

February 19th, 2019

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Subject: Notice No. DGSO-002-18: Consultation on a New Set of Service Areas for
Spectrum Licensing, Canada Gazette, Part I, Vol. 152, No. 48

The Canadian Electricity Association (CEA) welcomes the opportunity to comment on the Consultation on a New Set of Service Areas for Spectrum Licensing, published online November 27th, 2018 and in print on December 1st, respectfully submits the following feedback.

The Canadian Electricity Association

The CEA is a trade association representing a broad range of companies that generate, transmit, distribute, and market electricity to industrial, commercial, and residential customers across Canada. Canada's electrical grid is 80% non-emitting and getting cleaner every year. CEA members, the Canadian Electrical Utilities (CEUs) are key to the electrification of Canada's economy and the country's clean growth future.

Electric utilities need telecommunications networks to: 1) maintain secure and dependable tele-protection systems, 2) monitor and control electric infrastructure, and 3) enable the safe and efficient dispatch of their field workforce for routine and recovery operations.

Utilities typically make use of both commercial services and private networks. This combination often provides the best overall cost, performance, resiliency, and coverage. CEA members operate infrastructure across Canada in the largest cities and, due to remote electrification mandates and distant generation assets, in the most remote populated regions. They require a range of telecommunications options that can overcome the challenges posed by this diverse geography.



Response to ISED invitation for comments

Question 1: Design principles

Q1A—ISED is seeking comments on the proposed design principles when providing responses, include supporting arguments for or against the proposed principles.

Q1B—ISED is seeking any suggestions on additional design principles that should be considered.

Q1A

CEA members are supportive of the design principles and we feel they address some of the concerns we noted in our [600 MHz spectrum licensing consultation submission](#). In our professional opinion smaller service areas are key to incentivizing better wireless coverage in the rural and remote parts of Canada by allowing potential service providers to develop niche offerings more customized to their specific areas. The increase in coverage and the quality of wireless services, will be a boon to remote communities including First Nations as well as industry including electrical utilities, railways and mines.

Q1B

To ensure that the Tier 5 licensing area system is put to best use across all of Canada CEA recommends that the following additional terms be considered for design principles.

1. A tier 5 license should revert to ISED for re-issue if wireless services are not deployed within a set amount of time from date of issue, for example 2 years. This should be done to prevent speculative license purchases that tie up licenses without offering wireless services.
2. A tier 5 license should also revert to ISED for re-issue if service provided by a license holder is repeatedly interrupted for a significant portion of the year, for example a total of 3 months in any two consecutive years. This provision would help ensure that capable service operators make use of the Tier 5 licenses, and that once a license is in place the operator must continue to deliver service. Again, this provision should be in place to discourage speculative license purchasing behaviour.
3. Financial incentives for deployment should exist, and to make them most effective they should apply inversely to the population density of a Tier 5 service area such that as population density decreases financial incentives increase. Such an incentive system should directly encourage deployment in remote and northern areas where wireless services are sparsest.
4. Because the Tier 5 areas are small, it is more likely that customers will have to move between areas or are near the border of adjacent Tier 5 areas. For that reason, we believe that a condition



of Tier 5 areas should be that service providers must give customers the ability to temporarily roam to another wireless network as well as offer permanent roaming through a subscription opportunity. Seamless connectivity and interoperability should be a goal of the Canadian wireless market to ensure high customer experience as well as make sure that only qualified operators, capable of contributing to the entirety of the Canadian wireless ecosystem, develop service offerings.

Question 2: Option 1 - Boundaries based on Statistics Canada 2016 census subdivisions

Q2A—ISED is seeking comments on the suitability of Option 1 in addressing the proposed design principles.

Q2B—ISED is seeking comments on whether adjacent urban CSDs should be combined into a single service area.

Q2C—ISED is seeking comments on whether there should be a minimum or maximum size for the service areas and if very small CSDs should be amalgamated into the larger surrounding or adjacent CSD.

Q2D—ISED is seeking comments to gauge if this option is suitable for northern and rural areas.

Q2A

Yes, option 1 is a good choice that is most likely to achieve the consultation design principles as compared to option 2. Our opinion is that Tier 5 areas are more likely to see deployment by service providers if there is at least 1 service load centre to anchor the business case. For that reason, option 1 is a better choice as the service areas can include towns as well as rural/remote areas.

Q2B

Adjacent urban areas already have good coverage for wireless service, so their combination may be administratively efficient but since these areas are already well served CEA does not have a strong opinion on the matter one way or the other.

Q2C

Yes, there should be a maximum size, as a starting point we propose 50,000 NTS grid units. We propose this because in northern locations Tier 5 areas based on census subdivisions become so huge that they functionally approach Tier 4 licensing areas in terms of size. If the size of Tier 5 zones are capped then development between more and less remote areas should be more even and consistent.

Q2D

Yes, option 1 is reasonable for northern and rural areas if a maximum size, as well as our other suggestions in question 1B are taken into account.



Question 3: Option 2- Boundaries based on population centres

Q3A—ISED is seeking comments on the suitability of Option 2 in addressing the proposed design principles.

Q3B—ISED is seeking comments on the proposed minimum population for small population centre service areas. A rationale should be provided if a different population is proposed.

Q3C—ISED is seeking comments on whether the “other” service areas (remainder areas in each Tier 4) should be licensed differently (e.g. on a shared or first-come, first-served basis).

Q3D—ISED is seeking comments on whether this option is suitable for northern or rural areas.

Q3E—ISED is seeking comments on whether population centres, which have adjacent boundaries, should be amalgamated to form a single service area.

CEA members are not in favour of Option 2 compared to Option 1. It is our professional opinion that a Tier 5 licensing scheme based on population centres creates areas too vast in very sparsely populated regions to successfully overcome the existing geography and business case challenges that the Tier 5 licensing system is designed to overcome.

Question 4: Alternative proposals

ISED invites interested parties to submit alternative proposals for smaller service areas. All alternative service area proposals must be applicable to all of Canada and promote the federal government's policy objectives.

CEA does not have specific alternative proposals for how to structure tier 5 service areas. We believe that by limiting the maximum area, for example 50,000 NTS grid units, will maintain more consistency in program uptake for extreme remote areas so as to best serve electrical generation and transmission, as well as railways, mines, First Nations and other remote communities. We have also laid out additional program considerations including mandatory requirements for Tier 5 service operators in response to question 1B.



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