

Bharti Airtel's Counter response to TRAI Consultation Paper on Estimation of Access facilitation charges and Co-location charges at cable landing station.

As submitted in our response earlier, we wish to reiterate that:

- ✓ ILD sector is perfectly competitive with 27 licensees. Setting up a CLS is the free choice of an ILDO.
- ✓ The Access Facilitation Charges and Co-Location charges for Cable Landing Stations should be left to the market forces.
- ✓ Cable Landing Stations are not an Essential / Bottleneck facility anymore.
- ✓ Access to CLS is not a matter of interconnection. There is no element of reciprocity and the ILD license agreement too, does not refer to the same as network interconnection.
- ✓ Sale of any infrastructure need not be mandated on cost basis or that too any kind of benchmarked prices.

Notwithstanding, we have already submitted that the costing methodology should be Fully Allocated Costs as submitted in the consultation paper on the subject matter. With reference to the comments made by various stakeholders, our submission is as under:

A. No need of additional layer of DXC equipment to provide access to CLS (ACTO)/Cost of DXC has already been reimbursed by consortium(Reliance):

1. A Cable Landing Station is freely allowed to be set up by any ILD license holder. The business of providing International bandwidth connectivity is the key offering of any ILD service provider who is a mere bearer of a host of telecom and data services in and out of the country. The elements required for building and setting up a cable landing station is the choice of an OCLS/ILDO. And any self sustaining business model of an ILDO would be to build a world class facility with a long term prospect to cater to its users in the market place. The primary business of an OCLS is not to provide Access Facilitation and Co-location only to other ILDOs. The network / CLS is designed to have the best of the facilities and elements to meet the QoS and it should be best left to the CLS owner to decide the network architecture of a CLS. All costing exercise and cost determination must take into account all elements including DXC equipment etc deployed by any OCLS while considering access facilitation and collocation charges. We must appreciate that any ILDO seeker have not created their own cable landing infrastructure in the country, may not present a reliable benchmark of input on the infrastructure and network element requirements for a CLS.
2. It may also be appreciated that determining charges for setting up a CLS a good 7-10

years after they were created is a serious disadvantage and penal action on those that have contributed to creation of infrastructure. In the coming time such a Regulation would discourage further investments and creation of much needed infrastructure while jeopardizing the quality and upkeep of existing infrastructure as well.

3. Further, Bharti Airtel has already submitted its cost and working methodology of CLS owned and the same has been represented to TRAI vide various presentations, responses and discussion held during the meetings. We have also submitted the CLS layout and cost elements (with actual invoices) being reimbursed/not reimbursed by consortium to Bharti Airtel. In light of the above, **it is reiterated that the cost of said DXC is not reimbursed to us and the same should be considered as part of the costs at actual.**
 4. As far as the inclusion of DXC is concerned, it is worthwhile mentioning that DXC is an integral part of our architectural/lay-out design. **DXC introduction facilitates improved operation and maintenance of access capacity. Thus, it is pertinent to consider the cost of DXC which is not only used for providing different capacities but, to different seekers it also assists in meeting the QoS SLA signed with the seeker.** Moreover, TRAI in its consultation dated April 2007 has considered DXC as a key component of the CLS architecture; even some of the stakeholders in their response to the current consultation have accepted/stated the requirement of DXC for provisioning of lower bandwidth.
 5. TRAI may also consider that the network elements used in the designing the access to Cable Landing Station are governed by number of factors including requirement of the quality of service, consortium requirements in case of consortium cable and is decided by the OCLS accordingly. Thus, in the existing set up, network elements have already been provided for and the costs invested by the OCLS. Any methodology which is proposed to be used for determining access facilitation charges should take in to account such investments made. It would be unfair to disallow network elements already provided for in the Cable landing Stations.
- B. Charges for various network elements and interfaces (DWDM, DXC,OFC, ducting, inter-floor cabling etc) is too high (ACTO):** Our calculation/charges for various costing elements is consequent to the costs already incurred by Airtel. We have also submitted the actual invoices wrt to all the components considered in the model submitted to TRAI. Thus, the ACTO general comments on costs, in the absence of any actual model presentation and costing thereof is clearly and not substantiated with costs for setting up a CLS in India.
- C. OPEX at 30% of Capital cost is too high(ACTO,VODA, Reliance, Infotel):** We have already submitted that the OPEX cannot be based on the capital cost and should be based on the actual cost incurred by the OCLS. TRAI's assumption of determining OPEX as a %age of

capital cost is unfair and denies us the ability to recover the investments already made for a suitable return. Thus, OPEX should be left to the purview of operators owing the CLS.

D. AFC should be uniform for AFC at CLS and alternate co-location: AFC should be different for two categories i.e AFC at CLS and AFC at alternate co-location and should be location dependent. In this regard, TRAI may consider the fact that facility for providing the co-location services and AFC at alternate location require additional components in terms of land, building, OFC, RoW , power etc which are location dependent. Therefore unification of co-location charges is not tenable.

In light of the above and our response to the consultation, we reiterate that regulating CLS charges would seriously dis-incentivise the investment and efforts made by ILDOs in setting up CLS. The issue of fixing CLS charges in a perfectly competitive ILD market will discourage any new investment in this sector. We therefore request the Authority to not regulate the AFC and CLC charges.