

Northpoint Technology: An Innovative Approach to Broadband Deployment

Summary

The Congress and Federal Communications Commission have made broadband deployment a top priority. And the FCC has generally adopted the view that deployment is best served when left to market forces. But the Commission's actions have not always matched its rhetoric.

For the last eight years, Northpoint Technology and its Broadwave USA affiliates ("Northpoint") have sought licenses to deploy innovative wireless terrestrial services providing video programming and broadband Internet access using a small, shared portion of the satellite spectrum. But repeated regulatory delay and indecision have frustrated deployment and deprived communities across the country, including those in hard to serve rural areas, of a low cost competitive service.

What is Northpoint?

Northpoint is an innovative new service which will provide both multichannel video programming services and broadband Internet access to communities across the entire country, large and small markets alike. It is a wireless terrestrial technology that can deliver video programming, local broadcast, and broadband services on a portion of the 12.2-12.7 GHz spectrum used by Direct Broadcast Satellite (DBS). Northpoint's patented technology transmits from the north, employing a network of small, low-power repeaters, mounted on existing towers, buildings and hilltops, while DBS satellites transmit from the south.

This is a revolutionary change – prior to Northpoint, the FCC did not believe it was possible for satellite and terrestrial communications to share spectrum. Based on the record developed by Northpoint, the FCC concluded that ubiquitous sharing between satellite and terrestrial systems was feasible. This conclusion was confirmed by independent testing conducted by the MITRE Corporation in 2001.

Status at the FCC

Although the FCC has found that Northpoint's technology works, and that can share spectrum with DBS services, Northpoint's licensing has been delayed for eight years. Northpoint first brought its technology to the FCC in 1994, obtained its first experimental license three years later, and filed license applications in all 210 television markets on January 8, 1999 – the same day that eight satellite systems filed applications to share the same spectrum. In November 2000, the FCC issued an Order finding that all parties could share the spectrum bandwidth in question, but commenced a new proceeding to examine whether to subject Northpoint alone to a spectrum auction. As of the date of this writing (April 12, 2002), the FCC had not issued another Order, but a decision is expected shortly.

The Impact of Auctions

Historically, the FCC has granted the majority of licenses (approximately 61%) for ground based services without auction. During the pendency of this proceeding, Congress granted satellite companies an exemption from auctions. As a result, the eight satellite applicants will get the same spectrum Northpoint is seeking for free. An auction would force Northpoint to compete for the right to use its own patented innovation against deep-pocketed companies, which have neither a proven technology nor a commitment to rapid nationwide deployment. Northpoint has committed to full deployment within two years. Moreover, an auction would drive up the costs of deployment, delay delivery of broadband services and local broadcast signals to rural users, and inhibit the emergence of new competitive alternatives to cable and satellite. Auctions have not fostered service outside of the largest markets. Only 31% of licenses offered for sale in 2001 were sold, primarily in large markets, and rural areas remain unserved.

Rather than stifling innovative new broadband technologies and limiting competition, the FCC should license Northpoint and its Broadwave affiliates and adopt policies that encourage rapid deployment of new broadband products and services. If the FCC fails to do so, Congress should take immediate steps to end the blatantly discriminatory regulatory treatment to make sure that consumers have access to Northpoint and other innovative services.

