

## **COMMENTS ON TRAI CONSULTATION PAPER No 18/2012**

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*Issues related to amendments related to Interconnection Regulations applicable to Digital Addressable Cable TV Systems and Tariff Order applicable for Addressable Systems*

### **Amplification on Connotation and Amendments Necessary**

Technically the connotation 'CHANNEL' as referred in context of content and networking terminology needs to be revised. In networking, channel pertains to a 7 MHz wide slot in 47-300 MHz space on 47-862 MHz spectrum in use in CATV networks or an 8 MHz wide slot in 301-862 space on the same 47-862 MHz spectrum in use in CATV networks. The number of channels in the 47-862 MHz spectrum totals up to 106 channels. In Analog cabled transmissions, each broadcast content from broadcaster occupied one channel space in transporting that content, i.e. a program. Thus program got synonymous with channel. In DAS, channel spacing and count remains the same due to technical compulsions, i.e. 7 or 8 MHz wide channels totaling up to 106 channels. But, in each channel space of 7 or 8 MHz spectrum space, depending upon compression ratio, 10 to 22 programs can be co-located as tabulated in the Program Allocation Table(PAT) prepared at the Headend, duly labeled for SMS to identify and enable or disable viewing selectively and remotely. Therefore, need arises to correctly address 'Channel' and 'Program'. In these comments the same shall be so addressed.

It must be understood that in wireline broadcast spectrum of 47-862 MHz, channels are only 106. Term channel pertains more to transportation network than the Headend. Hence dictating enhancement of networks to upgrade to 500 Channels was **technically absurd**.

### **Issues for Consultation In Consultation Paper no 18/2012**

#### **A. Issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems.**

##### ***Carriage fee***

(1) Whether the following proviso should be introduced in the clause 3(2) of the interconnection regulations for DAS and the clause 3(5) of interconnection Regulation for DAS should be deleted. "provided that the provisions of this sub-regulation shall not apply in the case of a multi-system operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform."

(2) If no, the reasons thereof.

Suggested answer is 'NO'!

The Broadcaster, FTA or PAY TV, is in the business of getting their content transported to the TV screens of end viewer. They can select the transmission modes of satellite casting including DTH, terrestrial telecasting or wireline broadcasting.

When satellite mode is used, transponder fee is payable by the broadcaster for transporting the content to the Satellite Operator. On similar ground carriage fee should be payable to agencies which erect the network for content to reach end viewer's TV set as 'transportation charges'. In analog wireline networks, due to incorrect spacing of poor quality amplifiers and passives, all programs were not equally clear on the end TV sets. The broadcast content carried

advertisements too for which the broadcaster committed eyeballs reach to the advertiser against payments. Hence, broadcaster wanted placement in channel mapping of Headend Service Provider(HSP), i.e. PAT, so that the content was in reasonably clear visibility zone of the network at the farthest end of the network i.e. Customer Premises. While PAY TV broadcasters kept increasing their charges arbitrarily, on alleged under-declaration of connectivity (70 to 80%) the subscriptions paid by end users were NOT rising in similar proportions. The imbalance was compensated by under-declaration by Cable Operator and levy of Carriage fee by the HSP. Thus carriage fee became a natural outcome of indiscriminate pricing of content by PAY TV broadcasters. The practice materialized as a counter-poise and hence is justified.

DAS offers a better clear visibility zone on the existing state of the last mile, which is NOT being improved. Hence in the short term as compressed signals are transported in 47-550 MHz space in 64 QAM/MPEG-2 format, the constraint of over pricing due to alleged under declaration may NOT be maintainable now.

As more programs get licensed and would seek to be transported, higher channel slots shall have to be used. Then it will be a group of programs slotted in the PAT will be affected. Hence carriage fee, for clear visibility shall continue to prevail.

From business point of view, therefore, this aspect should remain a matter of negotiation between Broadcaster and the HSP.

#### ***Minimum Channel Carrying Capacity of 500 Channels for MSOs***

(3) Whether there is a need to specify certain minimum channel carrying capacity for the MSOs in the interconnection regulations for DAS.

**NO!**

(4) If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.

#### ***Placement Fee***

(5) Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.

As explained earlier, placement is a matter of positioning in the PAT prepared by the HSP. In the analog regime this was in relation to intelligible visibility zone in the remotest last mile. Some broadcasters, in DAS regime, may desire their content to be visible in fancy/easily remembered program numbers such as 555 or 777 and so on. For such preferential positioning in the PAT a fee should be payable.

### **B. Issues related to amendments to the Tariff Order applicable for Addressable Systems.**

#### ***Twin conditions at retail level***

(6) The stakeholders are requested offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s).

“ a. The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value # of the pay channel in the bouquet;

b. The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.

# **ascribed value** of a pay channels in a bouquet is calculated in the following manner:

1. Proportionate Bouquet Rate for pay channels [A]=  
Bouquet Rate x (Sum of a la carte rate of Pay channels)/(Sum of a la carte rate of Pay channels+ Total no of FTA channels x factor\*)
2. Ascribed value of a pay channel in a bouquet = [A] x a-la-carte rate of a pay channel/ (sum of a-la-carte rate of all the pay channels)  
\*factor=1 if uniform rate of free-to-air channel is less than or equal to Rupees three. The factor = uniform rate of free-to-air channel/ 3, if the uniform rate of free-to- air channel is greater than Rupees three.”

The stakeholders are also welcome to submit any other formulation that can achieve the same objective, along with its justification.

For uniformity, at national level, MRP per subscriber per month should be specified by TRAI, like fixed for CAS (Rs 5/- per subscriber per month), chargeable on average viewing subscriber in the SMS in the invoices raised on the HSP. These rates should be publicized on web sites of broadcasters as well as TRAI. In addition these should be visible on information channel in the EPG of the HSP for the subscriber. The bundled rates should be left to the business economics of the HSP. The essence of ‘reasonableness’ shall be visible in transparency to the end viewer.

#### ***Minimum Subscription Period***

(7) The stakeholders are requested to offer the comments, if any, on the, proposed deletion of the word „pay” in clause 6 and 6(2) of the principal tariff order dated 21.07.2010

Yes!

The practices such as compulsory subscription for six months, like in case of sports channels on DTH, should be prohibited and removed. If sports content is deemed costlier, impulse rates per day basis should be adopted. Accounting is feasible in the SMS.

#### ***Freedom to choose the channel(s) on a-la-carte and/or bouquet(s)***

(8) The stakeholders are requested to offer their comments, if any, on the proposed inclusion of the following provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.

“It shall be open to the subscriber of the addressable systems to subscribe to one or more pay channel or only free to air channels or only pay channels or pay channels and free to air channels.”

In order to provide for basic wireline networking cost (RoW expenses, replacement/repair of distribution equipment and OPEX of HSP) BST at a fixed price, Rs 100/- per month per subscriber at present, needs to be mandated. FTA should include all ‘must carry’ dictates for Prasar Bharati content. Within this price, subscriber can select 100 FTA programs on ‘a-la-carte’ basis. Provisioning should be made for per program, per subscriber per month charge to be levied for FTA too.

For PAY content, minimum charge, even if one channel is ordered should be Rs 150/-, as at present. Within this group of programs ‘a-la-carte’ selection at promulgated rates should be allowed. However, when the aggregate price of ordered content exceeds Rs 150/- additional charges should be leviable.

Therefore, ‘It shall be obligatory for the subscriber of addressable system to subscribe to BST, priced at Rs 100/- per month per STB comprising of 100 FTA programs (selected on ‘ala-carte rates) or more if desired in excess of 100 programs and to be so reflected in itemized billing. Further, PAY TV content should be made available on minimum rate of Rs 150/- per STB with provision that if the programs selected on ‘a-la-carte’ basis exceed this figure of Rs 150/- per STB per month, then such excess amounts shall be payable in addition to the figure of Rs 150/- per STB per month and to be reflected in itemized bills to be generated. The subscriber should be

allowed a promulgated number of changes to the ordered content selection in any month providing that changes would take effect only in the next billing month.

**The emphasis should remain on subscribing to BST @Rs 100/- per STB mandatory and PAY TV content on a minimum of Rs 150/- p.m. per STB. The subscriber must subscribe to BST (100 programs as HSPs bouquet or selectable 'a-la-carte') to get connected on the SMS and then have the choice of PAY TV content additionally on a minimum charge of Rs 150/- per STB per month with specific provision that the suggested subscription of Rs 150/- is only limited by aggregated 'a-la-carte' accruals at promulgated rates, which if exceeded in the content ordered, shall be payable in addition.**

*Offerings of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels etc.*

(9) Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialised STB.

DAS legislation was drafted in the spirit of TRAI recommendations on re-, structuring of Cable TV networks 2008. This envisaged vanilla STBs if introduced for masses. In future, if bi-directionality is achieved in CATV networks and VAS is introduced, HD and 3D viewing actions for selected viewers will be a reality. Since bandwidth as a commodity will be scarce. Hence, to be fair to the subscribers, with compatible STBs for such services, rates should be different but promulgated for viewer to select and pay accordingly.