

Airports Economic Regulatory Authority of India

Order No. 25/2012-13

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi -110 0 03**

**Date of Order : 29th October, 2012
Date of Issue: 22nd November, 2012**

In the matter of Determination of Annual Tariff for providing Into Plane Services at Bangalore International Airport, Bengaluru by Indian Oil Sky Tanking Limited for the second tariff year (2012-13) of the first control period.

The Authority had issued a Multi-Year Tariff Order (MYTO) No. 19/2011-12 dated 25.10.2011 wherein the Authority decided to adopt 'light touch approach' for determination of the tariff for the first Control Period and also approved the Annual Tariff Proposal (ATP) for the period w.e.f. 01.06.2011 to 31.03.2012 for the Into Plane Service (ITP) being provided by Indian Oil Sky Tanking Limited at Bangalore International Airport, Bengaluru.

2. The MYTO was issued pursuant to the Order dated 19.10.2011 of the Hon'ble AERA Appellate Tribunal in Appeal No. 12 of 2011, wherein the Tribunal ordered that

"It is made clear the even if any final order is passed by the respondent- Airports Economic Regulatory Authority, the same shall not be given effect to without leave of the Appellate Tribunal"

The said order of the Appellate Tribunal is still in force.

3. IOSL vide their letter dated 28.02.2012 submitted their ATP for the second tariff year i.e. 2012-13 with an escalation of 5% on the prices of the first tariff year for consideration of the Authority justifying that the input costs including salary & wages, electricity, diesel, water and other utilities have been increasing steadily every year which is the testimony to the general cost escalation prevalent in the country. Moreover, the escalation proposed is in line with the agreements with the Airport Operator as well as with the users i.e. suppliers and also in line with the industry practice.

4. The Authority considered the ATP submitted by IOSL and issued a Consultation paper No. 15/2012-13 for stakeholder consultation.

5. With reference to the subject consultation paper, Hindustan Petroleum Corporation Limited (HPCL), Indian Oil, Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) offered their comments. The Oil Companies have supported the increase in the ITP charges which are in terms of the concession agreement between BIAL and the Service Providers. However, they have *inter alia*, stated that the increase should be from prospective date so that the same can be



recovered from airlines. BPCL also stated that year on year increase of 5% on the basis of agreement with BIAL needs to be reviewed by the Authority

6. In response to the comments of the stakeholders, IOSL submitted that there will be no under recovery to the suppliers as the Multi-Year Tariff Proposal (MYTP) containing an escalation of 5% on year-on-year basis for the five year period with effect from date of commencement of the first control period 01.04.2011 had been approved by the Authority and the suppliers and all other stakeholders are already aware of the escalation and also contracts have been executed on the same lines.

7. The Authority has observed that oil companies have sought prospective implementation of the revised rates and BPCL has also stated that year on year 5% increase needs to be reviewed by the Authority. However, IOSL has submitted that the increase in costs is due to inflation & other input costs and the escalation proposed is in line in agreements with Airport Operator as well as fuel suppliers. Thus, 5% increase is not solely on of basis of agreement with Airport Operator. Further, it has also been stated that the oil companies were aware of the proposed 5% increase which they can recover from airlines through debit notes etc. Hence, the proposed rates with 5% escalation may be considered for approval as requested by IOSL.

ORDER:

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

i) The tariff for Into Plane Services being provided at Bangalore International Airport, Bengaluru by Indian Oil Sky tanking Limited is determined for the Second Tariff year (2012-13) of the first control period w.e.f 01.04.2012 as at **Annexure-I**.

8.2 The above order is subject to the decision of the Hon'ble AERA Appellate Tribunal that the order of Authority shall not be given effect to without leave of the Appellate Tribunal.

**By the Order of and in the
Name of the Authority**


**(Capt. Rapol Chaudhary)
Secretary**

To

**Indian Oil Skytanking Ltd.,
Fuel Farm Facility,
Bangalore International Airport
Devenhalli,
Bengaluru - 560 300
(Through: Shri T. S. Dupare, CEO)**



Annexure-I

**Into Plane Service Fees of Indian Oil Skytanking Ltd. for the second
Tariff Year at Bangalore International Airport, Bengaluru.**

Price in Rs. / Kilolitre

Period	Fuelling of Aircraft	Defuelling Aircraft		Refuelling of Defuelled Product into an aircraft	
		Within 6 hrs	Beyond 6 hrs	Within 6 hrs	Beyond 6 hrs
01.04.2012- 31.05.2012	220.50	220.50	264.60	242.55	264.60
01.06.2012- 31.03.2013	231.53	231.53	277.83	254.68	277.83

