

## Canadian Government Sets Out Rules for Auction of Spectrum Licences

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Industry Canada has published the rules that will govern the auction for spectrum licences for Advanced Wireless Services (AWS) in the 2 GHz range. Each licence will have a 10-year term similar to other spectrum licences. AWS can be used for a wide range of applications, such as cellular telephony, data, multimedia, Internet Protocol (IP)-based applications and broadband Internet access using third generation (3G) cellular and other technologies. The U.S. Federal Communications Commission (FCC) conducted an auction for AWS spectrum in 2006.

The auction rules are favourable to prospective new entrants, which are defined to include all participants that hold less than 10% of the national wireless market based on revenue. Effectively, this will cover all participants except for the three largest wireless incumbents and their affiliates. In particular, the rules include the following:

- **Set-aside for new entrants**

Of the 105 MHz of spectrum to be auctioned, 40 MHz will be set aside for exclusive bidding by new entrants. This represents roughly 40% of the spectrum being auctioned and 14% of all spectrum that will be licensed following the auction.

- **Out-of-territory and in-territory roaming**

Incumbents will be required to permit customers of new entrants to roam on incumbent networks outside the regions that a new entrant is licensed to serve. This out-of-territory roaming requirement will apply for 10 years.

Incumbents will also be required to permit customers of new entrants to roam on incumbent networks within the regions that the new entrant is licensed to serve. This in-territory roaming requirement will apply for 5 years and may be extended to 10 years in certain circumstances.

The roaming rates that incumbents will be able to charge new entrants will be unregulated and determined by negotiation between incumbents and new entrants. If negotiations are unsuccessful, rates would be determined by binding arbitration.

- **Antenna tower and site sharing**

Incumbents will be required to provide new entrants with access to existing towers and rooftop sites wherever technically feasible. Rates for this access will also be unregulated and negotiated or (if necessary) arbitrated.

Minimum bids for spectrum will correspond with the rates currently paid for spectrum by incumbent operators. Industry Canada will issue further details about the auction framework, including application procedures, technical considerations and licensing parameters, before the end of 2007. Bidder applications will be due in March 2008, and the auction will begin on May 27, 2008.

Industry Canada has indicated that spectrum in the 700 MHz range is expected to become available for auction in 2011, with appropriate public consultation on the process. That spectrum will be made available for auction as a result of the conversion from analog TV broadcast spectrum to digital TV. The FCC is conducting an auction for the equivalent spectrum in the United States beginning on January 24, 2008.

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