

May 17, 2010

Principal Advisor (I&FN)

Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg, Old Minto Road
New Delhi 110 002.

Sub : Response to consultation paper on Collocation Charges.

Dear Sir,

This is in reference to the Consultation Paper No.4/2010 on Collocation Charges issued by TRAI on 17th March 2010.

We hereby provide our point wise comments on the issues raised in the said Paper.

- 1. Give your comments on the procedure for making an application and subsequent provisioning of collocation indicating clearly the time lines for each activity and the centre of responsibility.**

In terms of the License Agreement executed by all operators with DoT to provide the access services to the general consumers, interconnection link between the two operators has been made mandatory. For the purposes of providing interconnection certain equipment has to be placed at the one operator's exchange by the other operator, so that the network of the both the operators could be interconnected with each other. The placing of the equipment at the other operators' exchange is a part and parcel of providing the service and is unavoidable.

The following procedure for provisioning of collocation may be adopted :

- a) Subsequent to the execution of interconnection agreement between the two operators, the operator desiring collocation may write to the other operator giving the details of collocation facility(ies) required, along with the justification of the same.**

- b) Such a request could be furnished in a specific form and the form must be prescribed by TRAI based on the inputs from service providers regarding the relevant details of the request.
- c) The form could contain information regarding:
- the equipment proposed to be installed
 - anticipated space requirement
 - power requirements
- d) The other operator who is required to provide Collocation facilities should, make available the facilities desired within a maximum of 30 days from the date of receipt of request.

2. Give reasons because of which request for collocation can be rejected by the collocation provider.

As mentioned above, the placing of the equipment at the other operators' exchange is a part and parcel of providing the service and is unavoidable, hence rejection of requests for collocation should be rare and the operator rejecting the same should provide detailed reasoning for such rejection.

Further, on such rare rejection, the operator must provide an alternate collocation arrangement, till the time within which these facilities would be made available by it.

3. Give reasons because which an ongoing collocation agreement can be terminated by the collocation provider.

We believe that any such Collocation arrangement must have a lock-in period which must be same as the period defined in the interconnection agreement. Further, such a Collocation arrangement may be terminated in circumstances, such as:

- i. Upon contravention of any applicable law, license, regulation or direction and interconnection agreement by either of the parties.
- ii. The Co-Location causes a physical or technical harm to the Network of collocating parties, including interference with the existing equipment.
- iii. Apart from the above, the collocation agreement can be terminated only after it is established by an independent third party like TRAI/DoT that such facilities are being misused.

4. Give your comments on the procedure of termination of collocation including the notice period that any party may give to the other party for termination of collocation agreement.

The procedure to be followed for termination of collocation could be similar to the procedure for termination of POI as per the interconnection agreement executed between the operators.

5. What measures can be taken to ensure transparent and non-discriminatory treatment in pricing and provisioning of collocation facility? Should these be mandatorily published on the providers' websites?

In this regard, we believe 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.....”

Therefore, in order to ensure transparency in pricing and provisioning of Collocation facility(ies), TRAI must prescribe the range or a band for the collocation charges based on the actual cost. This range or band for Collocation charges could be based on the cost involved on the basis of classification of cities. Based on the range or band as prescribed by TRAI, all operators must publish the charges (within the range specified by TRAI) on their websites.

6. How should a bay and a rack defined and what area they should be presumed to occupy?

AND

7. Should the charges be quoted on a consolidated basis per unit area or per rack/bay inclusive of all facilities or should they be segregated item wise ie separate charges for space, power maintenance etc?

a) The charges should be quoted on a consolidated basis which may include charges for space, power with backup facility and Air-conditioning.

b) In case there is no space constraint the charges should be on per rack basis. However, in case there is a space constraint, the charges should be on the per bay basis.

c) Further, the charges for Duct sharing (in case required) needs to be quoted separately.

d) Rack size should be 19“ and, one rack can house 4 bays.

- 8. What elements should be taken into consideration for costing collocation and what should be the costing methodology for calculation of various elements like**
- **Charges for space both in case of owned and rented buildings. Should the calculations be based on carpet area or super area?**
 - **Should the charges be based on market rent or any other criterion.**
 - **Electricity & miscellaneous charges**
 - **Charges for in-premises duct sharing**
 - **Charges for tower sharing (For the purpose of mounting of antenna for interconnect link)**
 - **Annual escalation for the charges**
 - **Charges for sharing of any other facility required for collocating equipment for interconnection**

AND

- 9. A common method of costing is based on directly attributable cost. If this method is used then what should be the reasonable return allowed?**

Generally, the collocation equipment is installed in the same room where most of the space is utilized for installation of the equipments by the other operator. Hence we believe that the key principle for pricing should be based on the assumption that the cost of the collocation is shared between the parties in the ratio of outgoing traffic after taking into account all the relevant costs as may be applicable. The common method of costing based on attributable cost may be applied.

- 10. Should there be a well defined criteria for allowing collocation provider to retain space for own need? Explain your answer.**

- a) Yes, there may be a well defined criteria for allowing collocation provider to retain space for own need. The criteria may be defined by TRAI in consultation with all the service providers.
- b) The space available with the collocation provider should be made available on the non-discriminatory basis to all operators.
- c) However, it is also essential that the collocation provider should have the freedom to define their own requirements, say upto a period of 3 months, before accepting request from seekers.

- 11. Should there be an option to the seeker for carrying out operation and maintenance (O&M) of the collocated equipment itself or through the collocation provider? In case O&M is done by seeker what should be the conditions for access to the premises while in case it is done by the provider what should be the criteria for charging for it?**

The aspect of O&M should be left to mutual agreement/ understanding between the interconnecting operators. In case there is a disagreement among the service providers, the terms defined by TRAI could be applicable.

12. What should be the criteria for determination collocation charges of passive links?

We believe that the criteria for determination of collocation charges for passive links should also be based on sharing the cost on the same ratio as other collocation charges are being shared.

13. Is there a justification for the collocation cost to be shared by both the seeker and the provider? If yes what should be the criteria used?

In this regard, we again believe it is pertinent to quote from the above quoted TDSAT Order, in Petition No.148 of 2005, dated 19th March 2007 as under :

To the extent that this infrastructure is also utilized by the Respondent for its outgoing traffic, TRAI may also see to what extent the costs need to be shared by the Respondent.

Yes, therefore, the fairest arrangement would be to share the cost of interconnection link on the basis of the capacity of the link utilized by each operator based on the outgoing traffic of each operator from the day one of the interconnection.

Further, each operator may decide and project the capacity of the link that it would require for handling its outgoing traffic, say in each next 1-2 years.

Thanking you,

Yours truly,
For **Loop Telecom Limited**

Harish Kapoor
Chief Regulatory Officer
Mob: 9711466789