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Comments / counter-comments to Consultation Paper on Captive VSAT CUG Policy issues

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Dear Sir,

This is in reference to "Consultation paper on Captive VSAT CUG Policy Issues."

In this regard, please find attached herewith our comments and also response to specific queries given in above paper.

Regards,

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अस्वीकृति :

यह संदेश संबोधित प्राप्तकर्ता के उपयोग हेतु है और इसमें कानूनन विशेषाधिकृत तथा गोपनीय जानकारी भी हो सकती है। यदि इस संदेश का पाठक सही प्राप्तकर्ता या कार्मिक या प्राप्तकर्ता तक संदेश पहुंचाने वाला संदेशवाहक नहीं है, तो आपको एतद् द्वारा आगाह किया जाता है कि इस सूचना का किसी भी प्रकार का प्रसार, वितरण या प्रतिलिपि तैयार करना निषिद्ध है। यदि यह संदेश आपको किसी त्रुटिवश मिला हो तो कृपया इस ई-मेल को नष्ट कर दें एवं इसकी सूचना तत्काल ई-मेल द्वारा admin_ongcmail@ongc.co.in पर दें।

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Response with Regard to Consultation Paper on Captive VSAT CUG Policy Issues

1. BACKGROUND

Maharatna Oil and Natural Gas Corporation Limited – A Government of India Public Sector undertaking is the largest producer of crude oil and natural gas in India, contributing around 70 per cent of Indian domestic production.

A flagship and an energy anchor to the nation, playing a pivotal role in building all the required infrastructure communication requirements and necessities to support the ever increasing needs from time to time.

In this respect, prior to the 90s pre-liberalisation, various satellite technology based communication requirements, as a government of India owned company and required communications networks i.e. basic terrestrial, satellite, microwave and every other need for safety security and operations communications infrastructure was required to be built by ONGC to meet the oilfield SCADA, control, monitoring, security, safety operational needs purely.

2. STATUTORY REQUIREMENTS: SATELLITE COMMUNICATION

Space Segment:

In order to set-up C-Band Satcom network, it is required to hire Space Segment from Department of Space (DoS), Govt. of India. The Space segment is limited and scarce and wait is long before such allocation is made. Waiting period from request for space segment to allocation is long, runs into years. As per DoS guidelines, space segment charges become payable from the date of allotment letter.

User is required to enter into Agreement with DoS, Govt. of India. As per the terms of agreement, user is required to make quarterly payment towards space segment allocated by DoS and also submit Bank Guarantee equivalent to quarterly space segment charges. Periodicity of agreement is short resulting in frequent signing of agreement.

Suggestion:

1. Space segment charges should become payable from the date of NOCC clearance for up-linking rather than from date of allotment letter. However, Bank Guaranty may be made mandatory requirement for issuing allotment letter.
2. Periodicity of agreement with DoS may be extended e.g. 2, 3 or 5years in case requirement is long term to avoid frequent agreement execution.

Network Permission:

Permission from DS-Cell, Department of Telecommunication (DoT), Ministry of Communication & IT, Govt. of India is required for setting up Satcom Network. User is required to submit application with proposed network details, technology details etc. Since the network is dependent upon Space Segment, this application can normally be submitted once the space segment is allocated by DoS.

Suggestion:

There is processing time at DoT end before network approval is accorded. There should be time limit from receipt of application to network approval since user is already making

payments to DoS for Space segment for the period when space segment has not been put to use.

WPC/ NOCC/ SACFA Approval:

Subsequent to Network approval user is required to approach WPC for frequency allocation/ approval (AIP)/ SACFA Clearance, NOCC Carrier Plan approval etc. There is delay in getting individual approvals while user is already incurring space segment charges from date of allotment by DoS. These approvals are essential for import, deployment/ operation of Captive network. A considerable time is required to establish captive network as it involves tendering process, installation, testing and commissioning of individual satcom equipment/ system.

Any delay in issue of any of these approval results in additional burden towards space segment, Royalty/ Licence towards network permission etc.

Further, It is also observed that there is processing delay between date of making payment against LOI and issue of AIP. Further, the Royalty/License charges become payable from date of LOI resulting in user making payment for the delayed period/ period of execution of Satcom network.

Suggestion:

The overall delay can be reduced by having a single window clearance for Network Permission, SACFA, WPC Approvals(AIP), import license, NOCC Carrier Plan approval etc. with cap on maximum processing time say 90 days. Further, the date of applicability of Royalty/ Licence fee to WPC can be made applicable from date of NOCC testing/ approval.

Calculation of Royalty/ License Charges:

We as a user have concern with regard to calculation methodology adopted by WPC while calculating the royalty charges for VSAT networks. The methodology adopted seems to be not in line with the relevant order on Revised Royalty Charges.

There is substantial difference between the Royalty charges payable as calculated by users and WPC. It is suggested that the methodology of calculation of Royalty charges should be revisited and clearly brought out in the relevant order to bring out clarity.

Charges towards 2nd Hub:

Maintaining captive Satellite network involves huge expenditure. ONGC has setup captive network for enabling operations which are critical to country's initiatives towards energy security. Criticality of operations warrants deployment of 2nd Hub for continuity of communication at distant locations including offshore.

2nd Hub is primarily a contingent measure to ensure continuity of communication during disaster situation at main Hub. It is felt that there should not be any charge for 2nd Hub for the captive network like ONGC.

It is also suggested that DoS/ ISRO may be approached for setting up captive Satcom network capable of catering to the needs of Government organisations. The service/maintenance/ coordination with user may be carried out by DoS/ ISRO or by an agency deputed by DoS/ ISRO. The user may be allocated communication facility at the

desired location for which suitable charges can be worked out. This will eliminate duplicity/ multiple deployment thereby saving of Government money.

It is observed that the process, applications filing and various clearances presently are time consuming, too cumbersome and many a times deadlocked due to ambiguity in rules with respect to permissions for the offshore oilfield requirements. It is also observed that there is no provision in the online filing process for accommodating maritime/ at-sea locations.

3. Para wise specific response is as under:

- A1. In view of above, it is felt, that maintaining CUG Satellite network(s) for non-commercial use is capital intensive and since the 2nd Hub, if deployed, is purely as a redundant disaster recovery purpose and charges may not be levied. (Being used only and only as hot standby as an alternate only on shutdown/maintenance/failure of the first hub and at no point of time both will be in operation). As a PSU only a nominal fee say Rs.1000.00/- can be charged for the redundant hub. No royalty may be levied.
- A2. It is suggested to have a fees and royalty structure at a minimal cost without need for bank guarantee for Govt. organization such as ONGC to meet requirements of all agencies involved in allocation of space segment, Network approval, SACFA, WPC, NOCC etc. Currently user is required to make payments towards space segment as well as License/ Royalty charges to WPC therefore it is suggested that the payment towards space segment may be deducted from the Royalty/ License Fee or a single charge may be levied for space segment as well as Royalty/ License charges.
- A3. Approvals, permissions, timelines need to be reduced to service every business model for the best growth with adequate safety and security concerns duly addressed. A single window approach with a period of maximum 90 days from date of application may be considered till issuing of AIP for CUG network(starting from network approval to issuing AIP). Provision be made such that application can be submitted only after DoS/ ISRO has agreed in principle to allocate desired transponder i.e. C, Ext. C, Ku, Ka etc. It is also suggested that Space segment charges should become payable from the date of NOCC clearance for up-linking rather than from date of allotment letter. However, Bank Guaranty may be made mandatory requirement for issuing allotment letter.
- A4. ONGC being a government of India PSU, as a CUG Captive network user has deployed network for not-for-profit, non-commercial use, for safety, security for the coast guard and various agencies and to meet operational working needs for the oilfield industry and in tune with the best technology standards. Accordingly the allocated spectrum should be categorized into “not for profit communications spectrum” and be charged at lower administrative rates.
- Considering the execution time of around 12 months in setting up CUG network, it is suggested that Royalty/ License fee may become payable after 12months from date of AIP. Alternately, a nominal Royalty/ License charges may become payable for a period of 12 months from date of AIP beyond which normal Royalty/ License fee becomes payable.