



No. 1-9/2012-Regln/ 13/6 Dated: the 6th Nov, 2012

To
The Secretary,
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg (Old Minto Road),
New Delhi: 110 002

Kind Attention: Sh. Arvind Kumar, Advisor (NSL), TRAI

Subject: Comments on Consultation Paper on "Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations"

Sir,

Kindly refer your consultation paper No 14/2012 dated 19-10-2012 on "Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations (Subsequent to Consultation Paper on "Access Facilitation Charges and Co-location Charges at Cable Landing Stations" on 22nd March 2012). The authority is taking a correct approach to reduce the cost of CLS facility charges and thus International bandwidth. This has further implications on the prices offered to the end consumer for bandwidth and broadband.

The retail product pricing is affected by the cost of procurement of International bandwidth that is controlled mainly by two OCLSs in India. Even foreign carriers, who also own bandwidth on these cables as consortium partners, are not able to compete with the Indian OCLS as they out price these foreign carriers due to very high existing charges. As a result this bandwidth capacity with foreign carriers also cannot be leveraged to bring down the international bandwidth prices. This in fact adversely affects the proliferation of internet and broadband services.

Subject to the above observations/submissions, the response to the questions raised by TRAI in the consultation paper is submitted below:

- Q-1 Cost data and costing methodology used for estimating the access facilitation charges and co-location charges in this consultation paper. In case of a different proposal, kindly support your submission with all relevant information including cost and preferred costing methodology.
- A: Cost data and costing methodology adopted by TRAI for estimating the Access Facilitation Charges and Co-location Charges in this consultation paper appears to be in line with the current cost of the telecom equipments and costing methodology adopted by most of telecom service providers.

Q-2 On the power requirement of the transmission equipment i.e. DWDM, DXC equipped with different capacities, supplied by different equipment manufacturers.

A: We understand the power requirement of the transmission equipments i.e. DWDM/STMs supplied by different equipment manufacturers may vary but still the base of 2 KW adopted by TRAI is reasonable for the standard transmission equipments in use.

Q-3 Percentage used for OPEX and capacity utilization factor with supporting data on each OPEX item specially on space and power consumption of various equipments.

A: OPEX and capacity utilization factor on each OPEX item specially on space and power consumption of various equipments is agreeable to BSNL.

Q-4 Whether ceiling of uniform Access Facilitation Charges may be prescribed for all Cable Landing Stations in two categories i.e. AFC at CLS and AFC at alternate Co-location, or these charges should be dependent on submarine cable system or location of cable landing stations?

A: BSNL is of the view that ceiling of uniform Access facilitation Charges may be prescribed for all cable landing stations in India. Further, in order to promote further competition to reduce charges for such "bottleneck facility", it is suggested that the charges prescribed by TRAI be made as ceiling and the OCLS should be left free to offer rates lower than this ceiling. This would force operators to concentrate more on selling international bandwidth and less on undue higher AFC.

Q-5 Whether prescribing the access facilitation charges on IRU basis is required?

A: As the bandwidth requirement is different for different operators means some operators may have 1-2 years requirement while others may have 10-15 years requirements so both annual lease and IRU are required. Therefore, access facilitation charges on IRU basis should be prescribed by TRAI as per the existing Regulation 2007.

Q-6 Whether uniform co-location charges may be prescribed or such charges should be location dependent?

A: BSNL is of the view that a ceiling on uniform co-location charges may be prescribed for all cable landing stations in India taking in to consideration the weighted costs for all CLSs. Further, as already stated in our reply to Q.4, it is suggested that the charges prescribed by TRAI be made as ceiling and the OCLS should be left free to offer rates lower than this ceiling. This would force operators to concentrate more on selling international bandwidth and less on undue higher Co-Location Charges.

Q-7 Whether the restoration and cancellation charges should be either a fixed charge or based on a percentage of the AFC. In case of fixed charge, should the present charges be continued or need revision?

A: It is suggested that the restoration and cancellation charges may be based on percentage of the AFC i.e. between 5% to 10%.

Q-8 Any other comment related to Access Facilitation Charges, Co-location charges and other related charges like cancellation charges, restoration charges along with all necessary details.

A: In the existing CLS-RIO, there is no clause which protects the interests of the Indian ILDO as a non-landing party owning bandwidth in the consortium cables landing in India. In such situations, where one of the Indian ILDO is a non-landing party in a consortium cable landing in India and has the right to activate its share of bandwidth on the said cable system, the non-landing party is also treated at par with other operator(s) who are buying the bandwidth on the said cable system and hence have also to pay the AFC and CLC as access seeker for accessing the bandwidth. Such an arrangement is discriminatory as it gives undue advantage to the CLS owner in India for that cable system. The CLS owner can load the cost of equipment for accessing the bandwidth by the access seeker on to the non-landing party. This would result in higher cost to the non-landing party for activating its bandwidth although it should pay only for the Co-location Charges and not for the Access Facilitation Charges.

It is submitted that in such a situation, there should be a provision included in the CLS-RIO, which protects the commercial interests of the non-landing party in the consortium cable, by prescribing a clause to this effect that the non-landing party has only to pay the Co-location Charges for activating its bandwidth. This issue was brought to the notice of TRAI vide this office letter no:4-11/2007-Regln./914 dated 16th August, 2011 in response to TRAI's request for information on access facilitation and co-location charges for cable landing station vide TRAI's letter no: 416-3/2010-I&FN dated 22nd June, 2011 .

This is for your kind consideration please.


6/11/12
Raghuvir Singh
AGM(RegIn-II)