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List of Abbreviations

Abbreviation	Full Form
AAI	Airports Authority of India
ACS	Annual Compliance Statement
AERA	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
ATP	Annual Tariff Proposal
AUCC	Airport Users Consultative Committee
BPCL	Bharat Petroleum Corporation Limited
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CGF	Cargo, Ground Handling & Fuel Throughput
DCF	Discounted Cash Flow
DDF	Dirt Defence Filters
FRoR	Fair Rate of Return
CSMIA	Chhatrapati Shivaji Maharaj International Airport
GoI	Government of India
GST	Goods and Services Tax
HD	Hydrant Dispensers
HPCL	Hindustan Petroleum Corporation Limited
IOCL	Indian Oil Corporation Limited
IOSPL	IndianOil Skytanking Private Limited
JIG	Joint Inspection Group
KL	Kiloliter
MAFFFPL	Mumbai Aviation Fuel Farm Facility Private Limited
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
OMCs	Oil-Marketing Companies
OPEX	Operating Expenditure
RAB	Regulatory Asset Base
RF	Re-fullers
ST	Skytanking Holding GmbH, Germany
UDF	User Development Fees
YOY	Year on Year
YPU	Yield Per Unit



CHAPTER 1. INTRODUCTION

1.1 Profile of the Service Provider

1.1.1 IndianOil Skytanking Private Limited (IOSPL) is a Joint Venture of Indian Oil Corporation Limited (IOCL) and M/s Skytanking Holding GmbH, Germany (ST) with 50:50 equity participation. IOSPL was incorporated on 21st August 2006 and involved in implementing Open Access Model in Fuel Farm Operations and Single Man Refueling in India.

1.1.2 IndianOil Skytanking Private Limited (IOSPL) is in the business of handling Jet Fuel for Airlines on behalf of the suppliers and commenced Into Plane Services w.e.f. 1st January, 2015 at Chhatrapati Shivaji International Airport (CSMIA), Mumbai.

1.1.3 IOSPL, Mumbai has submitted the “Business plan for Mumbai ITP Services” for FY 2021-22 to FY 2025-26. As per the Business Plan, IOSPL, Mumbai has following Re-fueling Equipment as on 31st March, 2021:

Table 1 : Technical Details of IOSPL, Mumbai

Refuelling Equipments	Nos.
Aircraft Hydrant Dispensers	17
Aircraft Refuellers	11
Total	28

1.1.4 The Sub-Concession Agreement between IOSPL and MAFFFL for providing ITP Services at Mumbai was executed on 31st October 2014 for a period of 10 years and is valid up to 30th October 2024.

1.1.5 M/s Indian Oil Skytanking Private Limited (IOSPL), Mumbai submitted on 1st December 2020, the Multi-Year Tariff Proposal for the 3rd Control Period (01.10.2021 to 30.10.2024) under the Light Touch Approach as the concession term of IOSPL, Mumbai is valid till 30th October 2024.

1.2 Background of the Tariff Determination Exercise

1.2.1 AERA vide Order No. 12/2015-16 dated 27th May 2015 determined the tariff of Into Plane Services provided by M/s Indian Oil Skytanking Private Limited (IOSPL) at CSMI Airport, Mumbai effective from 1st January 2015 for FY 2015-16 for the 1st Control Period.

1.2.2 The Authority vide its Order No.50/2015-16 dated 31.03.2016 and Order No. 11/2016-17 dated 29.09.2016 extended the levy of tariffs applicable as on 31.03.2016 up to 31.03.2017 or till the determination of tariffs for the 2nd Control Period, whichever is earlier. The Authority vide its Order no. 19/2016-17 dated 31.03.2017 extended the levy of tariffs applicable as on 31.03.2016 up to 31.09.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order no. 12/2017-18 dated 29.09.2017 has further extended the levy of tariffs applicable as on 31.03.2016, for a further period of six months w.e.f. 01.10.2017 or till the determination of tariffs for the Second Control period, whichever is earlier.

- 1.2.3 Subsequently, AERA vide Order No. 28/2017-18 dated 8th December 2017 has decided to allow IOSPL to continue the levy of tariffs existing as on 31.03.2016 for FY 2016-17 of Second Control Period and also determined the tariff under Light Touch Approach for Into Plane Services effective from 01.01.2018 for FY 2017-18 and FY 2018-19 for the Second Control Period.
- 1.2.4 The tariff for the remaining two years i.e., 4th tariff year (FY 2019-20) and 5th tariff year (FY 2020-21) of the Second Control Period, AERA has decided to maintain/continue levy of tariff existing as on 31.03.2019 for Into Plane Services offered at CSI Airport, Mumbai which is valid till 31.03.2021 (Order No. 01/2019-20 dated 01.04.2019).
- 1.2.5 Further, the Authority vide its Order No.67/2020-21 dated 25.03.2021, extended the same tariff up to 30.09.2021 or till the determination of tariff for 3rd Control Period, whichever is earlier.

1.3 **Steps involved in Determination of Tariff for IOSPL, Mumbai**

- 1.3.1 IOSPL has submitted the Audited Annual Accounts for FY 2016-17 to FY 2019-20 for its standalone operations, Segmented Revenue and profitability Statements for FY 2016-17 to FY 2019-20 for IOSPL, Mumbai Unit, Minutes of the Stakeholders' meeting held on 21st December, 2020 and Regulatory filing as per AERA CGF Guidelines, information on assets wise and year wise Capital Expenditure, Other Income etc. in response to AERA e-mails dated 4th February, 2021 and 10th February, 2021, then on 15th & 16th March, 2021 and 24th March 2021. IOSPL has also submitted the Projected Accounts for the Financial Years 2021-22 to 2025-26.
- 1.3.2 IOSPL, Mumbai has projected the Airport Operator Fees @ 6% of the Aeronautical Revenue whereas the Authority has proposed to cap the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty/ Licence Fee / Revenue Share Payable to Airport Operator as a "pass through" expenditure for the Independent Service Providers providing Cargo Facility, Ground Handling, Supply of Fuel to Aircrafts at Major Airports.
- 1.3.3 IOSPL has also submitted the additional financial and non-financial information, clarifications, JIG guidelines, tender documents and Copy of Court Order in response to queries raised by AERA from time to time.
- 1.3.4 The Authority has reviewed the submissions made by IOSPL with respect to various building blocks. The Authority's position on various building blocks is based on its regulatory philosophy and guidelines issued from time to time and also on the submission made by IOSPL.
- 1.3.5 Post analysis and discussion on various building blocks, the Authority issued Consultation Paper No. 01 / 2021-22 dated 8th April 2021. The Authority proposed its views on the various building blocks for determination of tariff for IOSPL, Mumbai for the 3rd Control Period and invited comments from the Stakeholders on the proposed tariff by 07.05.2021 which was subsequently extended upto 21.05.2021.



The following Stakeholders submitted their comments on the Consultation Paper:

S. No.	Stakeholders
1.	M/s Bharat Stars Services Private Limited (BSSPL)
2.	M/s Mumbai Aviation Fuel Farm Facility Pvt. Ltd.(MAFFFL)
3.	M/s Indian Oil Corporation Limited (IOCL)
4.	M/s Hindustan Petroleum Corporation Limited (HPCL)
5.	M/s Mumbai International Airport Limited (MIAL)
6.	M/s Bharat Petroleum Corporation Limited (BPCL)
7.	M/s Indian Oil Skytanking Private Limited (IOSPL)

- 1.3.6 The counter comments from M/s Indian Oil Skytanking Private Limited (IOSPL) on the comments of the other Stakeholders were received on 1st June 2021.
- 1.3.7 The Authority examined the submission of IOSPL and the comments of various stakeholders and after considering all the relevant aspects, has finalized this Tariff Order.
- 1.3.8 The Tariff Order is structured in a manner wherein under each regulatory building block, the submission made by IOSPL in the MYTP is listed out, followed by the Authority's examination and proposals for the 3rd Control Period in the Consultation Paper. The same is followed by the comments by the various stakeholders and counter comments by IOSPL, Mumbai, followed by the Authority's examination and final decision on the subject matter.



CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1 Background

2.1.1 According to Section 2 (a) of AERA Act, 2008 "Aeronautical Service" means any service provided -

- (i) for navigation, surveillance and supportive communication thereto for air traffic management;
- (ii) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
- (iii) for ground safety services at an airport;
- (iv) for ground handling services relating to aircraft, passengers and cargo at an airport;
- (v) for the cargo facility at an airport;
- (vi) **for supplying fuel to the aircraft at an airport; and**
- (vii) for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

2.2 Tariff Setting Principles

2.2.1 The Authority vide its Order No. 12/2010-11 dated 10th January, 2011 and Direction No. 4/2010-11 dated 28th February, 2011 ("CGF Guidelines"), had issued Guidelines under Section 15 of the AERA Act, 2008 and the amendments issued from time to time, to determine tariffs for ISP's providing aeronautical services at 'major airports' based on set procedures for determination of Aggregate Revenue Requirement (AAR) for regulated service(s) deemed 'Materiality Assessment', 'Competition Assessment' and 'User agreement(s) between the Service Provider(s) and User(s) of the Regulated Service(s)'. As stipulated in Clause 3 of the guidelines, the Authority shall follow a three stage process for determining its approach for the regulation of regulated service.

Stage-I: Materiality Index

2.2.2 The Materiality Index (MI) of Fuel Throughput at Mumbai airport is as under:

$$= \frac{\text{Fuel Throughput in Kiloliters at CSI Mumbai Airport}}{\text{Total Fuel Throughput in Kiloliters at all Major Airports}} \times 100$$

$$\text{Fuel Throughput at Mumbai Airport} = \frac{1482755}{8697575} \times 100 = 17.05\%$$

2.2.3 Based on IOSPL Mumbai submission, Materiality Index (based on the fuel throughput at CSI Mumbai Airport in comparison to fuel throughput at other major airports) is 17.05% in FY 2019-20 which is more than 5% Materiality Index fixed for assessing the materiality of the subject regulated service as per clause 4(2)(ii) of "Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines 2011". Hence the regulated service is deemed as 'Material' for the 3rd Control Period.

Stage-II: Competition Assessment:

2.2.4 As per IOSPL, Mumbai's submission, there are two ITP service providers i.e. BSSPL & IOSPL at Mumbai airport. Hence, the ITP service provided by IOSPL is deemed as "Competitive" at Mumbai airport.

Stage-III: Reasonability of User Agreement:

2.2.5 IOSPL, Mumbai have submitted User Agreement with their supplier i.e. Indian Oil Corporation Limited (IOCL) & Hindustan Petroleum Corporation Limited (HPCL). As per IOSPL submission they do not have any User Agreement with the Airlines.

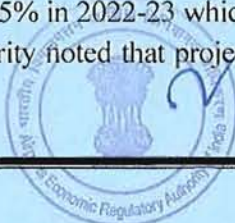
2.2.6 The Authority vide Consultation Paper No 06&08/2019-20 dated 13.09.2019 and 19.09.2019 respectively, regarding ITP services providing by BSSPL at Bangalore International Airport (BIAL) stated and shall be read as:

"The Service providers IOSPL and BSSPL are promoted by two Oil Marketing Companies viz. BPCL and IOCL, and, both the companies mainly cater to their own clients, hence, in real terms, there is no competition as ITP Service providers. However, the Authority, vide its Order No. 01/20 17-18 dated 17.04.2017 has already decided to determine the tariff under "light touch approach" for the 2nd Control Period. Therefore, the Authority, has decided to determine the tariff of the remaining period of the 2 Control Periods under 'light touch approach'. Notwithstanding the above, the Authority's considered view is that since there is no competition in real term between the two ISP's, hence, from 3rd Control Period, the Authority should be inclined to determine the tariff of Into Plane (ITP) service provider under "price cap approach."

2.2.7 The Authority noted that IOSPL, Mumbai has been promoted by the Oil Marketing Company IOCL and caters to its own clients mainly its promoters, hence, in real terms there is no competition as ITP Service providers. Further, based on reasoning given in Para 2.3 above, the Authority is of the view that the tariff of IOSPL, Mumbai for 3rd Control Period is to be determined under "Price Cap Approach".

2.2.8 The Authority had also reviewed the MYTP submission on "competition assessment" and "reasonableness of user agreement" and observed that, IOSPL, Mumbai is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement directly with the airlines. Both the ITP service providers i.e. IOSPL and BSSPL at Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai primarily cater to the clients of IOCL and BPCL as principal service providers, only some portion of their business is generated from other client such as HPCL etc. Hence, it is observed that there is no competition in real terms.

2.2.9 The Authority also examined the projected accounts of IOSPL, Mumbai and noted that the Return on Average RAB is 19.35% in 2022-23 which has increased to 59.22% in 2024-25 and 76.72% in 2025-26. The Authority noted that projected Return on Average RAB of IOSPL, Mumbai is very high.



2.2.10 IOSPL, Mumbai is not carrying out any Non-aeronautical service apart from the regulated ITP service at CSIA, Mumbai. Further as per the user agreements with the users of ITP service, IOSPL, Mumbai is entrusted to carry out only the regulated service. As per the Annual Accounts of IOSPL, Mumbai, the service provider does not have other source of revenue except meagre revenue from bank deposits. Thus the income generated from surplus cash, fundamentally has no relationship with any kind of service. Therefore, the Authority has decided to adopt Price Cap Approach under 'Single Till' methodology which will be more appropriate and reasonable for tariff determination process of IOSPL, Mumbai. Accordingly, the Authority proposed to consider the entire 'other income as recorded as 'income from non-regulated services' i.e NAR for cross subsidizing the main revenue in the interest of all the stakeholders/users.

2.3 Methodology for determining Aggregate Revenue Requirement (ARR)

2.3.1 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

Where,

t is the tariff year in the control period, ranging from 1 to 5

ARRt is the Aggregate Revenue Requirement for tariff year 't'

FRoR is the Fair Rate of Return for the Control Period

RABt is the Aeronautical Regulatory Asset Base for tariff year 't'

Dt is the Depreciation corresponding to the Regulatory Asset Base for tariff year 't'

Ot is the Aeronautical Operation and Maintenance expenditure for the tariff year 't'

Tt is the Aeronautical taxation expense for the tariff year 't'

NARt is the Non-Aeronautical Revenue in tariff year 't'.

2.3.2 The present value of total aeronautical revenue that is estimated to be realized each year during the Control Period at proposed tariff levels is compared with the present value of the ARR during the Control Period. In case the present value of estimated aeronautical revenue during the Control Period is lower than the present value of ARR, the Regulatory entity may opt to increase the proposed tariff. In case the present value of estimated aeronautical revenue is higher than the present value of the ARR then the Regulatory entity will have to reduce its proposed tariff.

2.3.3 All the figures presented in this Tariff Order, have been rounded off up to two decimals.



2.4 **Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period:**

MAFFFL's comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.1 MAFFFL submitted that clause 3.3.4 :parties acknowledge and agree that in order to ensure competition at the airport, MAFFEL has granted sub-concession to 2 (two) different service providers, selected through competitive bidding process to undertake and provide the services to users at the airport, for a period of 10 years from the effective date.

MIAL Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.2 MIAL submitted that "as per **Para 12(c) of National Civil Aviation Policy 2016 (NCAP 2016)** "tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidies." Supply of ATF is also covered under NCAP, 2016. In view of above there is no justification to apply the Single Till methodology to ITP service providers' tariff determination".

BPCL's Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.3 BPCL submitted that "there are two ITP Service providers at Mumbai Airport that is BSSPL (Bharat Star Services Pvt Ltd) & IOSPL (Indian Oil Skytanking Pvt Ltd.), ITP services at Mumbai Airport should continue to be deemed as '**Competitive**'."
- 2.4.4 BPCL further submitted that "there is already a competition for the share of HPCL volumes and further IOSPL and BSSPL will be competing for other service providers in future as the new integrated Fuel farm with facility for other suppliers (other than PSUs) is likely to be commissioned by July 2021 and thus the competition will further intensify in ITP services. BPCL has taken service of IOSPL as ITP service provider at Mumbai Airport in the past and the same could also be a situation in future, that is to say that the assumption that BPCL will be taking services of only BSSPL as ITP service provider may not be correct specially as the Aviation industry is getting more competitive and mature. This is also contrary to the AERA guideline issued previously as both the ITP service providers had come through competitive bidding process only and there is a competition to acquire business from the OMCs (Oil Marketing Companies). In view of above since the ITP services at CSI Mumbai are requested to be considered as 'Competitive' there should be no reason for change to 'Price Cap' mechanism in the 3rd Control Period from the existing 'Light Touch approach'. This will also be in sync with AERA guideline and the mechanism adopted so far in 1st & 2nd control period i.e. '**Light Touch Approach**' should continue for the 3rd Control Period as well."

BSSPL's Comments on Tariff Setting Principles for the 3rd Control Period:

- 2.4.5 BSSPL submitted that "IOSL is providing is Into Plane Services at Mumbai Airport along with BSSPL being the other ITP operator at the airport. Both IOSL and BSSPL were selected through a competitive bidding process conducted by Mumbai Aviation Fuel Farm Facility (MAFFFL) and have been awarded the sub-concession at Mumbai on the concept of match the lowest bidder concept for ITP rates. The tariff determination rightfully should be considered under **Light Touch Approach**."

IOSPL's Comments on Tariff Setting Principles for the 3rd Control Period:



2.4.6 IOSPL submitted that “in accordance with the Authority’s Order No. 12/2010-11 dated 10 Jan 2011 and Direction No. 4/2010-11 dated 28 Feb 2011 (CGF Guidelines) a regulated service shall be deemed to be competitive when it is provided by two or more Service Providers. It also provides for the Authority to consider other additional evidence in its discretion regarding reasonableness of competition, as it may deem fit. In view of above-mentioned business dynamics under which this service availed by the users, the discretion exercised by the Authority in considering the aspects of ISP catering mainly to promoter Oil Companies clients or not entering into user agreements with airlines is inappropriate, speculative, and unjustified. Thus, the Authority is deviating from its own guidelines with regards to the Competitive criteria.”

2.4.7 IOSPL, as part of its comments on consultation paper, obtained the legal opinion as under:

- (i) Legal Opinion of M/s Link Legal, Advocates on the correctness of AERA’s proposal to adopt the ‘Price Cap’ Approach. Link Legal, vide their opinion dated April 26, 2021, which state that *“the approach adopted by AERA was not in consonance with the CGF Guidelines and that AERA should have proposed to adopt the ‘Light Touch’ Approach. Link Legal has observed that the CGF Guidelines mandate a stagewise analysis, which has not been followed in true letter and spirit by AERA in determination of tariff, even though AERA has adverted to the stagewise process in its Consultation Paper. It has also been observed that the factors considered by AERA in determination of the competitiveness of the service provided by IOSL, extrinsic to Clause 5 of the AERA guidelines. In fact, the opinion also states that the service provided by IOSL is competitive even if the CGF Guidelines were not binding on AERA and factors foreign to Clause 5 could be considered by AERA to determine competitiveness.”*
- (ii) Legal Opinion of **the Solicitor General of India** on the correctness and the legality of AERA’s proposal to adopt the ‘price cap’ method for determination of aeronautical tariffs in the case of IOSL at CSIA. The Solicitor General, vide his opinion dated May 8th, 2021 has concluded that *“...AERA’s approach and proposal to adopt the ‘price cap’ method is not correct and not in compliance with the CGF Guidelines. Tariffs to be considered under “light touch” approach as compared to “Price Cap” approach proposed by the Authority.”*

2.5 **IOSPL, Mumbai’s counter comments and response to Stakeholders’ Comments regarding Tariff Setting Principles for the 3rd Control Period:**

IOSPL, Mumbai’s response to the various Stakeholders’ Comments with respect to Tariff Setting Principles for the 3rd Control Period are presented below:

IOSPL, Mumbai has stated that MAFFFL/MIAL/BPCL/BSSPL have agreed with their views regarding “tariff setting principles” to determine the tariff for TCP on “Light Touch Approach”.

2.6 **Authority’s examination and decisions regarding Tariff Setting Principles for the 3rd Control Period:**

2.6.1 The Authority noted the comments of MAFFFL, MIAL, BPCL, BSSPL and IOSPL about the change to ‘Price Cap’ mechanism in the 3rd Control Period from the ‘Light Touch approach’



to 'Price Cap approach'. The Authority has already, in the consultation paper highlighted that IOSPL, Mumbai has been promoted by the Oil Marketing Company i.e., IOCL and is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement directly with the airlines. Further IOSPL, Mumbai primarily caters to the clients of IOCL, and, only some portion of their business is generated from other client such as HPCL etc. The Authority, therefore, is of the considered view that, there is no competition in real terms and, hence decided that the tariff for the 3rd Control Period to be determined under Price Cap approach.

- 2.6.2 Further, the Authority also observed that some of the stakeholders have stated that there are two ITP service providers at CSMIA, Mumbai therefore ITP services at Mumbai Airport should be deemed as 'Competitive'. However, none of the stakeholders has commented as to how there is competition in true sense at Mumbai Airport as both the ITP service providers are catering to their own promoter company.
- 2.6.3 The Authority also examined the Legal Opinions furnished by IOSPL, Mumbai with regard to the correctness and the legality of AERA's proposal to adopt the 'price cap' method for determination of aeronautical tariffs in the case of IOSPL, Mumbai and noted that in both legal opinions (by M/s Link Legal, Advocates and the Solicitor General of India), stress has been given on the compliance with the CGF Guidelines. It is clarified that merely presence of two ITP service providers does not mean competition and it can be seen that there is no competition in real sense at CSIMA, Mumbai as IOSPL, Mumbai is catering to its promoter oil marketing company i.e., IOCL.
- 2.6.4 The Authority also viewed the Hon'ble TDSAT Judgment dated 27.09.2019 of "Delhi Aviation Fuel Facility Pvt. Ltd. (DAFFPL) Vs. Airports Economic Authority of India" on the issue of adoption of Tariff Determination Approach by AERA and about the issue of user agreements. The relevant extracts of TDSAT Judgment (*Para 19 of the Judgment*) with regards to users of the regulated services are as under:

Para 19. On behalf of the appellant, it was emphasized that Clause 6 requires User Agreement between the service provider and all the users of the regulated services but not with the end users like the Airlines. The meaning and extent of the word "users" and the phrase "all the users", in the present context shall include all the users of the service broadly described in the CGF Guidelines as "supply of fuel to aircrafts". This service is definitely used and paid for by the user Airlines through the oil companies, the users of storage facility of the appellant. Hence, the term "all the users of the regulated services" covered by the Guidelines, in our considered opinion will include the user Airlines also.

The Authority noted that although IOSPL, Mumbai is having user Agreements with Oil Marketing Companies (OMCs) but not with user Airlines. The Authority also noted that in its submission IOSPL, Mumbai has agreed that the service provider is providing ITP services to the Airlines on behalf of the Oil Marketing Companies without any user agreement directly with the airlines.

- 2.6.5 The Authority noted BPCL's comments that "there is already a competition for the share of HPCL volumes and further IOSPL and BSSPL will be competing for other service providers in future as the new integrated Fuel farm facility for other suppliers (other than PSUs) is likely

to be commissioned by July 2021 and thus the competition will further intensify in ITP services". The Authority also noted that only some portion of their business is generated from HPCL and at present there are only 3 PSUs who supply fuel at CSMIA, Mumbai and no new Oil Marketing Company (other than PSUs) has started fuel supply at CSMIA, Mumbai. The Authority therefore clarifies that in future when new Oil Marketing Companies (other than PSUs) start providing fuel supply at CSMIA, Mumbai and the ITP service providers get their business by competing with each other, the Authority will review the issue appropriately.

2.6.6 With regard to the comments of MIAL for using 'Hybrid Till methodology' instead of 'Single Till methodology' for tariff determination of ITP service providers', the Authority noted that as per the user agreements with Oil Marketing Companies (OMCs) IOSPL, Mumbai is entrusted to carry out only the regulated ITP service. These ITP service providers i.e. IOSPL and BSSPL do not carry out any non-aeronautical business at CSIA, Mumbai. As per the Annual Financial Statements, IOSPL, Mumbai does not have other source of revenue except meagre revenue from bank deposits which has been generated from surplus cash and fundamentally has no relationship with any kind of service. These ITP service providers i.e. IOSPL and BSSPL do not have any non-aeronautical revenue, therefore the question of using 'Hybrid Till methodology' does not arise. The Authority has therefore proposed to consider the revenue from bank deposits as 'Other Income from Regulated Services' for cross subsidizing the main revenue in ARR in the interest of all the stakeholders/users.

2.6.7 The Authority keeping above in view, has therefore decided that the tariff of IOSPL, Mumbai for 3rd Control Period is to be determined under "Price Cap Approach on 'Single Till' basis.

2.7 **Authority's Decision regarding Tariff setting principles for the 3rd Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

2.7.1 The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for IOSPL, Mumbai for the 3rd Control Period.

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AERA



CHAPTER 3. FUEL THROUGHPUT FORECAST

3.1 IOSPL, Mumbai's submission on Fuel Throughput Forecast for the 3rd Control Period as part of MYTP.

3.1.1 The projected Fuel Throughput (Volume) as per the MYTP of IOSPL, Mumbai for the 3rd Control Period and the CAGR computed by the Authority has been shown in the Table 2 below:

Table 2: Projected Fuel Throughput during the 3rd Control Period as per IOSPL, Mumbai and CAGR & computations done by the Authority:

Year	KL(in Lakhs)			% Change over previous Year		
	Domestic Flights	International Flights	Total	Domestic Flights	International Flights	Total
2020-21*	1.69	1.83	3.52	-	-	-
2021-22	3.00	1.76	4.75	77.19	-3.94	35.00
2022-23	3.74	2.20	5.94	25.00	25.00	25.00
2023-24	4.49	2.64	7.13	20.00	20.00	20.00
2024-25	5.17	3.03	8.20	15.00	15.00	15.00
2025-26	5.68	3.34	9.02	10.00	10.00	10.00
CAGR				17.4%		

*2020-21 taken as base year

3.1.2 IOSPL, Mumbai has submitted the Fuel Throughput (Volume) projections taking into consideration:

- Impact of COVID- 19 on the domestic and international ATMs.
- Resurgence of COVID-19 in India or Overseas likely to negatively impact traffic.
- Airlines are likely to phase out older aircrafts and replace them with more narrow body and newer, more fuel efficient aircrafts.
- Navi Mumbai Airport is likely to be operational by FY 24 which is likely to take away some traffic from Mumbai Airport and will lead to reduced fuel volumes at Mumbai Airport.
- Considering the projections made by IATA about international ATMs and stated that IOSPL, Mumbai will cross its pre-COVID volumes by FY 23-24.

3.1.3 The actual Fuel Throughput of IOSPL, Mumbai for the FY 2016-17 to FY 2019-20 and estimated data for the FY 2020-21 has been shown in the Table 3 below:



Table 3: Actual & Estimated* Fuel Throughput submitted by IOSPL, Mumbai, during the Second Control Period

Year	KL(in Lakhs)			% Change over previous Year		
	Domestic Flights	International Flights	Total	Domestic Flights	International Flights	Total
2016-17	6.66	4.18	10.84	8.31	5.38	7.16
2017-18	7.71	4.42	12.13	15.82	5.66	11.9
2018-19	8.2	3.82	12.02	6.4	-13.49	-0.85
2019-20	5.31	4.25	9.56	-35.34	11.19	-20.55
2020-21*	1.69	1.83	3.52	-68.14	-56.92	-63.15
CAGR (first 4 Yrs)	-7.3%	0.6%	-4.1%			
CAGR (5 Yrs)	-29.0%	-18.7%	-24.5%			

3.2 Authority's examination regarding Fuel Throughput Forecast for the 3rd Control Period at Consultation stage:

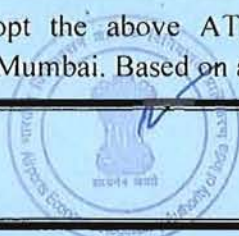
3.2.1 The Authority analyzed the data of actual Fuel Throughput of IOSPL, Mumbai of previous 4 years (FY 2016-17 to FY 2019-20) and has noted that the CAGR of actual Fuel Throughput of IOSPL, Mumbai for the above period works out to (-) 4.1%, showing an overall decline in the Fuel uplifted during the 2nd Control Period (refer Table 5 above) whereas IOSPL, Mumbai has projected growth rate of 25% of Fuel Throughput for Domestic and International flights in FY 2022-23 and 10% in FY 2025-26 with CAGR of 17.4% during the 3rd Control Period.

3.2.2 The Authority considered the actual ATMs of FY 2019-20 for projection of ATMs at CSMIA, Mumbai, as part of the tariff determination process for MIAL for the 3rd Control Period. While doing so the Authority had also taken into account the opinions of other sector experts such as the IATA, CAPA, etc. and made suitable adjustments in the assumptions. The assumption used by the Authority has been shown in Table 4 below:

Table 4: Assumption used by the Authority for Determining ATMs Traffic at CSIA, Mumbai

Year	Assumption
2019-20	Actual ATM Traffic
2020-21	50% of FY 2019-20
2021-22	62% of FY 2019-20
2022-23	100% of FY 2019-20
2023-24	108% of FY 2019-20 For Domestic & 110% of FY 2019-20 For International

3.2.3 The Authority proposed to adopt the above ATM traffic for projection of Fuel Throughput volumes for IOSPL, Mumbai. Based on assumption stated in Table 4 above,



the Authority proposed the following projections of Fuel Throughput for domestic/ international flights for IOSPL, Mumbai for the 3rd Control Period as shown in Table 5 below:

Table 5: Revised of Fuel Throughput (Volume) Projection proposed by the Authority

Year	Projected Fuel Throughput			KL(in Lakhs)
	Domestic	International	Total	% of FY 2019-20
2019-20*	5.31	4.25	9.56	-
2021-22	3.29	2.63	5.92	62%
2022-23	5.31	4.25	9.56	100%
2023-24	5.84	4.68	10.51	110%
2024-25**	4.77	3.83	8.60	120%

* Figures for FY 2019-20 taken as base year for projection.

** For nine months only

3.2.4 The Authority has considered the fuel throughput for nine months in FY 2024-25 because the concession term of IOSPL, Mumbai is valid only till 1st January 2025.

3.2.5 The Authority noted the impact of the COVID-19 pandemic in FY 2020-21 and therefore, for the purpose of consultation, has utilized the actual figures of FY 2019-20 as base for projections of fuel throughput for the 3rd Control Period and proposed the revision in fuel throughput (volume) projection based on the assumption used by the Authority for projection of ATMs Traffic at CSIA, Mumbai (refer Table 4 above). The Authority however, proposed to take a final view in this regard, based on developments of the COVID-19 situation and after considering stakeholders' views on the subject, in response to the Consultation Paper.

3.3 Stakeholders' Comments regarding Fuel Throughput Forecast for the 3rd Control Period:

MAFFFL's comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.1 MAFFFL submitted that as they are still in the midst of Second wave of Covid-19, the full adverse impact on Aviation Section in particular is difficult to comprehend at this stage. Based on the limited visibility on date, the following ATF volume projections of MAFFFL for CSMIA:

Year	Recovery % on Base FY 2019-20		ATM Numbers (In'000)			% Fuel Efficiency Saving		ATF Volume (In '000 KL)		
	Dom	Intl	Dom	Intl	Total	Dom	Intl	Dom	Intl	Total
2019-20*	Base	Base	229	76	305	Base	Base	473	1010	1483
2020-21	Actual	Actual	92	24	116	Actual	Actual	203	403	606
2021-22	70	50	160	38	198	0	0	331	505	836

2022-23	100	75	229	57	286	3	3	459	734	1193
2023-24	(102)^3	100	243	76	319	5	5	477	959	1436
2024-25	(102)^4	(102)^4	248	82	330	6	6	481	1027	1508
2025-26	(102)^5	(102)^5	252	84	336	7	7	486	1036	1522

*Note : Figures for FY 2019-20 considered as base year for projection

3.3.2 As per MAFFFL expected market share, based on long term historical data, of IOSL for 3rd Control Period (till expiry of Term of Sub-Concession) out of projected ATF volumes for CSMIA :

Year	ATM Numbers (In'000)						IOSL ATF Volume (In '000 KL)					
	Dom		Intl		Total		Dom		Intl		Total	
2021-22	125	78%	25	67%	150	76%	258	78%	303	60%	561	67%
2022-23	179	78%	38	67%	217	76%	358	78%	440	60%	798	67%
2023-24	189	78%	51	67%	240	75%	372	78%	575	60%	947	66%
2024-25*	113	78%	32	67%	145	75%	219	78%	360	60%	579	66%
TOTAL	606		146		752		1207		1678		2885	

*Note: For 2024-25 period from April to October (Seven months) is considered as term expires on 29th Oct 2024.

IOCL's comments on Fuel Throughput Forecast for the 3rd Control Period:

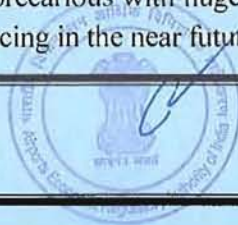
3.3.3 IOCL stated that due to pandemic situation, the ATF volume handling at Airport has come down by around 60% at Mumbai. This low ATF volume trend is expected to continue for another 2-3 years. Hence, AERA may take a balanced view while finalizing the ITP charges considering the reduced ATF volume at Mumbai airport, which is expected to continue for some more years.

BPCL's comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.4 BPCL stated that as per Points 3.5 and 3.6 (Tables 7 & 8) of the Consultation Paper it is assumed that reversal of Volumes of pre-Covid times will be 62% in 2021-22 and 100% in 2022-23 and will further grow in 2023-24. However as we are seeing a ravaging 2nd wave of COVID-19, it is not likely that pre-Covid volumes are likely to return in the 3rd Control Period. Thus the volumes handled are likely to continue to be low and thus the projections for Air Traffic & ATF volume in the consultative period needs to be reviewed & moderated to ensure that ITP agencies have fair tariff and approved rates for ensuring smooth & safe ITP operations at all times.

MIAL comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.5 MIAL submitted that "considering the second wave of COVID 19 pandemic the operations at CSMI Airport are extremely precarious with huge uncertainty prevailing over scheduled international operations commencing in the near future and in particular the long haul flights



to USA & Europe which have either been discontinued or scaled down to a minimum. Furthermore, we are uncertain about the next wave of the pandemic and its impact. The domestic scheduled operations have also gone down due to reduced passenger movement. MIAL had to again close down operations at Terminal 1 after a month long operations because of fall in passenger movement and consequential fall in ATMs. Though Government has allowed 80% of domestic scheduled routes, the actual coverage could be less than that because of decreasing passenger traffic. In view of above, the ATM (in thousand) forecast for MIAL and consequently the oil throughput in KL considered by the Authority for the ITP service providers needs to be scaled down.”

IOSPL’s comments on Fuel Throughput Forecast for the 3rd Control Period:

3.3.6 We understand the methodology proposed by the authority to project fuel volumes and as per their approach, 100% of IOSL’s fuel volumes will recover by FY22-23. The two statements (*Table 7 and Table 8 of the Consultation Paper 1/2021-22*) are contradictory. However, the authority in CP 1/2021-22 has remarked that revival in the aviation industry is only expected by FY 23-24. Furthermore, the approach followed by the authority assumes that the market share of IOSL will remain constant throughout CP3. On the contrary we believe that IOSL’s market share will reduce due to the following factors.

- A major airline which used to avail services of IOSL has now shifted to taking fuel supplies from IOSL’s competitor. The loss of ITP Volumes for IOSL on account of this is approximately 200 KL / Day.
- The 2nd wave of COVID-19 infections has dampened the demand for air travel yet again and many foreign countries such as UAE, UK, Canada, New Zealand, and Hong Kong have temporarily suspended international flights to and from India. These business interruptions may happen in the future as well and has the potential to delay the recovery of ITP volumes for IOSL.
- Neither IOSL nor the authority has factored in the effect of a 2nd wave or a potential third wave. On account of the 2nd wave and due to loss of volumes to competition, IOSL’s volumes at Mumbai ITP were 39,214 KL in April 2021, compared to 51,882 KL in March 2021, representing a loss of (-)25%.
- During the past one year, many airlines have returned their old aircraft and inducted newer ones in their fleet leading to higher fleet fuel efficiency. This has led to an overall reduction in sector fuel uplift.
- Fuel Volumes associated with International flights are likely to recover to pre-Covid levels by 2024. This is based on projections made by IATA.
- Travel segments such as Visiting Friends, Family & Relatives (VFR) and leisure travel are likely to recover by 2023, however business travel is likely to be negatively impacted in the long term as more companies rely on e-meetings & video conferencing.



- IOSL's market share has been declining since FY18 and has reduced from 67.4% to 57%. We believe that IOSL's market share is likely to be range bound between 57-59% in the 3rd Control Period.

3.3.7 Since the issuance of the CP, there has been an unprecedented surge in COVID with the second wave and there are indications for the third wave. The Ministry of Home Affairs, via its Order dated 29th April 2021, has extended the restriction imposed by Order dated 23.03.2021 until 31.05.2021. The Government may continue to impose restrictions on extended basis and there is a looming uncertainty. Thus, the assumptions of ATM projections for MIAL, as stated in the CP could possibly be over-estimated and needs to be scaled down further.

3.3.8 The discrepancy in arriving at the ATM projections for the two service providers, providing services at the airport, needs to be corrected and same approach needs to be followed for both the service providers. In Our reasonable opinion, based on the facts and inferences stated above, the volume projections shown by the authority do not appear to be achievable in the present scenario and will lead to under recoveries for IOSL. IOSL has therefore revised the volume projections for the consideration by the authority for the 3rd Control Period in the table below:

Table 6: Fuel Throughput (Volume) Forecast and Revised Forecast by IOSPL

Volume Forecast (In KL)	FY22	FY23	FY24	FY25
Forecast Volume for 3 rd Control Period	4,75,411	5,94,263	7,13,116	8,20,083
Revised Forecast Volume for 3 rd Control Period	4,70,568	5,34,837	6,77,460	8,20,083

3.3.9 IOSPL's counter comments in response to Stakeholders' Comments regarding Fuel Throughput Forecast for the 3rd Control Period:

IOSPL, Mumbai's response to MAFFFL's comments regarding Fuel Throughput Forecast for the 3rd Control Period:

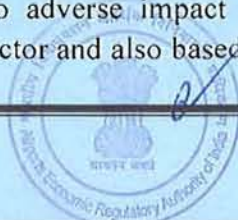
3.3.10 IOSPL, Mumbai has concurred with the views of MAFFFL and stated that the volume projections given by MAFFFL needs to be reconsidered, considering the effect of second wave of the pandemic and would request the Authority to consider the volumes projected by IOSPL.

IOSPL, Mumbai's response to MIAL's comments regarding Fuel Throughput Forecast for the 3rd Control Period:

3.3.11 IOSPL, Mumbai has stated that they agree with the views of MIAL and have further highlighted that MIAL has reinforced IOSPL's submissions.

3.4 Authority's examination and decisions regarding Fuel Throughput Forecast for the 3rd Control Period:

3.4.1 The Authority examined assumptions and submission made by IOSPL, Mumbai pertaining to Fuel Throughput Forecast for the 3rd Control Period. The Authority has further noted that due to adverse impact of the second and third waves of the COVID-19 on aviation sector and also based on the views of agencies such as IATA,



ICF and ACI, there will be some delay in the recovery of the aviation sector to pre-COVID-19 level (i.e. equal to traffic level of FY 2019-20).

3.4.2 The Authority, taking into account the impact of the second wave of the COVID-19, is of the considered opinion that there will be further decline in ATMs and will lead to decline in Fuel throughput volume during FY 2021-22 than those considered at the consultation stage for the same period. However, considering the preventive measures and vaccination drives being undertaken in India and around the world in FY 2021-22, the Authority is of the view that due to the above measures, the aviation sector will gain momentum and traffic is likely to restore itself to the pre-COVID levels during FY 2022-23 and grow thereafter at normal pace. In this back drop, the Authority has decided to lower the fuel throughput projections, made at consultation stage for FY 2021-22, from the proposed 62% of fuel throughput of FY 2019-20 (base year) to 50% of FY 2019-20. However, for remaining years of 3rd Control Period, the Authority has decided to consider the same fuel throughput projections which were proposed at consultation stage as shown in Table 6 above.

3.4.3 In view of the above, the Authority decides to revise the fuel throughput projections of FY 2021-22 as proposed in the Consultation Paper. The revised fuel throughput projections of the Authority for the 3rd Control Period are given in Table 7 as under:

Table 7: Revised Projections of Fuel Throughput (Volume) by the Authority for 3rd Control Period

Year	(Lac KL)			% of FY 2019-20
	Domestic	International	Total	
2019-20*	5.31	4.25	9.56	-
2021-22	2.64	2.11	4.75	50%
2022-23	5.31	4.25	9.56	100%
2023-24	5.84	4.68	10.51	110%
2024-25**	3.71	2.98	6.69	120%

* Figures for FY 2019-20 taken as base year for projection;

** Projections of Fuel Throughput (Volume) for Seven months only as the concession term of IOSPL, Mumbai is valid only till 30th October 2024;

3.5 Authority's Decisions regarding Fuel Throughput Forecast for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Fuel Throughput Forecast for IOSPL, Mumbai for the 3rd Control Period:

3.5.1 The Authority decides to consider Fuel Throughput Forecast for the 3rd Control Period for IOSPL, Mumbai as per Table 7.

3.5.2 The Authority decides to true-up the Fuel Throughput (volume) on the basis of actual off take in 3rd Control Period while determining tariffs for the Next Control Period.



CHAPTER 4. CAPITAL EXPENDITURE

4.1 IOSPL, Mumbai's submission on Capital Expenditure for the 3rd Control Period as part of MYTP

- 4.1.1 As per clause 9.2 of the CGF guidelines, RAB shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 4.1.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.
- 4.1.3 As per the annual accounts of IOSPL, Mumbai year wise details of actual capital expenditure for the FY 2016-17 to FY 2019-20 is as under:

Table 8: Actual Capital Expenditure of IOSPL, Mumbai for the FY 2016-17 to FY2019-20
Amount (Rs. in Lakhs)

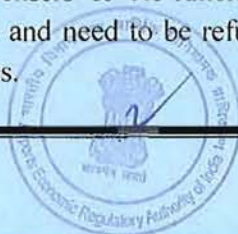
Particulars	2016-17	2017-18	2018-19	2019-20	Total
Capital Expenditure	513.19	164.00	292.68	77.95	1,047.81

- 4.1.4 The Assets wise CAPEX projections submitted by IOSPL, Mumbai for the 3rd Control Period have been shown in Table 9 below:

Table 9: Capital Expenditure as projected by IOSPL, Mumbai for the 3rd Control Period
Amount (Rs. in Lakhs)

Particulars		2021-22	2022-23	2023-24	2024-25	TOTAL
Vehicles	HD - Refurbishment	120.00	252.00	264.60	347.29	983.89
	RF - Refurbishment	280.00	294.00	231.53	162.07	967.60
	Dirt Defence Filters	412.00	226.00	-	-	638.00
Computer Software	i6 Systems	167.02	-	-	-	167.02
Building	ITP depot	125.00	168.00	-	-	293.00
Total		1104.02	940.00	496.13	509.36	3049.51

- 4.1.5 IOSPL, Mumbai has proposed capital expenditure for the Refurbishment of Hydrant Dispensers & Re-fullers (Vehicles) of Rs.1951.59 during the period FY 2021-22 to FY 2024-25 keeping in view the local RTO regulations related to commercial vehicles of more than 8 years old which are not allowed to ply in the city of Mumbai. As per IOSPL, Mumbai these Hydrant Dispensers & Re-fullers (Vehicles) were taken over from oil marketing companies in 2015 and need to be refurbished after their useful life of 8 years because these were old vehicles.



4.1.6 Capital expenditure of Rs.638.00 lakhs has been projected for the installation of Dirt Defense Filters (DDF) in the vehicles to comply with the statutory requirement prescribed by Joint Inspection Group (JIG) guidelines. As per IOSPL, Mumbai, the service provider has to fit DDF in all the Hydrant Dispensers & Re-fullers before July 2023. Further as per IOSPL Mumbai, this capital expenditure is for ensuring the safety standards at the airport and fueling of aircrafts at the airports.

4.1.7 A capital expenditure of Rs.167.02 lakhs has been projected for the installation of Computer Software (i6 Systems) to upgrade the systems and software in FY 2021-22. As per IOSPL, Mumbai the main features of i6 system are:

- No manual entry of data, zero data entry errors
- Printed delivery voucher v/s handwritten RD7
- Telemetry Live Tracking
- Real time visibility into fuelling status
- Improved operational efficiencies
- Seamlessly data pushed to suppliers
- ITP Operator to Pilot, integration scope through e-Handshake etc.

4.2 **Authority's examination and analysis regarding Capital Expenditure for the 3rd Control Period at Consultation stage:**

4.2.1 The Authority examined the total projected capital expenditure of Rs. 3049.51 Lakhs by IOSPL, Mumbai for the 3rd Control Period and noted that IOSPL, Mumbai's projection is about 3 times the actual capital expenditure incurred by IOSPL, Mumbai in first 4 years of 2nd control period (FY 2016-17 to FY 2019-20).

4.2.2 The Authority further noted that as per IOSPL submission 'nil' capital expenditure is projected for FY 2025-26 because the concession term of IOSPL, Mumbai is valid only till 30th October 2024.

Capital Expenditure for ITP Depot:

4.2.3 IOSPL, Mumbai initially projected the total capital expenditure of Rs. 293.00 Lakhs for the construction of pre-fabricated ITP Depot (Buildings) out of which Rs.125.00 Lakhs was projected for FY 2021-22 and Rs.168.00 Lakhs for FY 2022-23. However, when IOSPL, Mumbai was asked to furnish details of time line for the completion of ITP depot. IOSPL, Mumbai vide emails dated 12th, 15th & 16th March, 2021 and 24th March 2021 intimated the revised schedule of completion of ITP Depot and also submitted the revised projection of capital expenditure of Rs.267.00 Lakhs for the construction of ITP Depot (Buildings) which is to be completed in FY 2021-22.

4.2.4 The Authority, sought clarifications from the service provider and additional details were submitted by IOSPL, Mumbai on 12th March 2021 and 23rd & 24th March 2021. The Authority examined the revised capital expenditure of Rs.267.00 Lakhs for construction of ITP depot in FY 2021-22 (Rs.221.25 Lakhs for the construction of pre-fabricated ITP depot and Rs.45.75 Lakhs for providing office space for IOSPL's staff, Parking space for ITP vehicles, electricity, water and sewage connections etc). The Authority also noted that as per



the Tender Document furnished by IOSPL, Mumbai, the construction of pre-fabricated ITP depot is expected to be complete by December, 2021. The Authority has therefore, decided to consider the capital expenditure of Rs.267.00 Lakhs for construction of ITP depot and office space for IOSPL's staff, parking space for ITP vehicles, electricity, water and sewage connections etc. The Authority also proposes to consider this capital expenditure from December, 2021 for the purpose of determination of depreciation.

Capital Expenditure for Refurbishment of Hydrant Dispensers & Re-fullers

- 4.2.5 The Authority has sought the details from IOSPL, Mumbai about the Peak Hour ATMs at Mumbai Airport, Percentage of ATMs catered by IOSPL and number of Aircraft Hydrant dispensers and Aircraft Refuellers required to meet the peak hour demand. IOSPL, Mumbai through email dated 23rd March, 2021 informed that "current simultaneous refueling at peak hour (T1&T2 combined) is 23 out of which we cater to 18 flights. Out of these 18 flights around 12 are through hydrant dispensers and 6 are through refuellers. Pre-COVID, the simultaneous refueling at peak hour (T1 & T2 combined) used to be around 37 flights, out of which we catered to about 23-25 flights".
- 4.2.6 The Authority examined and noted the life profile of vehicles to be refurbished, cost of refurbishment of each vehicle and total capital expenditure projected for the refurbishment of vehicles (info submitted by IOSPL, Mumbai through email dated 15th March 2021 and then on 24th March 2021) the year-wise projection of capital expenditure on refurbishment of vehicles which is given in the Table 10 below:

Table 10: Year-wise Projection of Capital Expenditure on Refurbishment of Vehicles for FY 2021-22 to 2024-25

Refurbishment of Vehicles		Nos. of Vehicles				
		2021-22	2022-23	2023-24	2024-25	Total
Vehicles	Hydrant Dispensers (HD) - Refurbishment	2	4	4	5	15
	Re-fullers (RF) - Refurbishment	3	3	2	0	8
	Total	5	7	6	5	23
Refurbishment Cost Per Vehicle		Amount (Rs. in Crore)				
		2021-22	2022-23	2023-24	2024-25	
Vehicles	Hydrant Dispensers (HD) - Refurbishment	0.60	0.63	0.66	0.69	
	Re-fullers (RF) - Refurbishment	0.70	0.74	0.77	0.81	
Year Wise Refurbishment Cost		2021-22	2022-23	2023-24	2024-25	Total
Vehicles	Hydrant Dispensers (HD) - Refurbishment	1.20	2.52	2.64	3.45	9.81
	Re-fullers (RF) - Refurbishment	2.10	2.22	1.54	0.00	5.86
	Total	3.30	4.74	4.18	3.45	15.67

- 4.2.7 The Authority while examining the capital expenditure on Refurbishment of Hydrant Dispensers & Re-fullers (Vehicles), has noted that IOSPL, Mumbai has projected capital expenditure for the Refurbishment of Hydrant Dispensers & Re-fuellers (Vehicles) of Rs.509.36 lakhs in FY 2024-25 even though the Concession Term of IOSPL, Mumbai is valid only till 1st January 2025. The Authority therefore, sought month wise capital

expenditure on Refurbishment of Hydrant Dispensers & Re-fullers (Vehicles). The Authority noted from the time line submitted by IOSPL, Mumbai for refurbishment of vehicles that no capital expenditure has been projected under this head beyond the expiry of concession term of IOSPL, Mumbai.

- 4.2.8 The Authority examined the requirement and rationale of proposed revised total capital expenditure on Refurbishment of Hydrant Dispensers & Re-fullers (Vehicles) of Rs.1567.00 Lakhs which was initially Rs.1951.59 Lakhs and noted that IOSPL, Mumbai is under statutory obligation to incur this capital expenditure to comply with the direction of Hon'ble Bombay High Court (WP-1762-of-1999-17.10) and local RTO regulations which stipulates that the commercial vehicles more than 8 years are not allowed to be plied in the city of Mumbai.
- 4.2.9 The Authority after taking into consideration the age profile of vehicles and revised time for refurbishment of vehicles given by the IOSPL, Mumbai, direction of Hon'ble Bombay High Court (WP-1762-of-1999-17.10) and the requirement of Mumbai RTO regulations, has decided to consider the capital expenditure Rs.1567.00 Lakhs on Refurbishment of Hydrant Dispensers & Re-fullers (Vehicles) for determination of ARR as given in Table 10.

Capital Expenditure for Computer Software (i6 Systems):

- 4.2.10 The Authority noted that IOSPL, Mumbai has proposed the Capital Expenditure for the installation of Computer Software (i6 Systems) of Rs. 167.02 lakhs which as per IOSPL, Mumbai is expected to be completed by 31st December 2021. The Authority examined the requirement of the capital expenditure for the installation of Computer Software (i6 System) and noted that capital expenditure for the installation of i6 System should be considered in the third quarter of FY 2021-22 and depreciation on it should be provided for the half year in FY 2021-22 and subsequently for full year based on its useful life.
- 4.2.11 The Authority keeping in view the above facts, has considered the revised capital expenditure projections submitted by IOSPL, Mumbai for determination of Regulator Asset Base considered for the determination of ARR as per Table 11 below:

Table 11: Projected Capital Expenditure proposed by the Authority for IOSPL, Mumbai

		Amount (Rs. in Lakhs)				
Particulars		2021-22	2022-23	2023-24	2024-25	Total
Vehicles	HD - Refurbishment	120.00	252.00	264.00	345.00	981.00
	RF - Refurbishment	210.00	222.00	154.00	0.00	586.00
	Dirt Defence Filters	412.00	226.00	0.00	0.00	638.00
Computer Software	i6 Systems	167.02	0.00	0.00	0.00	167.02
Building	ITP depot	267.00	0.00	0.00	0.00	267.00
Total		1176.02	700.00	418.00	345.00	2639.02

4.3 Stakeholders' comments regarding Capital Expenditure for the 3rd Control Period:

MIAL's comments on Capital Expenditure for the 3rd Control Period:



4.3.1 MIAL has submitted that “the proposal of AERA to reduce the RAB by 1% of the cost of CAPEX proposed / allowed by AERA, is unwarranted, particularly in view of impact of Covid-19 and the ensuing second wave where uncertainty has engulfed the entire business operations throughout India and airports are no exception. The Authority should also consider the possibility of expected 3rd and 4th wave of the Covid-19, which surely cannot be ruled out which would have impact on completion of the proposed CAPEX. In view of above said there is no justification for providing the 1% reduction from RAB in respect of the cost of CAPEX projected in the true-up regime.”

IOSPL’s comments on Capital Expenditure for the 3rd Control Period:

4.3.2 IOSPL in their comments submitted that as per AERA Guidelines there is no provision for reducing the RAB by 1% or by any other number. The true up mechanism takes care of undue gains to the service provider, therefore the RAB reduction is not required. RAB reduction mechanism as a concept can only be introduced in the AERA guidelines after due public consultation and not arbitrarily. As per Table 12 of the Consultation Paper 1/2021-22 (CAPEX) accepted by the authority, CAPEX is proposed in FY22-23 and FY 23-24, therefore it is not possible to complete all CAPEX by December 2022. Therefore, IOSPL asks for the concept of RAB reduction to be deleted in entirety.

4.4 IOSPL’s counter comments and response to Stakeholders’ Comments regarding Capital Expenditure for the 3rd Control Period:

4.4.1 Subsequent to the Stakeholders’ Comments received by IOSPL as part of Stakeholder Consultation process, IOSPL’s has not given any response to the Stakeholder’s Comments with respect to Capital Expenditure for the 3rd Control Period.

4.5 Authority’s examination and decisions regarding Capital Expenditure for the 3rd Control Period:

4.5.1 The Authority examined the comments raised by MIAL and IOSPL on the reduction of RAB by 1% or by any other number. In this regard, the Authority clarifies that proposal to rework the RAB of IOSPL, Mumbai, by reducing the RAB by 1% of the cost of the assets (ITP depot / Computer Software (i6 System) / Vehicles), if IOSPL, Mumbai fails to commission and capitalize the assets proposed for FY 2021-22 by December 2022 and not on the assets proposed for FY 2022-23 and FY 2023-24. Further, the Authority has proposed readjustment in RAB to encourage IOSPL, Mumbai to commission and capitalize the proposed assets in each control period and also to protect the interest of the stakeholders who are paying for services provided by IOSPL, Mumbai. It is clarified that in case there is delay in commissioning and capitalizing the assets proposed for FY 2021-22 by December 2022 due to any reason beyond the control of IOSPL, Mumbai, and, is properly justified, same would be considered by the Authority while truing up the actual cost at the time of determination of Tariff for the 4th Control Period. However, there will be no waiver of penalty in case it is delayed beyond December, 2022.

4.5.2 The Authority also noted the Hon’ble **TDSAT Judgment** dated 27.09.2019 of “*Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Regulatory Authority of India*” with regard to the Authority’s decision to impose 1% penalty by way of reduction of the value



of the Terminal II building from ARR and noted that Hon'ble TDSAT has concurred with decision of the Authority on the reduction of RAB by 1%. (Para (ix) of the TDSAT Judgment).

4.5.3 The Authority in view of above, has decided to rework the RAB of the IOSPL, Mumbai for the 3rd Control Period, by reducing the RAB by 1% of the cost of the ITP depot / Computer Software (i6 System) / Vehicles as the case may be, if the IOSPL, Mumbai fails to commission and capitalize these assets by December 2022.

4.5.4 The Authority noted that no issue has been raised on revising the Capital Expenditure at the consultation paper stage. The Authority therefore, has decided to consider Capital Expenditure as projected at consultation stage and given in Table 11 above.

4.6 **Authority's Decisions regarding Capital Expenditure for the 3rd Control Period**

Based on the material before it and its analysis, the Authority has decided the following regarding Capital Expenditure for IOSPL, Mumbai for the 3rd Control Period:

4.6.1 The Authority decides to consider Capital Expenditure for the 3rd Control Period for IOSPL, Mumbai as per Table 11.

4.6.2 The Authority decides to rework the RAB of the IOSPL, Mumbai for the 3rd Control Period, by reducing the RAB by 1% of the cost of the ITP depot / Computer Software (i6 System) / Vehicles as the case may be, if the IOSPL, Mumbai fails to commission and capitalize these assets by December 2022.

4.6.3 The Authority decides to true up the capital expenditure based on actuals at the time of tariff determination for next control period.

CHAPTER 5. DEPRECIATION

5.1 IOSPL, Mumbai's submission on Depreciation for the 3rd Control Period as part of MYTP.

5.1.1 As per the IOSPL Mumbai's submission, the asset wise depreciation projected on the Regulatory Assets for the 3rd Control Period has been summarized in the Table 12 below:

Table 12: Depreciation (Asset-wise) as projected by IOSPL, Mumbai for 3rd Control Period

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Vehicles	476.05	499.70	398.79	323.69	323.69	2021.92
Computer software	56.72	56.12	55.67	0.00	0.00	168.51
Building	6.27	11.49	10.66	9.76	9.76	47.94
Total	539.04	567.31	465.12	333.45	333.45	2238.37

5.1.2 As per IOSPL Mumbai's submission, no depreciation provision has been made for computer software for the FY 2024-25 and 2025-26.

5.2 Authority's examination and analysis regarding Depreciation for the 3rd Control Period at Consultation stage:

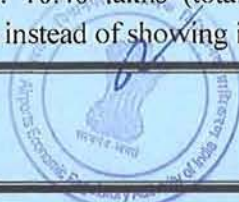
5.2.1 The Authority has issued its own Order No. 35 / 2017-18 for "Determination of Useful life of Airport Assets" for determining appropriate depreciation rates in line with the provisions of the Companies Act 2013. Accordingly, the Authority has considered the useful life and depreciation rates as prescribed in the said Order 35 for IOSPL Mumbai.

5.2.2 The Authority has examined the depreciation rates and useful life of Assets considered by IOSPL, Mumbai and noted that IOSPL, Mumbai has considered the same depreciation rates and useful life of Assets as recommended by AERA which is shown in the Table 13 below:

Table 13: Depreciation Rates as per AERA Order No. 35 / 2017-18 and Useful Life of Assets applied by IOSPL, Mumbai

Particulars	As per IOSPL, Mumbai		As per Authority	
	Useful life (years)	Rate	Useful life (years)	Rate
Building	30	3.33%	30	3.33%
Computer software	3	33.33%	3	33.33%
Vehicles	8	12.50%	8	12.50%

5.2.3 The Authority has noted that opening RAB contains Office Equipments of Rs. 6.65 lakhs and Furniture & Fittings of Rs. 3.75 lakhs. As these are very small amounts, the Authority has therefore considered Rs. 10.40 lakhs (total value of these assets) in Buildings for determination of depreciation instead of showing it under separate head.



- 5.2.4 The Authority has considered the clarification and time line submitted by IOSPL, Mumbai for the construction of Building (ITP depot) and noted that as per the Tender Document furnished by IOSPL, Mumbai, the construction of building (ITP depot) is expected to be completed by December, 2021. The Authority therefore proposed that deprecation on ITP Depot is to be calculated at the approved depreciation rates and the useful life of 30 years to be reckoned from the third quarter of FY 2021-22. The Authority therefore, proposes half year depreciation on building (ITP depot) in FY 2021-22.
- 5.2.5 The Authority, based on the information given by IOSPL, Mumbai, has noted that the Computer software (i6 System) is likely to be installed after end of the first half of FY 2021-22, therefore the Authority has proposed to consider this capital expenditure in the third quarter of FY 2021-22. The Authority has therefore proposed that deprecation on Computer software (i6 System) is calculated at the approved depreciation rates for half year in FY 2021-22 and the useful life of 3 years to be reckoned from the third quarter of FY 2021-22. The Authority therefore, proposes half year depreciation on Computer software (i6 System) in FY 2021-22.
- 5.2.6 The Authority, keeping in view of the above and depreciation rates and life of Assets, has revised the depreciation based on clarification given in the preceding paras and proposed the following depreciation for the 3rd Control Period as given in the Table 14 below:

Table 14: Revised Depreciation Proposed by the Authority for IOSPL, Mumbai for 3rd Control Period

Particulars	Amount (Rs. in Lacs)				Total
	2021-22	2022-23	2023-24	2024-25*	
Vehicles	476.05	499.70	398.79	188.82	1563.36
Computer software	28.88	56.12	55.67	16.24	156.91
Building	6.27	11.49	10.66	5.69	34.11
Total	511.20	567.31	465.12	210.75	1754.38

* Depreciation for Seven months only

- 5.2.7 The Authority has considered the depreciation on assets for seven months in FY 2024-25 because the concession term of IOSPL, Mumbai is valid only till 30th October 2024.
- 5.3 **Stakeholders' Comments regarding Depreciation for the 3rd Control Period:**
- 5.3.1 No comments were received from the stakeholders.
- 5.4 **Authority's Decisions regarding Depreciation for the 3rd Control Period**
- Based on the material before it and its analysis, the Authority has decided the following regarding Depreciation for IOSPL, Mumbai for the 3rd Control Period:
- 5.4.1 The Authority decides to consider Depreciation for the 3rd Control Period as per Table 14.
- 5.4.2 The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next Control Period.



CHAPTER 6. REGULATORY ASSET BASE

6.1 IOSPL, Mumbai's submission on Regulatory Asset Base (RAB) for the 3rd Control Period as part of MYTP.

6.1.1 As per clause 9.2 of the CGF guidelines, RAB shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.

6.1.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.

6.1.3 The actual Regulatory Asset Base (RAB) as per the audited annual financial statements of IOSPL, Mumbai for the 2nd control period has been shown in the Table 15 below:

Table 15 :RAB's Details as per the Audited Annual Statements of IOSPL, Mumbai
Amount (Rs. in Lakhs)

Particulars		2016-17	2017-18	2018-19	2019-20	2020-21*
Opening RAB	OR	2106.89	2287.26	1850.24	1729.36	1427.06
Capital Expenditure	CE	513.19	164.00	292.68	77.95	0.13
Disposals/Transfers	DI	0.00	268.04	0.00	0.00	0.00
Depreciation	DR	332.82	332.98	413.56	380.25	379.85
Closing RAB	CR = OR + CE - DR - DI	2287.26	1850.24	1729.36	1427.06	1047.33
Average RAB	RAB = (OR + CR) / 2	2197.07	2068.75	1789.80	1578.21	1237.19

2020-21* estimated figures

6.1.4 The projected Regulatory Asset Base (RAB) for the 3rd control period submitted by IOSPL, Mumbai has been shown in the Table 16 below:

Table 16: RAB submission by IOSPL, Mumbai for 3rd Control Period

Amount (Rs. in Lakhs)

Particulars		2021-22	2022-23	2023-24	2024-25	2025-26
Opening RAB	OR	1047.33	1612.31	1985.00	2016.00	2191.90
Capital Expenditure	CE	1104.02	940.00	496.13	509.36	0.00
Disposals/Transfers	DI	0.00	0.00	0.00	0.00	0.00
Depreciation	DR	539.04	567.31	465.12	333.45	333.45
Closing RAB	CR = OR + CE - DR - DI	1612.31	1985.00	2016.00	2191.90	1858.45
Average RAB	RAB = (OR + CR) / 2	1329.82	1798.65	2000.50	2103.95	2025.18



6.2 Authority's examination regarding Regulatory Asset Base (RAB) for the 3rd Control period at Consultation stage:

- 6.2.1 The Authority has examined each element of RAB, its utility and requirement in the functioning of the IOSPL, Mumbai as proposed in their MYTP. The Authority, further based on subsequent clarifications submitted by IOSPL, Mumbai has considered capital expenditure projected for construction of Building (ITP depot), refurbishment of vehicles, and, installation of Computer Software (i6 System), in RAB determination.
- 6.2.2 The Authority, after taking into consideration IOSPL, Mumbai's clarifications on capital expenditure, has proposed to consider the Average RAB for the purpose of tariff determination as per Table 17 below:

Table 17: RAB proposed by the Authority for IOSPL, Mumbai for the 3rd Control Period

Particulars	Amount (Rs. in Lakhs)			
	2021-22	2022-23	2023-24	2024-25
Opening RAB (A)	1,047.33	1,712.14	1,844.83	1,797.71
Addition (B)	1,176.02	700.00	418.00	345.00
Adjustment	0.00	0.00	0.00	0.00
Deletion (D)	0.00	0.00	0.00	0.00
Depreciation (E)	511.20	567.31	465.12	210.75
Closing RAB (F) = (A+B-C-D-E)	1,712.14	1,844.83	1,797.71	1,931.96
Average RAB (ARAB=(A+F)/2)	1,379.73	1,778.49	1,821.27	1,864.84

- 6.2.3 The Authority has not considered the RAB for FY 2025-26 because the concession term of IOSPL, Mumbai is valid only till 30th October 2024.

6.3 Stakeholders' comments regarding Regulatory Asset Base (RAB) for the 3rd Control Period:

IOSPL's comments on Regulatory Asset Base (RAB) for the 3rd Control Period:

- 6.3.1 IOSPL, Mumbai has submitted that in Table 8, of the Consultation Paper, in the year FY 2023-24 it is observed that closing RAB and Average RAB are same at 1797.71. This is an error, and the correct value should be $(1844.83+1797.71)/2 = 1821.3$. This error may be rectified by the Authority and the tariff to be re-worked accordingly.

IOSPL's counter comments and response to Stakeholders' Comments regarding Regulatory Asset Base (RAB) for the 3rd Control Period:

- 6.3.2 No counter comments received from IOSPL.



6.4 **Authority's examination and decisions regarding Regulatory Asset Base (RAB) for the 3rd Control Period:**

6.4.1 Since there is no comment regarding Regulatory Asset Base (RAB) except on small error in Average RAB for FY 2023-24, which has been corrected. The Authority adhered to its proposal for Regulatory Asset Base (RAB) for the 3rd Control Period as given in the Consultation Paper.

6.4.2 The Authority, keeping in view of the above, has therefore decided to consider the Regulatory Asset Base (RAB) for the 3rd Control Period as given in the Table 17 above.

6.5 **Authority's Decisions regarding Regulatory Asset Base (RAB) for the 3rd Control Period**

Based on the material before it and its analysis, the Authority has decided the following regarding Regulatory Asset Base (RAB) for IOSPL, Mumbai for the 3rd Control Period:

6.5.1 The Authority decides to consider Regulatory Asset Base (RAB) for the 3rd Control Period as per Table 17.

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CHAPTER 7. FAIR RATE OF RETURN (FROR)

7.1 IOSPL, Mumbai's submission on Fair Rate of Return (FRoR) for the 3rd Control Period as part of MYTP.

7.1.1 IOSPL, Mumbai has considered 14% as Fair Rate of Return (FRoR) in MYTP for the 3rd Control Period.

7.1.2 IOSPL, Mumbai has not used any Debt for financing its Regulatory Assets. The determination of FRoR submitted by IOSPL, Mumbai is shown in Table below:

Table 18: Determination of FRoR for 3rd Control Period as submitted by IOSPL, Mumbai

Particulars	Components
Gearing	No Debt
Pre-Tax Cost of Debt	-
Risk-free Rate	5.87
Return on market portfolio	17.89
Equity-risk premium	12.02
Beta	1.24
Tax Rate Applied	34.944%
Post-Tax Cost of Equity	13.52
FROR (Post-Tax)	14.00%

Authority's Examination and Analysis regarding Fair Rate of Return (FROR) for the 3rd Control Period at Consultation stage:

7.1.3 The Authority has noted that IOSPL, Mumbai has not used any debt for financing its Regulatory assets and used only equity funds, therefore only cost of equity has been considered for the determination of FRoR.

7.1.4 The Authority examined the various components of FRoR submitted by IOSPL, Mumbai and noted that FRoR determined by IOSPL, Mumbai is reasonable. The Authority had recently determined and considered 14% FRoR for other service provider.

7.1.5 The Authority, has therefore, considered the same FRoR (14%) as proposed by IOSPL, Mumbai for 3rd Control Period which has been shown in the Table 19 below:

Table 19: FRoR proposed by Authority for IOSPL, Mumbai for the 3rd Control Period

Particulars	2021-22	2022-23	2023-24	2024-25
FRoR	14%	14%	14%	14%

7.2 Stakeholders' Comments regarding Fair Rate of Return (FROR) for the 3rd Control Period:

7.2.1 No comments were received from the stakeholders.



7.3 **Authority's Decisions regarding Fair Rate of Return (FROR) for the 3rd Control Period**

Based on the material before it and its analysis, the Authority decided the following regarding Fair Rate of Return (FROR) for IOSPL, Mumbai for the 3rd Control Period:

- 7.3.1 The Authority decides to consider Fair Rate of Return (FROR) for IOSPL, Mumbai for the 3rd Control Period as per Table 19.



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CHAPTER 8. OTHER INCOME

8.1 IOSPL, Mumbai's submission on Other Income for the 3rd Control Period as part of MYTP.

8.1.1 IOSPL, Mumbai has projected Other Income as per Table below:

Table 20 : Projected Other Income of IOSPL, Mumbai for the 3rd Control Period

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Other Income	14.02	18.40	23.19	28.00	32.34	115.94

8.2 Authority's examination regarding Other Income for the 3rd Control Period at Consultation stage:

8.2.1 The Authority examined the Other Income projected by IOSPL, Mumbai for the 3rd Control Period and noted that this is mainly generated through bank deposits. The Authority proposed to consider the entire other Income for cross subsidizing the main revenue in the interest of all the stakeholders/users, as described in para 2.11 of this consultation paper. Accordingly, the Authority proposed to consider Other Income for determination of ARR as per Table below:

Table 21 : Other Income Proposed by the Authority for IOSPL, Mumbai

Particulars	(Amount Rs. in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25*	
Other Income	14.02	18.40	23.19	16.33	71.94

* For Seven months only as the concession term of IOSPL, Mumbai is valid till 30th October 2024

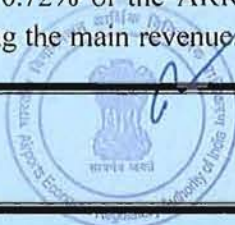
8.3 Stakeholders' Comments regarding Other Income for the 3rd Control Period:

MIAL comments on Other Income for the 3rd Control Period:

8.3.1 MIAL has stated that the Authority has proposed that Interest Income earned shall be treated as aeronautical revenue. It should be noted that interest is earned on deposit which are not part of regular business of ITP services and should not be considered as revenue for determination of the aeronautical charges.

IOSPL's Comments on Other Income for the 3rd Control Period:

8.3.2 Bank deposits are essential to meet the working capital needs of the business. Therefore, in order for the business to run smoothly, bank deposits for working capital needs are essential and therefore have a direct relationship with the underlying service. Since the revenues from this service comprise of only 0.72% of the ARR, there is no meaningful benefit to the stakeholders in cross subsidizing the main revenue. For the purpose of ease of calculations,



it is proposed to exclude Non-Aeronautical Revenues from subsidizing the main revenue stream.

8.4 **IOSPL's counter comments and response to Stakeholders' Comments regarding Other Income for the 3rd Control Period:**

8.4.1 Subsequent to the Stakeholders' Comments received by IOSPL as part of Stakeholder Consultation process, IOSPL's has not given any response to the Stakeholder's Comments with respect to 'other income' for the 3rd Control Period.

8.5 **Authority's examination and decisions regarding Other Income for the 3rd Control Period:**

8.5.1 The Authority examined the comments raised by MIAL and IOSPL, Mumbai and of the view that IOSPL, Mumbai is not carrying out any Non-aeronautical service apart from the regulated ITP service at CSMIA, Mumbai. Further as per the user agreements with the users of ITP service, IOSPL, Mumbai is entrusted to carry out only the regulated service. As per the Annual Accounts of IOSPL, Mumbai, the service provider does not have other source of revenue except meagre revenue from bank deposits. The Authority noted that the interest income generated from surplus cash, fundamentally has no relationship with any kind of service but surplus cash has resulted from revenue earned through ITP service.

8.5.2 The Authority also viewed the Hon'ble TDSAT Judgment dated 27.09.2019 in "Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Authority of India" with regard to Interest Income which also validates the Authority's decision to consider Interest Income as Other Income.

8.5.3 The Authority has therefore decided to consider the Interest Income on surplus funds as Other Income from Regulated Services for determination of ARR in the interest of all the stakeholders/users.

8.6 **Authority's Decisions regarding Other Income for the 3rd Control Period**

Based on the material before it and its analysis, the Authority has decided the following regarding Other Income for IOSPL, Mumbai for the 3rd Control Period:

8.6.1 The Authority decides to consider Other Income for the 3rd Control Period as per Table 21.

8.6.2 The Authority decides to true up the Other Income based on actuals at the time of tariff determination for next Control Period.



CHAPTER 9. OPERATION AND MAINTENANCE EXPENDITURE

9.1 IOSPL, Mumbai's submission on Operation and Maintenance Expenditure for the 3rd Control Period as part of MYTP.

9.1.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operational and maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.

9.1.2 Operation and Maintenance (O&M) expenditure submitted by IOSPL, Mumbai is segregated into the following categories:

- a) Payroll expenses;
- b) Admin and general expenditure;
- c) Repair and maintenance expenditure;
- d) Utility Costs
- e) Airport Operator Fees

9.1.3 The summary of growth rates assumed by IOSPL, Mumbai for the projection of Operation and Maintenance expenditure for the 3rd Control Period have been presented in the table 22 below:

Table 22: Growth rates in O&M as per IOSPL, Mumbai for 3rd Control Period

Particulars	Escalation	Inflation
Payroll Costs	5.50%	5.00%
Rent/License		7.50%
Rates & Taxes		5.00%
Rent		5.00%
Communication		8.00%
Travelling & Conveyance		10.00%
Office Maintenance		5.00%
Printing & Stationery		10.00%
Audit Expenses		5.00%
Legal Expenses		10.00%
Other professional charges		8.00%
Marketing Costs		5.00%
Insurance		10.00%
Consumption of stores		10.00%
Recruitment/training		10.00%
Bank Charges		5.00%
Miscellaneous- Admn. Exps		5.00%
CSR Expenditure		5.00%
Spares		5.00%
Security		5.00%
Repairs and Maintenance		8.00%
Power-Utilities		5.00%
Water		5.00%
Diesel		8.00%



9.1.4 IOSPL, Mumbai, based on the above assumptions, has submitted the projected Operation and Maintenance Expenditure for the 3rd Control Period as shown in Table 23 below.

Table 23: Projected Operation and Maintenance (O&M) Expenditure & CAGR (FY21-22 to FY25-26) - IOSPL, Mumbai.

Particulars	Amount (Rs. In Lakhs)						CAGR
	2021-22	2022-23	2023-24	2024-25	2025-26	Total	
Payroll Costs	1120.82	1238.51	1368.55	1512.25	1671.04	6911.17	10.5%
Administrative and General	122.93	133.29	144.58	156.89	170.32	728.02	8.5%
Repairs and Maintenance	167.00	180.36	194.79	210.37	227.20	979.73	8.0%
Utility Costs	174.73	188.29	202.91	218.68	235.70	1020.30	7.8%
Total	1585.48	1740.45	1910.84	2098.20	2304.25	9639.22	9.8%

9.1.5 As per IOSPL, Mumbai, there is no change in department wise number of employees as shown in Table 24 below:

Table 24: Actual & Projected Department-wise Full-Time No. of Employees- IOSPL, Mumbai

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Operations	98	98	98	98	98	98	98
Maintenance	34	34	34	34	34	34	34
Administration	1	1	1	1	1	1	1
Total	133	133	133	133	133	133	133

9.1.6 The IOSPL, Mumbai has submitted the projected Airport Operator Fees for the 3rd Control Period is shown in Table 25 below:

Table 25: Projected Airport Operator Fees & CAGR (FY21-22 to FY25-26) - IOSPL, Mumbai.

Particulars	Amount (Rs. in Lakhs)						CAGR
	2021-22	2022-23	2023-24	2024-25	2025-26	Total	
Airport Operator Fees	194.97	242.90	295.16	348.02	396.53	1477.58	19.4%



9.2 **Authority's examination and analysis regarding Operation and Maintenance (O&M) Expenditure for the 3rd Control Period at Consultation stage:**

A. **Operation and Maintenance Expenditure**

9.2.1 The Authority analysed category-wise breakup of each element of Operation and Maintenance (O&M) expenditure as per Actuals reflected in the annual accounts of IOSPL, Mumbai for the 2nd control period which has been shown in the Table 26 below:

Table 26: Actual Operation and Maintenance Expenditure & CAGR (FY16-17 to FY19-20)

Particulars	Amount (Rs. in Lakhs)					CAGR
	2016-17	2017-18	2018-19	2019-20	Total	
Payroll Costs	777.70	843.13	952.88	987.22	3,560.93	8.3%
Administrative and General Exp.	110.61	118.47	104.43	123.48	456.99	3.7%
Repairs and Maintenance Exp.	93.52	103.07	133.12	142.13	471.83	15.0%
Utility Costs	147.81	149.53	167.25	162.15	626.74	3.1%
Total	1,129.64	1,214.19	1,357.69	1,414.98	5,116.50	7.8%

* Annual financials of 2020-21 is yet to be finalized.

9.2.2 The Authority examined the Operation and Maintenance expenditure of IOSPL, Mumbai and noted that the CAGR of actual expenditure incurred on Operation and Maintenance by the IOSPL, Mumbai as per the annual accounts (FY 2016-17 to FY 2019-20) is 7.8% which is lower than the CAGR of 9.7% of projected Operation and Maintenance expenditure for 3rd Control Period. The Authority also noted the increase in Payroll costs, Administrative General Expenditure and Utility Costs projections (Refer Table 24 of CP).

9.2.3 The Authority examined the each category of Operation and Maintenance Expenditure and analysed the category wise share of each category of expenditure in the total Operation and Maintenance Expenditure projected by IOSPL, Mumbai, the for the 3rd Control Period which is shown in Table 27 below:

Table 27: Category wise percentage share of expenditure in the Total Operation & Maintenance Expenditure

Category of Operation and Maintenance Expenditure	% Share of total Expenditure
Payroll Costs	71.70
Administrative and General Expenditure	7.55
Repairs and Maintenance Expenditure	10.16
Utility Costs	10.58
Total	100.00

9.2.4 The Authority noted that Payroll Costs are major operating cost and is about 72% of the total operating expenditure of IOSPL, Mumbai whereas for other three categories it is 28% of the total operating expenditure.



9.2.5 The Authority also examined the growth rates assumed by IOSPL, Mumbai for the projection of Operation and Maintenance expenditure shown in Table 23 and analysed the category wise assumptions considered by IOSPL, Mumbai for each category of Operation and Maintenance Expenditure which is as under:

- Payroll Costs- Annual increment of 10.5% (5.5% on account of an annual increase and 5% on account of inflation) towards Payroll (manpower costs).
- Admin and general expenditure- Annual increase of more than 8.0% which is due to 10% inflation impact in Legal Expenses, Insurance, and Printing & Stationery. Consumption of Stores, Recruitment/training and 5% inflation rate is considered for projection of these expenses.
- Repair and maintenance expenditure - Annual increase is 8.0% has been considered for Repair Maintenance expenses
- Utility Costs - Annual increase is taken 5.0% for Utility Costs
- Airport Operator Fees - ITP revenue share to IOS, Mumbai – As per the concession agreement, Airport Operator Fees has been considered at 6% of revenue from services.

9.2.6 The Authority noted that IOSPL, Mumbai has projected the Airport Operator Fees @ 6% of the Aeronautical revenue however, the Authority has capped the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on “Capping the amount of Royalty licence Fee / Revenue Share payable to Airport Operator” as a “pass through” expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports.

9.2.7 The Authority has considered the rate of increase in each head of Operation and Maintenance expenditure after taking into account effect of COVID -19, causing slowdown in the aviation sector and sustenance of the operations and proposed to revise each category of Operation and Maintenance expenditure as under:

- a. The Authority has examined the submissions made by IOSPL, Mumbai regarding Payroll Costs with an increase of 10.5% for 3rd Control Period. The Authority noted that the CAGR of Payroll Costs during the last control period (FY 2016-17 to FY 2019-20) is 8.3% and due to COVID -19, there is slow down in the aviation sector and to sustain the operations, the increment in the payroll costs should be low. The Authority therefore proposes to increase in payroll costs @ 8.5% for the 3rd Control Period.
- b. The Authority has examined the projections of Administrative and General Expenditure by IOSPL, Mumbai and noted that IOSPL, Mumbai Annual has considered 8.2% annual increase in the Administrative and General Expenditure. The Authority noted that the CAGR of Administrative and General Expenditure during the last control period FY 2016-17 to FY 2019-20) is 3.7%. The Authority, keeping in view the CAGR of 3.7%, proposed year wise increase in Administrative and General Expenditure 4.0% over the previous year expenditure for the 3rd Control Period.

- c. The Authority has examined the projections of Repairs and Maintenance Expenditure made by IOSPL, Mumbai by taking an annual increase of 8.0%. The Authority noted that the CAGR of Repairs and Maintenance Expenditure during the last control period (FY 2016-17 to FY 2019-20) is about 15.0% which is high due to lower base in FY 2016-17. Since the annual increase in Repairs and Maintenance Expenditure taken by IOSPL, Mumbai is lower i.e., 8%, the Authority therefore proposes year wise increase in Repairs and Maintenance Expenditure @8.0% for the 3rd control period. .
- d. The Authority has examined the projections made by IOSPL, Mumbai about the Utility Costs with an annual increase of 7.8%. The Authority noted that the CAGR of utility costs during the last control period (FY 2016-17 to FY 2019-20) is 3.1%. The Authority therefore, proposes year wise increase in utility costs by 3.5% for the 3rd Control Period.

9.2.8 The Authority has noted that the Operation and Maintenance Expenditure projected in the FY 2021-22 by the IOSPL, Mumbai are reasonable and as per the trend during last control Period. The Authority therefore considered the Operation and Maintenance expenditures of FY 2021-22 projected by IOSPL, Mumbai as base for allowing increase in Operation and Maintenance Expenditures for the FY 2022-23 to FY 2025-26 and proposes the following percentage (%) increase for each category of expenditure which has been given in Table 28 below:

Table 28: Percentage (%) Increase in Operation and Maintenance Expenditure Proposed by the Authority for revision of Operation and Maintenance Expenditure for IOSPL, Mumbai.

Particulars	2022-23	2023-24	2024-25
Payroll	8.50%	8.50%	8.50%
Administrative and General	4.00%	4.00%	4.00%
Repairs and Maintenance	8.00%	8.00%	8.00%
Utility Costs	3.50%	3.50%	3.50%
Airport Operator Fees (Revenue Share) (based on AERA Order)	5.00%	5.00%	5.00%

9.2.9 The Authority, after considering the above growth rates, has proposed to revise the Operating and Maintenance Expenditure. Airport Operator Fees has been revised based on AERA Order No. 01/2018-19 dated 5th April 2018. The revised total Operating and Maintenance Expenditure, has been given in the Table 29 below:

Table 29: Revised Operating and Maintenance Expenditure proposed by the Authority for the 3rd Control Period (at Consultation stage)

Particulars	Amount (Rs. in Lakhs)				
	*2021-22	2022-23	2023-24	2024-25	Total
Payroll Costs	1120.82	1216.09	1319.46	1073.71	4730.08
Administrative and General	122.93	127.85	132.96	103.71	487.45
Repairs and Maintenance	167.00	180.36	194.79	157.78	699.94



Utility Costs	174.73	180.84	187.17	145.29	688.03
Airport Operator Fees	87.02	146.32	167.80	143.12	544.27
Total	1672.50	1851.47	2002.18	1623.62	7149.77

* FY 2021-22 figures projected by IOSPL, Mumbai have been taken as base for revised projection.

9.2.10 The Authority has considered the Operating and Maintenance Expenditure for nine months in FY 2024-25 because the concession term of IOSPL, Mumbai is valid only till 1st January 2025.

9.3 **Stakeholders' comments regarding Operating and Maintenance Expenditure for the 3rd Control Period:**

IOSPL's comments on Airport Operator Fees for the 3rd Control Period:

9.3.1 IOSPL, Mumbai has projected the Airport Operator Fees @ 6% of the Aeronautical Revenue whereas the Authority has proposed to cap the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty/ licence Fee / Revenue Share payable to Airport Operator as a "pass through" expenditure for the Independent Service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports. The Airport Operator Fee at 6% of the Aeronautical Revenue has been projected as mandated in the Public tender invited by Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL) and the terms articulated in the Sub-concession Agreement executed between MAFFFL and IOSL on 31st October 2014; whereas the AERA Order No. 01/2018-19 dated 5th April 2018 on capping the said fee at 5% as "pass through" expenditure was a subsequent event.

IOSPL also drew the attention of the Authority to letter IOSL-AERA/Royalty Capping/01 dated 6th March 2021 in the matter of Royalty capping Order No.01/2018-19 dated 5th April 2018, wherein IOSPL has requested the Authority to reconsider their initial proposal of consider capping the revenue share at 30% in line with Cargo and Ground handling in view of the shift of bid evaluation criteria fixed by Airport Operators from lowest fee to highest revenue share.

9.4 **Authority's examination and decisions regarding Operation and Maintenance (O&M) Expenditure & Airport Operator Fees for the 3rd Control Period:**

9.4.1 The Authority has examined the comments given by IOSPL, Mumbai and noted that IOSPL, Mumbai projected the Airport Operator Fees @ 6% of the Aeronautical revenue. The Authority has its vide Order No. 01/2018-19 dated 5th April 2018 on "Capping the amount of Royalty licence Fee / Revenue Share payable to Airport Operator" as a "pass through" expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports". AERA therefore does not follow the agreement of IOSPL with Airport Operator / Service provider and has capped the Airport Operator Fees @ 5% of the Aeronautical Revenue for the purpose of the tariff determination as per the above AERA Order.

9.4.2 In view of above, the Authority has decided to consider Airport Operator Fees @ 5% of the Aeronautical Revenue for determination of ARR. The Authority after considering the effect of revised Fuel Throughput and minor correction in RAB (post consultation) and based on revised ARR, proposed to revise the Operating and Maintenance Expenditure due to change in Airport Operator Fees which is given in Table 30 below:



Table 30: Revised Operating and Maintenance Expenditure proposed by the Authority for the 3rd Control Period:

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25*	Total
Payroll Costs	1120.82	1216.09	1319.46	835.11	4491.48
Administrative and General	122.93	127.85	132.96	80.66	464.40
Repairs and Maintenance	167.00	180.36	194.79	122.72	664.87
Utility Costs	174.73	180.84	187.17	113.00	655.74
Airport Operator Fees	66.96	153.74	189.47	135.10	545.27
Total	1652.44	1858.88	2023.85	1286.60	6821.77

* Operation and Maintenance Expenditure for Seven months only

9.4.3 The Authority has considered the Operation and Maintenance Expenditure for seven months in FY 2024-25 because the concession term of IOSPL, Mumbai is valid only till 30th October 2024.

9.4.4 Since no comments / counter comments have been received on Operation and Maintenance (O&M) Expenditure except one on Airport Operator Fees. The Authority has proposed Operation and Maintenance (O&M) Expenditure for the 3rd Control Period as given in the Table 30 above.

9.5 Authority's Decision regarding Operation and Maintenance Expenditure for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Operation and Maintenance Expenditure for IOSPL, Mumbai for the 3rd Control Period:

9.5.1 The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 30.

9.5.2 The Authority decides to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period.



CHAPTER 10. PROVISION FOR TAXATION

10.1 IOSPL, Mumbai's submission on Provision for Taxation for the 3rd Control Period as part of MYTP.

10.1.1 As per clause 9.5 of CGF Guidelines, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of Aggregate Revenue Requirement. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

10.1.2 IOSPL, Mumbai has projected income tax @ 34.944% (Basic rate 30%, 12% Surcharge where total income > Rs. 10 crore and 4% Health and Education Cess) on regulatory profits.

10.1.3 The tax projections submitted by IOSPL, Mumbai 3rd Control Period is given as per Table 31 below:

Table 31 :Provision for Taxation as per IOSPL, Mumbai's submission for 3rd Control Period

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Profit Before Tax	31.56	535.10	1216.93	1915.15	2388.29	6087.03
Provision for Taxation	11.03	186.99	425.25	669.23	834.54	2127.06

10.2 Authority's examination and analysis regarding Provision for Taxation for the 3rd Control Period at consultation stage:

10.2.1 The Authority noted that IOSPL, Mumbai has applied income tax @ 34.944% (Basic rate 30%, 12% Surcharge where total income > Rs. 10 crore and 4% Health and Education Cess) for tax projections for the 3rd Control Period.

10.2.2 The Authority noted that a new section 115BAA was introduced by the Government of India through the Taxation (Amendment) Ordinance 2019 on the 20th September 2019. Section 115BAA provides option to a domestic company to pay tax at lower rate of 22% (plus applicable surcharge and cess) (where the total turnover for Previous Year (PY) 2017-18 does not exceeds Rs. 400 Crore) as opposed to normal tax rate of 30%/ 25% (plus applicable surcharge and cess), w.e.f. assessment year 2020-21, provided the income is computed-

- without claiming exemption/ deduction
 - u/s 10AA [SEZ units],
 - u/s 32(1)(iia) [additional depreciation qua new plant and machinery @ 20%/ 30%],
 - u/s 32AD [15% on new assets in undertaking set up in specified backward areas in Andhra Pradesh, Bihar, Telangana, and West Bengal]

- u/s 33AB [specified percentage of amounts deposited with Tea/ Coffee/ Rubber Board]
 - u/s 33ABA [specified percentage of amounts deposited in Site Restoration Account]
 - u/s 35(1)(ii)/(iia), 35(2AA) [specified deduction for scientific research]
 - u/s 35AD [expenditure on specified business]
 - u/s 35CCC [expenditure on agricultural extension project]
 - u/s 35CCD [expenditure on skill development project]
 - under Part C of Chapter VIA except section 80JJAA of the Act (such as 80IA/ IB/ IC/ ID/ IE etc.)
- without set-off of any brought forward losses to the extent such loss relates to deductions mentioned above. Such losses would also not be allowed to be carried forward to subsequent years.
 - after claiming depreciation other than additional depreciation u/s 32(1)(iia).

The benefit of lower rate under the aforesaid section can be exercised by the company from any year commencing from Assessment Year (AY) 2020-21 or onwards. Such option is to be exercised in prescribed manner, before due date of return u/s 139(1) for the year in which option is exercised. Option once exercised would be binding for subsequent years and cannot be withdrawn.

10.2.3 The Authority examined both the income tax rates and noted that the rate of Tax as per Section 115BAA is lower, the comparative detail is given in Table 32 below:

Table 32: Corporate Tax Rate used by IOSPL, Mumbai & as per the provisions of Section 115BAA of Income Tax Act, 1961

Particulars	Basic rate	Surcharge	Health and Education Cess	Tax Rate
Tax Rate as per IOSPL, Mumbai	30.00%	12.00%	4.00%	34.944%
Tax Rate as per Section 115BAA of Income Tax Act 1961	22.00%	10.00%	4.00%	25.168%

10.2.4 The Authority noted that income tax rate prescribed under the new section 115BAA is lower and sought clarification from IOSPL, Mumbai, for levying tax @ 34.944% (including surcharge and Health and Education Cess) whereas as per Section 115BAA of Income Tax Act 1961, the Corporate Income Tax Rate is 25.168% (including surcharge and Health and Education Cess). In this regard, IOSPL, Mumbai clarified that-

“the company being an entity operating 23 locations across India, pays tax based on the overall profitability of the company. Concessional tax rate for domestic companies from AY 2020-21 (FY 2019-20) for companies upto turnover of 400 crores in FY 2017-18 was made at 25% as per section 115BAA with conditions precedent to availing the



concessional tax. The turnover of the company in 2017-18 was 502 Crores. Also the company is claiming income tax deductions under Income tax act for other location. These claims have been rejected by the Income tax authorities and are under litigation with the department of Income tax. The company has made provisions in the books for the full disputed amounts for the pervious years also. During 2019-20, provision at full rate of tax have been made in the audited P&L and the same has been also adopted by the company & the Board of Directors as well as certified by the Statutory Auditors & the tax auditors."

- 10.2.5 The Authority has therefore decided to consider the provision for taxation @ 34.944% for the determination of ARR for 3rd Control Period for IOSPL Mumbai. Accordingly, the Authority, based on revised ARR, proposed to revise the provision for taxation which is given in Table 33 below:

Table 33: Revised Provision for Taxation for IOSPL, Mumbai as per the Authority

Particulars	Amount (Rs. in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25	
Provision for Taxation	0.00	177.41	310.53	338.22	826.17

10.3 Stakeholders' comments regarding Provision for Taxation for the 3rd Control Period:

- 10.3.1 No comments were received from the stakeholders.

10.4 Authority's examination and decisions regarding Provision for Taxation for the 3rd Control Period:

- 10.4.1 The Authority after considering the effect of revised Fuel Throughput volumes and minor correction in RAB (post consultation) and based on revised ARR, decided to consider the revised provision for taxation which is given in Table 34 below:

Table 34: Revised Provision for Taxation for IOSPL, Mumbai as per the Authority

Particulars	Amount (Rs. in Lacs)				Total
	2021-22	2022-23	2023-24	2024-25	
Provision for Taxation	0.00	226.65	454.39	420.97	1102.01

10.5 Authority's Decisions regarding Provision for Taxation for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding provision for taxation for IOSPL, Mumbai for the 3rd Control Period:

- 10.5.1 The Authority decides to consider provision for taxation for determination of ARR for the 3rd Control Period of IOSPL, Mumbai as per Table 34.
- 10.5.2 The Authority decides to true up the provision for taxation based on actual taxes paid at the time of tariff determination for next Control Period.



CHAPTER 11. AGGREGATE REVENUE REQUIREMENT (ARR)

11.1 IOSPL, Mumbai's submission on Aggregate Revenue Requirement for the 3rd Control Period as part of MYTP.

11.1.1 IOSPL, Mumbai has submitted Aggregate Revenue Requirement (ARR) for the 3rd Control Period. The summary of ARR and Yield Per Unit has been presented in the Table 35 below:

Table 35: Projection of Aggregate Revenue Requirement (ARR) and Yield as per Unit for IOSPL, Mumbai for the 3rd Control Period

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from Regulated Services(1)	2337.03	3067.36	3864.87	4666.83	5390.19	19326.27
Revenue from Services other than Regulated Services(2)	14.02	18.40	23.19	28.00	32.34	115.94
Operating Expenditure(3)	1780.45	1983.34	2206.00	2446.22	2700.78	11116.80
Depreciation(4)	539.04	567.31	465.12	333.45	333.45	2238.38
Tax	11.03	186.99	425.25	669.23	834.57	2127.06
Total Expenditure (3)+(4)=(5)	2330.52	2737.64	3096.37	3448.91	3868.80	15482.23
Regulatory Operating (After Tax) Profit(1)+(2)-(5)=(6)	20.53	348.12	791.69	1245.92	1553.73	3959.99
Capital Expenditure(7)	1104.02	940.00	496.13	509.36	0.00	3049.50
Opening RAB (8)	1047.33	1612.31	1985.00	2016.00	2191.90	-
Disposals/Transfers(9)	0.00	0.00	0.00	0.00	0.00	-
Closing RAB(8)+(7)-(9)=(10)	1612.31	1985.00	2016.00	2191.90	1858.45	-
Average RAB (8)+(10)/2=(11)	1329.82	1798.65	2000.50	2103.95	2025.18	1851.62
Total Volume (Fuel throughput (12)	4.75	5.94	7.13	8.20	9.02	35.05
Actual Yield per unit (12/1)	494.53	519.26	545.22	572.48	601.11	-

11.1.2 As per the submission of IOSPL, Mumbai, annual inflation in the Tariff has been taken @ 5% to determine yield per KL.



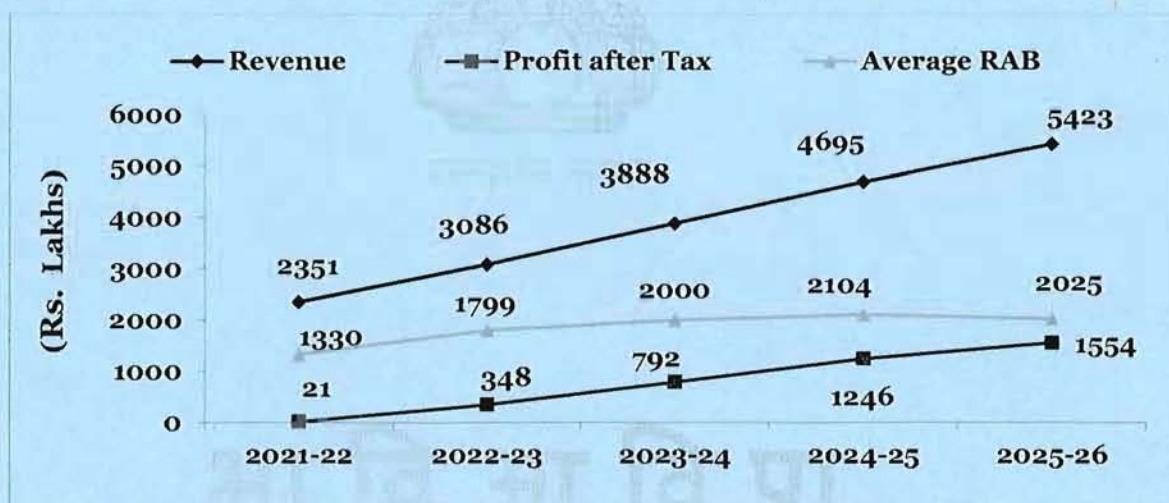
11.2 **Authority's Examination and Analysis at consultation stage:**

11.2.1 A comparative analysis of Total Revenue, Profitability, Tax and Return on RAB based on IOSPL, Mumbai's submission for 3rd Control Period is given below.

Table 36: Comparative Statement of Revenue, Profitability, RAB and Return on RAB for the 3rd Control Period (Rs. in lakhs)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Total Revenue	2351.05	3085.76	3888.05	4694.83	5422.52
Profit before Tax	31.56	535.10	1216.93	1915.15	2388.29
Tax	11.03	186.99	425.25	669.23	834.57
Profit after Tax	20.53	348.12	791.69	1245.92	1553.73
Average RAB	1329.82	1798.65	2000.50	2103.95	2025.18

11.2.2 Based on the IOSPL, Mumbai's submissions for 3rd Control Period, the graphical depiction of Total Revenue, Profitability and average RAB is given as under:



11.2.3 The Authority noted that the CAGR of Revenue from Aeronautical Services (Revenue from Into Plane Services) is 23.24% projected for the 3rd Control Period.

11.2.4 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield per Unit. With respect to each element of the regulatory building blocks considered by IOSPL, Mumbai in computation of ARR and Yield per Unit in Table above, the Authority proposed (in CP) as below:

- To consider the Fuel Throughput in accordance Table 8.
- To consider the depreciation as per Table 15.
- To consider the average RAB in accordance with Table 18.
- To consider the FRoR in accordance with Table 20

- To consider the Non-aeronautical revenue as per Table 22
- To consider the O&M expenses as per Table 30.
- To consider the Tax as per Table 33.

11.2.5 After considering the above, the Authority proposed the following ARR as presented in the Table 37 below:

Table 37: Aggregate Revenue Requirement (ARR) proposed by the Authority for IOSPL, Mumbai for the 3rd Control Period (at Consultation stage)

Particulars	Amount (Rs.in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25**	
Average RAB (Refer Table 18)	1379.73	1778.49	1797.71	1834.73	
Fair Rate of Return (Refer Table 20)	14%	14%	14%	14%	
Return on average RAB	193.16	248.99	251.68	256.86	950.69
O& M Expenses (Refer Table 30)	1672.50	1851.47	2002.18	1623.62	7149.77
Depreciation (Refer Table 15)	511.20	567.31	465.12	270.96	1814.60
Tax (Refer Table 33)	0.00	177.41	310.53	338.22	826.17
Less: Other Income (Refer Table 22)	14.02	18.40	23.19	21.00	76.61
ARR per year	2362.85	2826.78	3006.32	2468.67	10664.62
Discount Rate	14%	14%	14%	14%	
PV Discount	1.00	0.88	0.77	0.67	
PV of ARR based @14%	2362.85	2479.63	2313.27	1666.28	8822.03
Sum Present value of ARR	8822.03				
Fuel Throughput (Lakhs KL) (Refer Table 8)	34.59				
Yield Per KL (in Rs.)	255.02				
Computation of Aeronautical Revenue (Revenue from ITP services)					
Particulars	Amount (Rs. in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25**	
Projected Revenue (Fuelling)	1574.36	2539.29	2793.22	2285.36	9192.22
Projected Revenue (Re-Fuelling)	2.25	2.25	2.25	1.70	8.45
Total Projected Revenue	1576.61	2541.54	2795.47	2287.06	9200.67
PV Discount	1.00	0.88	0.77	0.67	
Discounted Aeronautical Revenue	1574.36	2227.45	2149.29	1542.55	7493.65
% Increase in Tariff	10.55%	4.25%	4.25%	4.25%	
Revised Revenue (with Tariff Increase)	1740.45	2926.49	3355.95	2862.47	10885.37
PV of Revised Revenue (with Tariff Increase)	1740.45	2567.10	2582.30	1932.09	8821.94

** For nine months only as the concession term of IOSPL, Mumbai is valid till 1st January 2025

11.2.6 The Authority had proposed to include Aeronautical Revenue (Re-Fuelling) of Rs. 2.25 lakhs in projected revenue for 3rd Control Period, based on actual Aeronautical Revenue



(Re-Fuelling) data submitted by IOSPL, Mumbai for defueling / Refuelling of defueled product of Rs.2.08 Lakhs for the period April 2020 to February 2021 which has been annualized.

11.2.7 The Authority had proposed the Aggregate Revenue Requirement (ARR) for nine months in FY 2024-25 because the concession term of IOSPL, Mumbai is valid only till 1st January 2025.

11.2.8 The Authority, based on the proposed ARR and percentage increase to meet the Aggregate Revenue Requirement (AAR), has proposed to revise tariff with an increase as given in Table 36 for ITP services provided by IOSPL, Mumbai for the 3rd Control Period.

11.2.9 Stakeholders' Comments regarding Aggregate Revenue Requirement for the 3rd Control Period:

11.3 IOSPL's Comments regarding Aggregate Revenue Requirement for the 3rd Control Period:

11.3.1 IOSPL, Mumbai has submitted that discount factors applied by the Authority for determination of tariff are incorrect and suggested that the Present Value (PV) of Net ARR for FY 2021-22 should be determined by using 0.88 discount factor and for the balance years i.e. FY 2022-23, FY 2023-24 and FY 2024-25, discount factors of 0.77, 0.67 and 0.59.

11.3.2 IOSPL, Mumbai has also submitted that the approach used in the past by AERA to calculate Yield / KL = Present Value (ARR) / Present Value (Volumes) and shared the following table illustrate the calculation for MAFFFL, DAFFPL and BLR FF (AERA Orders Number 32/2017-18, 29/2017-18 and 30/2017-18 which is shown as under :

DAFFPL (Order 32/2017-18)	FY17	FY18	FY19	FY20	FY21
Fuel Throughput	17.14	17.65	18.18	18.72	19.28
Discount factor	1.08	0.95	0.84	0.74	0.65
PV ARR	46,516				
Yield: Sum Total of Volumes	511				
Yield PV of Volumes	605				
BLR FF (Order 29/2017-18)					
	FY17	FY18	FY19	FY20	FY21
Fuel Throughput	5.84	6.13	6.44	6.76	7.1
Discount factor	1.07	0.95	0.85	0.76	0.68
PV ARR	49,719				
Yield: Sum Total of Volumes	1541				
Yield PV of Volumes	1807				
MAFFFL (Order 30/2017-18)					
	FY17	FY18	FY19	FY20	FY21
Fuel Throughput	15.59	15.9	16.22	16.54	16.87
Discount factor	1.07	0.95	0.85	0.76	0.68
PV ARR	52,333				
Yield: Sum Total of Volumes	645				
Yield PV of Volumes	752				



11.4 BPCL's Comments regarding Aggregate Revenue Requirement (True Up) for the 3rd Control Period:

11.4.1 BPCL has submitted that provision of 'True Up' for this Control Period may not be applicable & logical in this case as business continuity of IOSPL at Mumbai Airport beyond the current contract period is not guaranteed as it will be based on outcome of fresh selection process. Thus it is requested that without any linkage to 'True Up' mechanism reasonable tariff & returns as per AERA guidelines are considered within the Control Period.

11.5 Authority's examination and decisions regarding Aggregate Revenue Requirement (ARR) for the 3rd Control Period:

11.5.1 The Authority examined the comments of the IOSPL, Mumbai on usage of incorrect discount factor. The Authority is using Discounted Cash Flow (DCF) Technique in determination of Tariff of regulated services. As per the normal Principles of Discounted Cash Flow Technique or Cash Flow Accounting, the cash flows are assumed to accrue at the end of the year and the Present Value (PV) of cash flows for the year is calculated accordingly. Under the DCF Technique First year is treated as 0 year for determination of PV of the cash flow.

11.5.2 The Authority used DCF Technique in determination of Tariff of ITP services rendered by IOSPL, Mumbai and has determined the PV of Net ARR for each of the years i.e. FY 2021-22 to FY 2024-25 of the 3rd Control Period using discount factors (considering 14% FRoR). The current MYTP of IOSPL, Mumbai is applicable from 1st April 2021 and as per of DCF, the Net ARR for FY 2021-22 will be due on March 31, 2022 (end of the year) and hence discounted accordingly. The PV of Net ARR for FY 2021-22 is arrived at with a discounting factor of 1.00 and for the balance years i.e. FY 2022-23, FY 2023-24 and FY 2024-25, the discount factors 0.88, 0.77 and 0.67 respectively have been used (considering 14% FRoR) which is given in the Table below:

Table 38: Discount Factor Used by AERA (Considering FRoR @ 14%)

	FY21-22	FY22-23	FY23-24	FY24-25
Year end	31-03-2022	31-03-2023	31-03-2024	31-03-2025
Discount Factor	1.00	0.88	0.77	0.67

11.5.3 The Authority examined the discount factor used by IOSPL, Mumbai for arriving at the Present value (PV) of Net ARR Net ARR for FY 2021-22. The Authority also observed that IOSPL, Mumbai has considered that the net ARR will accrue at the beginning of the FY 2021-22 i.e. on 1st April 2021 and consequently a discount factor of 0.88 has been taken for arriving at the Present value (PV) of Net ARR for FY 2021-22 and for the balance years i.e. FY 2022-23, FY 2023-24 and FY 2024-25, a discount factor of 0.77, 0.67 and 0.59 has been taken (Considering 14% FRoR) which is given in the Table below:



Table 39: Discount Factor suggested by IOSPL, Mumbai (Considering FRoR @ 14%)

	FY21-22	FY22-23	FY23-24	FY24-25
Year end	31-03-2022	31-03-2023	31-03-2024	31-03-2025
Discount Factor	0.88	0.77	0.67	0.59

- 11.5.4 The Authority has been consistent in its approach and applies same methodology in determination of Tariff of all the regulated services.
- 11.5.5 Further regarding use of PV of Volume as referred above by IOSPL, Mumbai referring Tariff orders of MAFFFL, DAFFPL and BLR FF, the Authority has never used PV of Volume in determination of ARR.
- 11.5.6 Accordingly, the Authority has not deviated from its approach and has used normal principles of DCF Technique and based on this approach has determined the PV of Net ARR of IOSPL, Mumbai.
- 11.5.7 The Authority noted the concern of the BPCL regarding provision of 'True Up' for 3rd Control Period. The Authority, as per the guidelines when determines the tariff under Price Cap Approach, proposes / decides for the true up of under recovery or over recovery of the ARR after end of the relevant control period. In case of excess recovery of ARR, it is 'Unjust Enrichment' for the service provider or *vice versa*. The Authority has therefore decided to true up the ARR based on actuals at the time of tariff determination for next Control Period provided the concession term of the service provider is extended
- 11.5.8 The Authority has decided to make the revised tariff effective from 1st September 2021 for the 3rd Control Period, and, therefore, the ARR for FY 2021-22 has been computed accordingly.
- 11.5.9 Also, the Authority has considered the O&M Expenditure, Depreciation and Other income for seven months in FY 2024-25 for determination of ARR, as the concession term of IOSPL Mumbai is valid only till 30th October 2024.
- 11.5.10 After considering change in the Fuel Throughput Forecast (refer Table 7) and slight modification in Average RAB (refer Table 18), the Authority has decided to determine the following ARR for IOSPL Mumbai for the 3rd Control Period as presented in Table 40 below:

Table 40: Aggregate Revenue Requirement (ARR) proposed by the Authority for IOSPL, Mumbai for the 3rd Control Period:

Particulars	Amount (Rs.in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25	
Average RAB (Refer Table 17)	1379.73	1778.49	1821.27	1864.84	
Fair Rate of Return (Refer Table 19)	14%	14%	14%	14%	
Return on average RAB	193.16	248.99	254.98	261.08	958.21
O& M Expenses (Refer Table 30)	1652.44	1858.88	2023.85	1286.60	6821.77
Depreciation (Refer Table 14)	511.20	567.31	465.12	210.75	1754.38
Tax (Refer Table 34)	0.00	226.65	454.39	420.97	1102.01

Less: Other Income (Refer Table 21)	14.02	18.40	23.19	16.33	71.94
ARR per year	2342.79	2883.42	3175.15	2163.06	10564.42
Discount Rate	14%	14%	14%	14%	
PV Discount	1.00	0.88	0.77	0.67	
PV of ARR based @14%	2342.79	2529.32	2443.18	1460.00	8775.29
Sum Present value of ARR	8775.29				
Fuel Throughput (Lacs KL)(Refer Table 7)	31.51				
Yield Per KL (in Rs.)	278.48				
Computation of Aeronautical Revenue (Revenue from ITP services)					
Particulars	Amount (Rs. in Lacs)				Total
	2021-22	2022-23	2023-24	2024-25	
Projected Revenue (Fuelling)	1263.26	2539.29	2793.22	1777.50	8373.27
Projected Revenue (Re-Fuelling)	2.25	2.25	2.25	1.70	8.45
Total Projected Revenue	1265.51	2541.54	2795.47	1779.20	8381.72
PV Discount	1.00	0.88	0.77	0.67	
PV of Revenue based on Existing Tariff	1265.51	2229.42	2151.02	1200.91	6846.86
% Increase in Tariff	10.00%	10.00%	12.05%	12.05%	
Revised Revenue (with Tariff Increase)	1389.59	3072.54	3787.06	2700.34	10949.53
PV of Revised Revenue (with Tariff Increase)	1389.59	2695.21	2914.02	1822.66	8821.47

11.6 Authority's Decisions on Aggregate Revenue Requirement (ARR) for the 3rd Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding Aggregate Revenue Requirement (ARR) for IOSPL, Mumbai for the 3rd Control Period:

- 11.6.1 The Authority decides to consider the ARR for IOSPL, Mumbai for the 3rd Control Period as per Table 40.
- 11.6.2 The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period provided the concession term of IOSPL at CSMIA Mumbai is extended.



CHAPTER 12. ANNUAL TARIFF PROPOSAL

12.1 IOSPL, Mumbai's submissions on Annual Tariff Proposal for the 3rd Control Period as part of MYTP.

12.1.1 M/s Indian Oil Skytanking Private Limited (IOSPL), Mumbai has submitted Multi Year Tariff Proposal (MYTP) for the 3rd Control Period (FY 2021-22 to FY 2024-25) on 1st December, 2020.

12.1.2 IOSPL, Mumbai has submitted the tariff proposal only for the four financial years (FY 2021-22 to FY 2024-25).

12.1.3 M/s Indian Oil Skytanking Private Limited (IOSPL), Mumbai has not submitted tariff proposal for FY 2025-25 as the concession term of IOSPL, Mumbai is valid till 30th October 2024.

12.1.4 M/s Indian Oil Skytanking Private Limited (IOSPL), Mumbai has submitted the tariff proposal for Into Plane Services at CSI Airport, Mumbai for the 3rd Control Period as per Table 41 below:

Table 41: Tariff Proposal by IOSPL, Mumbai for the 3rd Control Period

Particulars		Amount (Rs. per KL)			
		2021-22	2022-23	2023-24	2024-25
Fuelling of Aircraft		498.56	520.50	543.40	567.31
Defuelling of Aircraft	Within 6 hours	498.56	520.50	543.40	567.31
	Beyond 6 hours	598.27	624.59	652.08	680.77
Aircraft Refuelling De-fuelled Product into an Aircraft	Within 6 hours	548.41	572.55	597.74	624.04
	Beyond 6 hours	598.27	624.59	652.08	680.77

12.2 Authority's Examination and Analysis at Consultation stage:

12.2.1 Proposed increased by IOSPL, Mumbai for Into Plane Services at CSI Airport, Mumbai for the 3rd Control Period shows more than 87% to 104% increase in Tariff in FY 2021-22 over the tariff approved by AERA for previous control period (applicable as on 31.03.2021) and further YoY increase of 4.40% for subsequent years which is shown in the Table 42.

Table 42: YoY Increase (%) in Tariff Proposed by IOSPL Mumbai for the 3rd Control Period

Particulars		% Change in Tariff Over previous Year			
		2021-22	2022-23	2023-24	2024-25
Fuelling of Aircraft		87.63	4.40	4.40	4.40
Defuelling of Aircraft	Within 6 hours	85.75	4.40	4.40	4.40
	Beyond 6 hours	78.32	4.40	4.40	4.40
Aircraft Refuelling De-fuelled Product into an Aircraft	Within 6 hours	104.33	4.40	4.40	4.40
	Beyond 6 hours	78.32	4.40	4.40	4.40



12.2.2 The Authority, based on the proposed ARR and percentage increase to meet the Aggregate Revenue Requirement (AAR), instead of proposing one time increase in the tariff, proposed to increase tariff by 10.55% in FY 2021-22 and thereafter YoY by 4.25% from FY 2022-23 onwards for the 3rd Control Period for ITP services provided by IOSPL, Mumbai as per Table 43:

Table 43: Tariff Rate Proposed by the Authority for IOSPL, Mumbai for the 3rd Control Period (at Consultation stage)

Particulars		Amount (Rs. Per KL)			
		2021-22	2022-23	2023-24	2024-25*
Fuelling of Aircraft		293.75	306.24	319.25	332.82
Defuelling of Aircraft	Within 6 hours	296.72	309.33	322.47	336.18
	Beyond 6 hours	370.90	386.66	403.09	420.22
Aircraft Refuelling De-fuelled Product into an Aircraft	Within 6 hours	296.72	309.33	322.47	336.18
	Beyond 6 hours	370.90	386.66	403.09	420.22

12.2.3 The Authority has proposed the tariff rate for nine months for the FY 2024-25* because the concession term of IOSPL, Mumbai is valid only till 1st January 2025.

12.3 Stakeholders' Comments on Tariff Rate for the 3rd Control Period:

MAFFFL's Comments on Tariff Rate for the 3rd Control Period:

12.3.1 The selection of Into the Plain Service (ITP) Service providers at Mumbai International Airport (MIAL) was done through a competitive bidding process. The winning bidder was M/s Bharat Stars Services Private Limited (BSSPL) which provided the lowest ITP Service fee. M/s Indian Oil Skytank Private Limited (IOSL) was required to match the same rate in order to be the 2nd operator to be selected. We request the authority for having same ITP Service Fee for both IOSL and BSSPL with competition being on service delivery and quality parameters.

IOCL's Comments on Tariff Rate for the 3rd Control Period:

12.3.2 ITP charges at a particular airport may be kept same for all the ITP service providers. This will ensure a healthy competition between the ITP service providers on the quality of service. Further it is requested that any increase in tariff should be on prospective basis, as it would not be possible to recover past dues from the airlines.

HPCL's Comments on Tariff Rate for the 3rd Control Period:

12.3.3 HPCL uses the services of both IOSL and BSSPL at the airports where common user fuel farm & ITP Services are present which are Delhi, Mumbai and Bangalore. In case the tariffs for BSSPL and IOSL are different, HPCL's end customers would end up paying different rates at the same airport based on the choice of either IOSL or BSSPL which would be inappropriate and discriminatory. The business to the service providers is awarded by



HPCL based on service quality and other operational reasons. These parameters are evaluated on a regular basis and allocation of volumes to the ITP service providers takes place accordingly. We therefore request the authority to keep rates of IOSL and BSSPL at par. Further any tariff increases should be on a prospective basis only.

BPCL's Comments on Tariff Rate for the 3rd Control Period:

- 12.3.4 The two Consultation papers floated viz CP 01 / 2021-22 & CP 02 / 2021-22 both dated 08th April 2021 in the matter of determination of aeronautical tariff for M/s Indian Oil Sky Tanking Pvt Ltd (IOSPL) and M/s Bharat Stars services Pvt Ltd (BSSSPL) respectively for providing into plane services (ITP) at CSI Airport, Mumbai for the 3rd Control Period (FY 2021-22 to FY 2025-26) proposes different tariff for IOSPL & BSSPL in all the years. Since the level of service is same & they necessarily need to follow the same parameter of Safety and Quality at the time of execution of work and there are well defined service parameters for ITP services benchmarked to international standards & ITP agencies need to diligently follow strict guidelines for Safety and Quality the ITP charges should be at par for both the service providers at CSI, Mumbai Airport.

BSSPL's Comments on Tariff Rate for the 3rd Control Period:

- 12.3.5 In case the Authority decides to approve the tariff of IOSL to an extent to match it with that of BSSPL, we would have no objections to the same.

IOSPL's Comments on Tariff Rate for the 3rd Control Period:

- 12.3.6 The tender and the Sub-Concession Agreement executed clearly articulates that the "Parties acknowledge and agree that in order to ensure competition at the Airport, MAFFFL has granted sub-concessions to 2 (two) different service providers, selected through a competitive bidding process, to undertake and provide the Services to users, at the Airport, for a maximum period of 10 (ten) years from the effective date." - ref. Clause 3.3.4 of ITP Sub Concessions Agreement. In the Scope of ITP Services, it has been mandated that "Each into plane delivery or removal of ATF by the Sub Concessionaire to an Aircraft owned or operated by the Supplier or a Supplier's customer shall not be made except pursuant to a request by or on behalf of the Supplier". It is also stated that "It is a requirement of MAFFFL that all qualified Supplier(s) should be allowed to have access to and use of the ITP Services on a non-discriminatory basis. This will enable the Suppliers to freely select the ITP Service provider of their choice for any particular transaction at the Airport. The Open Access obligation of the Sub-Concessionaire forms an integral part and is the essence of this Agreement." This very clearly implies that we do not mainly cater to clients of our promoters by our choice, but it is by their choice. We are open to catering to any Suppliers' requirement should they desire to avail our services by their free choice. - ref. Clause 4.3.4 & 4.4 of ITP Sub Concessions Agreement. Further to IOSL's appeal pending in TDSAT regarding both ITP service providers having the same rate at a particular airport in the interest of fair competition, we once again urge the authority to consider same tariffs for both service providers at the same airport. Since the same service is being rendered by both companies, it is fair that both be allowed to charge the same tariff.



12.4 Authority's examination and decisions on Tariff Rate for the 3rd Control Period

12.4.1 The Authority noted the comments of the above stakeholders with regard to same tariff (at par) for both the ITP service providers and any increase in tariffs should be on a prospective basis. The Authority while determining the tariff, takes into consideration the set procedure, and, the tariff determination is based on individual service provider's investment (Capital Expenditure) revenue requirement for efficient and viable operations and quality of service to be provided to the users. The tariff for each service provider is determined after taking into account its operational cost, infrastructure cost, business volumes etc.

12.4.2 Further, the Authority is of the view that determining the same tariff for competitive firms would mean preventing competing firms from further improving their efficiency and reducing their rates.

12.4.3 The Authority is cognizant that even though service provided by two different service providers can be similar, but the cost of providing the same service cannot be the same. The Authority is, therefore of the considered view that the tariff for two firms should not be same.

12.4.4 Regarding HPCL's comment that any increase in tariffs should be on a prospective basis, the Authority clarifies that tariffs are applicable from the date of issue of Order or from a specific date in future.

12.4.5 The Authority noted that one time tariff increase comes to 29.35% in FY 2021-22 to meet the Aggregate Revenue Requirement (ARR) of IOSPL, Mumbai for the 3rd Control Period. However, the Authority, keeping in view the current economic condition of the aviation sector, decided to stagger the tariff increase instead of giving one time tariff increase. The Authority has therefore decided to increase the tariff for ITP services provided by IOSPL, Mumbai at the rate of 10.00% YoY in FY 2021-22 and FY 2022-23 and thereafter by 12.05% YoY from FY 2023-24 onwards for the 3rd Control Period. The revised tariff based on this is given in **ANNEXURE-I**.

12.4.6 The Authority has decided tariff rate for seven months for the FY 2024-25* because the concession term of IOSPL, Mumbai is valid till 30th October 2024.



12.5 **Authority's Decisions on Tariff Rate for the 3rd Control Period:**

Based on the material before it and its analysis, the Authority has decided the following regarding Tariff Rate for IOSPL, Mumbai for the 3rd Control Period:

- 12.5.1 The Authority decides to consider the Tariff Rate for Into Plane Services provided by IOSPL, Mumbai for the 3rd Control Period as per **ANNEXURE-I**.



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CHAPTER 13. SUMMARY OF AUTHORITY'S DECISIONS

The below mentioned provides a summary the Authority's decisions (given under each chapter) regarding the tariff determination of IOSPL, Mumbai for the 3rd Control Period:

Chapter and Para		Summary Of Authority's Decisions	Page No.
Chapter No 2	2.7.1	The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for IOSPL, Mumbai for the 3rd Control Period.	16
Chapter No 3	3.5.1	The Authority decides to consider Fuel Throughput Forecast for the 3rd Control Period for IOSPL, Mumbai as per Table 7.	23
	3.5.2	The Authority decides to true-up the Fuel Throughput (volume) on the basis of actual off take in 3rd Control Period while determining tariffs for the Next Control Period.	
Chapter No 4.	4.6.1	The Authority decides to consider Capital Expenditure for the 3rd Control Period for IOSPL, Mumbai as per Table 11.	29
	4.6.2	The Authority decides to rework the RAB of the IOSPL, Mumbai for the 3rd Control Period, by reducing the RAB by 1% of the cost of the ITP depot / Computer Software (i6 System) / Vehicles as the case may be, if the IOSPL, Mumbai fails to commission and capitalize these assets by December 2022.	
	4.6.3	The Authority decides to true up the capital expenditure based on actuals at the time of tariff determination for next control period.	
Chapter No 5.	5.4.1	The Authority decides to consider Depreciation for the 3rd Control Period as per Table 14.	31
	5.4.2	The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next Control Period.	
Chapter No 6.	6.5.1	The Authority decides to consider Regulatory Asset Base (RAB) for the 3rd Control Period as per Table 17.	34
Chapter No 7.	7.3.1	The Authority decides to consider Fair Rate of Return (FROR) for IOSPL, Mumbai for the 3rd Control Period as per Table 19.	36
Chapter No 8.	8.6.1	The Authority decides to consider Other Income for the 3rd Control Period as per Table 21.	38
	8.6.2	The Authority decides to true up the Other Income based on actuals at the time of tariff determination for next Control Period.	
Chapter No 9.	9.5.1	The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 30.	45



	9.5.2	The Authority decides to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period.	
Chapter No 10.	10.5.1	The Authority decides to consider provision for taxation for determination of ARR for the 3rd Control Period of IOSPL, Mumbai as per Table 34.	48
	10.5.2	The Authority decides to true up the provision for taxation based on actual taxes paid at the time of tariff determination for next Control Period.	
Chapter No 11.	11.6.1	The Authority decides to consider the ARR for IOSPL, Mumbai for the 3rd Control Period as per Table 40.	55
	11.6.2	The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period provided the concession term of IOSPL at CSMIA Mumbai is extended.	
Chapter No 12.	12.5.1	The Authority decides to consider the Tariff Rate for Into Plane Services provided by IOSPL, Mumbai for the 3rd Control Period as per ANNEXURE-I.	60

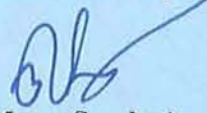


CHAPTER 14. ORDER

Upon careful consideration of the material available on records, the Authority, in exercise of powers conferred by Section 13(1) (a) of the Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:

- (i) IOSPL, Mumbai is permitted to levy the tariff for Into Plane Services as per tariff card at **Annexure-I** for the 3rd Control Period (**w.e.f. 1st September, 2021 to 30th October 2024**).
- (ii) The levy of new tariffs shall be **effective from 1st September, 2021**.
- (iii) The tariff rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable.
- (iv) The Airport Operator shall ensure compliance of the Order.

By the Order of and in the name of the Authority


(Col. Manu Sooden)
Secretary

To,

Shri T.S. Dupare
Chief Executive Officer,
Indian Oil Skytanking Private Ltd
Bangalore international airport, Devenahalli,
Bangalore-560 300

Copy to:

1. **Secretary, Ministry of Civil Aviation**
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110 003
2. **Shri R K Jain,**
Chief Executive Officer,
Mumbai International Airport Limited,
CSMI Airport, 1st Floor, Terminal 1,
Santacruz (E), Mumbai 400 099.



ANNEXURE-I

APPROVED TARIFF RATE

For Indian Oil Skytanking Private Limited (IOSPL) providing Into Plane Services at Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai for the 3rd Control Period (01.09.2021 to 30.10.2024)

Amount (Rs. per KL)

Particulars		2021-22	2022-23	2023-24	2024-25
Fuelling of Aircraft		292.29	321.52	360.26	403.68
Defuelling of Aircraft	Within 6 hours	295.24	324.76	363.90	407.75
	Beyond 6 hours	369.05	405.96	454.87	509.68
Refuelling of Defuelled Product	Within 6 hours	295.24	324.76	363.90	407.75
	Beyond 6 hours	369.05	405.96	454.87	509.68

NOTE: The rates approved herein are ceiling rates, excluding taxes, if any, and, as applicable as per Government Orders issued from time to time.

