

May 2012

# TRAI TARIFF ORDER & INTERCONNECTION REGULATIONS FOR DIGITAL ADDRESSABLE CABLE TV SYSTEMS

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On 30th April , 2012, TRAI declared the Interconnection and Tariff regulations for DAS, viz:

1. The Telecommunication (Broadcasting And Cable Services) Interconnection (Digital Addressable Cable Television Systems) Regulations, 2012 No. 9 Of 2012
2. The Telecommunication (Broadcasting And Cable) Services (Fourth) (Addressable Systems) Tariff (First Amendment) Order, 2012 (No. 3 Of 2012)

We summarise below some of the salient features:

## **DEFINITIONS**

### **CABLE OPERATOR**

"Cable Operator" means any person who provides cable service through a cable television network or otherwise controls or is responsible for the management and operation of a cable television network and fulfils the prescribed eligibility criteria and conditions.

### **CABLE SERVICE**

"Cable Service" means the transmission by cables of programmes including re-transmission by cables of any broadcast television signals.

### **PAY CHANNEL**

"Pay Channel", in respect of a digital addressable system, means a channel for which subscription fees are to be paid to the broadcaster by multi-system operator or DTH.

It is interesting to note that under the earlier CAS regime, a Pay channel was defined as a channel for which the subscriber pays. The new definition does not involve the consumer.

### **LCO'S ROLE**

Under DAS, there is no distinction between a Cable Operator & an LCO. Similarly, there is no distinction between a Cable TV Headend and a MSO.

Under DAS, the Cable Operator is not allowed to download any (even FTA) channels.

In CAS the FTA channels were downlinked by LCO and distributed whereas in DAS all channels, including FTA channels, are downlinked, encrypted and distributed by the MSO only.

***Only MSOs Can Downlink Channels***

### **BASIC TIER**

Since the consumer is required to pay for FTA channels, the concept of a Basic Service Tier (BST) has been introduced.

- The BST is priced at Rs. 100 Max (+taxes) per month.
- The BST must have atleast 100 FTA Channels
- The BST must contain atleast 5 channels of each genre: News, Infotainment, Sports, Kids, Music, Lifestyle, Movies and General Entertainment in Hindi, English & the local regional language.
- BST to also carry 18 Doordarshan Channels + The Lok Sabha Channel.

Further :

- It is Not Compulsory For the consumer to subscribe to the BST
- The consumer can select his own 100 FTA channel BST.

### **MINIMUM PAY TV PACKAGE**

The consumer can subscribe to Pay channels, without taking the BST.

- ♣ MSO can fix a minimum monthly Pay subscription not exceeding Rs. 150.

***A Pay Channel Package Will Cost Atleast Rs. 150 Per Month***

### **PAY CHANNEL TARIFFS**

The TRAI's earlier mandate for digital carriage (DTH, IPTV, HITS and now DAS) remains unchanged. A broadcaster can charge a maximum of 42% of the analog CATV rate.

### **A-LA-CARTE & BOUQUET PRICES**

MSOs can fix the retail tariff for a-la-carte and channel bouquets.

However, as specified earlier by the TRAI for addressable platforms:

- ♣ The sum of the a-la-carte channel rates cannot exceed 1.5 times the bouquet price.

- ♣ Also, the A-la-carte rate of any channel shall not exceed 3 times the average channel rate of the bouquet.

### **MINIMUM 500 CHANNELS**

The I&B ministry has licensed 831 Channels as on 6 March 2012, and the number is growing.

The TRAI has conducted a detailed analysis indicating that there are a max of 473 channels relevant to any state (Andhra Pradesh). In addition there are 18 DD channels + the Lok Sabha channel. Hence the TRAI has mandated that all Digital CATV headends must carry atleast 500 channels.

***All Digital Headends Must Carry Atleast 500 Channels***

To ensure smooth transition, the TRAI has mandated:

- ♣ MSOs to carry a minimum of 500 channels from 1 Jan 2013.
- ♣ MSOs with less than 25,000 subs have time upto 1 March 2013.
- ♣ In DAS Phase-1, every MSO should have at least 200 channels on 1st July, 2012.

### **NETWORK QUALIFICATION**

Every MSO when seeking interconnection with the broadcaster, must ensure that the DAS CATV network meets the requirements specified in Schedule-1.

If the broadcaster finds that the DAS system does not meet the requirements, the MSO must get its CATV network audited by M/s. Broadcast Engineering Consultants India Ltd., who's decision will be final.

### **MUST PROVIDE**

Only those MSOs that have the requisite capacity, as mentioned above, demand 'Must Provide' from broadcasters.

### **DECLARED & UNIFORM CARRIAGE FEES**

Broadcaster lobbied hard with the TRAI to eliminate Carriage Fees charged by Headends. However, Headends actually incur capital and running costs to deliver each channel on their network.

***MSOs Can Declare Their Own Carriage Fee***

Accepting this, the TRAI has mandated that:

- ♣ Every MSO may fix their Carriage Fee. Every MSO may fix their Carriage Fee.
- ♣ Carriage Fee may be charged on any channel that the MSO has not asked for, under "Must Provide."
- ♣ The Carriage Fee Cannot be increased for 2 years.

The TRAI may intervene if the carriage fee is unreasonable.

### **"MUST CARRY" CHANNELS**

As a reciprocal clause to the TRAI's earlier "Must Provide" mandate, broadcasters, particularly News Channel pushed for a "Must Carry" mandate for FTA channels.

The TRAI has mandated that every MSO must, within 60 days of receipt of request from a broadcaster or its authorised agent or intermediary, provide on non-discriminatory basis, access to its network or convey the reasons for rejection of request to such broadcaster.

It shall not be mandatory for a MSO to carry the channel if the channel is not in regional language of the region, or in Hindi or English, and in such case if the broadcaster is not willing to pay the uniform carriage fee published by the MSO in its Reference Interconnect Offer.

### **ONLY POPULAR PAY CHANNELS**

The "Must Carry" provision shall not be mandatory for MSOs, for a period of the next 1 year from the date of discontinuation of the channel, if the subscription for that particular channel, in the last preceding 6 months is less than or equal to 5%.

### **NO DEMANDED PLACEMENT**

Broadcasters cannot insist on placement of their channel in a particular slot as a precondition for providing signals.

Similarly, an MSO cannot insist on placing a particular broadcaster's channel in a particular slot or bouquet, when approached under "Must Carry."

### **PAY & FTA SWITCHES**

A channel once declared FTA or Pay shall remain such, for at least a period of 1 year.

To switch, the channel must provide atleast a 1 month notice to the TRAI ad ads in 2 local newspapers, of which one shall be in the regional language of the area.

### **MSO-LCO REVENUE SHARE**

The July 2010 Tariff Order provides that revenue share between the MSO & LCO shall be based on mutual negotiations. The TRAI has now prescribed that in case the mutual negotiations fail, the revenue share shall be:

- ♣ 55:45 (MSO: LCO) for BST or FTA channels.
- ♣ 65:35 (MSO: LCO) Pay channels & their bouquets

This applies to all digital platforms including HITS & IPTV.

***LCOs Receive About 40% Of FTA + Pay Revenue Share***

### **REFERENCE INTERCONNECTION OFFER**

General Provisions relating to Reference Interconnection Offer (RIO):

- ♣ Every broadcaster shall, within 30 days, submit to the TRAI its RIO specifying the terms & conditions publish it on its website.
- ♣ A broadcaster may submit different RIOs for different types of digital addressable system.

### **RIO FOR HOTELS**

A broadcaster may specify different RIOs for supply of signals by MSOs to different categories of commercial subscribers viz:

- Hotels with rating of 3 stars & above;
- Heritage hotels
- any other hotel, motel, inn and other commercial establishments providing boarding & lodging with 50 rooms or more.

### **RIO FOR SPECIAL EVENTS**

A broadcaster may also specify different RIOs for programmes telecast on the occasion of special events and viewed on payment basis by 50 persons or more at a place

The RIO applicable for ordinary subscribers shall also apply for the commercial subscribers other than those specified in this sub-regulation.

### **NEGOTIATED RATE & RIO OPTIONS FOR MSO**

Every broadcaster shall give an option to all MSOs to enter into an agreement in as per the revised RIO or continue with the existing agreement.

A broadcaster must provide a minimum 30 days notice to MSOs to modify its RIO.

The RIO between MSOs and Cable Operators must specify the details of various services rendered by the local cable operator & MSO and the applicable charges.

### **COMPULSORY A-LA-CARTE BY B'CASTERS**

Every broadcaster must offer all its channels to MSOs on a-la-carte. It may also offer bouquets of its channels.

The broadcaster cannot compel any MSO to include its channels or bouquet in any package or scheme offered by the MSO.

### **MINIMUM GUARANTEE ILLEGAL**

No service provider shall demand from any other service provider a minimum guaranteed amount as subscription fee for channels provided.

### **3 WEEKS DISCONNECT NOTICE**

Broadcasters, MSO and Cable Operators must provide atleast 3 weeks notice, prior to a disconnection of signals. They must also clearly specify the reasons for the proposed disconnection.

The 3 week period will begin after the publication of the notice in 2 local newspapers of which one must be in the local language.