



September 5, 2017

Senior Director, Spectrum Licensing and Auction Operations

Innovation, Science and Economic Development Canada
235 Queen Street, 6th Floor, Ottawa, Ontario, K1A 0H5
ic.spectrumauctions-encheresduspectre.ic@canada.ca

Re: **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

Dear **Sir/Madam**,

1. The BCBA has reviewed the comments submitted regarding the above Gazette Notice, and we are pleased to provide the following further comments.
2. Both CCI Wireless and SaskTel noted in their responses that the 2500 MHz band is a key tool in enabling the delivery of the CRTC's Universal Service Objective to households in rural Canada. In particular, we agree wholeheartedly with CCI's statement that *"key components of meeting the universal service objective are access to licensed spectrum in rural and remote regions of Canada and government policies that facilitate the efficient and expedited deployment of infrastructure in those regions"*.
3. Small competitive service providers have proven adept and efficient at serving rural Canadians in areas un-served by incumbent providers.
4. This spectrum can be leveraged to achieve the goal of achieving the Objective in rural and remote regions, but only if it is allocated in a way that permits local rural carriers to access the spectrum. If this spectrum is auctioned as proposed, using rules that preclude the participation of smaller providers, this spectrum will not serve rural Canadians.

Service Areas for Licensing

5. Along with the BCBA, Xplornet and Ecotel suggested that the geographical service areas for this spectrum be smaller than the Tier-2 or Tier-3 service areas. Ecotel provided an excellent description of why this spectrum will not serve rural Canadians if it is auctioned in large blocks.
6. The BCBA re-iterates our contention that even Tier-4 service areas are too large to bring services to facilitate services to rural Canadians. Grid-cell hexagons should be available on a first-come-first-served basis in rural areas in order to expedite the availability of the Objective to rural Canadians.
7. We agree with Xplornet's proposal that metropolitan areas with populations over 500,000 should be segmented from the licence areas and auctioned separately.

Spectrum Aggregation and Set-Asides

8. Bell and Rogers (and to some extent TELUS) expressed opposition to measures such as aggregation limits and set-asides, as they distort the market and reduce the overall auction revenue.
9. These measures are reasonable measures to ensure that the telecommunications market is not distorted by a small number of firms controlling all spectrum resources.



10. Without these measures, the revenue from these auctions might indeed be higher. This increase in revenue would be due to the value associated with securing a monopoly by gaining control over all spectrum resources.
11. Although the revenue from the auctions might be higher, the Canadian public would not be well-served by such a policy, which would ensure significant market power concentrated with a small number of companies, and consequently higher prices for consumers.
12. The BCBA agrees with CCI, Eastlink, Ecotel, Shaw, and Xplornet that spectrum aggregation limits are crucial to maintaining a competitive telecommunications industry in Canada.
13. The BCBA agrees with CCI's observation that short timeframes for spectrum aggregation limits *"encourage the purchase of spectrum for the purpose of reselling it at a later date, which will discourage the expedited deployment infrastructure to provide service to Canadians."*
14. Further, the BCBA re-iterates our contention that a set-aside is appropriate for small local carriers, to ensure that the spectrum is used to bring the Universal Service Objective rural Canadians.

Auction Process

15. The BCBA agrees with CCI's position that package bidding puts small carriers at a meaningful disadvantage, and should not be included in this auction.

Conditions of Licence

16. Several interveners encouraged ISED to reduce the reporting requirements associated with these licences.
17. The BCBA agrees that the burden associated with reporting has risen significantly over the past several years, and continues to increase. The BCBA encourages ISED to consider measures that would reduce this regulatory burden.
18. Those companies that are currently subject to the R&D requirement suggest the removal of R&D condition of licence.
19. The BCBA believes that ISED has a role in supporting and encouraging Canadian innovation, and the R&D requirements are an important part of this mandate. The R&D requirement should not be removed.

The BCBA thanks ISED for the opportunity to provide these comments.

Kind regards,

A handwritten signature in blue ink, appearing to read "Rey Sonico".

Rey Sonico
Secretary
BC Broadband Association