



## EUROPEAN BUSINESS GROUP

### EBG's Comments on TRAI's Consultation Paper on Estimation of Access Facilitation Charges and Co-location Charges at Cable Landing Stations dated 19<sup>th</sup> October 2012.

**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**

We welcome the TRAI proposals and approach towards the need for reduction in AFC (Access facilitation charges ) and CLC . (Co-location charges ).

We, believe that the costing methodology needs to be rationale, keeping in view the best international practices. The charges need to be significantly reduced to be comparable with the competitive telecom market in other jurisdictions..

The Authority may also like to consider the method for the recovery of costs by CLS owners; the AFCs could better be set “per link” basis rather than “per unit of capacity”. This is because a “per link” charge is consistent with the cost causality principle – that is, the costs associated with the CLS are driven by the number of cables landed and the number of links backhauled; the throughput of each link is irrelevant: a STM-1 cost is the same as a STM-64. Accordingly, basis “Per Link” prices the **cost reflective charge for AFC of an STM-64 will be less than 1% of the prevailing RIO charges in India.**

**Q2. On the power requirement of the transmission equipment i.e. DWDM, DXC equipped with different capacities, supplied by different equipment manufacturers.**

#### **Comments**

We submit that the additional power requirement of the transmission equipment i.e. DWDM and DXC can be obtained in increments of 1kW/h up to a total of 7kW/h



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**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**

**OPEX percentage**

We submit that the proposed percentage 30% used for OPEX is high. We propose that the OPEX may not be more than 10% of the equipment allocated capital costs (CAPEX). To derive allocated capital cost, the cost needs to be separated between owner's access and the capacity available to access seekers

**Capacity utilization factor**

We note that capacity utilization factor taken by TRAI is in line with industry practices; therefore we support the capacity utilization factor of 70% for estimation of AFC.

**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**

We support for ceiling of uniform cost based access facilitation charges should be prescribed by TRAI for AFC at CLS and alternate collocation in all cases.

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

**Comments**

We submit that the AFC should be regulated on 'Per Link' basis as proposed in our response for Q-1 above.



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

**Comments**

We suggest that TRAI must prescribe the location based range or band for the collocation charges based on cost oriented principle.

**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**

No comments

**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:**

No comments