

BIF Response to TRAI CP on Estimation of Access Facilitation Charges & Co-Location Charges at Cable Landing Stations

Q1: What should be the 'utilization factor' for determination of annual access facilitation charges, annual operation and maintenance charges for capacity provided on IRU basis, and co-location charges in the Schedules appended to "The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012" dated 21.12.2012 ?

BIF RESPONSE

All the Authority's calculations in the said CP are based on Utilisation Factor of 70%. It is reasoned that this is aligned to the views of the majority of the stakeholders who responded to the 2012 CP and that it is aligned to the best international regulatory practices followed in this area

Though the calculations were done based on a theoretical capacity of 60G, the loading being 70% only, the calculations were effectively toned down to support only 42G . It is indeed a fact that higher the loading of the chassis housing the cards, lower is going to be the price per G .

It is also a fact that while the equipment cost is being calibrated at 70% of 60 G chassis, the individual card cost is calculated on the basis of a fully loaded 640G Capacity DXC. Though it is not clear as to why such an anomaly exists, it seems apparently that lack of estimated demand is perhaps the reason for the same.

To maintain a ' level playing field ' or consistency between those who had already entered into agreement on IRU Basis before the Regulations , perhaps the UF of 70% may be kept as same.

Q 2. What should be the 'conversion factor' (refer Para 2.22) for determination of annual access facilitation charges and annual operation and maintenance charges for capacity provided on IRU basis in the Schedules appended to "The International Telecommunication Cable Landing Stations Access Facilitation Charges and Co-Location Charges Regulations, 2012" dated 21.12.2012?

BIF RESPONSE

Existing calculations by the Authority have been done using the Conversion Factor of 2.6. As mentioned this is to a) ensure economies of scale for higher capacities b) prevailing market factor in (domestic)Leased Circuits c) majority of the stakeholders who responded to the 2012 CP favoured it.

However the two OCLSs differed and preferred a CF of 4 instead as they were of the view that irrespective of the CF, the charges should enable recovery of the cost of fully loaded systems –from the interfaces for which DXC was configured.

The Calculation using a CF of 4 led to irrational costing with STM-1 costing below par while the cost of STM-64 being on the higher side, thereby creating an imbalance as far as economies of scale is concerned.

Keeping the above in view, the CF may be kept at 2.6 itself as was done by TRAI in their 2012 calculations.