

**Comments on TRAI's Consultation Paper on Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations**

**Q1. 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.**

**Comments**

1. We agree with the costing methodology adopted by TRAI for estimating the access facilitation charges /Co-location charges. We believe that the costing methodology is sufficient strong.

2. With respect to the cost data indicated in various tables we would like to submit that:-

a. Line items /S. No. i and ii should be removed from Table 1 and Table 2(a), as we understand both the DXC and ODFs charges required at the CLS have already been reimbursed for by the consortium.

We further believe that there is no need for an additional layer of DXC equipment simply to provide access to the cable system, and this is typically not provided in most CLSs. Additional DXC or DWDM equipment may be required for the provision of backhaul services, but this should be a component cost of the backhaul service, not the AFC.

b. In table 2(c), Similarly we understand

i. Line item/ S. No. i should specify that this is only for one ODF, as only one is required.

- ii. Line item ii should be reconsidered, as the DXC equipment at the cable station has been paid for by the consortium and the connection between the CLS and alternate co-location site does not require DXC equipment on top of DWDM equipment. The DWDM equipment already have DXC functionality.
- iii. We believe that the DWDM charge is too high. Our fully allocated cost per 10G is around Rs.500k per 10G for each terminal, and relatively expensive equipment's deployed.
- iv. Apportioned fibre cost at table 4(b) – we would request the Authority to further provide clarity to better understand what distances were used to calculate these elements and why they are so vastly different. We could consider the proposed cost from OCLS 1, although it is high for a high volume route. However, the cost from OCLS2 is much too high, bearing in mind that the Meet Me Room (MMR) is typically only a few kilometres away from the CLS.

The Authority may reconsider on the basis of the suggestion/comments provided above.

- 3. We also note that the issue of inclusion of DXC has also been examined by TRAI in para 13, 14 and 15 under the heading of **“Identification of network elements”**. In para 13, TRAI has noted that there is only one passive element i.e. Optical Distribution Frame (ODF) which is required for the provisioning of access facilitation at 10G level or any other level which is provided by the consortium. We understand the two OCLSs i.e. BSNL and Reliance are also in agreement with this point of view.

4. It is important to mention that in the case consortium system (i.e. SMW3, SMW4, and EIG); “the C&MA agreements provide the all types of interfaces needed by the ITEs”. In fact, the consortiums provide the interfaces for all levels of capacity available for purchase on these systems. If an ITE requires further multiplexing of their capacity it could be provided under terms of a separate arrangement with the OCLS or the ITEs designated local back hauler.
5. The rational given by TRAI for accepting the cost of DXC as both OCLSs are incumbent operators and having 12 out of 15 CLSs in India, therefore their costs / network elements have been accepted, which may not be the best available approach vis the most efficient cost/ network elements to be considered.
6. We request the Authority to consider only passive element i.e. Optical Distribution Frame (ODF) as is required for provisioning of access facilitation, as also stated in para 13 of TRAI’s Consultation also substantiated by TRAI’s consultation paper on “Access to Essential Facilities (including Landing Facilities for Submarine Cables) at Cable Landing Stations, dated 17<sup>th</sup> April, 2007 wherein in Figure 2 of Chapter 4, TRAI has not included DXC in its figure depicting Access Facilitation arrangement at Cable Landing Stations.
7. In view of the above and also going by the general consensus we feel the Authority should not include DXC in the cost model. This may be the one of the key reason why the CLS charges are not coming to the level with comparable competitive international markets.
8. We have also observed that there are variance in the cost data submitted by the two OCLs, for example in the case of “Inter Floor cabling and tray work” it is more than 200% and in the case of “ODF” it is 47% and in the case of “DWDM equipment” it is about 14%. It is further noted that in the

table 4(b) “fiber between CLS and MMR” the variation is about 310%. The Authority may consider most efficient telecom service provider’s cost.

9. The authority should always strive to use the forward looking costing methodology.

**In view of above, we support the TRAI’s costing methodology for estimation AFC and further strongly recommend that the DXC and its cost should be excluded from the cost model while arriving at the final pricing.**

TRAI has sought to identify the network elements required to provide access facilitation at CLS and alternative locations and has analyzed current cost data provided by the OCLS to determine the directly attributable cost of access at the 10G/STM-64 level. We fully agree and support with this approach. This appropriately recognizes that the predominant form of access is now at the 10G/STM-64 level. TRAI has also appropriately based its calculations of apportioned capital cost on fully loaded equipment and has applied a utilization factor of 70 percent in calculating average annual CAPEX. Since the relevant CLS equipment may, if necessary, be augmented on an economic basis within a reasonable timeframe, this is a conservative utilization factor that provides more than adequate buffer capacity to meet near term increases in demand.

The Authority may consider:

**Additional Network Elements which are not needed should be removed:**

Over 85 percent of the capital cost used as the basis of the proposed charges for access facilitation at the CLS, and approximately 45 percent of the capital cost used as the basis of the proposed charges for access facilitation at alternate co-location sites, is for Digital Cross Connection (DXC) equipment. As can also be observed by the submission of the

two OCLS, BSNL and Reliance, who do not support these charges rather, state that access at the 10G level only requires the use of the ODF and that access for lower capacity merely requires additional multiplexing.

An important concern is that mandating the payment of substantial CAPEX and OPEX charges for the use of unnecessary equipment, as proposed by the Consultation Paper, artificially inflates the level of the proposed charges for these arrangements, and therefore fails to follow the TRAI's regulation requiring that the AFC shall be "determined on the basis of the cost of the network elements involved in the provision of access."

Similar concerns regarding CAPEX and OPEX charges for unnecessary equipment apply to Dense Wave Division Multiplexing (DWDM) equipment, used as the basis of the proposed charges for access facilitation at alternate co-location sites. Specifically, DWDM equipment is not required for alternate co-location sites situated upto say a certain 2 KM or less from the CLS. This is because the consortium-owned SLTE equipment at the cable station includes transponder cards that provide the same functionality as DWDM equipment for a minimum distance of about 2 KM. TRAI should require additional access facilitation arrangements to be provided so that arrangements that do not require this equipment can avoid these charges.

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

### **Comments**

The Consultation Paper states the two OCLS submitted data shows electricity consumption varying from 2 KVA to 6 KVA per rack for different transmission equipment. However, we understand the requirement may be much less for a full rack of DWDM.

**Q3. Percentage used for OPEX and capacity utilization factor with supporting data on each OPEX item specially on space and power consumption of various equipments.**

**Comments**

We support the TRAI's percentage (30%) used for OPEX for this segment for estimation of charges of access facilities at cable landing stations.

In addition

- We believe that most of the costs referred to in table 6 have already been paid by the consortium for the CLS. The power for the international circuit is already paid for by the consortium, and connecting the international circuit from the ODF in the CLS draws no additional power whatsoever
- Paragraph 31 states the cost per unit Rs. 15 per unit. We believe that this should not be more than Rs. 8, which is what we are currently charged.

**Q4. 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?**

**Comments**

1. TRAI has very rightly observed in the Consultation Paper that “work done for access facilitation at cable landing station is the same for all cable landing stations. Therefore, it may not be required to estimate the cost based charges separately for each cable landing stations. The only variation could be due to space and electricity charges if the cable landing stations are located at two different cities, which may be a small portion of total costs. In case of access facilitation at MMR the difference

could also be because of length of optical fibre link between CLS and MMR”.

2. Keeping in view prevailing high access charges for the past 5 years, as has also been observed by TRAI in its consultation papers, we believe that unless and until the market of CLS Access Charges / co-location charges are brought to the level of charges prevailing in the comparable competitive international telecom market, TRAI should prescribe ceiling for uniform Access Facilitation charges at CLS and alternate Co-location.

We further suggest an alternative access methodology – i.e. the in-span access methodology (fibre connectivity in a junction box outside the CLS). This would remove the need for accessing via a remote MMR in most cases

**Q5. Whether prescribing the access facilitation charges on IRU basis is required?**

**Comments**

We do not believe that it is necessary and important to prescribe these charges on an IRU basis. Any existing arrangement that the operators may already have should be dealt appropriately in light of the new recommendation post this consultation exercise.

**Q6. Whether uniform co-location charges may be prescribed or such charges should be location dependent?**

**Comments**

We believe that here the issue is as to what measures can be taken to ensure transparent and non-discriminatory treatment in pricing and provisioning of collocation facility? In this regard, it is pertinent to quote from TDSAT Order, in Petition No.148 of 2005, dated 19th March 2007 as under:

*“In order to ensure that there is a semblance of fairness and reasonability and Respondent is not tempted to adopt an arbitrary approach in this regard as it has done in the matter presently before us, we request TRAI who at one point of time had intervened in this matter to lay down guidelines at the earliest to ensure that the fixation of such charges by service providers including MTNL is not done arbitrarily and is based on use of sound criteria and reasonable rationale.....”*

Uniform charges provide the requisite advantages of predictability and administrative efficiency. We therefore suggests that TRAI should seek submission of cost data for co-location arrangements at a wider range of CLS to allow consideration of a more complete record on which to base this decision.

**Q7. 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?**

**Comments**

We support fixed charge for such jobs and the present charge are very much on the higher side and may be kept at around Rs. 10.000/- per instance of restoration / cancellation.

**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.**

**Comments**

- a) **Retrospective implementation** – As per the CLS Regulations, 2007 the review of access / co-location was due in the year 2010. Thus, these charges may be reviewed immediately and should be brought down to the level of charges prevailing in other jurisdictions. These charges have not been reviewed and fixed in 2010 itself and the standalone ILDOs would have been forced to pay the high charges to the OCLSs till date. Keeping in view above, TRAI may consider retrospective implementation of the CLS / Co-location charges.
- b) During the consultation process, the stakeholders also commented in favour of review of the charges between every 1-2 years. But an amendment to this effect is not visible in the amendment to the CLS regulations, 2012. We **strongly recommend that a suitable provision may be made in the CLS regulations, 2012 for periodic review of AFC/CLS at least once in every two years.**
- c) The amendment to the CLS regulation. 2012 is silent on insertion of a suitable provision in the regulation to the effect that the existing agreements between the access provider and seekers would also stand amended to incorporated the revised charges specified by TRAI with immediate effect. **Therefore, we recommend that TRAI should insert a suitable provision in the CLS regulation, 2012 to the effect that the existing agreements between the access provider and seekers would also stand amended to incorporated the revised charges specified by TRAI with immediate effect.**