

August 30, 2019

Senior Director, Spectrum Licensing and Auction Operations
Innovation, Science and Economic Development Canada (ISED)
ic.spectrumbauctions-encheresduspectre.ic@canada.ca

Re: **BCBA Reply to Comments to Gazette Notice SLPB-002-19**: Consultation on a Policy and Licensing Framework for Spectrum in the 3500 MHz Band

Dear Sir/Madam,

1. The British Columbia Broadband Association (BCBA) has reviewed the comments submitted by various parties regarding the licensing framework of the 3500 MHz band. The BCBA has the following reply comments.

Assignment Phase

2. Both Rogers and CanWISP noted that the upper portion of the band is likely to be more highly valued. The BCBA believes this to be true, and the BCBA is deeply concerned that, under ISED's proposed assignment phase, spectrum will be distributed so that company size corresponds to position in the band.
3. Rogers proposed that joint network operators be assigned spectrum at the bottom of the band. CanWISP proposed that registered users of the 3650 MHz WBS band be assigned spectrum at the top of the band. Xplornet proposed that existing licensees be granted priority in the assignment phase. The BCBA maintains that existing licensees who are set-aside-eligible should be automatically assigned spectrum at the top of the band. Failing that, the proposal of CanWISP or the proposal of Xplornet would provide some degree of protection for existing licensees who are small operators.

Competitive Measures

4. Rogers, in their submission, contends that there is no case for reserving spectrum for a fifth player (par 97-100). The BCBA strongly objects to this position. Small, regional competitors will deliver broadband connectivity to rural Canadians before NMSPs or new national competitors. The Standing Committee on Industry, Science and Technology recommended in their April 2018 report (Broadband Connectivity in Canada: Overcoming the Digital Divide), that the Government of Canada:

"...ensure that small providers, non-profit providers, and non-incumbent providers have reasonable access to spectrum for broadband deployment (Recommendation 6)."

5. It is vital to bridging the digital divide in rural Canada that small, regional competitors have an opportunity to participate in this auction. This can only be achieved using a set-aside for small regional companies.

6. Many companies supported a 50 MHz or 60 MHz spectrum cap. Cogeco proposed a smaller cap within the set-aside. The BCBA supports the use of a 60 MHz spectrum cap, and would support a bidding cap for set-aside spectrum as proposed by Cogeco.
7. Rogers proposed that joint network operators be subject to an 80 MHz spectrum cap (par E6). The BCBA supports this proposal.
8. CanWISP proposed that ISED use bidding credits, similar to a system used by the FCC (par 99). The BCBA supports this proposal.

Auction Format

9. Several respondents suggested that the proposed bid increments are too large. Rogers points out that “very high increments can lead to irreversible distortions of relative prices, thus preventing optimal switching and subverting price discovery” (par 149). The BCBA agrees with this assessment.
10. Several respondents (Bell, Cogeco) proposed that ISED permit an “all-or-nothing” bid. While such a provision would reduce the risk of “orphan” licences, the BCBA is concerned that such a provision will further complicate the auction process. Elements which complicate the auction process will deter the participation of small companies.
11. If ISED does choose to offer an “all-or-nothing” bid option, or another bid format that resembles a package bid, the BCBA would support Cogeco’s proposal of an extended round (par 16f) that would serve to minimize un-sold blocks.
12. Several respondents proposed the use of activity waivers. The BCBA supports the proposal that ISED permit each bidder three activity waivers.

Final Comments

13. The BCBA applauds ISED for the choice of a simpler “pay-as-you-bid” auction format.
14. The BCBA encourages ISED to implement competitive measures, including a spectrum cap and set-aside, that will serve all Canadians, including those living in rural

Kind regards,



Bob Allen
President
BC Broadband Association