

VIL/LT/20-21/052
3rd June 2020

**Shri. Syed Tausif Abbas,
Advisor (Networks, Spectrum and Licensing)**

Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg, Old Minto Road
New Delhi-110002

Subject : Vodafone Idea's Response to Consultation Paper on Methodology of applying SUC under the weighted average method of SUC assessment, in cases of Spectrum Sharing

Reference : Consultation Paper on Methodology of applying SUC under the weighted average method of SUC assessment, in cases of Spectrum Sharing dated 22nd April 2020

Dear Sir,

This is in reference to the consultation issued by the Authority.

Please find enclosed our response to the issues raised in the Consultation Paper on Methodology of applying SUC under the weighted average method of SUC assessment, in cases of Spectrum Sharing dated 22nd April 2020.

We hope that our submissions will merit your kind support & consideration.

Thanking you

Warm Regards

For **Vodafone Idea Limited**



P. Balaji
Chief Regulatory and Corporate Affairs Officer
Vodafone Idea Limited

Vodafone Idea Limited (formerly Idea Cellular Limited)
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Vodafone Idea's Response to TRAI's Consultation Paper on Methodology of applying SUC under the weighted average method of SUC assessment, in cases of Spectrum Sharing dated 22nd April 2020

Q1. Do you agree that as per the existing Spectrum-Sharing Guidelines dated 24th September 2015, post sharing of spectrum, increment of 0.5% on SUC rate should apply on the spectrum holding in specific band in which sharing is taking place and not on the entire spectrum holding (all bands) of the TSPs. Please justify your answer.

Response:

We feel that increment on SUC rate should apply on the spectrum holding in specific band in which sharing is taking place and not on the entire spectrum holding (all bands) of the TSPs.

In case it is an interpretation issue then together with Spectrum Sharing Guidelines the documents such as TRAI's recommendations, DoT's reference and TRAI's response need to be considered.

Q2. Do you think that increment in SUC rate is a deterrent for TSPs in entering into spectrum-sharing arrangements? Further, do you also think that in order to facilitate the spectrum sharing, there should not be any increment in SUC rate post sharing of spectrum? Please justify your answer.

Response:

- a) Increment in SUC rate due to sharing is applicable on both the sharing TSPs. Spectrum sharing as such results in overall network and spectrum efficiency. However, the cost increase is on account of increment in SUC. To that extent an increment in SUC is a deterrent. This is particularly so in the present scenario where revenues are under pressure and have declined substantially despite network optimization and adoption of various efficient measures. In current financial position of operators having losses, any such increment in cost is a deterrent.
- b) Spectrum Usage Charges form a substantial cost of operators considering that spectrum is already bought in auction and SUC rates are high. SUC is ideally an administrative charge, payable to the Government towards the administrative cost for management of spectrum. In India SUC rates are very high and TRAI has many times recommended decrease in SUC rates across all auctioned spectrum. On the same principle that SUC is an administrative charge, there should not be any increment in SUC rate post sharing of spectrum or if at all, it should be nominal to cater to additional administration costs due to sharing.
- c) There is a significant difference of cost of spectrum to different operators. Even in SUC, there is a significant difference in rates of operators and overall SUC charge plays a role in determining cost efficiency of the operator and on its financials.

The SUC rates between operators being different, itself is a deterrent factor in spectrum sharing. To illustrate, a sample of comparative SUC rates of operators (without increment of 0.5% due to sharing, which is applicable on one operator) are shown below:

SUC %age (Does not include 0.5% increment in case of sharing wrt an operator)				Maximum Difference in SUC%
LSA	Operator 1	Operator 2	Operator 3	
A	4.8%	4.5%	3.3%	1.5%
B	3.8%	5.3%	3.4%	1.9%
C	3.6%	4.4%	3.5%	0.9%
D	5%	4.5%	3%	2%

The operators who are paying higher rates of SUC are already at disadvantage on SUC Costs. The SUC cost being substantial in nature, the rate difference is major factor in cost to serve of different operators. An operator having higher SUC will have no incentive to share spectrum, if there is further increment in the SUC rate because of sharing which may mean incremental loss in current situation of financial stress and ongoing losses.

Thus it is submitted that the Authority must reiterate aligning the overall SUC levy with the administrative role that Government plays in the framework of spectrum management. Within such reiteration, removal / reduction in the 0.5% increment in the SUC rate on sharing can also be included.

Q3. What other changes are required in the Spectrum-Sharing Guidelines to facilitate spectrum sharing? Please provide detailed explanation and justification for your suggestions.

&:

Q4. If there are any other issues/suggestions relevant to the subject, stakeholders may submit the same with proper explanation and justification.

Response:

- a) Spectrum Sharing Guidelines should meet the objective that specific frequencies in a given band are being used by two operators. The condition that spectrum being used by both TSPs post sharing should be the key criteria. If this criteria is not met then spectrum sharing is not there.

With the above fundamental principle being followed, we submit that Spectrum Sharing should further be permitted even where both the licensees have spectrum in different bands, with the condition that shared spectrum must be used by both TSPs post sharing.

- b) The SUC rates between operators are very high and are also significantly different operator wise. To illustrate, a sample of comparative SUC rates of operators (without increment of 0.5% due to sharing, which is applicable on one operator) are shown below:

SUC %age (Does not include 0.5% increment in case of sharing wrt an operator)				Maximum Difference in SUC%
LSA	Operator 1	Operator 2	Operator 3	
A	4.8%	4.5%	3.3%	1.5%
B	3.8%	5.3%	3.4%	1.9%
C	3.6%	4.4%	3.5%	0.9%
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The operators who are paying higher rates of SUC are already at disadvantage on SUC Costs. The SUC cost being substantial in nature, the rate difference is major factor in cost to serve of different operators. An operator having higher SUC will have no incentive to share spectrum, if there is further increment in the SUC rate because of sharing which, in current situation of financial stress and ongoing losses, may mean incremental loss.

Thus it is submitted that the Authority must reiterate aligning the overall SUC levy with the administrative role that Government plays in the framework of spectrum management.