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Subject: Nortel Response to Notice DGRB-003-98  
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December 4th, 1998

Consultation on 24 GHz and 38 GHz  
Radiocommunications and Broadcasting Regulatory Branch  
Industry Canada  
Room 1559 D - Jean Edmonds Tower North  
300 Slater Street  
Ottawa, Ontario  
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NORTEL NETWORKS RESPONSE TO INDUSTRY CANADA RADIOCOMMUNICATION ACT NOTICE  
NO. DGRB-003-98 SEPTEMBER 1998  
Consultation on the 24 and 38 GHz Frequency Bands:  
Proposed Policy and Licensing Procedures

Nortel Networks is pleased to provide the attached comments on the subject Canada Gazette Notice. We again commend the continuing initiative of Industry Canada in maintaining a leadership position for Canada in the deployment of Radio Services and reaffirm our intent of being a major contributor. As the principle Canadian developer and manufacturer of telecommunications systems (including wireless) and as a world-leader with a wealth of International experience. Nortel Networks is uniquely qualified to respond to the Gazette Notice and offer views on the related issues that we trust will be of value.

We believe that Industry Canada's initiatives continue to deliver benefits to all Canadians through advanced communication services and through the support of Canadian Industry leading to the enhanced potential of exporting Canadian expertise and technology. We are confident that these initiatives will provide opportunities for the implementation of new applications, services and technologies to the benefit of all Canadians.

In summary and in the context of the comments enclosed, while Nortel is generally in favour of Industry Canada's proposals for the use of the 24 and 38 GHz frequency bands there are some reservations as expressed in the following comments.

Yours sincerely,

Phil

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Comments of Nortel Networks  
On

Gazette Notice No. DGRB-003-98

Consultation on the 24 and 38 GHz Frequency Bands:  
Proposed Policy and Licensing Procedures

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December 4, 1998

Comments of Nortel Networks on  
"Consultation on the 24 and 38GHz Frequency Bands:  
Proposed Policy and Licensing Procedures"

## 1.0 INTRODUCTION

1.1 Nortel has reviewed Industry Canada's Gazette Notice DRGB-003-98 "Consultation on the 24 and 38GHz Frequency Bands: Proposed Policy and Licensing Procedures" and while generally in favour, hereby offers the following comments

1.2 In general, and as expressed in other venues, Nortel does not favour the Spectrum Auction method of allocating Spectrum on the basis that it will utilize valuable capital that might better be spent on the provision of more economical services. However, recognizing that Spectrum Auctions may also be seen as a stimulus to competition, Nortel offers the following comments on specific sections of the Gazette:

## 2.0 Nortel Response to specific questions in the DRGB-003-98

### Section 3.1.1 - 24GHz Band

Q. Interested parties are requested to comment on the 24GHz band Plan. Any alternate band plan proposals are welcome.

We note that the proposed block arrangement is harmonized with those same spectrum designations in the US and agree that this is desirable in order that Canadians may benefit to the maximum extent possible from manufacturing economies of scale.

### Section 3.1.2. 1-2 - 38GHz Band

Q. Interested parties are requested to comment on the 38GHz band Plan and proposed options.

We note that the 50 MHz channeling is harmonized with the US and recommend further consistency would be achieved if Industry Canada were to adopt the same nomenclature as the US. Please see our further comments on the subject of Spectrum Licence Packages, Section 4.3

### Section 3.1.2. 3-5 - Spectrum Requirements

Comments are sought on the amount of spectrum that is required to support the business plans of the operators wishing to continue to deploy point to point systems in the shared blocks. Further comments are sought on the spectrum policy provisions contained within

Nortel has no comments.

## Section 3.2 Allocation Issues

Q. Comments are sought on the proposed changes to the Canadian Table of Frequency Allocations and views on suitable sharing and coordination criteria which would facilitate the use of these bands by the fixed service and by incumbent primary services.

To reduce the risk that spectrum purchased by a successful bidder might become subject to interference by "in-band use", we support the RABC and CWTA recommendations that the following undertaking is required:

"Industry Canada will undertake to propose an addition of a fixed allocation for Region 2 at the next competent International Telecommunications Conference (not later than the year 2002) in the bands 24.25-24.45 GHz and 25.05-25.25 GHz on a primary basis. If it is not possible to obtain a Region 2 allocation, Industry Canada will guarantee that at the very least, it will add a footnote in the international Region 2 Table of Frequency Allocations specifying that the bands 24.25-24.45 GHz and 25.05-25.25 GHz are allocated on a primary basis in Canada. "

### Section 3.3.2 - Eligibility Requirements

Q. Comments are sought on the eligibility requirements proposed

Nortel feels that, in the interests of free market competition, there should be no restrictions or eligibility requirements.

Further, if an "intent-to-use" rule (as described in section 4.6 below) is implemented, there will be even less reason to impose eligibility requirements.

### Section 4.2 - Service Areas

Q. Comments are sought on the proposal to use Tier 3 service areas for the licensing of the 24GHz and 38GHz bands.

Nortel is of the opinion that Tier 3 services areas as defined in Appendix B of the Consultation Document, are the most appropriate size and certainly smaller service areas should not be considered

### Section 4.3 - Spectrum Licence Packages

Q. Comments are sought on the proposed Spectrum Licence Packages

Nortel believes that competition is key to providing Canadians with the most cost effective and efficient services possible and that the creation of strong, competitive carriers will require a combination of both large and small licences in a suitable mix.

We suggest that the following mix best serves these objectives as it provides an extra 50x50 MHz licence in the 38GHz band to facilitate SME competition, while retaining two larger licences to enable competition among the larger participants.

A = 400 MHz  
B = 300 MHz  
C = 300 MHz

All remaining Licences will be 50x50 MHz, which will allow for aggregation as appropriate by successful bidders. We further believe that the reduction in Licence B from 400 MHz to 300 MHz will best be achieved by removing Band C/C' from the top of Licence B rather than Band F/F' from the bottom. If Band F/F' were taken it would then lie between the two large licences with the attendant coordination problems for all parties.

### Section 4.5 - Transfer and Division of Licences and Flexibility of Use

Q. Comments are sought on a moratorium of up to three years on the transferability of licences following the licensing process.

Q. Comments are sought on a moratorium of up to three years on the divisibility of licences following the licensing process.

Regarding both the above questions, please refer to 4.6 below.

#### Section 4.6 - Implementation of Services

Q. Comments are sought as to whether there should be a condition of licence that requires licensees to implement their service within a specified time period that is less than the proposed licence renewal period. Further, views are sought on the possible mechanisms that could be employed to verify the implementation of service within the stated time period.

While Nortel considers it unlikely that any organization would stockpile spectrum for either speculative reasons, or as a means to prevent usage by competitors, we also feel that some form of "intent-to-use" rule should be made part of the process so that this spectrum resource would not remain unused. This need not be unduly restrictive or rigid, and might be as simple as to state that

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"The successful bidder must within a period of 1 - 3 years, demonstrate real intent to utilize the spectrum. This might be accomplished by proof of equipment purchase or negotiation, actual installation of equipment, signing of customers or by other means."

On this basis there does not appear to be a rationale for any moratorium to be introduced in relation to the transferability and divisibility of licences following the licensing process.

#### Section 4.7 - Conditions of Licence

Q. Comments are sought on these proposed conditions

Nortel has no comments.

#### Section 5.0 Technical Considerations

Q. Comments are sought on a suitable trigger mechanism and the appropriate value. (The details may be developed in consultation with the Radio Advisory Board of Canada (RABC))

While Nortel has no bias toward any suitable trigger system, it is noted that for cross-border consistency with the US, there are obvious advantages to using the same system (18 Km-distance). In short we support consistency whatever the method.

Q. Comments are sought on the most suitable models and trigger mechanisms to be used by Industry Canada when called upon to arbitrate on an unresolved dispute resulting from interference between systems operating in these bands.

We understand that the RABC has a committee dealing with similar issues and recommend that a similar process be established.

#### Section 5.4 Interference Consideration

Q. Comments are sought on the suitability of an emission limit to reduce the occurrence of adjacent channel block interference under the current proposals for spectrum and geographic distribution.

Nortel has no comments.

#### Section 6.0 Licensing Process

##### General Comment.

As individual organizations involved in the Spectrum Auctions will have their own views on the proposed auctioning process, Nortel feels it is therefore inappropriate to provide any comments on this section as those same organizations will provide their own comments.

##### Comment on Section 6.2.4

We recognize the rules regarding Bid Increments have not yet been finalized but recommend that bid increments should be based on the initial high bid through all rounds rather than the last high bid. This latter drives the increments higher, which is to the detriment of the smaller parties who might be involved

#### Section 7.0 Financial Aspects of the Auction

Nortel has no comments.

#### Appendix A

Spectrum Utilization Policy Provisions for Point to point Systems Authorized on a First Come First Served Basis

Q. Comments are requested on the policy provisions outlined in this attachment

Nortel has no comments.