Cable Landing Stations

Building, Structuring, Negotiating and Risk
What does a Cable Landing Station do?

- Terminates an international cable or spur off an international cable.
- Provides powering for the cable or spur
- Provides a location for the Submarine Line Terminating Equipment (SLTE)
- Provides a location for domestic and/or International interconnection
Who owns a Cable Landing Station?

• CLS’s are generally owned by a Landing Party who is the sole provider of operations and maintenance services to a cable company.
• The Landing Party will build and own the CLS, as well as other civil works such as ductlines to the Beach Manhole (fronthaul) and backup power system.
• The Landing Party may be a local telecommunications company, a group of local companies, the submarine cable operator, or a special private company.
What are the obligations of a CLS owner?

• To ensure that appropriate permits and licences are obtained, renewed and complied with (initial and ongoing).
• To build, maintain and operate the facilities against given performance metrics.
• To provide interconnection facilities (domestic and/or other int’l cables).
What are the risks of being a CLS owner?

• To ensure that the fees for operating and maintaining the CLS cover your capital recovery and operational costs over the life of the CLS.

• You may become a “target” for the government, for the regulator, other telcos or other submarine cable companies.

• You may be exposed to large, one-off, rare costs (e.g. Destruction of facilities due to earthquake, tsunami, hurricane; or spur cable break (if you also own the spur)).

• You are generally responsible for acquiring licences and permits and keeping them up to date.
What are the benefits of being a CLS owner?

• Regular, reliable monthly income (as long as the cable company remains viable).
• You are the “guardian” of your country’s global interconnection.
• Opportunity for interconnection income
• Opportunity for becoming termination point for additional submarine cables (cheaper to use you, than build another facility, if yours has expandability)
Negotiations

• Understand your costs to maintain and operate and ensure agreed price provides a margin.
• Understand what you are being asked to deliver – Is it doable? (floor space, power, hands and feet, duct route, BMH, cross connects, training, travel to mtgs or training)
• Ensure that costs that you may have no control over are an actual or reasonable recovery cost rather than a fixed fee (eg Utilities such as power/water/fuel).
• Determine your capital cost recovery period – 5 years, 10 years, 15 years
• Determine the skill sets required (and the training offered). Is it feasible?
Negotiations cont’d

• If you are capital constrained, can you negotiate design criteria for the building or the security etc?
• Does the cable company want to limit your future commercial options?
• Does the location make sense for backhaul and fronthaul connection.
• Can you design in room for growth for additional future connections. Are those potential future connections allowed and/or priced in your agreement?
• Is the contract with the cable company able to be novated if the cable company changes hands?
• Get experienced advice!
Pricing

• How long is a piece of string?
• Minimum annual payments to operate a low risk CLS, on an unpowered spur with no PFE and very close to the landing point ~$20,000 USD per annum
• Annual payments for an Australian critical centre with large PFE demands and significant international and domestic Xconnects – up to $400,000+ USD per annum
• Access to a monopoly protected existing site (no alternative) – the sky is the limit Think about this before committing to building the cable!
Summary

• You are making a 15 – 30 year commitment and providing infrastructure and a service that is often critical to your countries wellbeing.
• Don’t take shortcuts.
• Check the design
• Check the contracts
• Commit to your staff and their training
Thanks