

	Satellite Transponder Contract
TO:	Infrastructure Committee and Board of Directors
MEETING:	May 9-10, 2017
FROM:	Steven Guiton, Executive Vice-President, MTIS
DECISION SOUGHT:	Approval of a new 5+1+1-year contract for satellite transponder capacity with Hunter Communications.
NEXT STEPS:	Conclude negotiations and sign contract.
DATE:	April 25

1. CONTEXT

Current situation

- Satellites are used for the distribution and collection of audio, video and data all across Canada.
- In 1999/2000, CBC/Radio-Canada signed a 15-year fixed contract with Telesat Canada for C- and Ku-band satellite transponder capacity covering all of Canada including the Arctic.
- Subsequent negotiations extended the contract and added additional capacity. There are no provisions for early termination.
- The current contract expires on February 18, 2018, and a new contract is required to maintain service.
- The current contract consists of six full C-band transponders (36Mhz/each) and two full Ku-band transponders (27MHz/each), all on Anik F1R.
- One C-Band transponder is used for Radio distribution, five C-Band transponders are used for TV distribution and data connectivity to Northern Canada.
- Ku-Band transponders are used for satellite news gathering and backup Radio distribution.
- The current cost for this transponder capacity is per annum.

Evolution of CBC/Radio-Canada's needs

- New content collection and distribution technology has reduced CBC/Radio-Canada's satellite transponder requirements:
 - The Corporation's Next Generation Converged Network (NGCN) provides a high-speed fiber optic network between CBC/Radio-Canada production centres, enabling enormous capacity for audio/video file exchange and TV distribution to our digital TV transmitters;
 - Bonded cellular over LTE cellular networks in major cities allows the use of these networks for audio and video collection;

- Consolidation of Broadcast Distribution Undertakings and associated interconnections has reduced the need for CBC/Radio-Canada to distribute to BDU satellite head ends;
- The shutdown of analog TV transmitters reduced the need for distribution of satellite video feeds for 609 transmitters.
- In light of an analysis of our current capacity and need, it was determined that in the post-2018 environment, CBC/Radio-Canada would require:
 - One 36 MHz fixed C-band transponder for Radio distribution, TV distribution and data connectivity to Northern Canada;
 - One 54MHz (with Hunter), or two 27MHz (with Telesat) fixed Ku-band transponders for satellite news gathering, and radio backup distribution.

2. KEY DECISION ELEMENTS

Objective:

- An objective for the satellite transponder contract renewal was to reduce annual satellite leasing costs by \$10M/year as part of Strategy 2020. The \$10M/year reduction target is already assumed in MTIS's 5-year business plan, starting in F2018-19 .

The RFP Process:

- Working through the Corporation's Procurement Office, CBC/Radio-Canada issued an RFP for satellite transponder capacity on January 13, 2017 with submissions due on March, 2017.
- Seven pre-qualification submissions were received from service providers (both facilities-based and resellers) across Canada and the US.
- Two proponents – Telesat Canada and Hunter Communications – met all of the pre-qualification and technical requirements of the RFP and were invited to submit complete proposals.
- Financial and technical bids were evaluated under separate, independent streams:
 - On the technical evaluation, both proponents met all requirements and both scored well. No significant difference between the two was noted;
 - The financial evaluation was based on the Net Present Value (NPV) of the bids. Hunter Communications scored substantially better than Telesat. (see Appendix 1 for further details regarding the financial evaluation results).

Term:

- Proponents were invited to quote for two different term options:
 - Seven years: Five years with two one-year renewal options (5 + 1 + 1).
 - Nine years: Seven years with two one-year renewal options (7 + 1 + 1).
- Based on the current age of the CBC/Radio-Canada owned satellite terminal equipment and the rapid changes in technology, management recommends a renewal term of seven years (5+1+1).

Financials:**3. KEY BENEFITS, IMPACTS & RISKS**

- The Hunter proposal meets all technical requirements, is substantially less costly than Telesat Canada's bid, and meets the objective of reducing satellite transponder leasing costs by a minimum of \$10M/yr.
- Hunter Communications is a reputable company who operates as a reseller of satellite facilities. For this contract, Hunter will be reselling the facilities of Intelsat and Eutelsat, two of the largest satellite facilities providers in the world, who will own the underlying facilities of the transponder service.

4. OTHER OPTIONS CONSIDERED

- While the advent of new technology has reduced CBC/Radio-Canada's dependence on satellite technology, satellite technology remains the only solution available to provide the complete pan-national collection and distribution coverage that CBC/Radio-Canada requires.

5. SUCCESS MEASURES

¹ Before taxes.

² Before taxes. Includes satellite dish repointing costs.

- A new contract with Hunter Communications is secured.
- The \$10M/year satellite transponder cost reduction target is achieved.
- CBC/Radio-Canada continues to successfully meet all of its content collection and distribution requirements with a new service provider and reduced satellite transponder capacity.

6. RESOLUTION

- That the President and CEO or the Executive Vice-President, Media Technology and Infrastructure Services, together with the Executive Vice-President and Chief Financial Officer or their respective delegate(s), be authorized to do all things necessary to negotiate, enter into, and execute an agreement with Hunter Communications for the provision of satellite transponder services on essentially the same terms and conditions as those presented at the meeting and to do all things deemed necessary by them to give effect to the foregoing resolution and the Agreement.

APPENDIX

1. Satellite RFP Financial Evaluation.

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