



Airports Economic Regulatory Authority of India

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
BHARAT STARS SERVICES PRIVATE LIMITED (BSSPL) PROVIDING
INTO PLANE SERVICES (ITP) AT KEMPEGOWDA INTERNATIONAL
AIRPORT (KIA), BANGALORE FOR THE 3RD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)**

Date of Issue: 10th September, 2021

AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110003



TABLE OF CONTENTS

CHAPTER 1. INTRODUCTION

1.1	Profile of the Service Provider.....	9
1.2	Background of the tariff determination exercise.....	9
1.3	Steps involved in determination of tariff for BSSPL, Bangalore.....	10

CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1	Background	12
2.2	Tariff Setting Principles.....	12
2.3	Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period.....	14
2.4	BSSPL, Bangalore's counter comments and response to Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period.....	16
2.5	Authority's Examination regarding Tariff Setting Principles for the Third Control Period.....	16
2.6	Authority's Decision regarding Tariff setting principles for the Third Control Period	17

CHAPTER 3. FUEL THROUGHPUT FORECAST

3.1	BSSPL, Bangalore's submission on Fuel Throughput Forecast for the Third Control Period as part of MYTP.....	18
3.2	Authority's Examination regarding Fuel Throughput Forecast for the Third Control period at Consultation stage.....	19
3.3	Stakeholders' Comments regarding Fuel Throughput Forecast for the Third Control Period..	20
3.4	BSSPL, Bangalore's counter comments and response to stakeholders comments regarding Fuel Throughput Forecast for the Third Control Period.....	21
3.5	Authority's Examination regarding Fuel Throughput Forecast for the Third Control Period.....	21
3.6	Authority's Decisions regarding Fuel Throughput Forecast for the Third Control Period....	22

CHAPTER 4. CAPITAL EXPENDITURE

4.1	BSSPL, Bangalore's submission on Capital Expenditure for the 3rd Control Period as part of MYTP.....	23
4.2	Authority's Examination regarding Capital Expenditure for the 3rd Control period at Consultation stage.....	24
4.3	Stakeholders' Comments regarding Capital Expenditure for the 3rd Control Period.....	27
4.4	BSSPL's counter comments and response to Stakeholders' Comments regarding Capital Expenditure for the 3rd Control Period.....	27
4.5	Authority's Examination regarding Capital Expenditure for the 3rd Control Period.....	27
4.6	Authority's Decisions regarding Capital Expenditure for the 3rd Control Period.....	28

CHAPTER 5. DEPRECIATION

5.1	BSSPL, Bangalore's submission on Depreciation for the 3rd Control Period as part of MYTP..	29
5.2	Authority's Examination regarding Depreciation for the 3rd Control period at CP stage.....	29
5.3	Stakeholders' Comments regarding Depreciation for the 3rd Control Period.....	30
5.4	Authority's Decisions regarding Depreciation for the 3rd Control Period.....	30

CHAPTER 6. REGULATORY ASSET BASE (RAB).

6.1	BSSPL, Bangalore's submission on Regulatory Asset Base (RAB) for the 3 rd Control Period as part of MYTP.....	31
6.2	Authority's Examination regarding Regulatory Asset Base (RAB) for the 3 rd control period at consultation stage.....	31
6.3	Stakeholders' Comments regarding Regulatory Asset Base (RAB) for the 3rd Control	



Period.....	32
6.4 Authority's Examination regarding Regulatory Asset Base (RAB) for the 3rd Control Period.....	32
6.5 Authority's Decisions regarding Regulatory Asset Base (RAB) for the 3rd Control Period	32

CHAPTER 7. OPERATION AND MAINTENANCE EXPENDITURE

7.1 BSSPL, Bangalore's submission on Operation and Maintenance Expenditure for the 3rd Control Period as part of MYTP.....	33
7.2 Authority's Examination & analysis regarding Operation and Maintenance (O&M) Expenditure for the 3rd Control period at Consultation stage.....	34
7.3 Stakeholders' Comments regarding Operating and Maintenance Expenditure for the 3rd Control Period.....	36
7.4 Authority's Examination regarding Operation and Maintenance (O&M) Expenditure for the 3rd Control Period.....	36
7.5 Authority's Decision on Operation and Maintenance Expenditure for the 3rd Control period...	37

CHAPTER 8. FAIR RATE OF CHAPTER RETURN (FROR)

8.1 BSSPL, Bangalore's submission on fair Rate of Return (FRoR) for the 3rd Control Period as part of MYTP.	38
8.2 Authority's Examination and Analysis for the 3rd Control period at Consultation stage	38
8.3 Stakeholders' Comments regarding Fair Rate of Return (FROR) for the 3rd Control Period	39
8.4 Authority's Decisions regarding Fair Rate of Return (FROR) for the 3rd Control Period....	39

CHAPTER 9. PROVISION FOR TAXATION

9.1 BSSPL, Bangalore's submission on Provision for Taxation for the 3rd Control Period as part of MYTP.....	40
9.2 Authority's Examination and Analysis for the 3 rd Control period at Consultation stage.	40
9.3 Stakeholders' Comments regarding Provision for Taxation for the 3rd Control Period...	41
9.4 Authority's Examination regarding Provision for Taxation for the 3rd Control Period.....	41
9.5 Authority's Decisions regarding Provision for Taxation for the 3rd Control Period.....	41

CHAPTER 10. AGGREGATE REVENUE REQUIREMENT (ARR)

10.1 BSSPL, Bangalore's submission on Aggregate Revenue Requirement for the 3 rd Control Period as part of MYTP.....	42
10.2 Authority's Examination and Analysis at Consultation stage.....	42
10.3 Stakeholders' Comments regarding Aggregate Revenue Requirement for the 3rd Control Period...	43
10.4 Authority's Examination regarding Aggregate Revenue Requirement (ARR) for the 3rd Control Period.....	44
10.5 Authority's Decision on Aggregate Revenue Requirement (ARR) for 3 rd control period.	45

CHAPTER 11. AERONAUTICAL REVENUE

11.1 BSSPL, Bangalore's submission on Aeronautical Revenue for the 3rd Control Period as part of MYTP.....	46
11.2 Authority's Examination regarding Aeronautical Revenue for the 3 rd control period at consultation stage.....	46
11.3 Stakeholders' comments regarding Aeronautical Revenue for the 3rd Control Period.....	46
11.4 Authority's Examination regarding Aeronautical Revenue for the 3rd Control Period.....	46
11.5 Authority's Decision on Aeronautical Revenue for the 3 rd Control Period.....	46



CHAPTER 12. ANNUAL TARIFF PROPOSAL

12.1 BSSPL, Mumbai's submissions on Annual Tariff Proposal for the 3rd Control Period as part of MYTP.	47
12.2 Authority's Examination and Analysis at Consultation stage.....	47
12.3 Stakeholders' Comments on Tariff Rate for the 3rd Control Period.....	48
12.4 BSSPL, Bangalore's counter comments and response to stakeholders commenting regarding Tariff Rates for the Third Control Period.....	48
12.5 Authority's Examination on Tariff Rate for the 3rd Control Period.....	49
12.6 Authority's Decisions on Tariff Rate for the 3rd Control Period.....	49

CHAPTER 13. SUMMARY OF AUTHORITY'S DECISIONS..... 50

CHAPTER 14. ORDER..... 52

ANNEXURE 1 TARIFF CARD FOR BSSPL, BANGALORE FOR THE THIRD CONTROL PERIOD AERA APPROVED MAXIMUM TARIFF RATE 53



भा.वि.जा.वि.प्रा.
AERA



List of Tables

Table No.	Description	Page No
1.	Technical Details of BSSPL, Bangalore	9
2.	Projected Fuel Throughput during the 3 rd Control Period as per BSSPL, Bangalore and CAGR & computations done by the Authority:	18
3.	Actual Fuel Throughput submitted by BSSPL, Bangalore, during the Second Control Period.	18
4.	Assumption used by the Authority for Determining ATMs Traffic at KIA, Bangalore at C.P stage.	19
5.	Fuel Throughput (Volume) Projection proposed by the Authority at C.P. Stage.	19
6.	Revised Projections of Fuel Throughput (Volume) considered by the Authority for 3 rd control period.	22
7.	Actual Capital Expenditure of BSSPL, Bangalore for the FY 2016-17 to 202021.	23
8.	Capital Expenditure as projected by BSSPL, Bangalore for the 3 rd Control Period.	23
9.	Year-wise capital expenditure on Dispensers & Refuellers (including Accessories) considered by the Authority for the 3 rd Control Period at CP stage.	25
10.	Projected Capital Expenditure proposed by the Authority for BSSPL, Bangalore.	26
11.	Depreciation (Asset-wise) as projected by BSSPL, Bangalore for 3 rd control period.	29
12.	Depreciation Rates as per AERA Order No. 35/2017-18 and Useful Life of Assets applied by BSSPL, Bangalore.	29
13.	Revised Depreciation considered by the Authority for BSSPL, Bangalore for 3 rd Control Period.	30
14.	Actual RAB as per ACS for the 2 nd Control Period of BSSPL, Bangalore.	31
15.	RAB submission by BSSPL, Bangalore for 3 rd Control Period.	31
16.	RAB considered by the Authority for BSSPL, Bangalore for 3 rd Control Period.	32
17.	O&M CAGR proposed by BSSPL, Bangalore for 3 rd Control Period.	33
18.	Projected Operation and Maintenance Expenditure (FY21-22 to FY25-26) - BSSPL, Bangalore.	33
19.	Actual Operation and Maintenance Expenditure & CAGR (FY 16-17 to FY 20-21)	34
20.	Category wise percentage share of expenditure in the Total Operation & Maintenance Expenditure.	34
21.	Percentage (%) Increase in OPEX considered by the Authority for BSSPL, Bangalore.	35
22.	Operating and Maintenance Expenditure proposed by the Authority for the 3 rd Control Period at CP Stage.	36
23.	Operating and Maintenance Expenditure considered by the Authority for the 3 rd Control Period.	37
24.	FRoR proposed by BSSPL, Bangalore for the 3 rd Control Period	38
25.	FRoR considered by Authority for BSSPL, Bangalore for the 3 rd Control Period	38
26.	Provision for Taxation as per BSSPL, Bangalore's submission for 3 rd Control Period	40
27.	Provision for Taxation for BSSPL, Bangalore as per the Authority at C.P stage.	40
28.	Revised Provision for Taxation for BSSPL, Bangalore considered by the Authority.	41
29.	Projection of Aggregate Revenue Requirement (ARR) and Yield per Unit as per BSSPL, Bangalore for the 3 rd Control Period.	42
30.	Aggregate Revenue Requirement (ARR) proposed by the Authority for BSSPL, Bangalore at C.P. stage:	43
31.	Aggregate Revenue Requirement (ARR) considered by the Authority for BSSPL, Bangalore for the 3 rd Control Period:	44
32.	Projected Aeronautical Revenue (Revenue from ITP services) during the third control	46



Table No.	Description	Page No
	period as per BSSPL, Bangalore:	
33.	Aeronautical Revenue proposed by the Authority for 3 rd Control Period at C.P. stage.	46
34.	Revised Aeronautical Revenue for BSSPL, Bangalore considered by the Authority for the 3 rd control period.	46
35.	Tariff Proposal (in INR/KL) by BSSPL, Bangalore for the 3 rd Control Period.	47
36.	Year on Year (%) Increase in Tariff Proposed by BSSPL, Bangalore for the 3 rd Control Period.	47
37.	Tariff Rate Proposed by the Authority for BSSPL, Bangalore for the 3 rd Control Period at C.P. stage.	48



भा.वि.आ.वि.प्रा.
AERA



List of Abbreviations

Abbreviation	Full Form
AAI	Airports Authority of India
ACI	Airports Council International
ACS	Annual Compliance Statement
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
ATP	Annual Tariff Proposal
AUCC	Airport Users Consultative Committee
BPCL	Bharat Petroleum Corporation Limited
BSSPL	Bharat Stars Services Private Limited
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CGF	Cargo, Ground Handling & Fuel Throughput
CPI	Consumer Price Index
DDF	Dirt Defense Filters
FRoR	Fair Rate of Return
FWS	Filter Water Separator
GoI	Government of India
GST	Goods and Services Tax
HEPCV	Hose End Pressure Control Valve
HD	Hydrant Dispensers
HPCL	Hindustan Petroleum Corporation Limited
IATA	International Air Transport Association
IOCL	Indian Oil Corporation Limited
IOSPL	Indian Oil Skytanking Private Limited
ITP	Into Plane
JIG	Joint Inspection Group
JVC	Joint Venture Company
KIA	Kempegowda International Airport
KL	Kiloliter
MAFFFL	Mumbai Aviation Fuel Farm Facility Private Limited
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue



Abbreviation	Full Form
OMCs	Oil-Marketing Companies
RAB	Regulatory Asset Base
RF	Re-fullers
STARS	St-Airport Services Pvt. Limited, Singapore
YOY	Year on Year
YPU	Yield Per Unit



भा.वि.आ.वि.प्रा.
AERA



1 INTRODUCTION

1.1 Profile of the Service Provider

- 1.1.1 M/s Bharat Stars Services Private Limited (BSSPL) is a Joint Venture Company (JVC) of Bharat Petroleum Corporation Limited (BPCL) and ST Airport Services Pvt. Ltd. Singapore (STAR) with 50:50 equity participation. BSSPL was incorporated on 13.09.2007 and involved in implementing Open Access Model in Fuel Farm Operations and Single Man Refueling in India.
- 1.1.2 M/s Bharat Stars Services Private Limited (BSSPL) is in the business of providing Into Plane Services to Airlines on behalf of the suppliers and has started its first commercial operation in May 2008 at the Bangalore International Airport Limited (BIAL).
- 1.1.3 BSSPL, Bangalore has submitted the "Business plan for Bangalore ITP Services" for FY 2021-22 to FY 2025-26. As per the Business Plan, BSSPL, Bangalore has following Refueling Equipment's as on 31st March, 2021:

Table 1 : Technical Details of BSSPL, Bangalore

Particulars	Details
Dispensers	11 Nos.
Refuellers	04 Nos.

- 1.1.4 M/s BSSPL has a Service Provider Right Holder (SPRH) agreement with Airport Operator i.e. Bangalore International Airport Limited (BIAL) for providing ITP services at KIA, Bangalore for a period of 10 years and presently is valid upto 23rd May, 2029.
- 1.1.5 M/s Bharat Stars Services Private Limited (BSSPL), Bangalore submitted its MYTP dated 24th December, 2020 seeking revision of tariffs for providing ITP services at KIA, Bangalore for the 3rd Control Period (from 1st April 2021 to 31st March 2026) under Light Touch Approach. In the MYTP submission, BSSPL sought an ARR of Rs.7223.91 lakhs for the 3rd control period and a one-time increase of 46.52% in the first year and thereafter an annual increase in the range of 2.50% to 2.54% in the subsequent years. The MYTP was not updated with actual financial results of FY 2016-17 to 2019-20 and, therefore, was not a complete submission. Subsequently, the Authority held protracted correspondence during February & March 2021 with BSSPL seeking additional details and clarifications on the MYTP. In response BSSPL vide various mails from February to April, 2021 submitted the additional information & clarification to the Authority.

1.2 Background of the tariff determination exercise

- 1.2.1 The Authority vide Order No. 20/2011-12 dated 25.10.2011 decided to adopt 'light touch approach' for determination of tariff for the first Control Period. Thereafter, the Authority issued Order No. 26/2012 13 dated 29.10.2012, for determining Annual Tariffs for the first and second tariff year of the first control period. Subsequently, the Authority vide Order No.20/2013-14 dated 28.06.2013 determined tariffs for the 3rd, 4th and 5th tariff year of the first control period.
- 1.2.2 The Authority allowed BSSPL to continue the levy of tariffs existing as applicable as on 31.03.2016 from time to time vide following Orders:
- Order N0.50/2015-16 dated 31.03.2016.
 - Order No. 11/2016-17 dated 29.09.2016.



- iii) Order no. 19/2016-17 dated 31.03.2017.
- 1.2.3 The Authority vide its Order No 01/2017-18 dated 17.04.2017 determined Annual Tariffs for first 3 years i.e., FY 2016-17, FY 2017-18 and FY 2018-19 (upto 30.04.2018) for the Second Control Period under 'Light Touch Approach' The Authority further vide interim Order No 43/2017-18 dated 28.03.2018 allowed BSSPL to continue levy of tariffs existing as on 31.03.2018 for a further period of six months w.e.f. 01.04.2018 or till determination of tariffs for the 2nd control period, whichever is earlier. M/s BSSPL vide letter dated 27.06.2018 informed that their existing contract for ITP Services at Bangalore Airport which was valid upto 24.05.2018 has been further extended by one more year by BIAL w.e.f. (24.05.2018 to 23.05.2019) and thereafter for a period of 10 years which shall be valid up to 23.05.2029.
- 1.2.4 The Authority allowed BSSPL to continue the levy of tariffs existing as applicable as on 31.09.2018 from time to time vide following Orders:
- i) Order No. 23/2018-19 dated 05.10.2018,
- ii) Order No. 05/2019-20 dated 22.05.2019,
- iii) Order No. 08/2019-20 dated 26.09.2019.
- 1.2.5 Subsequently, the Authority vide order No 17/2019-20 dated 20.11.2019 determined the tariff and allowed BSSPL to increase the tariff existing as on 21.11.2019 by 12.19% for 4th tariff year (From 22.11.2019 to 31.03.2020) and a further increase of 20.82% for financial year 2020-21 of the 2nd Control Period for Into Plane Services at KIA Airport, Bangalore. 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 BSSPL, Bangalore

- 1.3.1 BSSPL submitted the Annual Compliance Statements (ACS) 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 BSSPL, Bangalore Unit, Minutes of the stakeholders meeting held on 19th January, 2021 and Regulatory filing as per AERA CGF Guidelines, information on assets wise and year wise Capital expenditure etc. Subsequently, BSSPL submitted the additional financial and non-financial information/ clarifications such as JIG Guidelines, invoice, tender documents etc. in response to queries raised by AERA from time to time as part of tariff determination exercise.
- 1.3.2 BSSPL, Bangalore projected the Airport Operator Fees @ 23.60% 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/ license 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 The Authority reviewed the revised submissions made by BSSPL with respect to various building blocks. The Authority's position on various building blocks is based on its regulatory philosophy & guidelines issued from time to time and also submission made by BSSPL.
- 1.3.4 Post analysis and discussion on various building blocks, the Authority issued its Consultation Paper no.04/2021-22 dated 13th May, 2021 inviting suggestions/comments from the stakeholders on various building blocks on the proposals of the Authority with the following timelines:
- Date of Issue of the Consultation Paper: 13th May 2021.



- Date for submission of written comments by Stakeholders: 22 June 2021.
- Date for submission of counter comments: 12 July 2021.

The Consultation Paper issued by the Authority on 13.05.2021 was published on the AERA website. The Authority on request of stakeholders extended the last date of submission of comments from 12.06.2021 to 22.06.2021 & counter comments from 22.06.2021 to 02.07.2021. Hence, sufficient opportunity was given to Stakeholders for submission of comments and counter comments. Thus, the consultation process was concluded with the receipt of counter comments from BSSPL on Stakeholder's views on 22.07.2021.

1.3.5 The following Stakeholders submitted their comments on the Consultation Paper no. 04/2021-22:

Sl. No.	Stakeholders
1.	M/s Bangalore International Airport Limited (BIAL)
2.	M/s International Air Transport Association (IATA)
3.	M/s Bharat Stars Services Private Limited (BSSPL)
4.	M/s Bharat Petroleum Corporation Limited (BPCL)

All the written comments submitted by the Stakeholders are also available on the AERA website.

- 1.3.6 The Authority examined the submission of BSSPL and the comment of various stakeholders and after considering all the relevant aspects, has finalized this Tariff Order.
- 1.3.7 The Tariff Order is structured in a manner wherein under each regulatory building blocks, the submission made by BSSPL in the MYTP is listed out, followed by the Authority's examination and proposals for the Third Control Period in the Consultation Paper. The same is followed by the comments by various stakeholders and counter comments by the BSSPL, Authority's examination and its final decision on the subject matter.



2 TARIFF SETTING PRINCIPLES

2.1 Background

- a) According to Section 2(a) of AERA Act, 2008 "Aeronautical Service" means any service provided-
- b) for navigation, surveillance and supportive communication thereto for air traffic management;
- c) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
- d) for ground safety services at an airport;
- e) for ground handling services relating to aircraft, passengers and cargo at an airport;
- f) for the cargo facility at an airport;
- g) for supplying fuel to the aircraft at an airport; and
- h) 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 (ARR) 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 Bangalore airport is as under:

$$= \frac{\text{Fuel Throughput in Kiloliters at KIA, Bangalore}}{\text{Total Fuel Throughput in Kiloliters at all Major Airports}} \times 100$$

$$\text{Fuel Throughput at Bangalore Airport} = \frac{816754.24}{8697575} \times 100 = 9.39\%$$

- 2.2.3 Based on BSSPL Bangalore submission, Materiality Index (based on the fuel throughput at KIA, Bangalore in comparison to fuel throughput at other major airports) is 9.39% 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 BSSPL, Bangalore's submission, there are two ITP service providers i.e. IOSPL & BSSPL at Bangalore airport. Hence, the ITP service provided by BSSPL is deemed as "Competitive" at Bangalore airport.



Stage-III: Reasonability of User Agreement:

- 2.2.5 BSSPL, Bangalore submitted User Agreement with their supplier i.e. Bharat Petroleum Corporation Limited (BPCL) & Hindustan Petroleum Corporation Limited (HPCL), Reliance Industries Limited (RIL) and Shell MRPL. As per BSSPL 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 BSSPL & IOSPL is 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. 01/2017-18 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 BSSPL, Bangalore has been promoted by the BPCL (Oil Marketing Company) 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 2.2.6 above, the Authority is of the view that the tariff of BSSPL, Bangalore for 3rd Control Period is to be determined under "Price Cap Approach".
- 2.2.8 The Authority also reviewed the MYTP submission on "competition assessment" and "reasonableness of user agreement" and observed that, BSSPL, Bangalore is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement with the airlines. Both the ITP service providers i.e. BSSPL and IOSPL at Kempegowda International Airport (KIA), Bangalore primarily caters the clients of BPCL and IOCL as principal service providers, only a small portion of their business is generated from other client such as HPCL, RIL and Shell MRPL. Hence, it is observed that there is no competition in real terms.
- 2.2.9 The Authority also examined the Annual Compliance Statement (ACS) submitted by BSSPL for the Previous Control Period (for 4 years from FY 2016-17 to FY 2019-20). It is observed that BSSPL projected CAPEX of Rs.720.00 lakhs. However, against the above projections, BSSPL actually incurred a CAPEX (capitalization) of Rs.187.47 lakhs. The Authority observed that BSSPL submitted a very optimistic business plan for the 2nd Control Period by projecting high CAPEX, however, on comparing with the actuals, it is seen that the target capitalization has not been achieved within the approved timelines and higher costs / returns claimed in the previous period which have been underutilized resulting in inefficiency, causing undue burden on the end Users. The Authority, therefore, decided to undertake an intrusive approach for the current control period (FY 2021-26) and examined the historic data in order to rationalize and consider only the efficient costs.
- 2.2.10 BSSPL, Bangalore submitted that it is not carrying out any Non-aeronautical service apart from the regulated ITP service at KIA, Bangalore. Further as per the user agreements with the users of ITP service, BSSPL, Bangalore is entrusted to carry out only the regulated service. As per the BSSPL, Bangalore submission, they do not have other source of revenue. 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 BSSPL, Bangalore.

2.2.11 Methodology for determining Aggregate Revenue Requirement (ARR)

2.2.12 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

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

FRoR is the Fair Rate of Return for the Control Period

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

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

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

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

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

2.2.13 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.

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

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

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

2.3.1 BPCL has submitted that there are two ITP Service providers at Bangalore International Airport i.e. BSSPL (Bharat Star Services Pvt. Ltd) & IOSPL (Indian Oil Skytanking Pvt. Ltd.) and since there is already a competition for the share of various ATF Suppliers and the competition is likely to further intensify in ITP services in future as the Aviation industry is getting more competitive and mature, it is suggested that ITP services at the Airport should continue to be deemed as 'Competitive'

2.3.2 BPCL further submitted that the ITP service providers had come through competitive bidding process at Bangalore airport and it has rightly been considered as competitive in earlier control period. In view of above it is requested that ITP service may continue be considered as 'Competitive' and 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.



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

- 2.3.3 In response to the Authority observation's on Consultation paper that there is no competition in ITP Services as both the ITP service providers, i.e. BSSPL and IOSPL at KIA, Bangalore primarily cater to the clients of IOCL and BPCL as principal service providers and only some portion of their business is generated from other client such as HPCL etc. BIAL submitted that the selection of ITP service provider at KIA Bangalore is through a competitive tender based on a set of clearly defined financial and technical evaluation criteria. BIAL has an open access fuel farm and provides option of two ITP service providers to fuel suppliers/ airlines to ensure competition.
- 2.3.4 BIAL has further submitted that the fuel suppliers/ airlines are free to negotiate and choose the ITP service provider based on the dynamic fuel price associated with volumetric discounts. The competition should not be determined on the basis of the client being served but rather the price of the service being delivered and whether the end users - airlines, have the choice to choose the service provider. The fuel supplier can always negotiate with the ITP service provider to provide a competitive price while maintaining a minimum service delivery quality.
- 2.3.5 Under the above cited circumstances, BIAL believes that it would not be appropriate to consider a change in the regulatory methodology, under the current uncertain phase. BIAL, therefore requests the Authority to reconsider the "Price Cap" approach and continue with the "Light Touch" approach as there are more than one service provider available at KIA ,Bangalore for serving the end customer-airlines.

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

- 2.3.6 IATA appreciates the AERA approach to scrutinize the proposal of BSSPL under "price-cap approach" for tariff determination in the 3rd control period.

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

- 2.3.7 In regards to the Authority's view on BSSPL is providing ITP service to airlines on behalf of OMCs without any direct user agreement with airlines, BSSPL submitted that the OMCs and Airlines have an agreement for supply of ATF at various airports, and the ITP service provider renders ITP services to the airlines via the Oil Marketing Companies (OMCs). The issue of competition in relation to the ITP service providers is addressed at the entry stage itself as the ITP service providers are selected through a process of competitive bidding.
- 2.3.8 In regards to the Authority's view on the two ITP service providers viz. BSSPL and IOSPL at Bangalore, primarily catering to the clients of their own promoters/principals, viz. IOCL and BPCL, BSSPL has submitted that under the Service Provider Right Holder Agreement (SPRH agreement), BSSPL is under an obligation to provide ITP Services to the Users during the term of SPRH agreement by entering into appropriate agreement with the users and such agreement shall be in strictly consonance with the term and conditions of the SPRH agreement. There is no requirement for the into plane agents to have in place agreements with each of the suppliers at the Airport. Even if BSSPL is catering to the requirements of its own promoter (BPCL), any such contractual arrangement inter-se BSSPL and BPCL would be on arms -length basis.
- 2.3.9 In regards to the Authority's view that only a small portion of BSSPL's business is generated from other clients such as HPCL, Reliance Industry Limited (RIL) & Shell MRPL. BSSPL has submitted that sales volume for the financial year 2020-21 reveals that HPCL, Shell MRPL and RIL account for



more than 15% of the total sales volume of BSSPL in which IIPCL contribute 6.78%, Shell MRPL 8.1% and RIL 0.14% respectively.

- 2.3.10 BSSPL has submitted that in the assessment of 'competitiveness', the prescribed criterion is the provision of the Regulated Service by two or more Service Providers. If this criterion is met, then the Regulated Service is deemed competitive and the utilization of such service by the suppliers at the Airport is not the issue for tariff determination.
- 2.3.11 In light of the foregoing, BSSPL has submitted that the existing user agreement (s) answer the test of 'reasonableness under the 2011 guidelines. Single till/Hybrid till clause is applicable only when price cap method applied. Accordingly, BSSPL is of the view that they continue to be assessed under light touch approach hence, the factors regarding reasonableness of the existing User Agreement (s) become irrelevant.

2.4 BSSPL, Bangalore's counter comments and response to Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period:

- 2.4.1 BSSPL, Bangalore's response to the various Stakeholders' Comments with respect to Tariff Setting Principles for the 3rd Control Period are presented below:
- 2.4.2 BSSPL, Bangalore agreed with BIAL & BPCL views regarding "tariff setting principles" to determine the tariff for Third Control Period under "Light Touch Approach".

BSSPL, Bangalore's response to IATA's comments regarding Tariff Setting Principles for the 3rd Control Period:

- 2.4.3 BSSPL Bangalore has not submitted any counter comments on the IATA's comments regarding "tariff setting principles" to determine the tariff under "Price Cap Approach" for the 3rd control period.

2.5 Authority's Examination regarding Tariff Setting Principles for the Third Control Period:

- 2.5.1 The Authority noted the comments of BIAL, BPCL and BSSPL about the change to 'Price Cap' mechanism in the 3rd Control Period from the 'Light Touch approach' in the earlier control periods. The Authority has already, in the consultation paper highlighted that BSSPL, Bangalore has been promoted by the Oil Marketing Company (BPCL) and is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement directly with the airlines. Further BSSPL, Bangalore primarily caters to the clients of BPCL, and, only 15.02% of their business is generated from other client such as HPCL, RIL & Shell MRPL and remaining 84.98% is generated from its promoter company i.e. BPCL. The Authority therefore is of the considered view that since there is no competition in real terms and, hence decided the tariff for the 3rd Control Period to be determined under Price Cap Approach.
- 2.5.2 Further, the Authority also observed that some of the stakeholders have stated that there are two ITP service providers at KIA, Bangalore therefore ITP services at Bangalore Airport should be deemed as 'Competitive'. However, none of the stakeholders has commented as to how there is competition in true sense at Bangalore Airport as both the ITP service providers are catering to their own promoter company.
- 2.5.3 The Authority also viewed the Hon'ble TDSAT Judgment dated 27.09.2019 of "Delhi Aviation Fuel Facility Pvt. Ltd. (DAFFPL) Vs. Airports Economic Regulatory 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.*

- 2.5.4 The Authority noted that although BSSPL, Mumbai is having user Agreements with Oil Companies but they do not have any direct agreement with user Airlines. The Authority also noted that BSSPL is providing ITP services to airlines on behalf of the Oil Companies without any direct user agreement with the airlines.
- 2.5.5 The Authority has also taken into consideration the views of IATA supporting "Price Cap Approach" for tariff determination for the 3rd control period.
- 2.5.6 The Authority noted that as per the user agreements with Oil Companies, BSSPL is entrusted to carry out only the regulated ITP service. Both ITP service providers i.e. IOSPL and BSSPL do not carry out any non-aeronautical business at KIA, Bangalore. As per the BSSPL submission, they do not have other source of revenue therefore, the single till methodology is appropriate for tariff determination process.
- 2.5.7 keeping above in view, the Authority has therefore decided that the tariff of BSSPL, Bangalore for third Control Period is to be determined under "Price Cap Approach on 'Single Till' basis.

2.6 Authority's Decision regarding Tariff setting principles for the Third Control Period

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

- 2.6.1 The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for BSSPL, Bangalore for the Third Control Period.



3 FUEL THROUGHPUT FORECAST

3.1 BSSPL, Bangalore's submission on Fuel Throughput Forecast for the Third Control Period as part of MYTP.

3.1.1 The projected Fuel Throughput (Volume) as per the MYTP of BSSPL, Bangalore for the Third 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 BSSPL, Bangalore and CAGR & computations done by the Authority:

Financial Year	Fuel Throughput (KL)			% Change over previous Year		
	International Flights	Domestic Flights	Total	International Flights	Domestic Flights	Total
2019-20 (Actual)	231531	82475	314006	---	---	---
2020-21 (Actual)	53644	58298	111942	-77%	-29%	-64%
2021-22	76800	115200	192000	43%	98%	72%
2022-23	91725	137588	229313	19%	19%	19%
2023-24	117293	143359	260652	14%	14%	14%
2024-25	156000	144000	300000	15%	15%	15%
2025-26	161292	148884	310176	3%	3%	3%
CAGR 5 year's				12.74%	12.74%	12.74%

*CAGR for 3rd Control Period (FY 2021-22 to FY 2025-26).

3.1.2 BSSPL, Bangalore has submitted the Fuel Throughput (Volume) projections based on the following assumptions:

- Existing business potential of BSSPL likely from their suppliers i.e. BPCL and HPCL, ATM traffic, and, the average market share expected in future years;
- Future waves of Covid-19 that will impact international and domestic volumes;
- More and more aircrafts are now bound to be fuel efficient;
- Expected to achieve the pre-COVID volumes by the end of 3rd Control Period i.e. FY 2025-26.

3.1.3 The actual Fuel Throughput of BSSPL, Bangalore for the FY 2016-17 to FY 2020-21 has been shown in the Table 3 below:

Table 3: Actual Fuel Throughput submitted by BSSPL, Bangalore, during the Second Control Period.

Financial Year	Fuel Throughput (KL)			% Change over previous Year		
	International	Domestic	Total	International	Domestic	Total
2016-17	121909	58660	180569	--	--	--
2017-18	136835	80163	216997	12%	37%	20%
2018-19	187813	88019	275833	37%	10%	27%
2019-20	231531	82475	314006	23%	-6%	14%
2020-21	53644	58298	111942	-77%	-29%	-64%
CAGR 4 Years				24%	12%	20%
CAGR 5 Years				-19%	-0.15%	-11%



3.2 Authority's examination regarding Fuel Throughput Forecast for the Third Control period at Consultation stage:

- 3.2.1 The Authority notes that BSSPL assumptions are based on a combination of factors (refer para 3.1.2). BSSPL has projected CAGR of 12.74% in fuel throughput during the 3rd Control Period FY 2021-26. However, the historical data of actual fuel throughput of BSSPL, Bangalore, for the period from FY 2016-17 to FY 2019-20 (4 years CAGR) shows an increase of 20% in fuel throughput volumes. Further, by including FY 2020-21 (pandemic year), the 5 years CAGR figure gets distorted since it then shows a drastic 11% decline in the volumes (refer Table No.3 above).
- 3.2.2 The Authority considered the actual ATMs of FY 2019-20 for projection of ATMs at KIA, Bangalore, as part of the tariff determination process for BIAL for the Third Control Period. While doing so the Authority had also taken into account the opinions of other sector experts such as the IATA, CAPA, ACI etc. and made suitable adjustments in the assumptions. The assumption used by the Authority at CP stage has been shown in Table 4 below:

Table 4: Assumption used by the Authority for Determining ATMs Traffic at KIA, Bangalore at C.P stage.

Financial Year	International	Domestic
2019-20	Actual ATM Traffic	Actual ATM Traffic
2021-22	50% of FY 2019-20	70% of FY 2019-20
2022-23	75% of FY 2019-20	100% of FY 2019-20
2023-24	100% of FY 2019-20	108% of FY 2019-20
2024-25	108% of FY 2019-20	118% of FY 2019-20
2025-26	116% of FY 2019-20	124% of FY 2019-20

- 3.2.3 The Authority proposed to adopt the above ATM traffic for projection of Fuel Throughput volumes for BSSPL, Bangalore. Based on assumption stated in above Table 4, the Authority proposed the following projections of Fuel Throughput for domestic/ international flights for BSSPL, Bangalore for the Third Control Period at CP stage as shown in Table 5:

Table 5: Fuel Throughput (Volume) Projection proposed by the Authority at C.P. Stage.

Particulars	Fuel Throughput (KL)			Fuel Throughput % of FY 2019-20
	International	Domestic	Total	
2019-20 (Actual)*	231531	82475	314006	---
2020-21 (Actual)**	47814	49375	97189	-69%
2021-22	115766	57733	173498	-45%
2022-23	173648	82475	256123	-18%
2023-24	231531	89073	320604	2%
2024-25	250053	97321	347374	11%
2025-26	268576	102269	370845	18%
5 year's Total	1039574	428870	1468444	---
CAGR 5 Year's	23.42%	15.37%	20.91%	---

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

**Actual upto February 2021.

- 3.2.4 The Authority noted the impact of the COVID-19 pandemic in FY 2020-21 and therefore, for the purpose of Consultation Paper, has utilized the actual figures of FY 2019-20 as base for projections of



fuel throughput for the third 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 KIA, Bangalore (refer Table 5 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 Third Control Period:

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

- 3.3.1 BPCL has submitted that as per Para 3.5.2 (Tables 5) of Consultation paper, reversal of Domestic Volumes of Pre-Covid times will be 70% in 2021-22 and 100% in 2022-23, similarly reversal of international volumes of Pre-Covid times will be 50% in 2021-22 and 75% in 2022-23 and will further grow 2023-24 onwards. However, due to raging pandemic with the 2nd wave of covid-19 infection, Pre-Covid volumes are not return in the 3rd Control Period and thus the volumes handled are likely to continue to be low and thus, the projections for Air Traffic and ATF volume in the consultative period needs to be reviewed and moderated to ensure that ITP agencies have fair tariff and approved rates for ensuring smooth and safe ITP operation at all time.

BIAL comments on Fuel Throughput Forecast for the Third Control Period:

- 3.3.2 In regards to the Authority's view on the fuel throughput forecast, BIAL has submitted that the aviation industry across the globe and more so in India, is facing an unprecedented pandemic situation, with highly uncertain phase. As a result, Indian aviation industry has already been severely impacted with the daily average ATMs being almost at par with what was a year back post resumption of domestic flights in May'20 after lockdown (i.e. -20-25% of pre-Covid levels). Government has restricted the number of flights to 50% of pre-Covid levels from June 2021 while multiple state governments continue to impose lockdowns in major economic centers of the country. Given the widespread impact of second Covid wave and a warning of a 3rd wave later this year, the traffic assumptions need to be relooked.
- 3.3.3 BIAL further submitted that they expect the domestic traffic of FY 2021-22 is to be impacted by the 2nd wave of Covid, and recovery in domestic traffic to pre-covid levels is expected only in FY 2023-24 on a full year basis. Without the resumption of scheduled international operations, any significant recovery in international sector is not expected. With various travel restrictions currently in place by international countries for flights originating in India, the international traffic shall be much lower than 50% of FY 2019-20 traffic assume by the AERA for FY 2021-22. Further, BIAL expect that the recovery to pre-Covid levels to be reached only by FY 2024-25. Hence, BIAL has requested to the Authority to consider the impact of the second covid wave and various government restrictions in place while finalizing the traffic assumptions for the 3rd control period.

BSSPL's comments on Fuel Throughput Forecast for the Third Control Period:

- 3.3.4 BSSPL has submitted that there are certain serious issues which remain to be considered in respect of fuel throughput as under.
- Using 2019-20 as the base year, as suggested by Authority would be erroneous because the 61% share of BSSPL from international ATF volume in the financial year 2019-20 was exceptional. In the previous four years, BSSPL sales from International segments were in the range of 40%. In view of the above, it would be appropriate to consider average of the historical figures as the base leaving out the exceptional year.
 - The Authority has taken an optimistic view that the ATMs shall start recovery by year 2021-22 and fully recover by year 2022-23 in respect of domestic traffic, and fully recover by year



2023-24 in respect of international traffic. However, in view of the surge in the COVID-19 pandemic with new variant, the extent of effectiveness of vaccines still under study and considering that a third wave is likely to hit, which may be worse than the first and second one, such an optimistic view may be misplaced.

- It cannot be ignored that travel and movement restrictions did provide impetus to new-age communication technology. Technological advancement and wide use of such technology have now demonstrated that business travel can be significantly reduced. Many business houses have re-invented themselves in the way they do business with much less travel.
- During the pandemic, many airlines have started phasing out the old versions of the aircrafts and started introducing more fuel-efficient aircrafts. The Authority is requested to factor in this aspect of fuel efficiency saving during the 3rd Control Period.
- The Principal scientific advisor, to the Government of India suggested that 'phase three' is inevitable, given the high levels of circulating virus,' and it is likely that the Government may continue to impose such restrictions based on the assessment of the situation. The full impact of the surge in COVID 19 cases on ATM for 2021-22 and subsequent years cannot yet be ascertained.

In view of the above, BSSPL requested to the Authority to re-workout the volumes downwards.

3.4 BSSPL, Bangalore's counter comments and response to stakeholders comments regarding Fuel Throughput Forecast for the Third Control Period:

- 3.4.1 BSSPL, Bangalore's response to the various Stakeholders' Comments with respect to fuel throughput forecast for the 3rd Control Period are presented below:
- 3.4.2 BSSPL, Bangalore agreed with the comments of BPCL and BIAL regarding fuel throughput forecast and requested to the Authority for review and reconsider fuel throughput forecast.

3.5 Authority's Examination regarding Fuel Throughput Forecast for the Third Control Period:

- 3.5.1 The Authority noted the comments received from BPCL, BIAL & BSSPL on the revision of the Fuel throughput forecast for the 3rd Control Period.
- 3.5.2 The Authority further noted that due to adverse impact of the second wave of the COVID-19 on aviation sector, and, also based on the views of industry bodies/agencies such as IATA, ACI etc., there will be substantial delay in recovery of the aviation sector to pre COVID-19 level (i.e. equal to traffic level of FY 2019-20).
- 3.5.3 The Authority also realized that the second wave of COVID-19 has severely impacted the air traffic of first quarter of FY 22 which will result in less than projected traffic for the entire FY 22 which has not been accounted for in the Consultation Paper. However, considering the preventive measures and vaccination drive being undertaken in India, the Authority is of the view that the domestic air traffic will gain the momentum and subsequently, the traffic level of FY20 will be achieved in FY23 and thereafter will grow in a fast pace than the Authority's projection in the consultation paper.
- 3.5.4 Further, the Authority realizes that the international passenger traffic demand has remained subdued due to travel restrictions imposed by other countries on Indian travelers and the forecast of international passenger traffic in FY2021-22 and thereafter is likely to be lower than the Authority's projections in the consultation paper.



3.5.5 In view of the above, the Authority decides to revise the fuel throughput projections for the 3rd control period as made in the Consultation Paper. The revised fuel throughput projections are given in Table 6 as under:

Table 6: Revised Projections of Fuel Throughput (Volume) considered by the Authority for the 3rd Control Period.

Financial Years	Fuel Throughput (KL)			Fuel Throughput % of FY 2019-20		
	International	Domestic	Total	International	Domestic	Total
2019-20* (Actual)	231531	82475	314006	----	----	----
2020-21 (Actual)	53644	58298	111942	23%	71%	36%
2021-22	83351	48660	132011	36%	59%	42%
2022-23	180594	88248	268842	78%	107%	86%
2023-24	213009	101444	314453	92%	123%	100%
2024-25	236162	117115	353276	102%	142%	113%
2025-26	256999	131960	388959	111%	160%	124%
5 year total	970115	487427	1457542	----	----	----

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

3.6 Authority's Decisions regarding Fuel Throughput Forecast for the Third Control Period

Based on the material before it and based on its analysis, the Authority has decided the following regarding Fuel Throughput Forecast for BSSPL, Bangalore for the Third Control Period:

- 3.6.1 The Authority decides to consider Fuel Throughput Forecast for the Third Control Period for BSSPL, Bangalore as per Table 6.
- 3.6.2 The Authority decides to true-up the Fuel Throughput (Volume) on the basis of actual Fuel off take in 3rd control period while determining tariffs for the next control period.



4 CAPITAL EXPENDITURE

4.1 BSSPL, Bangalore'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 BSSPL, Bangalore year wise details of actual capital expenditure for the FY 2016-17 to 2019-20 is as under:

Table 7: Actual Capital Expenditure of BSSPL, Bangalore for the FY 2016-17 to 2019-20.

Particulars	Amounts (Rs. in Lakhs)				
	2016-17	2017-18	2018-19	2019-20	Total
Capital Expenditure	0.09	186.46	0.12	0.8	187.47

- 4.1.4 BSSPL projected Capital Expenditure of Rs.1956.00 lakhs during the 3rd Control Period. The Assets-wise CAPEX submitted by BSSPL, Bangalore for the 3rd control period have been shown in Table 8 below:

Table 8: Capital Expenditure as projected by BSSPL, Bangalore for the 3rd Control Period

Particulars	Capital Expenditure (In Rs. Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Dispensers	616.00	706.00	33.00	36.00	-	1391.00
Refuellers	180.00	225.00	-	-	-	405.00
Vehicles	15.00	16.00	-	-	40.00	71.00
Software & Hardware	30.00	30.00	2.00	2.00	2.00	66.00
Furniture & Fittings	5.00	5.00	-	-	13.00	23.00
TOTAL CAPEX	846.00	982.00	35.00	38.00	55.00	1956.00

- 4.1.5 BSSPL projected capital expenditure of Rs.1796 Lakhs for the purchase and replacement of existing refurbished Dispensers, Refuellers, (Including Accessories Chassis, FWS/DDF etc.) during the 3rd Control Period. The Capital expenditure projected by BSSPL, Bangalore for purchase and refurbishment of Hydrant Dispensers & Refuellers is made keeping in view the local RTO regulations which state that "the commercial vehicles more than 10 years are not allowed to ply in the city of Bangalore, therefore, these Hydrant Dispensers & Refuellers (Vehicles) need to be changed after the useful life of 10 years." because some old vehicles are taken over from Oil Companies in 2015, having a useful life of 10 years. In the cost of dispensers & refuellers, the cost of chassis, Filter Water Separator/Dirt Defense Filter (FWS/DDF) also included. As per BSSPL, implementation of FWS/DDF is to comply with the statutory requirement of JIG guidelines and ensuring the safety standards at the airport.
- 4.1.6 BSSPL submitted that out of the Capital expenditure of Rs.66 lakhs under the head "Software & Hardware" Rs.56.84 lakhs has been projected for Electronic Data interchange (EDI) System. As per



BSSPL submission, they have to implement EDI system in all refueling equipment to share proper and synchronized data with their back office and stakeholders in real time. Presently, this is part of their Agreement with the Airport Operator at Bangalore & Delhi Airports also.

4.2 Authority's examination regarding Capital Expenditure for the 3rd Control period at Consultation stage:

4.2.1 The Authority examined the total projected capital expenditure of Rs 1956 lakhs submitted by BSSPL, Bangalore for the 3rd Control Period and noted that BSSPL Bangalore's projections is about 10 times the actual capital expenditure incurred by BSSPL, Bangalore in first 4 years of 2nd control period.

Capital Expenditure for Refurbishment of Hydrant Dispensers & Re-fullers

4.2.2 The Authority further notes that BSSPL presently have 11 Dispensers and 04 Refuellers at Bangalore Airport and all 11 Dispensers and 4 Refueller, are proposed to be replaced during the 3rd Control Period. BSSPL also proposed to purchase two new dispensers including accessories viz. Chassis, FWS/DDF & Aviation Module parts etc. Accordingly, BSSPL has proposed Rs.1796 lakhs for the purchase of new / re-furbished dispensers, refuellers, FWS/DDF and aviation module parts etc. for the 3rd Control Period.

4.2.3 The Authority examined the requirement and rationale of proposed capital expenditure on Dispensers, Refuellers, FWS/DDF etc. of Rs.1796 Lakhs and noted that BSSPL, Bangalore is under statutory obligation to incur this capital expenditure to comply the requirement of local RTO regulations that the commercial vehicles more than 10 years are not allowed to ply in the city of Bangalore.

4.2.4 Further, the Authority examined the requirement for purchase of 02 new Dispensers, BSSPL informed that New Terminal T2 shall be operational in FY 2021-22 or FY 2022-23 and therefore to cater the futuristic ATM traffic /demand at New Terminal T2, at Bangalore BSSPL shall require these two new vehicles. The Authority noted the age profile of vehicles (Dispensers & Refuellers), schedule proposed by BSSPL for purchase/refurbishment of vehicles, the Authority examined the need for the purchase of two new Dispensers and is of the view that there is not much increase in the fuel throughput projection in the background of ATM traffic forecasted considering the pandemic impact for the third control period. The Authority therefore considers the requirement of One (1) new vehicle to be sufficient at this stage and one vehicle may be considered for the next control period apart from refurbishment to meet the current requirement. Accordingly, the Authority proposes to consider around Rs 131.29 lakhs towards the cost of CAPEX for the purchase of one new dispenser in FY 2023-24 instead FY 2022-23.

4.2.5 The Authority also examined that BSSPL had assumed an increase of 7.5% y-o-y on the cost of dispensers, refuellers and vehicles on account of inflation and technology enhancement however, the Authority considered 4.6% y-o-y increase i.e. inflation rate. Accordingly, a CAPEX of Rs.1627.64 lakhs on dispensers, refuellers and vehicles is proposed to be considered in the RAB for ARR calculations.

Capital Expenditure for Software & Hardware including Automations

4.2.6 BSSPL also proposed Capital Expenditure of Rs.66.00 lakhs for Software and Hardware out of which Rs.56.84 lakhs has been projected for EDI system - automation of refueling equipment and the remaining Rs.9.16 lakhs is projected for Hardware & Software for official purposes. The Authority



accepts the submission of BSSPL that automation is an essential requirement which helps the back office to ensure proper and synchronized data with the users in real time basis. Hence, the Authority decided to consider 56.84 lakhs of automation of refueling equipment as proposed by the BSSPL.

4.2.7 The Authority observed that BSSPL has also proposed to procure (03) three nos. of computer & printers during the Control Period for official use. the Authority considering the low volume of fuel throughput and the rationale of staff in the office due to the Covid-19, proposes to consider (02) two nos of computer each year and allow 6.56 lakhs for the computer & software for official purpose and consider total CAPEX of Rs. 63.40 lakhs (Rs.56.84 lakhs + Rs.6.56 lakhs) towards Software and Hardware for the 3rd Control Period.

Capital Expenditure for vehicle (Jeeps)

4.2.8 The Authority further observed that BSSPL proposed (04) nos of vehicles (Jeeps) to be purchased costing Rs. 71.00 lakhs during the 3rd Control Period out of that two jeeps costing Rs. 40.00 lakhs has been proposed in the last year of 3rd Control Period i.e. FY 2025-26. The Authority considering the present situation and the market share of BSSPL at Bangalore Airport proposes to considered (03) no of Jeeps as per the year wise capital expenditure plan. (Refer table 10.)

4.2.9 The Authority keeping in view the above facts, considered the revised capital expenditure projections submitted by BSSPL, Bangalore for determination of regulator Asset Base considered for the determination of ARR as per Table 9 given below.

Table 9: Year-wise capital expenditure on Dispensers & Refuellers (including Accessories) considered by the Authority for the 3rd Control Period at CP stage.

Particulars	Rate/unit	2021-22	2022-23	2023-24	2024-25	2025-26
Dispenser						
Fabrication of New Avn Module	12,000,000			1		
Refurbishment with FWS	7,000,000	7	4			
Chassis	1,800,000	7	4			
Refueller						
Refurbishment of Module-15 KL (with FWS)	6,000,000	2	2			
Refurbishment of Module-30 KL	8,000,000					
Fabrication of New Module-15 KL						
Fabrication of New Module-30 KL						
Chassis-15 KL	3,000,000	2	2			
Chassis-30 KL	4,000,000					
Aviation Module Parts						
Inlet Couplers	700,000		2	2	2	
Delivery Couplings	250,000		6	6	6	



Jeeps	1,500,000	1	1			1
Office Equipment's	500,000	1				1
Furniture & Fittings	500,000		1			1
Computers & Printers	60,000	2	2	2	2	2
Automation Hardware		7	7			
Year wise Cost of Dispensers & Refuellers (including Accessories)	Amount (Rs. in Lakhs)					
Dispenser	616.00	368.19	131.29	0.00	0.00	
Refueller	180.00	188.28	0.00	0.00	0.00	
Inlet Couplers	0.00	14.64	15.31	16.02	0.00	
Delivery Couplings	0.00	15.69	16.41	17.16	0.00	
Total Cost	796.00	586.80	163.01	33.18	0.00	
Total Cost of Dispensers & Refuellers (including accessories)	1578.99					

4.2.10 The Authority keeping in view the above facts, considered the revised capital expenditure projections submitted by BSSPL, Bangalore for determination of Regulator Asset Base considered for the determination of ARR as per Table 10 below:

Table 10: Projected Capital Expenditure proposed by the Authority for BSSPL, Bangalore at CP stage.

Particulars	Capital Expenditure (In Rs. Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Dispensers	616.00	368.19	163.02	33.18	0.00	1180.39
Refuellers	180.00	218.61	0.00	0.00	0.00	398.61
Vehicles (Jeeps)	15.00	15.69	0.00	0.00	17.95	48.64
Software & Hardware	29.20	30.09	1.31	1.37	1.43	63.40
Furniture & Fittings	0.00	5.23	0.00	0.00	5.98	11.21
Office Equipment	5.00	0.00	0.00	0.00	5.98	10.98
TOTAL CAPEX	845.20	637.81	164.33	34.55	31.34	1713.23

4.2.11 The Authority, in order to ensure that BSSPL adheres to the Capital expenditure plan, proposes to rework the RAB of the BSSPL Bangalore for the 3rd Control Period, by reducing the RAB by 1% of the cost of dispensers & refuellers, Software & Hardware (Automation) etc. as the case may be, if BSSPL Bangalore fails to commission and capitalize the CAPEX as per the plan considered by the Authority.

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

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

BIAL has submitted that the Authority's intent on the service providers meeting the timelines for their projected capital expenditure is well appreciated, there is a need to take cognizance of the fact



that such works may be impacted in future due to reasons beyond the control of the service providers. The Authority should also recognize the fact that future capex schedule is largely dependent on the pace of traffic recovery. As such, proposing a 1% reduction in RAB as a penalty without considering the above factors and under the current circumstances, may affect the ITP service provider's operations at KIA, Bangalore. Any such delay in the CAPEX and surplus recovery can always be trued up by the Authority in the subsequent control period, While BIAL does not believe in levying penalty. Therefore, we request the Authority to consider the penalty only if the delay in CAPEX can be solely attributable to the service provider.

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

- 4.3.1 BSSPL has submitted that in paragraph 4.15 of the Consultation Paper "The Authority, in order to ensure that BSSPL adheres to the Capital expenditure plan, proposes to rework the RAB of the BSSPL Bangalore for the 3rd Control Period, by reducing the RAB by 1% of the cost of dispensers & refuellers etc. as the case may be, if BSSPL Bangalore fails to commission and capitalize the CAPEX as per the plan considered by the Authority".
- 4.3.2 Further, BSSPL has submitted that they should not be penalized to reduce the RAB by 1% on the cost of CAPEX proposed/allowed by AERA for not incurring CAPEX as projected on account of reasons not within its control. COVID-19 has presented unprecedented situations and given that several more waves of COVID are likely to hit the human population across the globe, there is no visibility of the future. In case the CAPEX cannot be spent due to reasons beyond the control of BSSPL, the company should not be penalized.

4.4 BSSPL'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 BSSPL as part of Stakeholder Consultation process, BSSPL's agree with the BIAL's Comments with respect to Capital Expenditure for the 3rd Control Period.

4.5 Authority's Examination regarding Capital Expenditure for the 3rd Control Period:

- 4.5.1 The Authority noted the comments raised by BIAL and BSSPL on the proposed 1% re-adjustment in case of delay in implementing the proposed CAPEX schedule. The stakeholders have cited the impact of the COVID-19 pandemic and the related uncertainties which may affect completion of the CAPEX schedules. In this regard, the Authority is of the view that the situation is likely to improve in view of the various measures implemented by the government including the availability of vaccine. The re-adjustment in the ARR/Target Revenue is to protect the interest of the stakeholders who are paying for services provided by BSSPL, Bangalore, and, is also an encouragement to BSSPL to commission/capitalize the proposed assets as per the approved CAPEX schedule.
- 4.5.2 Further, in case there is a delay in commissioning/capitalizing of the assets proposed for the 3rd Control Period due to any reason beyond the control of BSSPL, Bangalore, and, is properly justified, same would be considered by the Authority while truing up the actual cost at the time of tariff determination exercise for the next control period. It is also stated that AERA expects that capitalization plan given by the service provider is adhered to, and, expects them to deliver the capitalization as per the plan.
- 4.5.3 The Authority also noted the Hon'ble **TDSAT Judgement** dated 16.12.2020 of "**Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Regulatory Authority of India**" with regard to the Authority's decision to impose 1% penalty (readjustment) by way of reduction of the value of the Terminal II building from ARR.
- 4.5.4 The Authority, in order to ensure that BSSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any



particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.

- 4.5.5 Further, the Authority also noted that no Stakeholder has raised any comment regarding Capital Expenditure proposed at consultation stage. The Authority therefore, has decided to consider the same as given in Table 10.

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 BSSPL, Bangalore for the 3rd Control Period:

- 4.6.1 The Authority decides to consider Capital Expenditure for the 3rd Control Period for BSSPL, Bangalore as per Table 10.
- 4.6.2 The Authority, in order to ensure that BSSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.
- 4.6.3 The Authority decides to true up the CAPEX based on actuals at the time of tariff determination for Next Control Period.



5 DEPRECIATION

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

5.1.1 As per the BSSPL Bangalore's submission, the asset wise depreciation projected on the Regulatory Assets for the 3rd control period has been summarized in the Table 11 below:

Table 11: Depreciation (Asset-wise) as projected by BSSPL, Bangalore for 3rd control period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery-New	11.08	21.40	31.72	31.72	31.72	127.28
Plant & Machinery-Refurbished	44.93	109.63	140.02	143.15	144.77	582.50
Jeep & Vehicles	1.34	3.09	3.99	3.99	6.25	16.40
Furniture & Fixture	0.09	0.33	0.57	0.57	0.87	2.43
Office Equipment	3.11	8.68	11.27	11.27	11.87	46.20
Computer & software	0.44	1.00	1.60	2.25	2.24	7.53
Total	60.98	144.12	189.17	192.95	197.72	782.34

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

5.2.1 The Authority 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 No. 35 for BSSPL Bangalore.

5.2.2 The Authority examined the depreciation rates and useful life of Assets considered by BSSPL, Bangalore and noted that BSSPL, Bangalore has considered the same depreciation rates and useful life of Assets except "Furniture & Fixtures" as recommended by AERA which is shown in the Table 12 below:

Table 12: Depreciation Rates as per AERA Order No. 35/2017-18 and Useful Life of Assets applied by BSSPL, Bangalore.

Particulars	As Per BSSPL Submission			As Per AERA Order no. 35/2017-18	
	Useful Life (in Years)	Residual Value	SLM Rate	Useful Life (in Years)	SLM Rate
Refuellers and Dispensers – New	10	20%	8%	8	12.50%
Refuellers and Dispensers – Refurbished	10	10%	9%	8	12.50%
Jeeps & Vehicles	8	10%	11.25%	8	12.50%
Office Equipment	5	10%	18%	5	20.00%
Furniture & Fixtures	10	10%	9%	7	14.29%
Computers and Software	3	10%	30%	3	33.33%



- 5.2.3 The Authority observed the variance in depreciation rates for furniture & fixtures. BSSPL taken useful life of furniture 10 years whereas AERA considered useful life of furniture & fixture as 7 years. The Authority further observed that BSSPL has taken residual value of all class of assets @ 10% except new Refuellers and Dispensers which has been taken @ 20%. The Authority finds that Schedule II of Companies' Act 2013 prescribes that ordinarily, the residual value of the assets is often insignificant but it should generally be not more than 5% of the original cost of some class of the assets. Residual value estimation would vary on a case to case basis for each asset category, these could be left to the decision of the Airport Operator. Considering this, the Authority decides to consider the residual value as projected by BSSPL.
- 5.2.4 The Authority further notes that BSSPL taken automation CAPEX under the head of software and hardware category whereas, depreciation on automation expense has taken under office equipment head. As per AERA policy of useful life of assets, software and hardware's useful life is 3 years and office equipment's is 5 years. Considering this, the Authority decides to consider the useful life as projected by BSSPL.
- 5.2.5 The Authority, keeping in view of the above and depreciation rates, life of Assets has revised the depreciation based on clarification given in the preceding paras and considered the following depreciation for the 3rd Control Period as given in the Table 13 below:

Table 13: Revised Depreciation considered by the Authority for BSSPL, Bangalore for 3rd Control Period.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery – New	11.08	11.08	16.32	21.57	21.57	81.61
Plant & Machinery-Refurbished	44.93	107.16	134.99	137.92	139.41	564.41
Jeep & vehicle	1.34	3.06	3.94	3.94	4.95	17.24
Furniture & Fixture	0.12	0.46	0.80	0.80	1.18	3.36
Office Equipment	3.11	8.68	11.27	11.27	11.81	46.15
Computer & Software	0.35	0.72	1.10	1.50	1.40	5.06
Total	60.93	131.15	168.43	177.00	180.32	717.83

5.3 Stakeholders' Comments regarding Depreciation for the 3rd Control Period:

- 5.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 04/2020-21 with respect to Depreciation for the 3rd control period.

5.4 Authority's Decisions regarding Depreciation for the 3rd Control Period:

Based on the material before it and based on its analysis, the Authority has decided the following regarding Depreciation for BSSPL, Bangalore for the 3rd Control Period:

- 5.4.1 The Authority decides to consider Depreciation for the 3rd Control Period as per Table 13.
- 5.4.2 The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next control period.



6 **REGULATORY ASSET BASE (RAB).**

6.1 **BSSPL, Bangalore'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 assets 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 ACS of BSSPL, Bangalore for the 2nd Control Period has been shown in the Table 14 below:

Table 14: Actual RAB as per ACS for the 2nd Control Period of BSSPL, Bangalore.

Particulars		Amount (Rs. in Lakhs)				
		2016-17	2017-18	2018-19	2019-20	2020-21*
Opening RAB	OR	296.84	277.45	438.5	269.84	246.20
Capital Expenditure	CE	0.09	186.46	0.12	0.80	14.32
Disposals/Transfers	DI	0	0.00	18.55	0	0.00
Depreciation	DR	19.48	25.41	150.23	24.22	14.12
Closing RAB	CR = OR + CE-DR - DI	277.45	438.50	269.84	246.42	246.40
Average RAB	RAB = (OR + CR) / 2	287.14	357.97	354.17	258.13	246.30

2020-21* estimated figures

- 6.1.4 The projected Regulatory Asset Base (RAB) for the 3rd Control Period submitted by BSSPL, Bangalore has been shown in the Table 15 below:

Table 15: RAB submission by BSSPL, Bangalore for 3rd Control Period

Particulars		Amount (Rs. in Lakhs)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Opening RAB	OR	246.40	1031.22	1839.15	1685.57	1530.88
Capital Expenditure	CE	845.80	952.05	35.59	38.26	55.82
Disposals/Transfers	DI	0.00	0.00	0.00	0.00	0.00
Depreciation	DR	60.98	144.12	189.17	192.95	197.72
Closing RAB	CR = OR + CE-DR - DI	1031.22	1839.15	1685.57	1530.88	1388.98
Average RAB	RAB = (OR + CR) / 2	638.81	1435.18	1762.36	1608.22	1459.93

6.2 **Authority's Examination regarding Regulatory Asset Base (RAB) for the 3rd control period at consultation stage:**

- 6.2.1 The Authority examined each element of RAB, its utility and requirement in the functioning of the BSSPL, Bangalore as proposed by their MYTP. The Authority further, based on the clarification



submitted by BSSPL, Bangalore and its discretion on revised CAPEX to be incurred for purchase of new dispensers, Jeeps and software & Hardware and depreciation thereon has been considered in the computation of RAB.

- 6.2.2 The Authority, after taking into consideration BSSPL, Bangalore's clarifications on capital expenditure, has proposed to consider the Average RAB for the purpose of tariff determination as per Table 16 below:

Table 16: RAB considered by the Authority for BSSPL, Bangalore for 3rd Control Period.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Opening RAB (A)	246.40	1030.67	1537.33	1533.23	1390.78	5738.40
CAPEX addition (B) (refer table 10)	845.20	637.81	164.33	34.55	31.34	1713.23
Disposal (C)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (D) (refer table 13)	60.93	131.15	168.43	177.00	180.32	717.83
Closing RAB (E =A+B-C-D)	1030.67	1537.33	1533.23	1390.78	1241.80	6733.80
Average RAB (F=(A+E)/2)	638.53	1284.00	1535.28	1462.00	1316.29	6236.10

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

- 6.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 04/2020-21 with respect to Regulatory Asset Base (RAB) for the 3rd control period.

6.4 Authority's Examination regarding Regulatory Asset Base (RAB) for the 3rd Control Period:

- 6.4.1 Since there is no comment regarding Regulatory Asset Base (RAB), 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 16 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 BSSPL, Bangalore 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 16.



7 OPERATION AND MAINTENANCE EXPENDITURE

7.1 BSSPL, Bangalore's submission on Operation and Maintenance Expenditure for the 3rd Control Period as part of MYTP.

7.1.1 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.

7.1.2 Operation and Maintenance (O&M) expenditure submitted by BSSPL, Bangalore is segregated into the following categories:

- Employee Benefit Expenses
- Operational expenses
- Revenue sharing charge
- Rental expenses
- Administrative expenses
- Automation Expenses
- Apportionment of HQ Cost

7.1.3 The summary of growth rates projected by BSSPL, Bangalore for the operation and maintenance expenses for the 3rd Control Period have been presented in the Table 17 below:

Table 17: O&M CAGR proposed by BSSPL, Bangalore for 3rd Control Period.

Particulars	CAGR
Employee Benefit Expenses	15%
Operational expenses	11%
Rental expenses	5%
Administrative expenses	10%
Apportionment of HQ Cost	10%

7.1.4 BSSPL, Bangalore, based on the above assumptions, has submitted the projected Operation and Maintenance Expenditure for the 3rd control period as shown in Table 18 below.

Table 18: Projected Operation and Maintenance Expenditure (FY21-22 to FY25-26) - BSSPL, Bangalore.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Operational Expenses	66.94	76.04	84.02	92.58	102.01	421.59
Employee Benefit Expenses	299.75	347.48	408.60	466.35	532.40	2054.58
Revenue Sharing Charges @23.60%	241.23	295.37	344.20	406.14	430.50	1717.44
Rental Expenses	100.43	105.45	110.72	116.26	122.07	554.93
Administrative Expenses	36.21	40.41	44.45	48.90	53.78	223.74
Automation –Expenses	12.23	25.19	25.95	26.73	27.53	117.64
Apportionment of HQ Cost	39.80	43.78	48.16	52.97	58.27	242.98
TOTAL OPEX	796.58	933.73	1066.10	1209.92	1326.56	5332.90



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

7.2.1 The Authority analyzed category-wise breakup of each element of Operation and Maintenance (O&M) expenditure as per Actuals reflected in the annual accounts of BSSPL, Bangalore for the 2nd control period which has been shown in the Table 19 below:

Table 19: Actual Operation and Maintenance Expenditure & CAGR (FY 16-17 to FY 20-21)

Particulars	Amount (Rs. in Lakhs)					CAGR 4 years
	2016-17	2017-18	2018-19	2019-20	2020-21*	
Employee Benefit Expenses	165.60	223.86	291.30	341.60	220.40	27%
Operational expenses	36.80	56.41	68.74	64.30	38.20	20%
Revenue sharing charge	24.20	29.40	37.00	183.40	95.10	96%
Rental expenses	0.00	0.00	0.00	135.90	142.70	---
Administrative expenses	31.10	19.80	28.70	40.70	18.00	9%
Total OPEX	257.70	329.47	425.74	765.90	514.40	---

* April 2020 to February 2021 actual

7.2.2 The Authority examined the Operation and Maintenance expenditure of BSSPL, Bangalore and noted that the CAGR of actual expenditure incurred on Operation and Maintenance by the BSSPL, Bangalore as per the ACS for the period FY 2016-17 to FY 2019-20 was 24% (excluding Revenue sharing & rental).

7.2.3 The Authority examined the each category of Operation and Maintenance Expenditure and analyzed the category wise share of each category of expenditure in the total Operation and Maintenance Expenditure projected by BSSPL, Bangalore, the for the 3rd Control Period which is shown in Table 20 below:

Table 20: Category wise percentage share of expenditure in the Total Operation & Maintenance Expenditure.

Category of Operation and Maintenance Expenditure	% Share of total Expenditure
Employee Benefit Expenses	38.53%
Operational expenses	7.91%
Rental expenses	10.41%
Administrative expenses	4.20%
Revenue Sharing Charges	32.20%
Automation expenses	2.21%
Apportionment of HQ Cost	4.56%
Total	100.00

7.2.4 The Authority noted that Payroll Costs and revenue sharing charges are major operating cost and are about 70.83% of the total operating expenditure of BSSPL, Bangalore whereas for other categories it is 29.17% of the total operating expenditure.

7.2.5 The Authority further compared the actual OPEX of FY 2019-20 and projected OPEX of FY 2021-



22 and found that the costing of the most components were almost similar. Hence, the Authority has decided to consider the submission of BSSPL FY2021-22 as a base year for the projection of OPEX for the remaining period of the 3rd Control Period.

7.2.6 On the basis of above assumption the Authority examined the various components of OPEX vis-à-vis the submissions of BSSPL.

7.2.7 For the component of Employee Benefit Expenses, BSSPL has adopted CAGR of 15%, seems to be high. The Authority also notes that BSSPL has projected an increase in employee numbers from 35 to 53 during the 3rd Control Period, without any proper justification. The Authority found the above inconsistent with the projections of fuel throughput uptake which is observed to be decreasing over the years.

Based on observations & analysis as above, the Authority proposes to consider 8.50% YoY increase including 4.6% on account of CPI rate for the purpose of projection of “employee benefit expenses” for the 3rd Control Period.

7.2.8 The Authority noted that the BSSPL, Bangalore has projected operational Expenses increase @ 11% CAGR during the 3rd control period. The Authority observed that BSSPL has taken some items like consumable of store, repair maintenance cost, safety & protection expenses etc. on a higher side during the 3rd Control Period. Hence, the Authority has decided to consider 8.00% year on year increase including 4.6% CPI rate in operational expenses during the 3rd Control Period.

7.2.9 The Authority noted that the BSSPL, Bangalore has projected Administrative Expenses increase @ 10% CAGR during the 3rd control period. The Authority noted that BSSPL has taken some items like Printing & Stationery, Telephone & communication, training & recruitment expenses, travelling & conveyance expenses etc. on a higher side during the 3rd Control Period. Hence, the Authority has decided to consider 4.6% year on year increase i.e. CPI rate for operational expenses for the 3rd Control Period.

7.2.10 The Authority noted that BSSPL, Bangalore has taken Revenue sharing @ 23.60% of the Aeronautical revenue however, the Authority has proposed to consider the revenue share @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty, license 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.

7.2.11 The Authority proposes to accept 5% year on year increase in rental expenses, as it is a part of concessional agreement. Further, the Authority accepts the apportionment of CHQ expenses and Automation expenses as proposed by the BSSPL for the 3rd Control Period.

Table 21: Percentage (%) Increase in OPEX considered by the Authority for BSSPL, Bangalore.

Particulars	2022-23	2023-24	2024-25	2024-25
Employee Benefit Expenses	8.50%	8.50%	8.50%	8.50%
Operational Expenses	8.00%	8.00%	8.00%	8.00%
Administrative expenses	4.60%	4.60%	4.60%	4.60%
Rental expenses	5%	5%	5%	5%

* FY 2021-22 has been considered base year for projection.

7.2.12 The Authority after considering the above growth rates, has proposed to revise the Operating and Maintenance Expenditure given in the Table 22 below:



Table 22: Operating and Maintenance Expenditure proposed by the Authority for the 3rd Control Period at CP Stage.

Particulars	Amount (Rs. in Lakhs)							Total*
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
Employee Benefit Expenses	341.60	220.40	299.75	325.23	352.87	382.87	415.41	1776.13
Operational expenses	64.30	38.20	66.93	72.28	78.07	84.31	91.06	392.65
Revenue sharing charge	183.40	95.10	32.08	47.49	59.45	64.41	68.77	272.20
Rental expenses	135.90	142.70	100.42	105.44	110.71	116.25	122.06	554.88
Administrative expenses	40.70	18.00	36.20	37.87	39.61	41.43	43.33	198.44
Automation expenses	0.00	0.00	12.23	25.19	25.95	26.72	27.53	117.62
Apportionment of HQ Cost	0.00	0.00	39.79	43.17	46.84	50.82	55.14	235.76
Total OPEX	765.90	514.40	587.40	656.67	713.50	766.81	823.30	3547.68

*Total for 3rd Control Period (FY 2021-22 to FY 2025-26)

7.3 Stakeholders' Comments regarding Operating and Maintenance Expenditure for the 3rd Control Period:

BSSPL's Comments on Employee benefit expenses for the 3rd Control Period:

7.3.1 BSSPL has submitted that as per Table 5 of the Consultation Paper, the ATMs of Domestic would return to 100% in 2022-23 and International in FY 2023-24. BSSPL also projected that the ATMs of Domestic may return to 100% by 2022-23 and International by 2023-24. Although, there would be recovery in ATMs as well as volumes during the 3rd Control Period, the recovery of volumes would not be proportionate to recovery in ATMs. Accordingly, the manpower would need to be augmented to cater to this increase as ITP services is manpower oriented and the requirement of manpower will increase in tandem with increase in ATMs/ fuelling operations.

7.3.2 In regards to the Authority's view on considering the revenue sharing @ 5% in place of 23.60%, BSSPL submitted that as per the new tenders being invited by the Airport Operators for selection of the ITP Service Providers, the selection criteria for ITP Agents has been changed from lowest service fee against a "Fixed Revenue" share to "Highest Revenue" Share in line with Cargo and GHA Business. The ITP Agents in respect of BIAL were finalized basis of this principle recently upon expiry of the first concession period. As the business model has changed from "Fixed revenue to highest revenue share", The ITP service should also have the revenue share cap of 30% in line with other Ground handlers as BSSPL falls under same category, Hence, the Authority should allow the entire 23.60% revenue share as a pass through, instead of capping the pass through to 5%.

7.4 Authority's Examination regarding Operation and Maintenance (O&M) Expenditure for the 3rd Control Period:

7.4.1 The Authority examined the comments of BSSPL, Bangalore on Employee Benefit Expenditure and noted that BSSPL, Bangalore projected an increase in employee's number from 35 to 53 for 3rd control period. The Authority found the increase in man power inconsistent with the projection of fuel throughput growth. The Authority's has opinion that the fuel volume may achieve the pre-covid level in FY 2023-24 & thereafter may increase around 10% y-o-y during the 3rd control period.



Hence, 51.42% increase in number of man power is not justifiable. BSSPL has also not submitted proper justification. The Authority, therefore decided to consider 8.50% y-o-y increase in the employee benefit expenses against the 15% increase sought by the BSSPL during the 3rd control period. The Authority also true up the employees benefit expenses based on actuals at the time of tariff determination for next Control Period.

- 7.4.2 The Authority also examined the comments of BSSPL, Bangalore relating to revenue sharing charge and noted that BSSPL projected the revenue sharing charge @ 23.60% of the Aeronautical revenue. The Authority vide its Order No. 01/2018-19 dated 5th April 2018 on “Capping the amount of Royalty license 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 BSSPL with Airport Operator/Service provider and has capped the revenue sharing charge @ 5% of the Aeronautical Revenue for the purpose of tariff determination.
- 7.4.3 In view of above, the Authority has decided to consider Revenue Sharing Charge @ 5% of the Aeronautical Revenue for determination of OPEX. The Authority therefore, proposed to revise the Operating and Maintenance Expenditure due to change in Airport Operator Fees which is given in Table 23 below:

Table 23: Operating and Maintenance Expenditure considered by the Authority for the 3rd Control Period.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Employee Benefit Expenses	299.75	325.23	352.87	382.87	415.41	1776.13
Operational expenses	66.93	72.28	78.07	84.31	91.06	392.65
Revenue sharing charge	24.22	51.60	60.45	67.96	74.70	278.94
Rental expenses	100.42	105.44	110.71	116.25	122.06	554.88
Administrative expenses	36.20	37.87	39.61	41.43	43.33	198.44
Automation expenses	12.23	25.19	25.95	26.72	27.53	117.62
Apportionment of HQ Cost	39.79	43.17	46.84	50.82	55.14	235.77
Total OPEX	579.54	660.78	714.51	770.36	829.24	3554.43

Since, no comment/counter comments have been received on Operation and Maintenance (O&M) expenditure except BSSPL comments on Employee Benefit Expenditure and airport operator fees. The Authority has therefore considered Operation and Maintenance Expenditure for the 3rd Control Period as given in the Table 23:

7.5 Authority’s Decision on Operation and Maintenance Expenditure for the 3rd Control Period

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

- 7.5.1 The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 23.
- 7.5.2 The Authority decides to true up the operation and maintenance Expenditure based on actuals at the time of tariff determination for next control period.



8 FAIR RATE OF CHAPTER RETURN (FROR)

8.1 BSSPL, Bangalore's submission on fair Rate of Return (FRoR) for the 3rd Control Period as part of MYTP.

8.1.1 BSSPL, Bangalore has considered Fair Rate of Return (FRoR) @13.62% in MYTP for the 3rd Control Period. As per their MYTP submission BSSPL has stated that it will take debt of Rs 550.00 lakhs and remaining capitalization activity is proposed to be funded by Equity for 3rd Control Period.

Table 24: FRoR proposed by BSSPL, Bangalore for 3rd Control Period.

Fair Rate of Return	Amount (Rs. in Lakhs)				
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	526.05	475.73	420.32	359.31	292.13
Equity	884.33	1281.72	1739.52	1905.52	2112.31
Debt + Equity	1410.38	1757.45	2159.85	2264.83	2404.44
Cost of Debt	9.75%	9.75%	9.75%	9.75%	9.75%
Cost of Equity	14.25%	14.25%	14.25%	14.25%	14.25%
Individual Year Gearing	37%	27%	19%	16%	12%
Weighted Average Gearing	14%				
Weighted Average Cost of Debt	10%				
Cost of Equity	14.25%				
FROR	13.62%				

8.2 Authority's Examination and Analysis for the 3rd Control period at Consultation stage:

8.2.1 The Authority examined the various components of FRoR submitted by BSSPL, Bangalore and noted that BSSPL, Bangalore has proposed capitalization of its regulatory assets with the mixer of debt and equity. The Authority proposed to consider cost of debt @ 9.75 as submitted by BSSPL and cost of equity @ 14%, as considered for other Airport Operators/Service Providers, for the BSSPL, Bangalore during the 3rd control period.

8.2.2 The Authority, therefore, considered the FRoR at 13.12% for BSSPL, Bangalore for 3rd Control Period which has been shown in the Table 25 below:

Table 25: FRoR considered by Authority for BSSPL, Bangalore for the 3rd Control Period.

Fair Rate of Return	Amount (Rs. in Lakhs)				
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	526.05	475.73	420.32	359.31	292.13
Equity	884.33	1,281.72	1,739.52	1,905.52	2,112.31
Debt + Equity	1,410.38	1,757.45	2,159.84	2,264.83	2,404.44
Cost of Debt	9.75%	9.75%	9.75%	9.75%	9.75%
Cost of Equity	14.00%	14.00%	14.00%	14.00%	14.00%
Individual Year Gearing	37%	27%	19%	16%	12%
Weighted Average Gearing	21%				
Weighted Average	10%				



Cost of Debt	
Cost of Equity	14.00%
FROR	13.12%

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

8.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 04/2020-21 with respect to Fair Rate of Return (FRoR) for the 3rd control period. The Authority therefore, has decided to consider the same as given in Table 25.

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

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

8.4.1 The Authority decides to consider Fair Rate of Return (FROR) for BSSPL, Bangalore for the 3rd Control Period as per Table 25.



9 PROVISION FOR TAXATION

9.1 BSSPL, Bangalore's submission on Provision for Taxation for the 3rd Control Period as part of MYTP.

9.1.1 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.

9.1.2 BSSPL, Bangalore projected income tax @ 25.17% (Basic rate 25%, Surcharge, Health and Education Cess 0.17%) on regulatory profits.

9.1.3 The tax projections submitted by BSSPL, Bangalore 3rd Control Period is given as per Table 26 below:

Table 26 Provision for Taxation as per BSSPL, Bangalore's submission for 3rd Control Period

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Aeronautical Revenues at revised tariffs	1022.17	1251.57	1458.46	1720.93	1824.14	7277.27
OPEX	796.58	933.73	1066.10	1209.92	1326.56	5332.89
Depreciation	60.98	144.12	189.17	192.95	197.72	784.94
Profit before tax	164.61	173.72	203.19	318.06	299.86	1159.44
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	-----
Tax	41.43	43.72	51.14	80.05	75.47	291.81

9.2 Authority's Examination and Analysis for the 3rd Control period at Consultation stage:

9.2.1 The Authority noted that BSSPL, Bangalore has applied Tax @ 25.17% for tax projection for the 3rd control period. Accordingly, based on revised ARR, the Authority has considered the provision for taxation @ 25.17% at C.P. stage as given in Table 27 below:

Table 27: Provision for Taxation for BSSPL, Bangalore as per the Authority at C.P stage.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Aeronautical Revenues with revised tariffs (refer table 33)	641.59	949.86	1189	1288.27	1375.32	5444.04
OPEX (refer table 22)	587.40	656.67	713.50	766.81	823.30	3547.68
Depreciation (refer table 13)	60.93	131.15	168.43	177.00	180.32	717.83
Profit before tax	-6.74	162.04	307.07	344.46	371.70	1178.53
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	----
Provision of tax	0.00	40.78	77.28	86.70	93.55	298.31



9.3 Stakeholders' Comments regarding Provision for Taxation for the 3rd Control Period:

9.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 04/2020-21 with respect to Provision for Taxation for the 3rd control period.

9.4 Authority's Examination regarding Provision for Taxation for the 3rd Control Period:

9.4.1 The Authority after considering the effect of revised Fuel Throughput and, its consequent effect on OPEX, Revenue, (having the effect of increase in tariff, including staggered over years as against authority's one time increase proposal at consultation stage), decides to revise the Provision for Taxation as given in Table 28 below:

Table 28: Revised Provision for Taxation for BSSPL, Bangalore considered by the Authority:

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Aeronautical Revenues at revised tariffs (refer table 34)	484.40	1031.96	1209.09	1359.26	1494.03	5578.75
OPEX (refer table 23)	579.54	660.78	714.51	770.36	829.24	3554.43
Depreciation (refer table 13)	60.93	131.15	168.43	177.00	180.32	717.83
Profit before tax	-156.07	240.03	326.15	411.90	484.47	1306.49
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	---
Provision for tax	0.00	60.41	82.09	103.67	121.93	368.10

9.5 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 BSSPL, Bangalore for the 3rd Control Period:

9.5.1 The Authority decides to consider provision for taxation for determination of ARR for the 3rd Control Period of BSSPL, Bangalore as per Table 28.

9.5.2 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.



10 AGGREGATE REVENUE REQUIREMENT (ARR).

10.1 BSSPL, Bangalore's submission on Aggregate Revenue Requirement for the 3rd Control Period as part of MYTP.

10.1.1 BSSPL, Bangalore has submitted Aggregate Revenue Requirement (ARR) for the 3rd Control Period. The summary of ARR and YPU has been presented in the Table 29 below.

Table 29: Projection of Aggregate Revenue Requirement (ARR) and Yield per Unit as per BSSPL, Bangalore for the 3rd Control Period.

Aggregate Required Revenue	2021-22	2022-23	2023-24	2024-25	2025-26
RAB	638.81	1435.18	1762.36	1608.22	1459.93
FROR	13.62%	13.62%	13.62%	13.62%	13.62%
RAB * FROR	87.00	195.46	240.02	219.03	198.83
Depreciation	60.98	144.12	189.17	192.95	197.72
Operational exp	796.58	933.73	1066.10	1209.92	1326.56
Tax	23.21	26.08	33.25	13.05	70.16
ARR	967.77	1299.39	1528.54	1634.95	1793.27
Discount Factor	0.88	0.77	0.68	0.60	0.52
Discounted ARR	851.77	1006.55	1042.13	981.07	947.08
Through Put	1.92	2.29	2.61	3.00	3.10
Forecast Change in WPI	2.52%	2.52%	2.52%	2.52%	2.52%
Yield per unit for tariff year t	532.38	545.79	559.54	573.64	588.10
Throughput	1.92	2.29	2.61	3.00	3.10
Revenue	1022.17	1251.57	1458.46	1720.93	1824.14
PV of Revenue	899.64	969.51	994.36	1032.66	963.39
Aggregate Revenue Requirement	967.77	1299.39	1528.54	1634.95	1793.27
Discount Rate	0.88	0.77	0.68	0.60	0.52
Present value of ARR	851.77	1006.55	1042.13	981.07	947.08
Fuel Throughput estimated	1.92	2.29	2.61	3.00	3.10
Revenue per KL	532.38	545.79	559.54	573.64	588.10
Estimated Revenue	1022.17	1251.57	1458.46	1720.93	1824.14
Present value of estimated Revenue	899.64	969.51	994.36	1032.66	963.39

10.2 Authority's Examination and Analysis at Consultation stage:

10.2.1 The Authority, having noted and examined the submissions made by BSSPL regarding ARR, proposes to determine ARR as per its own philosophy and guiding principles based on its analysis of building blocks/ RAB as discussed in prior Chapters of this Consultation Paper.

10.2.2 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 BSSPL, Bangalore in computation of ARR and Yield per Unit in Table above, the Authority proposed (in CP) as below:

- To consider the O&M expenses as per Table 22
- To consider the tax as per Table 27
- To consider the Non-Aeronautical revenue Nil
- To consider the total Volume in accordance Table 5



10.2.3 After considering the above, the Authority proposed the following ARR at CP stage as presented in the Table 30 below:

Table 30: Aggregate Revenue Requirement (ARR) proposed by the Authority for BSSPL, Bangalore at C.P. stage:

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Average RAB (Refer Table 16)	638.53	1284.00	1535.28	1462.00	1316.29	6236.10
Fair Rate of Return RAB (Refer Table 25)	13.12%	13.12%	13.12%	13.12%	13.12%	13.12%
Return on average RAB	83.78	168.46	201.43	191.81	172.70	818.18
O&M (Refer Table 22)	587.40	656.67	713.50	766.81	823.30	3547.68
Depreciation (Refer Table 13)	60.93	131.15	168.43	177.00	180.32	717.83
Tax (Refer Table 27)	0.00	40.78	77.28	86.69	93.55	298.30
Less: NAR	0.00	0.00	0.00	0.00	0.00	0.00
ARR per year	732.10	997.06	1160.65	1222.32	1269.87	5382.00
Discount Rate	13.12%	13.12%	13.12%	13.12%	13.12%	13.12%
PV Discount Factor	1.00	0.88	0.78	0.69	0.61	---
PV of ARR based @ 13.12%	732.10	881.42	907.03	844.43	775.54	4140.52
Existing tariff rate	363.24	363.24	363.24	363.24	363.24	
Fuel throughput (lakh/KL) (Refer Table 5)	1.73	2.56	3.21	3.47	3.71	14.68
Total Revenue at existing rate	628.58	930.60	1164.88	1262.15	1347.42	5333.63
PV Discount	1.00	0.88	0.78	0.69	0.61	---
PV Revenue at existing rate	628.58	822.66	910.34	871.95	822.90	4056.43
Proposed tariff rates	370.86	370.86	370.86	370.86	370.86	----
Revenue at increase tariff rates	641.59	949.86	1189.00	1288.27	1375.32	5444.03
PV of Revenue at increase tariff rates	641.59	839.69	929.18	890.00	839.93	4140.40

10.2.4 The Authority, based on the proposed ARR and percentage increase to meet the Aggregate Revenue Requirement (ARR), has proposed to revise tariff with one time increase of 2.07% in FY 2021-22 and thereafter no further increase proposes from 01.04.2022 to 31.03.2026 for the 3rd Control Period for ITP services provided by BSSPL at KIA, Bangalore as per Table 30.

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

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

10.3.1 BPCL has submitted that provision of 'True Up' for this Control Period may not be applicable & logical in this case as business continuity of BSSPL at Bangalore 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.

10.4 Authority's Examination regarding Aggregate Revenue Requirement (ARR) for the 3rd Control Period:

10.4.1 The Authority noted the comments of BPCL regarding provision of 'True Up' for 3rd Control Period. The Authority, as per the provision of the AERA guidelines determines the tariff under Price Cap Approach as proposes /decides for the true up of under recovery or over recovery of the ARR at the 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. Presently, the SPRH agreement of BSSPL, Bangalore is valid upto 23.05.2029.

10.4.2 The Authority considered the ARR for six months (April 2021 to September 2021) at existing rate i.e 363.34 and for next six months at increased rates in FY 2021-22 because the proposed Tariff Rates are to be effective from 1st October, 2021.

10.4.3 After considering change in the Fuel Throughput Forecast (refer Table 06) and airport operator fees (refer Table 23), the Authority decided to determine the following ARR as presented in the Table 31:

Table 31: Aggregate Revenue Requirement (ARR) considered by the Authority for BSSPL, Bangalore for the 3rd Control Period:

Particulars	Amount (Rs. In Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Average RAB (Refer Table 16)	638.53	1284.00	1535.28	1462.00	1316.29	6236.10
Fair Rate of Return RAB (Refer Table 25)	13.12%	13.12%	13.12%	13.12%	13.12%	
Return on average RAB (A)	83.78	168.46	201.43	191.81	172.70	818.18
O&M (Refer Table 23)(B)	579.54	660.78	714.51	770.36	829.24	3554.43
Depreciation (Refer Table 13)(C)	60.93	131.15	168.43	177.00	180.32	717.83
Tax (Refer Table 28)(D)	0.00	60.41	82.09	103.67	121.93	368.10
Less: Other Income (E)	0.00	0.00	0.00	0.00	0.00	
ARR(F=A+B+C+D-E)	724.24	1020.80	1166.46	1242.84	1304.19	5458.53
Discount Factor	1.00	0.88	0.78	0.69	0.61	
PV of ARR	724.24	902.40	911.57	858.61	796.50	4193.33
Sum Present value of ARR	4193.33					
Fuel Throughput (KL in Lakhs) (Refer Table 06)	14.55					
Yield per KL (in Rs.)	288.20					
Computation of Aeronautical Revenue (Revenue from ITP services)						
Particulars	Amount (Rs. In Lakhs)					



	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Aeronautical Revenue on existing tariff	479.61	973.75	1140.89	1282.59	1409.76	5286.60
Existing tariff rates	363.34					
PV of Aeronautical Revenue on existing tariff	479.61	860.81	891.59	886.07	860.97	3979.05
% Increase in Tariff	2.00%	3.90%	-	-	-	
Revised tariff rates	370.61	385.06	385.06	385.06	385.06	
Revised revenue at increase tariff	484.40	1031.96	1209.09	1359.26	1494.03	5578.75
PV of Revised revenue at increase tariff	484.40	912.27	944.89	939.04	912.44	4193.04

10.4.4 The Authority, based on the revised ARR and percentage increase to meet the Aggregate Revenue Requirement (ARR), has decided to increase the tariff at the rate of 2.00% in FY 2021-22 (w.e.f. 01.10.2021) and thereafter one time increase of 3.90% in FY 2022-23. Further, the tariff rate as applicable as on 31.03.2023 shall continue for the remaining period of the Third Control Period (Refer Table 31).

10.5 Authority's Decision on Aggregate Revenue Requirement (ARR) for 3rd control period.

Based on the material before it and based on its analysis, the Authority has proposed the following regarding Aggregate Revenue Requirement (ARR) for BSSPL, Bangalore for the 3rd Control Period.

- 10.5.1 The Authority decides to consider the ARR for BSSPL, Bangalore for the 3rd Control Period as per Table 31.
- 10.5.2 The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period.

भा.वि.आ.वि.प्रा.
AERA



11 AERONAUTICAL REVENUE

11.1 BSSPL, Bangalore's submission on Aeronautical Revenue for the 3rd Control Period as part of MYTP.

11.1.1 As per BSSPL, Bangalore's submission, the projected Aeronautical Revenue for the 3rd Control Period is given in Table 32 below:

Table 32: Projected Aeronautical Revenue (Revenue from ITP services) during the third control period as per BSSPL, Bangalore:

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services	1022.17	1251.57	1458.46	1720.93	1824.14	7277.27

11.1.2 The CAGR for Aeronautical Revenue (Revenue from Into Plane Services) from Into Plane Services projected by BSSPL is 15.58% during the 3rd Control Period.

11.2 Authority's Examination regarding Aeronautical Revenue for the 3rd control period at consultation stage:

11.2.1 The Authority projected Aeronautical Revenue at Bangalore airport for the 3rd Control Period as shown in Table 33 below:

Table 33: Aeronautical Revenue proposed by the Authority for 3rd Control Period at C.P. stage.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services (refer table 30)	641.59	949.86	1189.00	1288.27	1375.32	5444.03

11.3 Stakeholders' comments regarding Aeronautical Revenue for the 3rd Control Period:

11.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 04/2020-21 with respect to Aeronautical Revenue for the 3rd control period.

11.4 Authority's Examination regarding Aeronautical Revenue for the 3rd Control Period:

11.4.1 The Authority after considering the effect of revised Fuel Throughput, applicability of tariff rates from 1st October 2021 & staggered increase in tariff rates, revise the Aeronautical Revenue which is given in Table 34 below:

Table 34: Revised Aeronautical Revenue for BSSPL, Bangalore considered by the Authority for the 3rd control period.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services (refer table 31)	484.40	1031.96	1209.09	1359.26	1494.03	5578.75

11.5 Authority's decision on Aeronautical Revenue for the 3rd Control Period:

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

11.5.1 To consider Aeronautical Revenue (Revenue from Into Plane Services) for the 3rd Control Period for BSSPL Bangalore as per Table 34.

11.5.2 The Authority decides to true up the Aeronautical Revenue based on actuals at the time of tariff determination for next Control Period.



CHAPTER 12. ANNUAL TARIFF PROPOSAL

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

12.1.1 M/s Bharat Star Service Private Limited (BSSPL), Bangalore has submitted Multi Year Tariff Proposal (MYTP) for the 3rd Control Period (FY 2021-22 to FY 2025-26) on 24th December, 2020.

12.1.2 M/s Bharat Star Service Private Limited (BSSPL), Bangalore has submitted the tariff proposal for Into Plane Services at KIA, Bangalore for the 3rd Control Period as per Table 35 below:

Table 35: Tariff Proposal (in INR/KL) by BSSPL, Bangalore for the 3rd Control Period:

Tariff Year	Aircraft Fuelling	Amount (Rs. in Lakhs)			
		Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
FY 2021-22	532.38	532.38	638.85	585.61	638.85
FY 2022-23	545.79	545.79	654.95	600.37	654.95
FY 2023-24	559.54	559.54	671.44	615.49	671.44
FY 2024-25	573.54	573.54	688.25	630.89	688.25
FY 2025-26	588.10	588.10	705.72	646.91	705.72

12.2 Authority's Examination and Analysis at Consultation stage:

12.2.1 Proposed increase in tariff by BSSPL, Bangalore for Into Plane Services at KIA, Bangalore for the 3rd Control Period is 46.52% for FY 2021-22 over the tariff approved by AERA for FY 2020-21 and thereafter an increase proposed in the range of 2.50% to 2.54% Year on Year for remaining tariff years of 3rd control period which is shown in the Table 36 below.

Table 36: Year on Year (%) Increase in Tariff Proposed by BSSPL, Bangalore for the 3rd Control Period.

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling				Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours		
		FY 2021-22	46.52%	46.52%	46.53%	46.52%	46.53%
FY 2022-23	2.52%	2.52%	2.52%	2.52%	2.52%		
FY 2023-24	2.52%	2.52%	2.52%	2.52%	2.52%		
FY 2024-25	2.50%	2.50%	2.50%	2.50%	2.50%		
FY 2025-26	2.54%	2.54%	2.54%	2.54%	2.54%		

12.2.2 The Authority, based on the proposed ARR and percentage increase to meet the Aggregate Revenue Requirement (ARR) proposes to revise tariff with one time increase of 2.07% in FY 2021-22 and



thereafter no further increase proposes for FY 2022-23 to FY 2025-26 of the 3rd Control Period at CP stage for ITP services provided by BSSPL, Bangalore as per Table 37:

Table 37: Tariff Rate Proposed by the Authority for BSSPL, Bangalore for the 3rd Control Period at C.P. stage.

Tariff Year	Aircraft Fuelling	Amount (Rs. per KL)			
		Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
FY 2021-22	370.86	370.86	445.03	407.94	445.03
FY 2022-23	370.86	370.86	445.03	407.94	445.03
FY 2023-24	370.86	370.86	445.03	407.94	445.03
FY 2024-25	370.86	370.86	445.03	407.94	445.03
FY 2025-26	370.86	370.86	445.03	407.94	445.03

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

BIAL Comments on Tariff Rate for the 3rd Control Period:

12.3.1 BIAL has submitted that the COVID pandemic has severely impacted India and aviation sector is amongst the worst affected industry. BIAL requested that, nominal inflation adjustment should be considered for the proposed tariffs.

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

12.3.2 BPCL has submitted that the two Consultation papers floated viz CP 03 / 2021-22 & CP 04 / 2021-22 dated 07th May 2021 & 13th May, 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. (BSSPL) respectively for providing into plane services (ITP) at KIA, Bangalore 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 & 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 KIA, Bangalore.

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

12.3.3 IATA has supported the AERA's tariff determination process which result in a lower increase in tariffs over the 5-year control period compared to what was sought by BSSPL. However, given the dire state of the Indian aviation Industry that would not be able to take on further cost increases; IATA seek AERA's consideration to keep tariffs unchanged for the first year of 3rd control period and to defer the proposed increase to the second year. This will remove any cost burden during the vital recovery period and be able to support a successful recovery of the industry.

12.4 BSSPL, Bangalore's counter comments and response to stakeholders commenting regarding Tariff Rates for the Third Control Period:

12.4.1 BSSPL, Bangalore agreed with the comments of BPCL. However, BSSPL has not agreed with the comments of IATA and BIAL regarding tariff rates.

12.4.2 In regard of IATA comments on tariff rates, BSSPL submitted that as per consultation paper no. 04/2021-22, the profit before tax proposed by the authority for the year 2021-22 for BSSPL is (-)



6.74 Lakhs which is detrimental to the interest of company. BSSPL has been under tremendous financial crunch due to revenue loss imposed by low volume throughput since the beginning of the pandemic and hence will not be able to sustain further losses which may even threaten the very existence of the company.

12.4.3 In regard of BIAL comments on tariff rates, BSSPL submitted that the revision in proposed tariff should be upward in line with the BSSPL submission instead of nominal inflation adjustment proposed by BIAL.

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

12.5.1 The Authority noted the comments of the BPCL with regard to same tariff for both the ITP service providers. The Authority while determining the tariff takes into consideration the set procedure and also stated that the tariff determination exercise is based on individual service provider's investment i.e. 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 accounts its operational cost, infrastructure cost, business volumes etc.

12.5.2 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 become more cost effective.

12.5.3 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.

12.5.4 The Authority noted the comments of IATA to keep tariffs unchanged for the first year of 3rd control period and to defer the proposed increase to the second year. In this regard, the Authority staggered the tariff increase during the control period instead of giving one time tariff increase.

12.5.5 The Authority noted that as per revised computations the one-time increase in tariff works out to 5.65% in FY 2021-22 to meet the Aggregate Revenue Requirement (ARR) of BSSPL, Bangalore for the 3rd Control Period.

12.5.6 However, the Authority, keeping in view the current economic condition of the aviation sector and comments received from stakeholders decided to increase the tariff at the rate of 2.00% in FY 2021-22 (w.e.f. 01.10.2021) and thereafter one time increase of 3.90% in FY 2022-23. Further, the tariff rate as applicable as on 31.03.2023 shall continue for the remaining period of the Third Control Period. The revised tariff rates is given in ANNEXURE-I.

12.5.7 The Authority determines the maximum Tariff Rates to be levied. No other charge is to be levied over and above the determined Tariff Rates.

12.6 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 BSSPL, Bangalore for the 3rd Control Period.

12.6.1 The Authority decides to consider the Tariff Rate of Into Plane Services provided by BSSPL, Bangalore for the 3rd Control Period as per ANNEXURE-I.



CHAPTER 13. SUMMARY OF AUTHORITY'S DECISIONS

The summary of the Authority's decisions (given under each chapter) regarding the tariff determination of BSSPL, Bangalore for the 3rd Control Period is as under:

Chapter and Para		Summary Of Authority's Decisions	Page No.
Chapter No 2	2.6.1	The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for BSSPL, Bangalore for the Third Control Period.	17
	3.6.1	The Authority decides to consider Fuel Throughput Forecast for the Third Control Period for BSSPL, Bangalore as per Table 6.	22
Chapter No 3	3.6.2	The Authority decides to true-up the Fuel Throughput (Volume) on the basis of actual Fuel off take in 3rd control period while determining tariffs for the next control period.	22
	4.6.1	The Authority decides to consider Capital Expenditure for the 3rd Control Period for BSSPL, Bangalore as per Table 10.	28
Chapter No 4.	4.6.2	The Authority, in order to ensure that BSSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the non capitalized CAPEX from ARR/Target Revenue, as re-adjustment, in case any particular CAPEX is not completed as per the Capitalization schedule, in the True-up exercise for the 3rd Control Period during determination of tariff for the Next Control Period.	28
	4.6.3	The Authority decides to true up the CAPEX based on actuals at the time of tariff determination for Next Control Period.	28
	5.4.1	The Authority decides to consider Depreciation for the 3rd Control Period as per Table 13	30
Chapter No 5.	5.4.2	The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next control period.	30
	6.5.1	The Authority decides to consider Regulatory Asset Base (RAB) for the 3rd Control Period as per Table 16.	32
Chapter No 6.	7.5.1	The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 23.	37



	7.5.2	The Authority decides to true up the operation and maintenance Expenditure based on actuals at the time of tariff determination for next control period.	37
Chapter No 8.	8.4.1	The Authority decides to consider Fair Rate of Return (FROR) for BSSPL, Bangalore for the 3rd Control Period as per Table 25.	39
Chapter No 9.	9.5.1	The Authority decides to consider provision for taxation for determination of ARR for the 3rd Control Period of BSSPL, Bangalore as per Table 28.	41
	9.5.2	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.	41
Chapter No 10.	10.5.1	The Authority decides to consider the ARR for BSSPL, Bangalore for the 3rd Control Period as per Table 31	45
	10.5.2	The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period.	45
Chapter No 11.	11.5.1	To consider Aeronautical Revenue (Revenue from Into Plane Services) for the 3rd Control Period for BSSPL Bangalore as per Table 34.	46
	11.5.2	The Authority decides to true up the Aeronautical Revenue based on actuals at the time of tariff determination for next Control Period.	46
Chapter No 12.	12.6.1	The Authority decides to consider the Tariff Rate of Into Plane Services provided by BSSPL, Bangalore for the 3rd Control Period as per ANNEXURE-I	49

आ. वि. आ. वि. प्रा.
AERA




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) BSSPL, Bangalore is permitted to levy the tariff for Into Plane Services as per **Annexure-I** for the 3rd Control Period (w.e.f. 1st October, 2021 to 31st March, 2026).
- (ii) The levy of revised tariffs shall be **effective from 1st October, 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,

Mr. Prashanth Kamath
Chief Executive Officer,
Bharat Stars Services Private Ltd.
BSSPL, Plot no. A-5&6, 1st floor,
BPCL Building, Sector-1 Noida-201301

Copy to,

1. Secretary, Ministry of Civil Aviation,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi-110003.
2. Shri Hari Marar,
Chief Executing Officer,
Bangalore International Airport Limited
Kempegowda International Airport Bengaluru, Devanahalli,
Bangalore – 560300, India.

Order No: 15/2021-22 dated :10/09/2021

Page 52 of 53



ANNEXURE-I

AERA APPROVED MAXIMUM TARIFF RATE

For Bharat Stars Service Private Limited (BSSPL) providing Into Plane Services at Kempegowda International Airport (KIA), Bangalore for the 3rd Control Period (FY 2021-22 to FY2025-26).

(Amount Rs./KL)

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 48 hours	Beyond 48 hours	Within 48 hours	Beyond 48 hours
Applicable w.e.f. 01.10.2021 to 31.03.2022	370.61	370.61	444.74	407.67	444.74
01.04.2022 to 31.03.2023	385.06	385.06	462.07	423.56	462.07
01.04.2023 to 31.03.2024	385.06	385.06	462.07	423.56	462.07
01.04.2024 to 31.03.2025	385.06	385.06	462.07	423.56	462.07
01.04.2025 to 31.03.2026	385.06	385.06	462.07	423.56	462.07

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

