confidential information. Ice Wireless respectfully suggests that ISED invite respondents to provide ISED the answer to this question in confidence.

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

20. Ice Wireless has previously stated its preference for a first-come, first-served method for unassigned licences<sup>8</sup> and favours this method as the proposed alternative process listed in section 122 of the Consultation Notice.

21. Ice Wireless agrees with ISED’s proposed renewal process.

**CONCLUSION**

22. In conclusion, notwithstanding the exceptions noted above pertaining to opening bid price, rules for Associated entities, and the prohibition against responding in confidence on certain issues, Ice Wireless generally agrees with ISED’s proposed framework for the auction of residual spectrum. Ice Wireless urges ISED to proceed according to the timetable proposed in the Consultation Notice.

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<sup>8</sup> Ice Wireless, *In the Matter of Canada Gazette, Part I, Notice no. SLPB-002-15 – Consultation on a Licensing Framework for Residual Spectrum in the 700 MHz and AWS-3 Bands, Comments of Ice Wireless Inc.*, May 25 2015, section 11.

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