



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 AT CSMI AIRPORT, MUMBAI
FOR THE 3RD CONTROL PERIOD (FY 2021-22 TO FY 2025-26).**

Date of Issue: 03 September, 2021

AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110003



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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
CSMI	Chhatrapati Shivaji Maharaj International Airport
DDF	Dirt Defense Filters
FRoR	Fair Rate of Return
FWS	Filter Water Separator
Gol	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
KL	Kiloliter
LoA	Letter of Award
MAFFFPL	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



CHAPTER 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 handling Jet Fuel for Airlines on behalf of the suppliers and has started providing Into Plane Services w.e.f. 25.01.2015 at Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai.
- 1.1.3 BSSPL, Mumbai has submitted the “Business plan for Mumbai ITP Services” for FY 2021-22 to FY 2025-26. As per the Business Plan, BSSPL, Mumbai has following Refueling Equipment’s as on 31st March, 2021:

Table 1 : Technical Details of BSSPL, Mumbai

Particulars	Details
Dispensers	15 Nos.
Refuellers	07 Nos.

- 1.1.4 M/s BSSPL has no separate agreement with Airport Operator i.e. MIAL. M/s BSSPL have a Sub-Concessional Agreement w.e.f. 07.11.2014 with MAFFFL for providing ITP services at CSMIA, Mumbai for a period of 10 years and presently is valid up to 29.10.2024.
- 1.1.5 M/s Bharat Stars Services Private Limited (BSSPL), Mumbai submitted its MYTP dated 30th December 2020 seeking revision of tariffs for providing ITP services at CSMIA for the 3rd Control Period (1st April 2021 to 31st March 2026) under Light Touch Approach for four financial years (FY 2021-22 to FY 2024-25) as the concession term of BSSPL, Mumbai is valid till 29th October 2024. 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 January & February 2021 with BSSPL seeking additional details and clarifications on the MYTP. In response BSSPL vide mail dated 18.02.2021 submitted the revised MYTP to the Authority. In the revised submission, BSSPL sought an ARR of Rs.10342.27 lakhs for the 3rd control period and a one-time increase of 71.33% in the first year with an annual increase of 2.52% in the subsequent years.

1.2 Background of the tariff determination exercise

- 1.2.1 The Authority vide order no. 11/2015-16 dated 27.05.2015 determined the tariff of BSSPL for the 4th & 5th tariff year (from 25.01.2015 to 31.03.2016) of the 1st control period under “Light Touch Approach” for CSMI Airport, Mumbai.
- 1.2.2 The Authority allowed the AO/ISP's to continue the levy of tariffs existing as applicable as on 31.03.2016 up to 30.09.2018 from time to time vide following Orders:
- Order No. 11/2016-17 dated 29.09.2016,
 - Order No. 19/2016-17 dated 31.03.2017,
 - Order No. 12/2017-18 dated 29.09.2017,
 - Order no. 43/2017-18 dated 28.03.2018.



- 1.2.3 Subsequently, the Authority vide Order No. 12/2018-19 dated 29th May 2018 determined the tariff of BSSPL effective from 01.06.2018 to 31.03.2021 for the 3rd, 4th and 5th tariff year of the 2nd Control Period. In the same order the Authority allowed BSSPL to continue the levy of tariffs existing as on 31.03.2016 for the first tariff year FY 2016-17 and second tariff year FY 2017-18 of 2nd Control Period. The Authority allowed BSSPL to increase the tariff existing as on 31.03.2016 by 34.20% for 3rd tariff year (FY 2018-19) and a further increase of 5.00 % y-o-y basis for FY2019-20 and FY 2020-21.
- 1.2.4 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, Mumbai

- 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, Mumbai 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, Other income etc. Subsequently, the Authority vides 19.02.2021 & 24.02.2021 sought some additional information and clarifications on the revised MYTP. In responses to that, BSSPL vide various communications from time to time submitted the requisite information's to the Authority.
- 1.3.2 BSSPL, Mumbai projected the Airport Operator Fees @ 6% of the Aeronautical Revenue whereas the Authority has proposed to cap the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty/ 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 BSSPL also submitted the additional financial and non-financial information, clarifications, JIG guidelines, invoice, tender documents etc. in response to queries raised by AERA form time to time as part of tariff determination exercise.
- 1.3.4 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.
- 1.3.5 Post analysis and discussion on various building blocks, the Authority issued its Consultation Paper No. 02/2020-21 dated 8th April 2021. The Authority proposed its views on the various building blocks for determination of tariff for BSSPL, Mumbai for the 3rd Control Period and invited comments from the Stakeholders on the proposed tariff by 07.05.2021 which was subsequently extended to 21.05.2021.
- 1.3.6 **The following Stakeholders submitted their comments on the Consultation Paper:**

Sl. No.	Stakeholders
1.	M/s Mumbai Aviation Fuel Farm Facility Pvt. Ltd.(MAFFFL)
2.	M/s Hindustan Petroleum Corporation Limited (HPCL)
3.	M/s Mumbai International Airport Limited (MIAL)
4.	M/s International Air Transport Association (IATA)



5.	M/s Bharat Stars Services Private Limited (BSSPL)
6.	M/s Indian Oil Skytanking Private Limited (IOSPL)
7.	M/s Bharat Petroleum Corporation Limited (BPCL)

The stakeholder's comments are also available on AERA website.

- 1.3.7 The counter comments from BSSPL on the comments raised by the other Stakeholders were received on 31st May 2021.
- 1.3.8 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.
- 1.3.9 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.



CHAPTER 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 Mumbai airport is as under:

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

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

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

Stage-II: Competition Assessment:

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



Stage-III: Reasonability of User Agreement:

- 2.2.5 BSSPL, Mumbai submitted User Agreement with their supplier i.e. Bharat Petroleum Corporation Limited (BPCL) & Hindustan Petroleum Corporation Limited (HPCL). 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, Mumbai 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, Mumbai for 3rd Control Period is to be determined under "Price Cap Approach".
- 2.2.8 The Authority had also reviewed the MYTP submission on "competition assessment" and "reasonableness of user agreement" and observed that, BSSPL, Mumbai 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 Chhatrapati Shivaji Maharaj International Airport (CSMIA), Mumbai 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 etc. 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.1335.90 lakhs and OPEX of Rs.4561.73 lakhs for the same period. However, against the above projections, BSSPL actually incurred a CAPEX (capitalization) of Rs.996.67 lakhs and similarly the actual OPEX incurred is only Rs.3690.68 lakhs. The Authority observed that BSSPL submitted a very optimistic business plan for the 2nd Control Period by projecting high CAPEX and OPEX, 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, Mumbai submitted that it is not carrying out any Non-aeronautical service apart from the regulated ITP service at CSMI Airport, Mumbai. Further as per the user agreements with the users of ITP service, BSSPL, Mumbai is entrusted to carry out only the regulated service. As per the BSSPL,



Mumbai 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, Mumbai.

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:

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

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

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

2.3.2 MIAL submitted that the two ITP operators had been selected through open tender process and accordingly their charges were established through competitive bidding. In earlier control period they were considered competitive and were assessed under Light Tough approach. MIAL further submitted that as per Para 12(c) of National Civil Aviation Policy 2016 (NCAP 2016) "tariffs at all



airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidies." Supply of ATF is also covered under NCAP, 2016. In view of above there is no justification to apply the Single Till methodology to ITP service providers' tariff determination. The Authority should have been consistent in its approach, particularly when there is no factual change in operations of the ITP Service Providers.

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

- 2.3.3 BPCL submitted that there are two ITP Service providers at Mumbai Airport that is BSSPL (Bharat Star Services Pvt Ltd) & IOSPL (Indian Oil Skytanking Pvt Ltd.), and both the ITP service providers being separate business entities have equal opportunity to acquire business from Oil Marketing Companies (OMCs) at the airport. BPCL has taken service of IOSPL as ITP service provider at Mumbai Airport in the past and the same could also be a situation in future. Similarly, HPCL use the service of both ITP service provider at Mumbai airport as per their own business needs & decisions and due to competitive nature of ITP service, in future any new entrant (OMC) commencing their business operations at Mumbai airport, will have the flexibility to use services of one or both agencies as per their specific business needs. The two ITP agencies compete for business on regular basis & are able to acquire business based on their fleet size/manpower strength & business plan.
- 2.3.4 The ITP service providers had come through competitive bidding process at Mumbai airport and it has been rightly considered as competitive in earlier control period. In view of above it is requested that ITP service may continue to please 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.

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

- 2.3.5 IOSPL submitted that the tariff determination should be considered under light touch approach for BSSPL and IOSL as both BSSPL and IOSL have been selected through a competitive bidding process by the fuel farm operator and the condition of having two ITP service providers at an airport meets AERA's Guidelines of the test of "competitiveness".

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 have no user agreements with the airlines, BSSPL has submitted that the scheme of underlying contractual arrangements is such that it is the suppliers alone who have privity of contract with the Air Carrier(s). The number of suppliers at the Airport is a consequence of MAFFFL enabling 'Open Access' and in this respect, there are no factors attributable to BSSPL. Under the Into-Plane fuelling services agreement dated December 30, 2014 between Mumbai International Airport Pvt Ltd (MIAL) ad Mumbai Aviation fuel farm facility Pvt Ltd (MAFFFL), MIAL grants to MAFFFL, amongst other things, the right to provide 'Services', through itself or through sub-concessionaires, to the various Users at CSMIA. As per the MAFFFL & BSSPL sub-concessional agreement, BSSPL has been granted the right to provide Services to various Users in accordance with amongst other things, the terms of the said Into-Plane Fuelling Service Sub Concession Agreement and the ITP Agreement.



- 2.3.8 In regards to the Authority's view on the two ITP service providers viz. BSSPL and IOSPL at Mumbai, primarily catering to the clients of their own promoters/principals, viz. IOCL and BPCL, BSSPL has submitted that under the said Into-Plane Fuelling Service Sub Concession Agreement, BSSPL is under an obligation to provide Services (all functions necessary for the Aircraft Fuelling, Aircraft Defueling and Aircraft Refueling) to the Users in accordance with the terms and conditions of the agreements executed with the various Users. 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. BSSPL has submitted that BSSPL caters to a portion of HPCL's customer airlines in competition with IOSPL. BSSPL has lost a portion of the business of HPCL to IOSPL due to higher tariff rates, which has pulled down the BSSPL share in comparison with IOSPL. The fact that even a minor supplier (like HPCL) is entitled to choose its ITP service provider and that it has shuffled its requirements between the ITP service providers is a testimony of competitiveness between IOSL and BSSPL. BSSPL further state that MEFFEL is required to commission the integrated fuel farm and operate it on open-access basis, paving way for others suppliers like RIL, Shell-MRPL to participate and choose the ITP service provider of their choice, thus making it more competitive. The integrated fuel farm facility is expected to be commissioned within the prevailing year 2021.
- 2.3.10 In light of the foregoing, BSSPL 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, Mumbai's counter comments and response to Stakeholders' Comments regarding Tariff Setting Principles for the 3rd Control Period:

- 2.4.1 BSSPL, Mumbai'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, Mumbai agreed with MAFFFL/MIAL/BPCL/IOSPL views regarding "tariff setting principles" to determine the tariff for Third Control Period under "Light Touch Approach".

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

- 2.4.3 BSSPL Mumbai 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 MAFFFL, MIAL, BPCL, BSSPL and IOSPL 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, Mumbai 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, Mumbai primarily caters to the clients of BPCL, and, only some portion of their business is generated from other client such as HPCL etc. The Authority, therefore, is of the



considered view that 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 CSMIA, Mumbai therefore ITP services at Mumbai Airport should be deemed as 'Competitive'. However, none of the stakeholders has commented as to how there is competition in true sense at Mumbai Airport as both the ITP service providers are catering to their own promoter company.

2.5.3 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 Marketing Companies (OMCs) 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 marketing companies without any direct user agreement with the airlines.

2.5.5 The Authority noted BPCL's comments that "there is already a competition for the share of HPCL volumes and further IOSPL and BSSPL will be competing for other service providers in future as the new integrated Fuel farm with facility for other suppliers (other than PSUs) is likely to be commissioned by July 2021 and thus the competition will further intensify in ITP services". The Authority also noted that only some portion of their business is generated from HPCL and at present there are only 3 PSUs who supplies fuel at CSMIA, Mumbai and no new Oil Marketing Company (other than PSUs) has started fuel supply at CSMIA, Mumbai. The Authority therefore clarifies that in future when new Oil Marketing Companies (other than PSUs) start providing fuel supply at CSMIA, Mumbai and the ITP service providers get their business by competing with each other, the Authority will review the issue appropriately.

2.5.6 With regard to the comments of MIAL for using 'Hybrid Till methodology' instead of 'Single Till methodology' for tariff determination of ITP service providers', the Authority noted that as per the user agreements with Oil Marketing Companies (OMCs) BSSPL, Mumbai 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 CSMIA, Mumbai. As per the BSSPL submission, they do not have other source of revenue therefore, the question of using 'Hybrid Till methodology' does not arise.

2.5.7 The Authority keeping above in view, has therefore decided that the tariff of BSSPL, Mumbai 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, Mumbai for the Third Control Period.



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CHAPTER 3. FUEL THROUGHPUT FORECAST

3.1 BSSPL, Mumbai'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, Mumbai 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, Mumbai and CAGR & computations done by the Authority:

Year	Fuel Throughput (KL)			% Change over previous Year		
	International Flights	Domestic Flights	Total	International Flights	Domestic Flights	Total
2019-20 (Actual)	479207	48120	527327	----	----	----
2020-21 (Actual)	194245	20467	214712	-59%	-58%	-59%
2021-22	247714	27524	275238	28%	34%	28%
2022-23	280500	49500	330000	13%	80%	20%
2023-24	310200	77550	387750	11%	57%	18%
2024-25	339075	113025	452100	9%	46%	17%
2025-26	366168	135432	501600	8%	20%	11%
CAGR 5 year's				10.26%	48.94%	16.19%

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

- Adopted the projections of MAFFPL for growth rate of Fuel Throughput at Mumbai Airport;
- 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. by FY 2025-26.

3.1.3 The actual Fuel Throughput of BSSPL, Mumbai 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, Mumbai, during the Second Control Period

Years	Fuel Throughput (KL)			% Change over previous Year		
	International Flights	Domestic Flights	Total	International Flights	Domestic Flights	Total
2016-17	400713	169915	570628	--	--	--
2017-18	422063	166362	587425	5%	-2%	3%
2018-19	444912	142491	587403	5%	-14%	0%
2019-20	479207	48120	527327	-59%	-66%	-10%



2020-21	194245	20467	214712	-59%	-57%	-59%
CAGR (4 Years)				6.14%	-34.33%	-3%
CAGR (5 Years)				-17%	-41%	-22%

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 16.19% in fuel throughput during the 3rd Control Period FY 2021-26. However, the historical data of actual fuel throughput of BSSPL, Mumbai, for the period from FY 2016-17 to FY 2019-20 (4 years CAGR) shows a decline of 3% 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 22% 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 CSMIA, Mumbai, as part of the tariff determination process for MIAL 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, etc. and made suitable adjustments in the assumptions. The assumption used by the Authority has been shown in Table 4 below:

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

Financial Year	International	Domestic	Average
2019-20	Actual ATM Traffic	Actual ATM Traffic	---
2020-21	29% of FY 2019-20	38% of FY 2019-20	33.50%
2021-22	63% of FY 2019-20	61% of FY 2019-20	62.00%
2022-23	100% of FY 2019-20	100% of FY 2019-20	100.00%
2023-24	111% of FY 2019-20	108% of FY 2019-20	109.50%

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

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

Years	Fuel Throughput (KL)			Fuel Throughput % of FY 2019-20
	International	Domestic	Total	
2019-20*	479207	48120	527327	----
2020-21**	138970	18286	157256	30%
2021-22	301900	29353	331254	62%
2022-23	479207	48120	527327	100%
2023-24	531920	51970	583889	111%
2024-25	575048	57744	632792	120%
4 year's Total	1888075	187187	2075262	----
CAGR 4 Year's	23.96%	25.30%	24%	----

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

** Figures for FY 2020-21 till December, 2020.



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 CSMIA, Mumbai (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:

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

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

Year	Recovery % on Base FY 2019-20		ATM Numbers (In'000)			% Fuel Efficiency Saving		ATF Volume (In '000 KL)		
	Dom	Intl	Dom	Intl	Total	Dom	Intl	Dom	Intl	Total
2019-20*	Base	Base	229	76	305	Base	Base	473	1010	1483
2020-21	Actual	Actual	92	24	116	Actual	Actual	203	403	606
2021-22	70	50	160	38	198	0	0	331	505	836
2022-23	100	75	229	57	286	3	3	459	734	1193
2023-24	(102) ³	100	243	76	319	5	5	477	959	1436
2024-25	(102) ⁴	(102) ⁴	248	82	330	6	6	481	1027	1508
2025-26	(102) ⁵	(102) ⁵	252	84	336	7	7	486	1036	1522

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

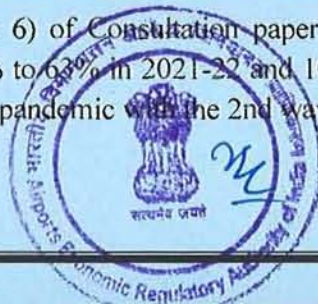
3.3.2 As per MAFFFL expected Market share, based on long term historical data, of BSSL for Third Control Period (till expiry of Term of Sub-concession) out of projected ATF volumes for CSMIA is given below:

Year	ATM Numbers (In'000)						BSSPL ATF Volume (In '000 KL)					
	Dom		Intl		Total		Dom		Intl		Total	
2021-22	35	22%	13	33%	48	24%	73	22%	202	40%	275	33%
2022-23	50	22%	19	33%	69	24%	101	22%	294	40%	395	33%
2023-24	53	22%	25	33%	78	24%	105	22%	384	40%	489	33%
2024-25*	32	22%	16	33%	48	24%	62	22%	240	40%	302	33%
TOTAL	170		73		243		341		1120		1461	

*Note : For 2024-25 period from April to October (Seven months) is considered as term expires on 7th November, 2024.

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

3.3.3 As per Para 3.5.2 and 3.6 (Tables 5 & 6) of Consultation paper it is assumed that Reversal of Volumes of Pre Covid times will be 61% to 63% in 2021-22 and 100% in 2022-23 and will further grow in 2023-24. However due to raging pandemic with the 2nd wave of covid-19 infection severely



impacting aviation sector in the country, 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. In view of anticipated low volumes during financial year 2021-22 and further years of the control period, the returns may be calculated on more realistic volume to ensure appropriate financial situation for providing safe and quality ITP services at the all times.

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

- 3.3.4 MIAL submitted that considering the second wave of COVID 19 pandemic the operations at CSMI Airport are extremely precarious with huge uncertainty prevailing over scheduled international operations commencing in the near future and in particular the long haul flights to USA & Europe which have either been discontinued or scaled down to a minimum. Furthermore, we are uncertain about the next wave of the pandemic and its impact. The domestic scheduled operations have also gone down due to reduced passenger movement. MIAL had to again close down operations at Terminal I after a month long operations because of fall in passenger movement and consequential fall in ATMs. Though Government has allowed 80% of domestic scheduled routes, the actual coverage could be less than that because of decreasing passenger traffic. In view of above, the ATM (in thousand) forecast for MIAL and consequently the oil throughput in KL considered by the Authority for the ITP service providers needs to be scaled down.

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

- 3.3.5 BSSPL submitted that there are certain serious issues which remain to be considered in respect of fuel throughput as under.
- Though the Authority took an optimistic view that the ATMs shall start recovery by year 2021-22 and fully recover by year 2022-23, in view of the surge in the COVID-19 pandemic, the scarcity in vaccine availability and considering second wave, which is worse than the first one, such an optimistic view, may be misplaced.
 - BSSPL agree that more or less the domestic ATMs may recover to 100% by 2022-23 but the international ATMs may recover only in the year 2023-24. As per press briefs of IATA, Global passenger traffic (revenue passenger kilometers) will not return to pre-COVID-19 levels until 2024, a year later than previously projected.
 - The yardstick applied as far as recovery of ATMs is concerned is different in the CP No.02 for BSSPL Mumbai and matches with what is being proposed in para 3.4 of C.P. with a variation of fuel efficiency factor and the CAGR for FY 2023-24 to 2024 25. Hence, the estimation that the ATMs may start recovering by year 2021-22 and will fully recover by 2022-23 merits a review.
 - The compounded growth rate in case of Mumbai was around 2% year on year in an earlier view of AERA. Hence the growth rate proposed by the authority i.e. 111% for 2023-24 & 120% for the year 2024-25, may not be achievable in the current scenario where there is a lot of uncertainty as to how the pandemic will pan out in the future considering that the business travel may not reach Pre-Covid levels as many organizations are resorting to virtual meetings over physical meetings and thus avoiding 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 is given below-



Year	Recovery % on Base FY 2019-20		ATM Numbers (0.000)			Percentage of Fuel Efficiency Saving		ATF Volume (In 0.000 KL)		
	Dom.	Intl.	Dom.	Intl.	Total	Dom.	Intl.	Dom.	Intl.	Total
2019-20	Base		228.7	76.0	304.7	Base	Base	473.19	1009.57	1482.76
2020-21	Actual		92.2	23.7	115.9	Actual	Actual	203.34	403.01	606.34
2021-22	70	50	160.1	38.0	198.1	1	1	330.00	500.00	830.00
2022-23	100	75	228.7	57.0	285.7	3	3	460.00	735.00	1195.00
2023-24	(102)3	100	242.7	76.0	318.7	5	5	470.00	960.00	1430.00
2024-25	(102)4	(102)4	247.5	82.3	329.8	6	6	480.00	1030.00	1510.00
2025-26	(102)5	(102)5	252.5	83.9	336.4	7	7	485.00	1040.00	1525.00

3.3.6 For projecting the Domestic & International ATMs & ATF Volumes for BSSPL for the 3rd Control Period, the Authority used the percentage share of 2019-20 (13% & 35% for Domestic & International respectively), which was an aberration. The historical percentage share is 22 & 40% for Domestic & International respectively. Hence there is a change in the recovery rate and the volumes. The corrected tabulation is given below:

Year	BSSPL ATM (in 0.000)						BSSPL ATF Volume (in 0.000)					
	Dom.		Intl.		Total		Dom.		Intl.		Total	
2019-20	28.6	13%	26.5	35%	55.1	18%	48	10%	480	48%	528	36%
2020-21	10.2	11%	11.1	47%	21.3	18%	20	10%	195	48%	215	35%
2021-22	35.2	22%	12.5	33%	47.7	24%	75	22%	200	40%	275	34%
2022-23	50.3	22%	18.8	33%	69.1	24%	102	22%	300	40%	402	34%
2023-24	53.4	22%	25.1	33%	78.5	24%	105	22%	380	40%	485	34%
2024-25*	31.8	22%	15.8	33%	47.6	24%	62	22%	240	40%	302	34%

* FY 2024-25 will be for 7 months only as the LOA was issued on 29th October 2014.

3.3.7 Since the Authority issued the Consultation Paper on April 08, 2021, there has been an unprecedented surge in COVID cases and in response to the second wave of COVID, the Ministry of Home Affairs, via its Order dated 29th April 2021, has extended the restriction imposed by Order dated 23.03.2021 until 31.05.2021. Further, it has been suggested by principal scientific advisor, to the Government of India 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 cannot yet be ascertained.

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

3.4.1 BSSPL, Mumbai'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, Mumbai agreed with the comments of MAFFFL/BPCL/MIAL regarding fuel throughput forecast. BSSPL, requested to the Authority for considering fuel throughput forecast, keeping in mind that almost all stakeholders have expressed the view that surge in virus cases, scarcity of vaccines and travel restrictions have impacted fuel throughput forecasts.



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

- 3.5.1 The Authority examined assumptions and submission made by BSSPL, Mumbai and others stakeholders pertaining to Fuel Throughput Forecast for the Third Control Period. The Authority has 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).
- 3.5.2 The Authority, considering impact of the second wave of the COVID-19, is of the opinion that there will be further decline in ATM and will lead to decline in fuel throughput volume which was considered at consultation stage in the FY 2021-22. However, considering the preventive measures and vaccination drive being undertaken in India and around the world in FY 2021-22, the Authority is of the view that the aviation sector will gain the momentum and subsequently, the traffic level in FY 2022-23 will be equal to pre-COVID-19 level and will grow thereafter at normal pace. In this backdrop, the Authority has decided to lower the fuel throughput projections of FY 2021-22 made at consultation stage at 62% of fuel throughput of FY 2019-20 to 50% of FY 2019-20 however, for remaining years of third control period, the Authority has decided to consider the same fuel throughput projections which were proposed at consultation stage as shown in Table 5 above.
- 3.5.3 In view of the above, the Authority decides to revise the fuel throughput projections of FY 2021-22 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.

Years	Fuel Throughput (KL)			Fuel Throughput % of FY 2019-20
	International	Domestic	Total	
2019-20 (Actual)*	479207	48120	527327	---
2020-21 (Actual)	194245	20467	214712	41%
2021-22	239604	24060	263664	50%
2022-23	479207	48120	527327	100%
2023-24	531920	51970	583889	110%
2024-25**	335445	33684	369129	70%
6 year's Total	2259627	226421	2486048	---
CAGR 6 Year's	-6.89%	-6.89%	-6.89%	---

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

** From April 2024 to October 2024.

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, Mumbai for the Third Control Period:

- 3.6.1 The Authority decides to consider Fuel Throughput Forecast for the Third Control Period for BSSPL, Mumbai 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.



CHAPTER 4. CAPITAL EXPENDITURE

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

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

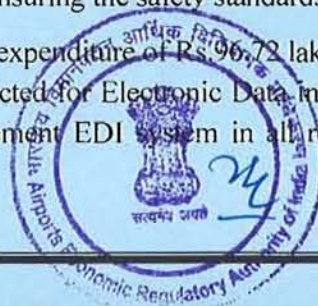
Particulars	Amounts (Rs. in Lakhs)				
	2016-17	2017-18	2018-19	2019-20	Total
Capital Expenditure	849.20	118.84	23.40	5.23	996.67

- 4.1.4 BSSPL has projected Capital Expenditure of Rs.3040.00 lakhs during the 3rd Control Period. The Assets-wise CAPEX submitted by BSSPL, Mumbai for the 3rd control period have been shown in Table 8 below:

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

Particulars	Capital Expenditure (In Rs. Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Dispensers	-	322.00	1008.00	915.00	-	2245.00
Refuellers	160.00	80.00	86.00	-	-	326.00
Vehicles	30.00	-	-	18.00	20.00	68.00
Software & Hardware	2.00	46.00	43.00	3.00	1.00	95.00
Furniture & Fittings	20.00	5.00	-	6.00	-	31.00
ITP Depot	275.00	-	-	-	-	275.00
TOTAL CAPEX	487.00	453.00	1137.00	942.00	21.00	3040.00

- 4.1.5 BSSPL projected capital expenditure of Rs.2571 Lakhs for the purchase and replacement of existing refurbished Dispensers, Refuellers, Chassis, FWS/DDF during the 3rd Control Period. The Capital expenditure projected by BSSPL, Mumbai 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 8 years are not allowed to ply in the city of Mumbai, therefore, these Hydrant Dispensers & Refuellers (Vehicles) need to be changed after the useful life of 8 years." because some old vehicles are taken over from Oil Companies in 2015, having a useful life of 8 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 has submitted that out of the Capital expenditure of Rs.96.72 lakhs under the head "Software & Hardware" Rs.87.75 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.

- 4.1.7 As part of initial MYTP submissions BSSPL had projected a CAPEX of Rs.275.00 Lakhs for the construction of pre-fabricated ITP Depot and expected completion date June/July/2021. As per BSSPL, submission construction of ITP Depot is the part of their Sub-Concessional Agreement with MAFFFL. However, BSSPL has subsequently submitted a revised estimate of Rs.375.00 Lakhs (excluding taxes) plus 10% contingency vide mail dated 08.03.2021 and have also clarified that the construction of the ITP Depot is expected to be completed by September/October 2021. They have also stated that the total cost to be incurred in the construction of ITP Depot shall be borne equally by the two ITP services providers at CSMIA, Mumbai viz. BSSPL & IOSL.

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 3040 lakhs submitted by BSSPL, Mumbai for the 3rd Control Period and noted that BSSPL Mumbai's projections is about 3 times the actual capital expenditure incurred by BSSPL, Mumbai in first 4 years of 2nd control period.

Capital Expenditure for ITP Depot:

- 4.2.2 Regarding the CAPEX proposed for the pre-fabricated ITP Depot, the Authority notes that the construction cost equally share by BSSPL and IOSPL. It may be mentioned here that the Authority is in receipt of MYTP submissions from the other ITP Operator at Mumbai viz. M/s IOSPL observed that IOSPL has submitted the total cost as Rs. 375 Lakhs excluding taxes and the completion date of construction of ITP Depot as November 2021, whereas, BSSPL has submitted Rs.275 lakhs for ITP Depot and completion date as June/July 2021. The Authority, therefore, sought clarification from BSSPL in this regard. BSSPL vide mail dated 08.03.2021 has submitted that construction of ITP Depot shall be delayed by 3 months i.e. September/October 2021. BSSPL also submitted the revised cost i.e. Rs. 375 Lakhs excluding taxes of the construction of ITP Depot along with additional 10% contingency cost which is equally share by BSSPL & IOSL. Hence, the Authority has decided that the construction cost of ITP Depot is considered of Rs. 227.88 Lakhs including 18% GST & 3% contingency for BSSPL as given below.

Table 9: Construction cost of ITP Depot considered by the Authority for BSSPL, Mumbai.

Particulars	Amount Rs. In Lakhs
Total Construction Cost (A)	375.00
BSSPL Share (B) =A/2	187.50
Tax @ 18% (C)	33.75
Contingency @ 3% (D)	6.63
Total Cost (E) = B+C+D	227.88

Capital Expenditure for Refurbishment of Hydrant Dispensers & Re-fullers

- 4.2.3 The Authority further notes that BSSPL presently have 15 Dispensers and 07 Refuellers at Mumbai Airport out of which 15 Dispensers and 1 Refueller including accessories viz. Chassis, FWS/DDF & Aviation Module parts etc., are proposed to be replaced during the 3rd Control Period. Accordingly, BSSPL has proposed Rs.2571 lakhs for the purchase of new re-furbished dispensers, refuellers, FWS/DDF and aviation module parts etc. for the 3rd Control Period.



4.2.4 The Authority examines that four new dispensers and one refurbished dispenser (including FWS/DDF) costing around Rs.803.28 lakhs are proposed to be registered after the expiry date of the Concession Agreement (24th January, 2025). The Authority also examines that BSSPL has 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 has considered 4.6% y-o-y increase i.e. inflation rate. Accordingly, a CAPEX of Rs.1767.72 lakhs is proposed to be considered in the RAB for ARR calculations.

4.2.5 The Authority examines the requirement and rationale of proposed capital expenditure on Dispensers, Refuellers, FWS/DDF etc. of Rs.2571 Lakhs and noted that BSSPL, Mumbai is under statutory obligation to incur this capital expenditure to comply with the direction of Hon'ble Bombay High Court (WP-1762 of 1999 dated 17.10.2001) and the requirement of local RTO regulations that the commercial vehicles more than 8 years are not allowed to ply in the city of Mumbai.

4.2.6 The Authority keeping in view the above facts, has considered the revised capital expenditure projections submitted by BSSPL, Mumbai for determination of regulator Asset Base considered for the determination of ARR as per table given below.

Table 10: Year-wise capital expenditure on Dispensers & Refuellers (including Accessories) considered by the Authority from 01.04.2021 to 24.01.2025 of the 3rd Control Period at CP stage.

Particulars	Rate/unit*	2021-22	2022-23	2023-24	2024-25
Dispenser					
Fabrication of New Avn Module	1,20,00,000				4
Refurbishment	35,00,000			4	2
Chassis	18,00,000			4	6
FWD/DDF	25,00,000		12	3	
Refueller					
Refurbishment of Module- 30KL	55,00,000	1			
Chassis- 30 KL	40,00,000	1			
FWS/DDF	25,00,000	1	3	3	
Aviation Module Parts					
Inlet Couplers	6,00,000			4	3
Delivery Coupling	2,50,000			4	3
Diesel Browser					
	40,00,000	1			
Year wise Cost of Dispensers & Refuellers (including Accessories)		Amount (Rs. in Lakhs)			
Dispenser		-	313.80	314.01	753.04
Refueller		120.00	78.45	82.05	
Inlet Couplers		-	-	26.25	20.6
Delivery Couplings		-	-	10.94	8.58
Diesel Bowser		40.00	-	-	-
Total cost		160.00	392.25	433.25	782.22
Total Cost of Dispensers & Refuellers (including accessories)				1767.72	



4.2.7 The Authority keeping in view the above facts, has considered the revised capital expenditure projections submitted by BSSPL, Mumbai for determination of Regulator Asset Base considered for the determination of ARR as per Table 11 below:

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

Amount (Rs. in Lakhs)

Particulars	Capital Expenditure (In Rs. Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25	
Dispensers	-	313.80	351.20	782.22	1447.22
Refuellers	160.00	78.45	82.05	-	320.50
Vehicles	30.00	-	-	17.16	47.16
Software & Hardware (Automation)	2.40	46.57	43.08	2.74	94.79
Furniture & Fittings	20.00	5.23	-	5.72	30.95
ITP Depot	227.88	-	-	-	227.88
TOTAL CAPEX	440.28	444.05	476.33	807.84	2168.50

The Authority, in order to ensure that BSSPL adheres to the Capital expenditure plan, proposes to rework the RAB of the BSSPL Mumbai for the 3rd Control Period, by reducing the RAB by 1% of the cost of ITP Depot/dispensers & refuellers etc. as the case may be, if BSSPL Mumbai 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:

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

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

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

4.3.2 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 Mumbai for the 3rd Control Period, by reducing the RAB by 1% of the cost of ITP Depot/dispensers & refuellers etc. as the case may be, if BSSPL Mumbai fails to commission and capitalize the CAPEX as per the plan considered by the Authority".

4.3.3 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 has not given any response to the Stakeholder's Comments with respect to Capital Expenditure for the 3rd Control Period.

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

4.5.1 The Authority noted the comments of the Stakeholders 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, Mumbai, and, is also an encouragement BSSPL, Mumbai 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, Mumbai, and, is properly justified, same would be considered by the Authority while trueing 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 27.09.2019 of "*Bangalore International Airport Ltd. (BIAL) Vs. Airports Economic Regulatory Authority of India*" with regard to the Authority's decision to impose 1% penalty by way of reduction of the value of the Terminal II building from ARR, and, noted that Hon'ble TDSAT has upheld the decision of the Authority on the reduction of RAB by 1%. [Para (ix) of the TDSAT Judgment].

4.5.4 The Authority, in order to ensure that BSSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the CAPEX cost 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 11.

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, Mumbai for the 3rd Control Period:

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

4.6.2 The Authority, in order to ensure that BSSPL adheres to the Capital Expenditure plan, proposes to reduce 1% of the CAPEX cost 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.



CHAPTER 5. DEPRECIATION

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

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

Table 12: Depreciation (Asset-wise) as projected by BSSPL, Mumbai for 3rd control period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery- New	73.00	73.00	100.73	158.28	188.10	593.11
Plant & Machinery- Refurbished	69.60	101.27	154.37	202.72	220.64	748.60
Jeep & Vehicles	2.70	4.39	4.39	5.44	7.61	24.53
Furniture & Fixture	1.07	1.97	1.97	1.97	1.97	8.95
Office Equipment	0.40	4.96	13.34	17.72	18.28	54.70
Computer & software	0.66	1.21	1.51	2.06	1.72	7.16
Building	4.12	8.25	8.25	8.25	8.25	37.12
Total	151.58	195.08	284.60	396.47	446.60	1474.33

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

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

5.2.2 The Authority has examined the depreciation rates and useful life of Assets considered by BSSPL, Mumbai and noted that BSSPL, Mumbai has considered the same depreciation rates and useful life of Assets except "Building and Furniture & Fixtures" as recommended by AERA which is shown in the Table 13 below:

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

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	8	20%	10%	8	12.50%
Refuellers and Dispensers -	8	10%	11.25%	8	12.50%



Refurbished					
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%
Buildings (ITP Depot)	5	10%	18%	30	03.33%

5.2.3 The Authority has observed the variance in depreciation rates for two classes of asset viz. “furniture & fixtures” and “buildings” (ITP Depot). BSSPL has taken useful life of furniture 10 years whereas AERA has considered 7 years and useful life of building (ITP Depot) 5 years whereas AERA has considered 30 years. However, in its revised MYTP submission, BSSPL has taken useful life of building (ITP Depot) 30 years.

5.2.4 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.

5.2.5 The Authority has considered BSSPL’s revised submission on useful life and construction of building (ITP depot) and project that the same is likely to be completed by the end of September/October 2021. Therefore, the Authority has proposed that depreciation on building (ITP Depot) as calculated at the approved depreciation rates and the useful life of ITP Depot (buildings) as 30 years.

5.2.6 The Authority further notes that BSSPL has 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.

5.2.7 The Authority, keeping in view of the above and depreciation rates, life of Assets and concessional period validity 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 14 below:

Table 14: Revised Depreciation considered by the Authority for BSSPL, Mumbai for 3rd Control Period.

Particulars	(Amount in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25*	
Plant & Machinery - New	73.00	73.00	73.00	58.27	277.27
Plant & Machinery- Refurbished	69.60	100.66	147.10	107.05	424.41
Jeep & vehicle	2.70	4.39	4.39	3.11	14.59
Furniture & Fixture	1.54	2.82	2.82	1.85	9.03
Office Equipment	0.40	4.94	15.31	9.94	28.59
Computer & Software	0.66	1.01	1.01	1.17	4.54



Buildings	3.41	6.83	6.83	3.96	21.03
Total	151.31	193.85	248.95	185.34	779.45

5.2.8 The Authority has considered the depreciation on assets for seven months in FY 2024-25 because the concession term of BSSPL, Mumbai is valid only till 29th October, 2024.

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. 02/2020-21 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, Mumbai for the 3rd Control Period:

5.4.1 The Authority decides to consider Depreciation for the 3rd Control Period as per Table 14.

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



CHAPTER 6. REGULATORY ASSET BASE (RAB).

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

- 6.1.1 As per clause 9.2 of the CGF guidelines, RAB 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, Mumbai for the 2nd Control Period has been shown in the Table no. 15 below:

Table 15: Actual RAB as per ACS for the 2nd Control Period of BSSPL, Mumbai.

Particulars		Amount (Rs. in Lakhs)				
		2016-17	2017-18	2018-19	2019-20	2020-21*
Opening RAB	OR	1467.48	2230.91	2145.43	1793.07	1486.68
Capital Expenditure	CE	849.20	118.84	23.40	5.23	0.69
Disposals/Transfers	DI	85.78	0	4.66	34.57	0.00
Depreciation	DR	91.34	204.32	371.10	277.05	204.35
Closing RAB	CR = OR + CE - DR - DI	2230.91	2145.43	1793.07	1486.68	1283.02
Average RAB	RAB = (OR + CR) / 2	1849.19	2188.17	1969.25	1639.87	1384.85

2020-21* estimated figures

- 6.1.4 The projected Regulatory Asset Base (RAB) for the 3rd Control Period submitted by BSSPL, Mumbai has been shown in the Table no. 16 below:

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

Particulars		Amount (Rs. in Lakhs)				
		2021-22	2022-23	2023-24	2024-25	2025-26
Opening RAB	OR	1,283.02	1618.83	1,878.86	2,732.92	3,279.22
Capital Expenditure	CE	487.40	455.11	1138.66	942.77	21.63
Disposals/Transfers	DI	0.00	0.00	0.00	0.00	0.00
Depreciation	DR	151.58	195.08	284.60	396.47	446.60
Closing RAB	CR = OR + CE - DR - DI	1618.83	1,878.86	2,732.92	3279.22	2854.25
Average RAB	RAB = (OR + CR) / 2	1450.93	1748.85	2305.89	3006.07	3066.73



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, Mumbai as proposed by their MYTP. The Authority, further based on subsequent clarifications submitted by BSSPL, Mumbai has considered capital expenditure projected for construction of Building (ITP depot), dispensers & refuellers and software & hardware (automation), in RAB determination.
- 6.2.2 The Authority, after taking into consideration BSSPL, Mumbai's clarifications on capital expenditure, has proposed to consider the Average RAB for the purpose of tariff determination as per Table 17 below:

Table 17: RAB considered by the Authority for BSSPL, Mumbai for 3rd Control Period.

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25*	Total
Opening Balance (A)	1283.02	1571.99	1822.19	2049.57	6726.79
CAPEX addition (B)	440.28	444.05	476.33	807.84	2168.50
Disposal (C)	-	-	-	-	-
Depreciation (D)	151.31	193.85	248.95	185.34	779.45
Closing Block (E =A+B-C-D)	1571.99	1822.19	2049.57	2672.07	8115.84
Average RAB (F=(A+E)/2)	1427.51	1697.09	1935.88	2360.82	7421.31

*From April 2024 to October 2024.

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. 02/2020-21 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 except some minor changes in the depreciation amount in FY 2024-25 due to validity of concessional agreement till 29th October, 2024.

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

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

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

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



CHAPTER 7. OPERATION AND MAINTENANCE EXPENDITURE

7.1 BSSPL, Mumbai'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, Mumbai 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, Mumbai for the operation and maintenance expenses for the 3rd Control Period have been presented in the Table no. 18 below:

Table 18: O&M CAGR proposed by BSSPL, Mumbai for 3rd Control Period.

Particulars	Growth Rate
Employee Benefit Expenses	14%
Operational expenses	16%
Rental expenses	7.5%
Administrative expenses	10%
Apportionment of HQ Cost	10%

7.1.4 BSSPL, Mumbai, based on the above assumptions, has submitted the projected Operation and Maintenance Expenditure for the 3rd control period as shown in Table 19 below.

Table 19: Projected Operation and Maintenance Expenditure (FY21-22 to FY25-26) - BSSPL, Mumbai.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Operational Expenses	151.92	176.37	194.94	232.91	275.39	1031.53
Employee Benefit Expenses	583.50	673.12	776.19	894.69	996.22	3923.72
Revenue Sharing Charges @6%	82.89	101.88	122.73	146.71	166.87	621.08
Rental Expenses	49.77	53.50	57.51	61.83	66.46	289.07
Administrative Expenses	60.72	66.84	73.62	81.14	89.49	371.81
Automation –Expenses	0.00	19.79	38.92	40.09	41.29	140.09
Apportionment of HQ Cost	67.12	73.83	81.21	89.34	98.27	409.77
TOTAL OPEX	995.92	1165.53	1345.12	1546.71	1733.99	6787.07



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 analysed category-wise breakup of each element of Operation and Maintenance (O&M) expenditure as per Actuals reflected in the annual accounts of BSSPL, Mumbai for the 2nd control period which has been shown in the Table 20 below:

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

Particulars	Amount (Rs. in Lakhs)						
	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR 4 years	CAGR 5 years
Employee Benefit Expenses	539.00	536.80	651.40	584.40	332.44	2.73%	-11.38%
Operational expenses	189.20	189.90	164.70	178.90	84.57	-1.85%	-18.23%
Revenue sharing charge	68.00	70.00	89.20	88.20	37.74	9.06%	-13.69%
Rental expenses	34.80	37.40	40.10	44.00	0.81	8.13%	-60.94%
Administrative expenses	43.00	44.80	52.60	43.40	25.37	0.31%	-12.36%
Total OPEX	874.00	878.90	998.00	938.90	480.93	2.42%	-13.87%

7.2.2 The Authority examined the Operation and Maintenance expenditure of BSSPL, Mumbai and noted that the CAGR of actual expenditure incurred on Operation and Maintenance by the BSSPL, Mumbai as per the ACS for the period FY 2016-17 to FY 2019-20 was 2.42% which is much lower than the CAGR of 15.00% projected OPEX in its revised MYTP for 3rd Control Period. The Authority also noted the increase in payroll cost. Operational expenses & administrative expenses during the 3rd Control Period.

7.2.3 The Authority examined the each category of Operation and Maintenance Expenditure and analysed the category wise share of each category of expenditure in the total Operation and Maintenance Expenditure projected by BSSPL, Mumbai, the for the 3rd Control Period which is shown in Table 21 below:

Table 21: 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	58%
Operational expenses	15%
Rental expenses	4%
Administrative expenses	6%
Revenue Sharing Charges	9%
Automation expenses	2%
Apportionment of HQ Cost	6%
Total	100.00

7.2.4 The Authority noted that Payroll Costs are major operating cost and is about 58% of the total operating expenditure of BSSPL, Mumbai whereas for other categories it is 42% 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 FY 2021-22 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 14%. However, the Authority observed that the CAGR of Employee Benefit Expenses works out to 2.73% on the basis of actuals for FY 2016-19 (available data) of the 2nd Control Period. The Authority also notes that BSSPL has projected an increase in employee numbers from 66 to 90 during the 3rd Control Period, without any proper justification in this regard. The Authority found the above inconsistent with the projections of fuel throughput uptake which is observed to be decreasing over the years. In its submissions BSSPL has projected the fuel throughput levels of FY 2019-20 to be restored only by FY 2024-25.

Based on observations & analysis as above, the Authority proposes to consider 7.33% YoY increase for the purpose of projection of “employee benefit expenses” by considering CAGR of 2.73% and adding to it another 4.6% on account of CPI rate for the 3rd Control Period.

- 7.2.8 The Authority has noted that the BSSPL, Mumbai has projected operational Expenses increase @ 14% CAGR during the 3rd control period. Whereas, CAGR of operational Expenses was (-) 1.85% during the first four years of the 2nd Control Period. The Authority further observed that BSSPL has taken consumable of store, repair maintenance cost, utility charges, safety & protection 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 in operational expenses during the 3rd Control Period.
- 7.2.9 The Authority has noted that the BSSPL, Mumbai has projected Administrative Expenses increase @ 10% CAGR during the 3rd control period. Whereas, CAGR of Administrative expenses was 0.31% during the first four years of the 2nd Control Period. The Authority further noted that BSSPL has taken legal charges, printing & stationery, Telephone & communication, training & recruitment expenses, travelling & conveyance expenses etc. on a higher side during the 3rd Control Period. In its revised MYTP submission BSSPL has reduced training & recruitment expenses and travelling & conveyance expenses to some extent, still some expenses is on higher side. 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 has noted that BSSPL, Mumbai has taken Revenue sharing @ 6% of the Aeronautical revenue however, the Authority has proposed the revenue sharing @ 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 7.5% 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 22: Percentage (%) Increase in OPEX considered by the Authority for BSSPL, Mumbai.

Particulars	2022-23	2023-24	2024-25
Employee Benefit Expenses	7.3%	7.3%	7.3%
Operational Expenses	4.6%	4.6%	4.6%
Administrative expenses	4.6%	4.6%	4.6%
Revenue sharing charge	5%	5%	5%
Rental expenses	7.5%	7.5%	7.5%

* 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 no. 23 below:

Table 23: Operating and Maintenance Expenditure proposed by the Authority for the 3rd Control Period at CP Stage.

Particulars	Amount (Rs. in Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25*	
Employee Benefit Expenses	583.5	626.27	672.18	598.80	2480.75
Operational expenses	151.92	158.91	166.22	144.31	621.35
Revenue sharing charge	55.34	88.12	97.48	87.95	328.88
Rental expenses	49.77	53.50	57.52	51.32	212.11
Administrative expenses	60.72	63.51	66.43	57.68	248.35
Automation expenses	0	19.79	38.92	33.40	92.11
Apportionment of HQ Cost	67.12	72.04	77.32	68.88	285.36
Total OPEX	968.37	1082.14	1176.06	1042.33	4268.91

*From 1st April 2024 to 31st January 2025.

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

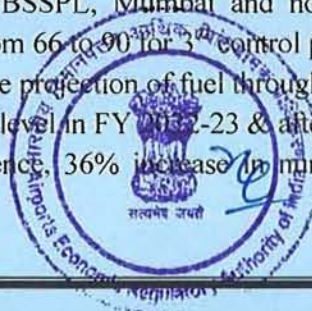
BSSPL's Comments on Employee benefit expenses for the 3rd Control Period:

7.3.1 BSSPL submitted that as per Table 5 of the Consultation Paper, the ATMs of Domestic & International would return to 100% in 2022-23. 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.

7.3.2 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.

7.4 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, Mumbai and noted that BSSPL, Mumbai projected an increase in employees number from 66 to 90 for 3rd control period. The Authority found the increase in man power inconsistent with the projection of fuel throughput. As per the Authority's projection, the volume may achieve pre-covid level in FY 2022-23 & after that volume may increase 10% y-o-y during the 3rd control period. Hence, 36% increase in number of man power is not



justifiable. BSSPL has also not submitted proper justification. The Authority, has therefore decided to consider 7.33% y-o-y increase in the employee benefit expenses against the 14% increase sought by the BSSPL during the 3rd control period and to true up the employees benefit expenses based on actuals at the time of tariff determination for next Control Period

7.4.2 In view of above, the Authority after considering the effect of revised fuel throughput and, proposed to revise the Operating and Maintenance Expenditure due to change in Airport Operator Fees which is given in Table 24 below:

Table 24: 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*	
Employee Benefit Expenses	583.50	626.27	672.18	418.44	2300.39
Operational expenses	151.92	158.91	166.22	100.84	577.89
Revenue sharing charge	40.11	91.92	111.85	77.87	321.75
Rental expenses	49.77	53.50	57.52	35.86	196.65
Administrative expenses	60.72	63.51	66.43	40.30	230.96
Automation expenses	0.00	19.79	38.92	23.61	82.32
Apportionment of HQ Cost	67.12	72.04	77.28	48.09	264.53
Total OPEX	953.14	1085.94	1190.40	745.01	3974.49

**From April 2024 to October 2024.*

7.4.3 The Authority also considered the Operating and Maintenance Expenditure for seven months in FY 2024-25 because the concession term of BSSPL, Mumbai is valid only till 29.10.2024.

7.4.4 Since, no comment/counter comments have been received on Operation and Maintenance (O&M) expenditure except one on Employee Benefit Expenses. The Authority has therefore considered Operation and Maintenance Expenditure for the 3rd Control Period as given in the Table 24:

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, Mumbai for the 3rd Control Period:

7.5.1 The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 24.

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.



CHAPTER 8. FAIR RATE OF CHAPTER RETURN (FROR)

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

8.1.1 BSSPL, Mumbai has considered Fair Rate of Return (FRoR) @14.25% in MYTP for the 3rd Control Period. As per their MYTP submission BSSPL has stated that it will not take any debt for the CAPEX of 3rd Control Period. Capitalization activity is proposed to be funded by 100% Equity. In FY 2021-22 Rs.1500 Lakhs and in FY 2023-24 Rs.500 Lakhs shall be funded out of Equity.

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

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

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

8.2.3 The Authority, has therefore, considered the FRoR at 14% for BSSPL, Mumbai for 3rd Control Period which has been shown in the Table 25 below:

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

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

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. 02/2020-21 with respect to Fair Rate of Return (FRoR) for the 3rd control period.

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, Mumbai for the 3rd Control Period:

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



CHAPTER 9. PROVISION FOR TAXATION

9.1 BSSPL, Mumbai'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, Mumbai has 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, Mumbai 3rd Control Period is given as per Table 26 below:

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

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
Profit Before Tax	234.01	337.69	415.83	501.96	600.61
Provision for Taxation	58.90	84.82	104.66	126.34	151.17

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

9.2.1 The Authority noted that BSSPL, Mumbai 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% as given in Table 27 below:

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

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	Total
Provision for Taxation	0.00	122.40	132.03	113.35	367.78

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. 02/2020-21 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 duration of 4th tariff year FY 2024-25 (only seven months upto Oct'24 instead of Jan'25 at consultation stage), and, its consequent effect on the OPEX, Fuel Throughput (volumes), revenues (having the effect of increase in tariff, including staggered over years as against authority's 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, Mumbai considered by the Authority:

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	Total
Provision for Taxation	0.00	140.58	200.77	157.83	499.18



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, Mumbai 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, Mumbai 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.



CHAPTER 10. AGGREGATE REVENUE REQUIREMENT (ARR).

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

10.1.1 BSSPL, Mumbai has submitted Aggregate Revenue Requirement (ARR) for the 3rd Control Period. The summary of ARR and YPU has been presented in the Table no. 29 below.

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

Aggregate Required Revenue	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
RAB	1450.93	1748.85	2305.89	3006.07	3066.73
FROR	14.25%	14.25%	14.25%	14.25%	14.25%
RAB * FROR	206.71	249.16	328.52	428.27	436.92
Depreciation	151.58	195.08	284.60	396.47	446.60
Operational expenses	995.93	1165.35	1345.16	1546.73	1734.02
Tax	48.18	69.53	85.62	103.36	124.39
ARR	1402.42	1679.14	2043.91	2474.85	2741.95
Discount Factor	0.875	0.766	0.671	0.587	0.514
Discounted ARR	1227.53	1286.46	1370.65	1452.67	1408.75
Forecast Change in WPI	2.52%	2.52%	2.52%	2.52%	2.52%
Yield per unit for tariff year t	501.94	514.59	527.56	540.85	554.48
Throughput	275,238	330,000	387,750	452,100	501,600
Revenue	1381.53	169,8.14	2045.59	2445.17	2781.25
PV of Revenue	1209.25	1301.02	1371.77	1435.25	1428.94
Aggregate Revenue Requirement	1402.42	1679.14	2043.91	2474.85	2741.95
Discount Rate	0.8753	0.7661	0.6706	0.5870	0.5138
Present value of ARR	1227.53	1286.46	1370.65	1452.67	1408.75
Fuel Throughput estimated	275,238	330,000	387,750	452,100	501,600
Revenue per KL	501.94	514.59	527.56	540.85	554.48
Estimated Revenue	1381.53	1698.14	2045.59	2445.17	2781.25
Present value of estimated Revenue	1209.25	1301.02	1371.77	1435.25	1428.94

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 Authority has not considered the post concessional agreement period of FY 2024-25 & FY 2025-26 for tariff determination purpose.

10.2.3 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, Mumbai 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 No. 23
- To consider the tax as per Table No. 27



- To consider the Non-Aeronautical revenue Nil
- To consider the total Volume in accordance Table No. 5

10.2.4 After considering the above, the Authority proposed the following ARR as presented in the Table no. 30 below:

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

Particulars	Amount (Rs. In Lakhs)				
	2021-22	2022-23	2023-24	2024-25	Total
Average RAB	1427.51	1697.09	1935.88	2320.36	7380.85
Fair Rate of Return RAB	14%	14%	14%	14%	
Return on average RAB	199.85	237.59	271.02	324.85	1033.31
O&M (Refer Table 23)	968.37	1082.14	1176.06	1042.33	4268.91
Depreciation	151.31	193.85	248.95	266.26	860.37
Tax (Refer Table 27)	0	122.39	132.02	113.35	
Less: NAR	0.00	0.00	0.00	0.00	0.00
ARR per year	1319.53	1635.97	1828.05	1746.79	6530.35
Discount Rate	14%	14%	14%	14%	
PV Discount Factor	1.00	0.88	0.77	0.67	
PV of ARR	1319.53	1435.07	1406.63	1179.03	5340.26
Sum Present value of ARR	5340.26				
Fuel Throughput (KL in Lakhs) (Refer Table 05)	20.75				
Yield per KL (in Rs.)	257.36				
Computation of Aeronautical Revenue (Revenue from ITP services)					
Particulars	Amount (Rs. In Lakhs)				
	2021-22	2022-23	2023-24	2024-25*	Total
Aeronautical Revenue	1106.87	1762.30	1949.57	1758.96	6577.70
PV Discount Factor	1.00	0.88	0.77	0.67	--
Discounted Aeronautical Revenue	1106.87	1545.88	1500.13	1187.25	5340.12
% Increase in Tariff	14.15%	0.00%	0.00%	0.00%	

* 1st April 2024 to 31st January 2025.

10.2.5 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 14.15% in FY 2021-22 and thereafter no further increase proposes from 01.04.2022 to 24.01.2025 for the 3rd Control Period for ITP services provided by BSSPL, Mumbai 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 Mumbai Airport beyond the current contract period is not guaranteed as it will be based on outcome of fresh selection process. Thus it is requested that without any linkage to 'True Up' mechanism reasonable tariff & returns as per



AERA guidelines are considered within the Control Period.

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

- 10.3.2 BSSPL submitted that the fuel throughput is calculated up to 31st January but the LOA issued by MAFFFL is dated on 29th October 2014. Hence the contract period will get over by end of October 2024. Volumes for the year should be for 7 months only instead of 10 months for calculation of yield.
- 10.3.3 BSSPL further submitted that the Authority has proposed to true-up the ATM traffic and fuel throughput volume based on actual numbers for the 3rd Control Period at the time of determination of tariff for the next Control Period. BSSPL stated that there may not be a next Control Period in the event the said Into-Plane Fuelling Service Sub Concession Agreement is not extended by MAFFFL.

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 & BSSPL 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.
- 10.4.2 The Authority considered the O&M Expenditure, Depreciation and Revenue for seven months for FY 2024-25 for determination of ARR because the concession term of BSSPL, Mumbai is valid only till 29th October, 2024.
- 10.4.3 The Authority considered the ARR for six Months (April 2021 to September 2021) at existing rate i.e. 292.95 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.
- 10.4.4 After considering change in the Fuel Throughput Forecast (refer Table 06) and airport operator fees (refer Table 24), 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, Mumbai for the 3rd Control Period:

Particulars	Amount (Rs. In Lakhs)				
	2021-22	2022-23	2023-24	2024-25	Total
Average RAB (Refer Table 17)	1427.51	1697.09	1935.88	2360.82	7421.31
Fair Rate of Return RAB (Refer Table 25)	14%	14%	14%	14%	
Return on average RAB (A)	199.85	237.59	271.02	330.52	1038.98
O&M (Refer Table 24)(B)	953.14	1085.94	1190.4	745.01	3974.49
Depreciation (Refer Table 14)(C)	151.31	193.85	248.95	185.34	779.45
Tax (Refer Table 28)(D)	0.00	140.58	200.77	157.83	499.18
Less: Other Income (E)	0.00	0.00	0.00	0.00	0.00
ARR(F=A+B+C+D-E)	1304.30	1657.94	1911.13	1418.72	6292.10



Discount Factor	1.00	0.88	0.77	0.67	
PV of ARR	1304.30	1454.33	1470.55	957.60	5186.79
Sum Present value of ARR	5186.79				
Fuel Throughput (KL in Lakhs) (Refer Table 06)	17.42				
Yield per KL (in Rs.)	297.74				
Computation of Aeronautical Revenue (Revenue from ITP services)					
Particulars	Amount (Rs. In Lakhs)				
	2021-22	2022-23	2023-24	2024-25*	Total
Aeronautical Revenue on existing tariff	770.46	1543.85	1707.90	1080.99	5103.19
Existing Tariff Rates in Rs./KL	292.95				
Discount Factor	1.00	0.88	0.77	0.67	--
PV of Aeronautical Revenue on existing tariff	770.46	1354.25	1314.17	729.63	4168.52
% Increase in Tariff	8.25%	10%	10%	10%	--
Revised Tariff Rates in Rs./KL	317.12	348.83	383.71	422.08	
Revised revenue at increase tariff	802.24	1838.34	2237.05	1557.49	6435.10
PV of Revised revenue at increase tariff	802.24	1612.57	1721.34	1051.26	5187.41

10.4.5 The Authority, based on the revised ARR and percentage increase to meet the Aggregate Revenue Requirement (ARR), has decided to increase the existing tariff at the rate of 8.25% in FY 2021-22 (w.e.f. 01.10.2021), and, thereafter the rate will increase by 10.00% every year, from FY 2022-23 onwards up to 29.10.2024 for the ITP services provided by BSSPL, at CSMIA Mumbai, for the 3rd Control Period as per 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, Mumbai for the 3rd Control Period.

- 10.5.1 The Authority decides to consider the ARR for BSSPL, Mumbai for the 3rd Control Period as per Table No. 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 provided the concession term of the service provider is extended.



CHAPTER 11. AERONAUTICAL REVENUE

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

11.1.1 As per BSSPL, Mumbai's submission, the projected Aeronautical Revenue for the 3rd Control Period is given in Table no. 32 below:

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

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Revenue from ITP services	1381.53	1698.14	2045.59	2445.17	2781.25	10351.68

11.1.2 The CAGR for Aeronautical Revenue (Revenue from Into Plane Services) from Into Plane Services is 19% 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 Mumbai airport for the 3rd Control Period as shown in Table no. 33 below:

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

Particulars	Amount (Rs. In Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25*	
Revenue from ITP services (Refer table no:30)	1106.87	1762.30	1949.57	1758.96	6577.70

*From 1st April 2024 to 31st January 2025.

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. 02/2020-21 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 & validity of concessional agreement up to 29th October, 2024 revise the Aeronautical Revenue which is given in Table 34 below:

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

Particulars	Amount (Rs. In Lakhs)				Total
	2021-22	2022-23	2023-24	2024-25	
Revenue from ITP services (Refer table no:31)	802.24	1838.34	2237.05	1557.49	6435.10

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 Mumbai 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, Mumbai’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), Mumbai has submitted Multi Year Tariff Proposal (MYTP) for the 3rd Control Period (FY 2021-22 to FY 2025-26) on 30th December, 2020.
- 12.1.2 BSSPL, Mumbai has submitted the tariff proposal only for the four financial years (FY 2021-22 to FY 2024-25) as the concession term of BSSPL, Mumbai is valid till 29th October, 2024.
- 12.1.3 M/s Bharat Star Service Private Limited (BSSPL), Mumbai has submitted the tariff proposal for Into Plane Services at CSMI Airport, Mumbai for the 3rd Control Period as per Table 35 below:

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

Amount (Rs. in Lakhs)

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
2021-22	511.28	511.28	613.53	562.4	613.53
2022-23	524.17	524.17	628.99	576.59	628.99
2023-24	537.37	537.37	644.84	591.11	644.84
2024-25	550.91	550.91	661.09	606.00	661.09
2025-26	564.80	564.80	677.76	621.28	677.76

12.2 Revised tariff proposal submitted by BSSPL for ITP Services at CSMI Airport, Mumbai.

- 12.2.1 On the basis of observation found by the Authority in MYTP, BSSPL, Mumbai vide mail dated 18.02.2021 submitted the revised MYTP & revised tariff rates as Table 36 below.

Table 36: Revised tariff rates (in INR/KL) by BSSPL, Mumbai for the 3rd Control Period:

(Amount in 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
2021-22	501.94	501.94	602.32	552.13	602.32
2022-23	514.59	514.59	617.50	566.04	617.50
2023-24	527.56	527.56	633.07	580.31	633.07
2024-25(till 24.01.2025)	540.85	540.85	649.02	594.93	649.02

12.3 Authority’s Examination and Analysis at Consultation stage:

- 12.3.1 Proposed increased by BSSPL, Mumbai for Into Plane Services at CSMI Airport, Mumbai for the 3rd Control Period projected an increase between 62.84% to 86.59% in Tariff in FY 2021-22 over the tariff approved by AERA for FY 2020-21 and 2.52% on Year on Year basis which is shown in the Table 37 below.



Table 37: Year on Year (%) Increase in Tariff Proposed by BSSPL, Mumbai 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
2021-22	71.34%	69.63%	62.84%	86.59%	62.84%
2022-23	2.52%	2.52%	2.52%	2.52%	2.52%
2023-24	2.52%	2.52%	2.52%	2.52%	2.52%
2024-25 (till 24.01.2025)	2.52%	2.52%	2.52%	2.52%	2.52%

12.3.2 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 14.15% in FY 2021-22 and thereafter no further increase proposes from 01.04.2022 to 24.01.2025 for the 3rd Control Period for ITP services provided by BSSPL, Mumbai as per Table 38:

Table 38: Tariff Rate Proposed by the Authority for BSSPL, Mumbai from 01.04.2021 to 24.01.2025 of the 3rd Control Period at C.P. stage.

Amount (Rs. per 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
2021-22	334.40	334.40	401.28	367.84	401.28
2022-23	334.40	334.40	401.28	367.84	401.28
2023-24	334.40	334.40	401.28	367.84	401.28
2024-25* (till 24.01.2025)	334.40	334.40	401.28	367.84	401.28

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

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

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

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

12.4.2 IOSPL submitted that the tariff proposed by the authority for BSSPL for the 3rd control period of INR 334.40 for FY 22 represents a differential of 14% higher than the tariff proposed by AERA for IOSPL for the same period. Differential pricing for the same services at the same airport has an effect of distorting market competition and is not in the best interests of the stakeholders and both the ITP service providers.

12.4.3 IOSPL further submitted that they have already filed a petition on the same subject in the Tribunal



vide appeal number 03/2019 in TDSAT and the matter is sub-Judice. Therefore, IOSPL urges the authority to determine same tariffs for both ITP service providers at CSMI airport, Mumbai.

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

- 12.4.4 HPCL uses the services of both IOSL and BSSPL at the airports where common user fuel farm & ITP Services is present which are Delhi, Mumbai and Bangalore. In case the tariffs for BSSPL and IOSL are different, HPCL's end customers would end up paying different rates at the same airport based on the choice of either IOSL or BSSPL which would be inappropriate and discriminatory. The business to the service providers is awarded by HPCL based on service quality and other operational reasons. These parameters are evaluated on a regular basis and allocation of volumes to the ITP service providers takes place accordingly. We therefore request the authority to keep rates of IOSL and BSSPL at par. Further any tariff increases should be on a prospective basis only.

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

- 12.4.5 The two Consultation papers floated viz CP 01 / 2021-22 & CP 02 / 2021-22 dated 08th April 2021 in the matter of determination of aeronautical tariff for M/s Indian Oil Sky Tanking Pvt Ltd (IOSPL) and M/s Bharat Stars services Pvt Ltd (BSSPL) respectively for providing into plane services (ITP) at CSMI Airport, Mumbai for the 3rd control period (FY 2021-22 to FY 2025-26) proposes different tariff for IOSPL & BSSPL in all the years. Since the level of service is same & 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 CSMI Airport, Mumbai.

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

- 12.4.6 IATA support 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 14.15% 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.

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

- 12.5.1 BSSPL, Mumbai agreed with the comments of MAFFFL/IOSPL/HPCL/BPCL regarding tariff rates. However, BSSPL has not agreed with the comments of IATA and submitted that as per consultation paper no. 02/2021-22 the profit before Tax proposed by the authority for the year 2021-22 for BSSPL is (-) 12.81% even after considering the 14.15 % increase in Tariff.

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

- 12.6.1 The Authority noted the comments of the above stakeholders with regard to same tariff for both the ITP service providers and any increase in tariffs should be on a prospective basis. The Authority while determining the tariff takes into consideration the set procedure and 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.

- 12.6.2 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.

- 12.6.3 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.

- 12.6.4 Regarding HPCL,s comments that any increase in tariffs should be on a prospective basis, the Authority clarifies that tariffs are applicable from the date of issue of Order or from a specific date in future.
- 12.6.5 The Authority noted that as per revised computations the 'one time' increases in tariff works out to 26.30% in FY 2021-22 to meet the Aggregate Revenue Requirement (ARR) of BSSPL, Mumbai for the 3rd Control Period.
- 12.6.6 However, the Authority, keeping in view the current economic condition of the aviation sector and comments received from stakeholders decides to stagger the tariff increase during the control period instead of 'one time' increase. The Authority, has accordingly, decided to increase the existing tariff at the rate of 8.25% in FY 2021-22 (w.e.f. 01.10.2021), and, thereafter the rate will increase by 10.00% every year, from FY 2022-23 onwards up to 29.10.2024 for the ITP services provided by BSSPL, at CSMIA Mumbai, for the 3rd Control Period. The revised tariff rates are given in **Annexure-I**.
- 12.6.7 The Authority has decided that the tariff rate will be effective till 29th October, 2024, as the concession term of BSSPL, Mumbai is valid only till 29th October, 2024. Further, the Authority also decides that in case BSSPL's Sub-Concessional Agreement with MAFFFL is renewed beyond 29th October, 2024, the tariff rates prevailing as on 29th October, 2024 shall continue till such extended period or till 31st March, 2026, whichever is earlier, of the 3rd Control Period.
- 12.6.8 The Authority determines the maximum Tariff Rates to be levied. No other charge is to be levied over and above the determined Tariff Rates.

12.7 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, Mumbai for the 3rd Control Period:

- 12.7.1 The Authority decides to consider the Tariff Rate of Into Plane Services provided by BSSPL, Mumbai 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, Mumbai 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, Mumbai for the Third Control Period.	18
Chapter No 3	3.6.1	The Authority decides to consider Fuel Throughput Forecast for the Third Control Period for BSSPL, Mumbai as per Table 6.	24
	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.	24
Chapter No 4.	4.6.1	The Authority decides to consider Capital Expenditure for the 3rd Control Period for BSSPL, Mumbai as per Table 11.	29
	4.6.2	The Authority decides to reduce 1% of the CAPEX cost 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 3 rd control period during tariff determination exercise of the next control period.	29
	4.6.3	The Authority decides to true up the capital expenditure based on actuals at the time of tariff determination for next control period.	29
Chapter No 5.	5.4.1	The Authority decides to consider Depreciation for the 3 rd Control Period as per Table 14.	32
	5.4.2	The Authority decides to true up the depreciation based on actuals at the time of tariff determination for next control period.	32
Chapter No 6.	6.5.1	The Authority decides to consider Regulatory Asset Base (RAB) for the 3 rd Control Period as per Table 17.	34
Chapter No 7.	7.5.1	The Authority decides to consider Operation and Maintenance Expenditure as shown in the Table 24.	39
	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.	39
Chapter No 8.	8.4.1	The Authority decides to consider Fair Rate of Return (FROR) for BSSPL, Mumbai for the 3rd Control Period as per Table 25.	40
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, Mumbai as per Table 28.	42
	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.	42
Chapter No 10.	10.5.1	The Authority decides to consider the ARR for BSSPL, Mumbai for the 3rd Control Period as per Table No. 31	46
	10.5.2	The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period provided the concession term of the service provider is extended.	46



Chapter No 11.	11.5.1	To consider Aeronautical Revenue (Revenue from Into Plane Services) for the 3rd Control Period for BSSPL Mumbai as per Table 34.	47
	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.	47
Chapter No 12.	12.7.1	The Authority decides to consider the Tariff Rate of Into Plane Services provided by BSSPL, Mumbai for the 3rd Control Period as per ANNEXURE-I	51



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AERA

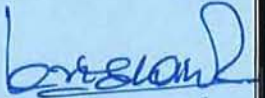


CHAPTER 14. ORDER

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, Mumbai 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 29th October 2024**).
- (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 Authority decides that in case BSSPL's Sub-Concessional Agreement with MAFFFL is renewed beyond 29th October, 2024, the tariff rates prevailing as on 29th October, 2024 shall continue till such extended period or till 31st March, 2026, whichever is earlier, of the 3rd Control Period.
- (v) The Airport Operator shall ensure compliance of the Order.

By the Order of and in the name of the Authority


(Ram Krishan)
Director (P&S)

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 – 110 003
2. Shri R.K. Jain
Chief Executing Officer
Mumbai International Airport Limited,
CSMI Airport, 1st floor, Terminal 1,
Santacruz (E), Mumbai 400099.



ANNEXURE-I

AERA APPROVED MAXIMUM TARIFF

For Bharat Stars Service Private Limited (BSSPL) providing Into Plane Services at Chhatrapati Shivaji Maharaj International Airport (CSMI) Airport, Mumbai for the 3rd Control Period (01.04.2021 to 31.03.2026).

(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	317.12	317.12	380.54	348.83	380.54
01.04.2022 to 31.03.2023	348.83	348.83	418.59	383.71	418.59
01.04.2023 to 31.03.2024	383.71	383.71	460.45	422.08	460.45
01.04.2024 to 29.10. 2024	422.08	422.08	506.49	464.28	506.49

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

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AERA

