# Consultation on

# Draft Model & Standard Interconnection Agreements

# Between

# Multi System Operator (MSO) and Local Cable Operator (LCO) for offering cable TV services through Digital Addressable Systems (DAS)

**Dated: 09.12.2015**

**Written comments and counter comments, on the draft Model & Standard Interconnection Agreement between the Multi System Operator (MSO) and the Local Cable Operator (LCO) offering cable TV services through Digital Addressable Systems(DAS), are invited from the stakeholders by 31.12.2015 and by 07.01.2016. The comments and counter comments may be sent, preferably in electronic form to Mr. Sunil Kumar Singhal, Advisor (B&CS), Telecom Regulatory Authority of India, on the e-mail:- das@trai.gov.in . For any clarification/ information, Mr. Sunil Kumar Singhal, Advisor (B&CS) may be contacted at Tel. No.: +91-11-23221509, Fax: +91-11-23220442. Comments and counter comments will be posted on TRAI's website www.trai.gov.in.**

**Consultation on draft Model & Standard Interconnection Agreements between MSOs and LCOs for offering cable TV services through Digital Addressable Systems (DAS)**

1. Regulation of broadcasting and cable TV services was entrusted to the Telecom Regulatory Authority of India (hereinafter referred to as the TRAI) in 2004. Since then, TRAI has taken a number of initiatives for regulating the sector in exercise of both its recommendatory and regulatory powers vested with it as per the TRAI Act, 1997. In order to regulate the sector, TRAI has been issuing Regulations, Tariff Orders, Directions and Orders from time to time.
2. The operation of cable TV networks is governed by the Cable Television Networks (Regulation) Act 1995, as amended from time to time (hereinafter referred to as CTN Act). The Government of India made an amendment to the CTN Act and Rules made there under, to pave the way for implementation of Digital Addressable Cable TV Systems (DAS). The implementation of DAS is under way in the country in a phased manner in four phases. Phase-1 and Phase-2 have been completed covering 42 cities of the country thereby migrating approximately 25% cable TV homes from analog cable TV systems to DAS. The sun set date for analog transmission in phase-3 and 4 areas are 31$^{st}$ December 2015 and 31$^{st}$ December, 2016 respectively. TRAI has notified a comprehensive regulatory framework for DAS regime encompassing interconnection regulations, QoS regulations, tariff orders and consumer complaint redressal regulations.
3. The interconnection regulation for DAS provides a framework for interconnection between Broadcasters & MSOs and MSOs & LCOs. Based on this framework, the service providers are required to enter into written interconnection agreement before providing signal of TV channels for re-transmission to subscribers. The

Telecommunication (Broadcasting and Cable Services) Interconnection (Digital Addressable Cable Television Systems) Regulations, 2012, dated 30.04.2012, as amended from time to time, inter-alia, provides that no MSO shall provide signal of TV channels to LCO without entering into a written interconnection agreement. The interconnection regulation further provides that the interconnection agreement between the MSO and its linked LCO shall have the details of various services rendered by the LCO to the MSO and the revenue settlement between the parties for these services. The Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems ) Tariff Order, 2010 (1 of 2010), dated 21st July 2010, as amended from time to time, inter-alia, provides that the charges payable by a LCO to a MSO shall be as determined by mutual agreement. In case the MSO and the LCO fail to arrive at mutual agreement, TRAI has mandated the subscription revenue share between the MSO and the LCO as a fall back arrangement.

4. With an objective to enhance the awareness about the regulatory framework and to assess the compliance of the regulatory framework, TRAI held interaction with MSOs and LCOs in the various parts of the country. During these interaction, the stakeholders raised the issue that the terms and conditions of the agreement offered by MSOs is one sided and do not provide a level playing field to the LCOs. Often the roles and responsibilities of both the parties for meeting the quality of service norms prescribed in the QoS regulation is not clearly defined in the interconnection agreement and due to which, in the event of dispute between the MSO and the LCO, the quality of service is adversely affected. The stakeholders were of the opinion that it would be in the best interest of the sector that TRAI lay down a Standard Interconnection Agreement (SIA) which can be entered into by MSOs and LCOs. This would help in reducing disputes between the MSO and the LCO and consequently help in increasing quality of service to the subscriber.

5. As there could be various relationship models between the MSOs and the LCOs, TRAI, while notifying the regulatory framework, in the year 2012, did not formulate SIA and left it to market forces. It was envisaged that this will provide enough flexibility to the stakeholders while transitioning from analog un-addressable systems to digital addressable systems. However, having considered the numerous representations from the stakeholders as well as to provide flexibility for accommodating various business models between MSOs and LCOs, it is proposed to formulate a Model & Standard Interconnection Agreement after due consultation process with stakeholders.
6. The proposed draft consists of a Model Interconnection Agreement (MIA) and a Standard Interconnection agreement (SIA) in a single document namely draft model & standard interconnection agreement. The draft contains necessary terms and conditions, to ensure the compliance of the regulatory framework available for DAS and, to provide a level playing field to the MSOs and the LCOs. The draft agreement also lists roles and responsibilities as well as rights and obligations of each party separately.
7. In cases, where the revenue settlement is mutually agreed between the MSO and the LCO, the MIA part of the draft agreement would be applicable. In other cases where the revenue settlement could not be agreed mutually between the MSO and the LCO; and it is decided to continue relationship based on the fall back subscription revenue share arrangement as prescribed in the tariff order, the SIA part of the draft agreement would be applicable. Except clauses 10 to 12 of the proposed draft agreement, which relates to roles & responsibilities of the MSOs and the LCOs, billing, and revenue settlement, other clauses would remain same in the final Model and Standard Interconnection Agreement. In clause 10 of the proposed draft agreement, some of the

roles have been clubbed together to assign common responsibility of these roles either to the MSO or to the LCO. Splitting of these roles may cause inconsistencies and gaps in delivery of satisfactory services to the consumers. However at consultation stage, the stakeholders can provide their valuable comments on re-grouping of roles, if felt necessary, with justifications.

8. In case of the SIA, the responsibilities for various roles shall be fixed as per column 4 of the clause 10 of this draft agreement after considering the comments of the stakeholders. Similarly the billing and revenue settlement responsibilities shall also be fixed as per clause 11 and 12 respectively of this draft agreement after considering the comments of the stakeholders. Accordingly, all the terms and conditions of SIA which includes the revenue share settlement conditions also, shall be standardised after prescription of SIA. No additions, deletions, and or alteration would be permitted thereafter in SIA terms and conditions.
9. In case of the MIA, the responsibilities, for various roles to be finalised in clause 10 of this draft agreement, can be mutually agreed by the parties and recorded in writing in the column 3 of clause 10 of this draft agreement. In this case, column 4 of the clause 10 of this draft agreement would not be applicable. Similarly the billing and revenue settlement responsibilities shall also be agreed mutually as per clause 11 and 12 of this draft agreement respectively and recorded in writing in the agreement. No deletions, and or alteration would be permitted thereafter in MIA terms and conditions. However, the parties, through mutual agreement, may add certain additional terms and conditions subject to such terms and conditions does not dilute, override, and or alter the existing terms and conditions. In case of any conflict between the existing terms and conditions of the prescribed MIA, and new terms and

conditions added through mutual agreement by the parties; the existing terms and conditions of the prescribed MIA shall prevail.

10. The existing regulation and tariff orders applicable for DAS may also require suitable amendments to incorporate necessary provisions relating to Model and Standard Interconnection Agreements between the MSO and the LCO.
11. TRAI hereby initiates this consultation process for seeking comments and counter comments of stakeholders on a draft Model and Standard Interconnection Agreements between MSOs and LCOs. To better understand and appreciate the view point/ comment, the stakeholders are requested to provide justification for their view point's/ comments.