



October 2, 2017

FILED BY EMAIL

Senior Director  
Spectrum Licensing and Auction Operations  
Innovation, Science, and Economic Development Canada  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5

**Re: Consultation on a Technical, Policy and Licensing Framework for Spectrum in the 600 MHz Band**

1. Ice Wireless Inc. is pleased to provide, on behalf of itself and of its affiliate Iristel Inc., its response to ISED's Consultation on a Technical, Policy and Licensing Framework for Spectrum in the 600 MHz Band.

Sincerely,

[original signed]

Jean-François Dumoulin  
VP Regulatory and Government Affairs

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

**IN THE MATTER OF**

**CANADA GAZETTE NOTICE NO. SLPB-005-17—CONSULTATION ON A  
TECHNICAL, POLICY AND LICENSING FRAMEWORK FOR SPECTRUM IN THE 600  
MHZ BAND**

**ICE WIRELESS, INC. RESPONSE**

**OCTOBER 2, 2017**

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## INTRODUCTION

1. Ice Wireless, Inc. (“Ice Wireless”) is pleased to submit these comments, on behalf of itself and its affiliate Iristel, in response to Innovation, Science, and Economic Development Canada’s (“ISED”) Consultation on a Technical, Policy and Licensing Framework for Spectrum in the 600 MHz Band<sup>1</sup> (the “Consultation Notice”).

## ANSWERS TO ISED QUESTIONS

**Q1A**—ISED is seeking comments on its proposal to implement a set-aside as a pro-competitive measure in the auction process for the 600 MHz band.

2. Ice Wireless agrees with the set-aside proposed for this auction process. In general Ice Wireless supports any measure which favours new entrants and prevents further concentration of market power in the wireless service industry.

**Q1B**—ISED is seeking comments on its proposal to set aside 30 MHz of spectrum in the 600 MHz band for eligible entities and to have open bidding (no pro-competitive measures) on the remaining 40 MHz in the band.

3. Ice Wireless agrees with ISED’s proposal to set aside 30 MHz, and in particular, we agree that these blocks should be auctioned as three sets of 5+5 MHz blocks. Given that eligible entities will be allowed to bid on multiple blocks, there is no advantage to combining the set-aside into a single block.

**Q1C**—ISED is seeking comments on its proposal to limit the eligibility criteria to bid on set-aside spectrum to those registered with the CRTC as facilities-based-providers, that are not national incumbent service providers, and that are actively providing commercial telecommunication services to the general public in the licence area of interest, effective as of the date of application to participate in the 600 MHz auction.

4. Ice Wireless agrees with the requirement to limit set-aside spectrum to non-incumbent facilities-based carriers who provide telecommunications service in the licence area of interest. However, eligibility criteria should not restrict credible new entrants to the wireless market if those new entrants meet the above criteria. For greater certainty, Ice Wireless does not agree to any rule that would allow only existing mobile network operators to be considered set-aside-eligible bidders. We agree with the proposal that *all* facilities-based carriers should be eligible to bid.

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<sup>1</sup> Canada Gazette, Part I, August 19, 2017, Notice No. SLPB-005-17, *Consultation on a Technical, Policy and Licensing Framework for spectrum in the 600 MHz Band*.

**Q1D**—ISED is seeking comments on its proposal to limit the transferability of the set-aside spectrum for the first five years of the licence term.

5. Ice Wireless agrees with the five-year limit on transferability.

**Q1E**—ISED is seeking comments on its proposal to auction the set-aside spectrum as three separate paired blocks of 5+5 MHz.

6. Ice Wireless agrees with the proposal to split the set-aside into three paired blocks, as per our response to question Q1B, above. Ice Wireless also favours any competitive measures that promotes the acquisition of spectrum by more than a single eligible bidder, to prevent a single entity with sufficient capital from locking down specific markets.
7. Ice Wireless is concerned, given the history of licence acquisitions and subsequent licence transfer for significant profit, as seen with Videotron's transfer of AWS licences to Rogers, and 700MHz licences to Freedom Mobile (Shaw)<sup>2</sup>, that the proposed framework enables regional carriers to do this in a relatively risk-free, and even profitable, manner<sup>3</sup>.

**Q2**—ISED is seeking comments on its proposal to use Tier 2 service areas across the country, except in the three Territories (Yukon, Northwest Territories and Nunavut) where Tier 4 service areas would apply.

8. Ice Wireless considers the use of Tier 2 licences across the country and Tier 4 licences in the Territories to be appropriate.

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<sup>2</sup> *Transfer of Spectrum Licences Held by Vidéotron s.e.n.c. to Freedom Mobile Inc. Transfer Decision*, Innovation, Science, and Economic Development Canada, July 10 2017

<sup>3</sup> *Quebecor sells its AWS-1 spectrum licence in Toronto to Rogers for \$184M*, Mobilesyrupt, June 9 2017

**Q3**—ISED is seeking comments on:

- a. the proposal to use generic licences and;
- b. the proposal to categorize all blocks won by set-aside-eligible bidders as set-aside blocks.

9. Ice Wireless strongly agrees with the proposed use of generic licences as this will greatly simplify the bidding process.
10. Ice Wireless also agrees with the proposal to categorise all blocks won by set-aside-eligible bidders as set-aside blocks. It is not clear, however, whether ISED is proposing that any entity which is potentially set-aside-eligible, will automatically be considered set-aside-eligible, or whether a potentially set-aside-eligible entity would have the ability to forgo this designation by choosing to bid on non-set-aside licences. ISED should also clarify whether it will designate all licenses as set-aside if a potentially set-aside-eligible entity choses to bid on, and wins, set-aside licences in certain service areas, and non-set-aside licences in other service areas.

**Q4**—ISED is seeking comments on:

- a. the use anonymous bidding during the auction; and
- b. the information that will be disclosed to bidders during the clock rounds, as described in annex A (which would also apply to the CCA with a modified activity rule set out in annex B) and annex C.

11. Ice Wireless agrees with the use of anonymous bidding as this will reduce the likelihood of bidding wars.
12. Ice Wireless has no comment pertaining to information disclosed to bidders during clock rounds.

**Q5**—ISED is seeking comments on:

- a. The advantages and disadvantages of the three auction formats being considered for the 600 MHz auction:
  - i. Combinatorial clock auction, using the WARP-based activity rule (annex A);
  - ii. Combinatorial clock auction, using the GARP-based activity rule (annex B);
  - iii. Enhanced combinatorial clock auction (annex C).
- b. Where there is a preference for one of the options, respondents are asked to provide a rationale and explanation.

13. Ice Wireless has no comment or preference with regards to the type of auction being considered.

**Q6**—ISED is seeking comments on:

1. The proposal that winners of more than one block in a single service area be assigned contiguous blocks; and
2. The proposed structure of the assignment stage, including the order of the assignment rounds and the combination of service areas into a single assignment round.

14. Ice Wireless agrees with the proposal that multiple blocks be assigned contiguously.

15. Ice Wireless has no comment on the structure of the assignment stage.

**Q7**—ISED is seeking comments on the proposed methodology for incrementing prices during the clock rounds, as described in annex A.

16. Ice Wireless has no comment on the proposed methodology for incrementing prices during the clock rounds.

**Q8**—ISED is seeking comments on the proposed Affiliated and Associated Entities rules that would apply to bidders in the 600 MHz auction.

17. Ice Wireless is opposed to any rule that allows Affiliated or Associated entities to make separate bids or that applies spectrum limits with regards to non-set-aside licences separately between Affiliated or Associated entities. Specifically, Ice Wireless is concerned that the rules regarding Associated entities could result in the manipulation of bidding 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, and is not in the best interest of the consumer.

**Q9**—ISED is seeking comments on the proposed rules prohibiting collusion and other communication rules, which would apply to bidders in the upcoming 600 MHz auction.

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

**Q10**—ISED is seeking comments on its proposal to issue spectrum licences in the 600 MHz band with a 20-year licence term and the proposed wording of the condition of licence above.

19. Ice Wireless agrees with ISED’s proposal to issue 20-year licence terms. This provides a reasonable amount of time for mobile network operators to generate a return on investment.

**Q11**—ISED is seeking comments on the proposals on the condition of licence related to transferability and divisibility, and the proposed wording above.

20. Ice Wireless agrees with the proposal to make licenses transferable and divisible. Divisibility is particularly important in that many, if not all, service areas encompass regions with vastly different geographic and socio-economic areas. Smaller operators may not have the ability to bid or meet deployment conditions and larger operators may not have the incentive or obligation to serve some of the more remote parts of a given service area. The ability to obtain sub-licences is critical to small operators.

**Q12**—ISED is seeking comments on the proposed deployment condition of licence as stated above.

21. Ice Wireless does not have specific comments with regards to deployment conditions, however it is suggested that ISED be sensitive to the lack of an existing ecosystem in 600MHz. At this time, there are very few devices that can function on 600MHz which may prove to be a challenge for U.S. operator T-Mobile<sup>4</sup>. While it is expected that 600MHz will eventually be supported, flagship devices such as Apple’s latest iPhone 8 and iPhone X can not use it<sup>5</sup>. Should any unanticipated delays in the roll out of 600MHz-enabled devices occur, the deployment conditions should be extended commensurately.

**Q13**—ISED is seeking comments on proposed conditions of licence outlined in annex G that would apply to licences issued through the proposed auction process for spectrum in the 600 MHz band.

22. Ice Wireless agrees with the proposed conditions of licence outlined in annex G.

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<sup>4</sup> *T-Mobile launched its 600MHz network, but no phone can take advantage of it*, Digital Trends, August 16 2017

<sup>5</sup> *iPhone 8, iPhone X lack support for T-Mobile’s new 600 MHz extended LTE network*, Apple Insider, September 18 2017



**Q14**—ISED is seeking comments on the proposed opening bids as presented in table 1.

23. Canadians pay some of the highest prices in the industrialized world for mobile wireless services<sup>6</sup>. Ice Wireless respectfully suggests that ISED should be sensitive to the fact that any cost incurred by a mobile operator, and spectrum licence cost is no exception, will be passed onto the consumer. In smaller service areas, such as the Territories, high opening bids only serve to artificially inflate the value of the spectrum. Opening bids should be set at a nominal value (half of what is proposed in Table 1, for example), and the auction process itself will allow the market to determine the actual value of the spectrum in each service area.

**Q15**—ISED is seeking comments on the proposed eligibility points for spectrum licences in the 600 MHz as outlined in table 2, and pre-auction deposits as outlined above.

24. Ice Wireless does not have comments regarding the eligibility points system.

**Q16**—ISED is seeking comments on the proposed renewal process for spectrum licences in the 600 MHz band.

25. Ice Wireless agrees with the proposed renewal process.

## **CONCLUSION**

26. In conclusion, notwithstanding the exceptions noted above pertaining to opening bid price, rules for Associated entities, and the caveat pertaining to deployment conditions, Ice Wireless generally agrees with ISED's proposed framework for the auction of 600 MHz spectrum.

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<sup>6</sup> NGL Nordicity Group Ltd., *2016 Price Comparison Study of Telecommunications Services in Canada and Select Foreign Jurisdictions*, at p. 37

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