

C-Band Alliance Filing on Proposed Commercial Auction Process



On June 6-7, 2019, the C-Band Alliance (CBA) met with the FCC to describe its proposed design for a C-Band spectrum auction plan and platform. The auction, dubbed FUEL (Flexible Use and Efficient Licensing):

- Is fast, efficient, flexible, fair, effective, and transparent
- Provides unprecedented flexibility to bidders
- Features appropriate FCC oversight at critical junctures in the process
- Represents the next evolution in auction design, based on technology and principles used by the FCC in its own auctions

A white paper providing full details of the auction proposal will be filed on the record later this week.

The Auction

The proposed CBA auction design is based on the FCC's extremely successful secondary market policies and draws from the most effective auction policies employed by the FCC and other countries. The auction process is a sealed-bid, second-price auction that allows participants to bid on packages of spectrum that best suit their needs.

The model, which is designed to accommodate the specifics and complexities of the C-band in the continental U.S., was created by Professor Paul Milgrom and his firm, Auctionomics. Together, they have worked with the FCC on auctions for more than two decades. Prof. Milgrom is highly regarded by auction experts and his expertise is sought not only by the FCC, but also by regulators around the globe. Using protocols established over 20 years of designing auctions, the CBA model translates best practices from various models into a smart auction design to best manage the complexity and time pressure of this auction, creating opportunities for all sizes of bidders and all kinds of combinations.

The CBA's auction process is designed to address important FCC objectives:

- **Fast** – The auction process will allow the CBA to announce winning bidders within 2-4 weeks.
- **Efficient** – The CBA auction puts spectrum to use at the earliest possible date, reduces bid preparation time, minimizes bidding errors, and allows values rather than strategic calculations to determine the outcome.
- **Flexible** – The CBA auction is designed to allow successful participation by entities of every size, from large national bidders to mid-sized regional bidders to small rural bidders. The design also allows bidders flexibility in the packages they want to bid on and the prices they are willing to pay, while promoting head-to-head competition over individual licenses in specific economic areas. Yet the design also protects each bidder against winning either too little spectrum or too few areas to support its business plan.
- **Fair** – The proposed auction is purposefully simple to encourage the greatest range of participants. The simplicity of the auction, combined with a training period, will ensure that all participants understand the process and are ready to bid. The auction will be transparent and subject to FCC oversight, thus increasing the fairness and effectiveness of the market process.
- **Effective** – At the close of the auction process, winners can begin the 5G build-out process within 18 months of a final FCC order in key economic areas of the U.S., with a roll-out of the repurposing throughout continental U.S. within 36 months of the final FCC order.

Background on the C-Band Alliance Proposal to the FCC to Voluntarily Clear C-band Spectrum for 5G Services, While Protecting Incumbent Services

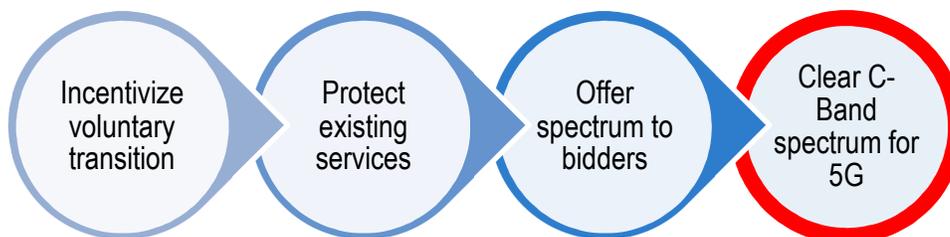
In order to rapidly unlock the significant economic benefits of 5G in the U.S., it is essential to clear spectrum for terrestrial mobile operations, particularly in the mid-band, which includes the 3.7-4.2 GHz range known as the C-Band.

The ability to quickly open this spectrum for 5G is complicated by the non-exclusive and long-standing use of the spectrum by satellite companies that provide service over the C-Band to television and radio content providers, which in turn serve 120 million households in the U.S. To encourage and enable an efficient transition of spectrum to 5G, there must be a voluntary agreement among these satellite operators, a process to incentivize them to manage the transition, and safeguards for existing C-Band users.

CBA – comprising the four satellite companies providing C-Band services in the U.S. today – proposes to clear a 200-MHz portion for terrestrial 5G and to concentrate incumbent C-Band services in the remaining 300 MHz. This spectrum reduction and clearance requires significant investments into new satellites, filter technology, and filter installation in thirty to forty thousand earth station antennas across the U.S.

To ensure a speedy transition, the CBA proposes a commercial auction using globally recognized concepts and procedures to allow bidders to acquire access to cleared segments of the C-Band. This auction design will ensure that 5G bidders can access spectrum within 18 to 36 months of a final FCC order, making it by far the fastest way to enable the rollout of 5G in urban and rural areas.

The C-Band Alliance's Objectives



Conclusion

To respond to the FCC's desire to clear C-Band spectrum quickly, the CBA is proposing a market-based solution using established auction design and best practice, combined with appropriate FCC oversight. This is the quickest way to free up the spectrum that is key to realizing the promise of 5G and its expected \$500B in GDP growth for the U.S. while protecting essential television services enjoyed by U.S. consumers.



C-Band Alliance

The C-Band Alliance (CBA) was formed in October 2018 by the four leading global satellite operators – Intelsat (NYSE: I), SES (Euronext Paris: SESG), Eutelsat (Euronext Paris: ETL) and Telesat. The role of the CBA is to implement the safe and efficient clearing and repurposing of mid-band spectrum in the U.S., accelerating the deployment of 5G services and innovation, serving all Americans. The CBA is designed to act as a facilitator as described in the companies' breakthrough, market-based proposal to clear a portion of C-band spectrum under a U.S. Federal Communications Commission (FCC) proceeding. Follow our mission...visit www.c-bandalliance.com. Follow us on Twitter at [@cbandalliance](https://twitter.com/cbandalliance) and on LinkedIn at [C-Band Alliance](https://www.linkedin.com/company/c-band-alliance).