Spectrum Outlook 2018 to 2022

Nordicity White Paper in Support of CanWISP’s Submission

Key Findings & The Case for Additional Spectrum for WISPs

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Prepared by
Nordicity
Table of Contents

1. Technology & market issues & trends
2. WISPs role in the CDN communications industry & ability to meet user needs
3. Profile of WISP technologies, networks & bands utilized
4. Assessment of current spectrum framework
   ▪ Benchmarking of Canadian & Best Practice Countries
5. Spectrum licence Fees
6. Spectrum licensing: auctions & other
7. Broadband funding
8. Conclusions
Technology & Market Issues and Trends
‘Broadband deficit’ in rural Canada

- 95% of all CDN households but only 76% in rural CDN households have access to 5Mbps/1Mbps (old CRTC broadband target). That is 24% of rural do not have access to minimum broadband - except via satellite

- Only 39% have access to the new target of 50Mbps/10Mbps

The broadband deficit is likely to increase

- Overall, 30%-40% increase in bandwidth usage per annum forecasted over the next 5 years

- 5G networks are likely to rollout in Canada-starting in 2020 in metro areas

- The broadband deficit risks CDN national goals of broadband internet access as a basic service: access to ehealth, e-learn & other public services and as well as economic opportunities & growth in rural areas
WISPs role in the CDN communications industry & Ability to meet user needs
WISPs Play a crucial role in overcoming the rural broadband deficit

- 150+ WISPs (of which 53 are CanWISP members) have presence across Canada
- 31% of rural households have broadband access via FWA service providers (2017 CMR report)
- WISPs played an essential role in meeting the previous national broadband goals & are essential in meeting the new goals 50 Mbps / 10 Mbps.
WISP Bandwidth Usage Trends & Services

- WISPs subscribers’ usage driven by Netflix & other wide bandwidth video services
  - WISPs have differentiated service levels (speed, data) to accommodate needs of residential & business clients
  - Several WISPs have launched VOIP and some are considering licence-exempt BDUs – hence a ‘triple play’ service offerings: data, voice, and video
Profile of WISP technologies, networks & spectrum bands utilized
WISP technologies & networks

- FWA technologies currently deployed by Canadian WISPs *(based our analysis from the subscriber breakdown)*

<table>
<thead>
<tr>
<th>Technology</th>
<th>No. Subscribers</th>
<th>WISPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTE (Telrad, Huawei, ZTE, etc.)</td>
<td>14611</td>
<td>14</td>
</tr>
<tr>
<td>WiMAX</td>
<td>4150</td>
<td>4</td>
</tr>
<tr>
<td>Wi-Fi (including Cambium Ubiquiti and Cisco Wi-Fi)</td>
<td>2104</td>
<td>4</td>
</tr>
<tr>
<td>Cambium (including Motorola)</td>
<td>62837</td>
<td>18</td>
</tr>
<tr>
<td>Ubiquiti</td>
<td>7824</td>
<td>8</td>
</tr>
<tr>
<td>Alvarion</td>
<td>300</td>
<td>2</td>
</tr>
<tr>
<td>Mikrotik</td>
<td>1945</td>
<td>3</td>
</tr>
<tr>
<td>Mimosa</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>TV White Space</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>RRBS</td>
<td>85</td>
<td>1</td>
</tr>
<tr>
<td>Other Proprietary</td>
<td>508</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>94439</strong></td>
<td></td>
</tr>
</tbody>
</table>
WISP technologies & networks

WISPs networks still a mixture of 3 and 4G technologies

- WISPs need additional licensed spectrum to satisfy subscribers’ demand for bandwidth; and
- Remain competitive with the large ISPs which are owned by ‘spectrum-rich’, vertically-integrated operators
Benchmarking of technologies in use by WISPs in Benchmark Countries

In Australia:
- WISPs are currently using long range fixed point to multi-point wireless, the very same 4G – LTE used for mobility.
- Ubiquiti, Mikrotik, Wi-Fi and WiMax are also being used by Australian WISPs.

In the United States:
- Vendors have taken advantage of the semiconductors mass-produced for Wi-Fi and use adapted hardware and high-gain antennas along with software optimized for outdoor use.
- They created outdoor radio systems, which combine the low cost of Wi-Fi with the high performance specialized microwave radio systems, costing thousands of dollars per unit.
- Likewise, WISPs are using WiMAX, Cambium, Ubiquiti and Mikrotik.
## Current usage of spectrum by the CanWISPs

### Access Bands Used by WISPs

<table>
<thead>
<tr>
<th>Bands currently in use by WISPs</th>
<th>Number of Respondents using each band &amp; Status</th>
<th>Percentage of Total Responding WISPs using a particular band out of total (N= 42) Respondents*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 GHz</td>
<td>2 respondents (1 through spectrum subordination)</td>
<td>5%</td>
</tr>
<tr>
<td>3.5 GHz –</td>
<td>3 respondents (2 through spectrum subordination)</td>
<td>7%</td>
</tr>
<tr>
<td>3.65 GHz –</td>
<td>40 respondents</td>
<td>95%</td>
</tr>
<tr>
<td>900 MHz</td>
<td>35 respondents</td>
<td>83%</td>
</tr>
<tr>
<td>2.4 GHz</td>
<td>33 respondents</td>
<td>79%</td>
</tr>
<tr>
<td>5 GHz</td>
<td>34 respondents</td>
<td>81%</td>
</tr>
</tbody>
</table>

*Note: the number exceeds 100% given multiple bands in use by WISPs*
### Backhaul Bands Used by WISPs

<table>
<thead>
<tr>
<th>Bands used by WISPs</th>
<th>Number of Respondents &amp; Status</th>
<th>% of Total WISPs using a particular band out of total 42 respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>900 MHz (unlicensed)</td>
<td>1 respondent</td>
<td>2%</td>
</tr>
<tr>
<td>2.4 GHz (unlicensed)</td>
<td>1 respondent</td>
<td>2%</td>
</tr>
<tr>
<td>3.5 GHz (licensed)</td>
<td>2 respondents*</td>
<td>5%</td>
</tr>
<tr>
<td>3.65 GHz (lightly licensed)</td>
<td>4 respondents</td>
<td>9%</td>
</tr>
<tr>
<td>5 GHz (unlicensed or lightly-licensed for U-NII-1)</td>
<td>37 respondents</td>
<td>88%</td>
</tr>
<tr>
<td>6 GHz (licensed)</td>
<td>2 respondents</td>
<td>5%</td>
</tr>
<tr>
<td>11 GHz (licensed)</td>
<td>10 respondents</td>
<td>24%</td>
</tr>
<tr>
<td>15 GHz (licensed)</td>
<td>4 respondents</td>
<td>9%</td>
</tr>
<tr>
<td>18 GHz (licensed)</td>
<td>11 respondents</td>
<td>26%</td>
</tr>
<tr>
<td>23 GHz (licensed)</td>
<td>3 respondents</td>
<td>7%</td>
</tr>
<tr>
<td>24 GHz (unlicensed)</td>
<td>28 respondents</td>
<td>67%</td>
</tr>
<tr>
<td>60 GHz (unlicensed)</td>
<td>9 respondents</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Notes: the number exceeds 100% given multiple bands in use by WISPs*
Assessment of current spectrum framework
# Backhaul Licensing Regime for Canada & 3 benchmark countries.

<table>
<thead>
<tr>
<th>Frequency bands used</th>
<th>Canada</th>
<th>UK</th>
<th>US</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>900MHz</td>
<td>902MHz-928MHz</td>
<td>License exempt</td>
<td>Mobile designation</td>
<td>Digital Cellular Mobile Telephone Service &amp; Radiolocation Class licensing arrangement</td>
</tr>
<tr>
<td>1.5GHz</td>
<td>Mobile designation</td>
<td>Radiocommunication license</td>
<td>N/A</td>
<td>License exempt</td>
</tr>
<tr>
<td>2.4 GHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>License exempt</td>
<td>Licensed</td>
</tr>
<tr>
<td>3.65 GHz</td>
<td>Lightly licensed</td>
<td>Licensed</td>
<td>Licensed</td>
<td>Licensed</td>
</tr>
<tr>
<td>5GHz</td>
<td>5150-5250MHz</td>
<td>Lightly licensed</td>
<td>Light licensing</td>
<td>License exempt</td>
</tr>
<tr>
<td>5GHz</td>
<td>5250-5350MHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>Licensed</td>
</tr>
<tr>
<td>5GHz</td>
<td>5470-5600MHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>License exempt</td>
</tr>
<tr>
<td>5GHz</td>
<td>5650-5725MHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>License exempt</td>
</tr>
<tr>
<td>5GHz</td>
<td>5725-5850MHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>License exempt</td>
</tr>
<tr>
<td>Frequency bands used</td>
<td>Canada</td>
<td>UK</td>
<td>US</td>
<td>Australia</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------</td>
<td>--------------------</td>
<td>----------------</td>
<td>---------------</td>
</tr>
<tr>
<td>5.8GHz</td>
<td>License exempt</td>
<td>Lightly licensed</td>
<td>License-exempt</td>
<td>Licensed</td>
</tr>
<tr>
<td>Lower 6 GHz</td>
<td>Licensed</td>
<td>Radio local area network (RLAN)</td>
<td>Licensed</td>
<td>Licensed</td>
</tr>
<tr>
<td>11 GHz</td>
<td>10.7-11.7 GHz</td>
<td>N/A</td>
<td>Licensed</td>
<td>Licensed</td>
</tr>
<tr>
<td>15 GHz</td>
<td>14.5-15.35 GHz</td>
<td>Defense Spectrum</td>
<td>N/A</td>
<td>Licensed</td>
</tr>
<tr>
<td>18 GHz</td>
<td>17.8-18.3 and 19.3-19.7 GHz</td>
<td>Licensed</td>
<td>Amateur full license</td>
<td>Licensed</td>
</tr>
<tr>
<td>23 GHz</td>
<td>21.8-22.4 and 23.0-23.6 GHz</td>
<td>Licensed</td>
<td>Mobile backhaul</td>
<td>Licensed</td>
</tr>
<tr>
<td>24GHz</td>
<td>License exempt</td>
<td>Mobile backhaul</td>
<td>Unlicensed</td>
<td>Unlicensed</td>
</tr>
<tr>
<td>60GHz</td>
<td>License exempt</td>
<td>License exempt</td>
<td>Unlicensed</td>
<td>Licensed for distance/speed measurement</td>
</tr>
</tbody>
</table>
WISPs’ Backhaul Spectrum - Synopsis

- 5GHz, is the most frequently used spectrum
  - Similarly in benchmarked countries, most spectrum in 5GHz is license-exempt, with light-license spectrum in the band 5150-5250MHz.
  - 5.8 GHz in UK and Australia are allocated as a licensed
  - Other popular spectrum used in Canada, like 11GHz and 18GHz is licensed

- Current ISED fee structure for licensed backhaul spectrum is based on throughput (multiple of DS0s) instead of bandwidth used, results in fees that are cost prohibitive to most WISPs - even if the spectrum was made available.
Recommendations for spectrum planning

WISPs are essential for ISED & CRTC to reach national 50/10Mbps goals. ISED should recognize the WISPs’ current status as ‘spectrum poor’ and actively promote WISPs’ access to affordable, secure spectrum in their service areas.

Specific measures that ISED could undertake:

- Promote access for WISPs to the 3.5MHz and 3.65MHz bands – the ‘workhorse bands’ for WISPs.
- Priority licensing for WISPs in rural and remote areas.
- Expand the 3.65GHz band to include a portion of the C band (3.7GHz to 3.8GHz) with similar licensing conditions and ensure fixed satellite (FSS) stations that are using the spectrum, have protection from FWA operations.
- Promote access for WISPs in both lower (e.g. 600MHz) and higher bands (mm Wave bands) as they become available for spectrum auctions.
Spectrum licensing: auctions & other
Spectrum license conditions

Issues:
- WISP service areas have high Capex & Opex requirements:
  - Typically much lower household density, lower disposable income and lower (ARPU) than urban & suburban service areas.
  - Require higher investment in backhaul infrastructure to connect to the Internet
- Little incentive for ‘spectrum rich’ incumbent operators to share unutilized or underutilized spectrum with spectrum needy service providers such as WISPs.

Recommendations
- Lighter licence conditions for service providers in rural areas
- Require spectrum rich operators to expedite subordination process & report on spectrum utilization, status of requests for subordination
Auction frameworks

- ISED’s use of large, highly aggregated license areas by ISED in auction processes favors large, well-financed operators over smaller players such as ISPs and WISPs.
  - ISED has used Tier 3 and 4 mapping to delimit lot sizes for its auction events. These larger lots are simply too expensive for WISPs.
- Auction formats used by ISED, such as the combinatorial clock auctions (CCA), have been complex and require significant financial and professional resources which are out of reach for many smaller firms.
Recommendation for auction processes

- In order to effectively promote participation in auction processes for WISPs and other smaller, ‘spectrum-poor’ service providers, ISED should consider the following:


  - Impose spectrum set asides &/or spectrum caps

  - Delimit smaller license areas for auctions e.g. Tier 5 to encourage access for WISPs at an affordable price & promote services to rural customers.

  - Setting reserve prices lower for lots in rural areas

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Spectrum licence Fees
Spectrum license fee calculation

- Currently ISED’s spectrum fee policy for backhaul is based on equivalent DS0 or 64 kbps channels
- 90% (38/42) of respondents indicated that current backhaul licence fee calculations prevent effective use of spectrum
- 21% (9/42) indicated problems with both access and backhaul spectrum fees
- In benchmarked countries, fees are based on market value – typically auction events and are quoted in $/MHz, not as $/Mbps. In the US, the FCC approach results in much lower fees than in Canada.
Recommendations for license fees

- The calculation of spectrum fees should be based on market valuation and quoted in $/MHz
- Fees should be higher for lower spectrum bands;
- ISED should consider a congestion-based fee structure that would result in a fee reduction in less congested rural and remote areas;
- ISED should consider a reduction in current fees associated with high capacity links used by WISPs in rural and remote areas based on the economic value to the service providers; and,
- ISED should charge spectrum licensees higher spectrum fees in the case that the spectrum is underutilized or simply not utilized at all.
Broadband funding
ISED Broadband Access Funding Programs

- ISED has funded two ‘windows’ of funding to service providers for enhanced broadband access in rural areas: Broadband Canada grant program of 2011-2012, Connecting Canadians (2014-15) and Connect to Innovate (2016-17).
- A significant number of WISPs applied under both funding windows. However, delays in announcements from ISED’s original and the lack of an easily accessible, centralized data base of funded projects has resulted in considerable uncertainty and delays in plans and service deployments - especially to smaller players in rural markets.
- Service providers, whether applicants or non-applicants have had to delay or cancel deployments, for fear that winning applicants will be build overtop of their networks.
CRTC Funding of Broadband Access

- In the decision rendered on December 21, 2016 - Telecom Regulatory Policy CRTC 2016-496 - the CRTC declared broadband internet access services “basic telecommunication services”. The decision also included the creation of a new fund of $750 million in the first 5 years, over and above existing government programs, to support projects in areas that do not meet these targets.

- To replace the existing funding of voice-based essential services, this amount is very modest in comparison with the capital requirements for rolling out broadband in rural areas.

- In the absence of permanent funding, it is difficult for service providers in rural areas to attract investment capital or otherwise secure funding for long term investments.
Recommendations for funding of broadband access

It is incumbent for ISED - as the policy ministry, to provide permanent funding programs that are commensurate with the funding needs of its own broadband policy.

▪ ISED should ensure that the funding rules enable smaller service providers opportunities for funding equal to those of the national operators.
▪ ISED should consider funding cost efficient last mile solutions as well as the fiber – based backbone projects which tend to favor projects by the national operators.
▪ ISED should work closely with CRTC’s funding in order to maximize the impacts in rural areas.
▪ ISED should use the mapping database to determine eligibility of areas and eliminate case of overbuild and where existing service providers contest the eligibility of service areas, there should be a dispute process.
Conclusion

- WISPs have demonstrated their ability to provide broadband service to subscribers with innovative and cost-efficient service offerings. However, WISPs current lack access to adequate, dedicated spectrum will compromise their ability to deliver the next generation of broadband services to their subscribers.

- In absence of dynamic, competitive WISP sector in provision of telecommunications services in rural and remote communities, the introduction of new and innovative services will be delayed, the price of broadband services will be significantly higher, and overall access to broadband services lower.

- WISPs require enhanced access to additional secure, licensed spectrum in a number of bands.
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