

[F.No. AERA/20010/MYTP/Celebi/GH/CSIA/Mum/2011-12]

Airports Economic Regulatory Authority of India

Order No. 16/2011-12

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003**

Date of Order : 13th October, 2011

Date of Issue : 17th October, 2011

In the matter of Multi Year Tariff Proposal for Control Period submitted by Celebi NAS Airport Services India Pvt. Ltd., for providing Ground Handling Services at CSI Airport, Mumbai.

Celebi NAS Airport Services India Pvt. Ltd. (Celebi NAS) have submitted their Multi Year Tariff Proposal (MYTP) for the ground handling facility at CSI Airport, Mumbai in respect of the 1st Control period starting w.e.f 01.04.2011, vide their application dated 29.04.2011 and subsequent submission made on 30.06.2011.

2.1 Celebi NAS have sought approval for the tariff for ground handling services for the first Control Period (Period of 5 years starting w.e.f 01.04.2011) based on a "light touch approach" as specified in Chapter V of The 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 Aircraft) Guidelines, 2011 (the Guidelines).

2.2 As stipulated in the Guidelines the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service –

- a) Materiality Assessment;
- b) Competition Assessment;
- c) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.3 In respect of the regulated service(s) provided for the ground handling facility at the airport, the Authority considers that materiality of the service is linked to the international aircraft movements at the major airport. The materiality shall be assessed based on international aircraft movements at the major airport as a percentage of total international aircraft movements at all major airports, in terms of Clause 4.4 of the Guidelines. The percentage share of aircraft movements for CSI Airport is 5.5% which is greater than 5% Materiality Index fixed for the subject



service as per April 2010 to March 2011 AAI statistics. Hence the service is deemed 'material'.

2.4 As per the information furnished by Celebi NAS in Form F1 (b) on the Competition Assessment, following service providers are rendering similar service at CSI Airport:

(i) M/s Cambata Aviation Pvt. Ltd.

(ii) NACIL (Air India)

The Guidelines provide that where a regulated service is being provided at a major airport by two or more service providers(s), it shall be deemed 'competitive' at that airport. In the instant case with the total number of players being more than two the service is deemed 'material but competitive.'

2.5 As per the Guidelines, based on the assessment of materiality and competition, when such regulated service is deemed 'material but competitive', the Authority shall determine tariff(s) for the service provider(s) based on a light touch approach. Hence the regulated service being provided by Celebi NAS at CSI Airport, Mumbai is 'material but competitive' and hence will come under the light touch approach for tariff determination.

3.1 Celebi NAS have furnished the basis for arriving at the details, including the Aggregate Revenue Requirements, the rationale for the projections/various parameters used; justification, assumptions and cost drivers used for calculating O&M Expenditure; supporting documents for the administration and general expenses and also for R&M Expenditure etc;

3.2 Copies of agreements entered into with agencies for provision of Regulated Services at the major airport, including stakeholder consultation undertaken have also been furnished.

3.3 Celebi NAS requested for confidentiality of certain documents, which was accepted by the Authority.

4. The Authority had, vide Consultation Paper No. 22/2011-12 dated 26.09.2011, proposed for stakeholder consultation that the ground handling service rendered by Celebi NAS at CSI Airport, Mumbai is 'material' but 'competitive' and hence the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 1st Control period w.e.f 01.04.2011.

5. Comments were received from only M/s Cambata Aviation Pvt. Ltd., vide letter dated 10.10.2011 stating that they were in agreement with the proposal contained in the consultation paper, classifying the services rendered by Celebi Nas at CSI Airport, Mumbai as 'material but competitive' and adopting a light touch approach for determination of tariff for the 1st Control period w.e.f 01.04.2011.



ORDER

6. Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1)(a) of the Act, hereby orders that:

- (i) The services provided for the ground handling facility by Celebi NAS at CSI Airport, Mumbai are "material but competitive". Hence the Authority shall adopt a "light touch approach" for determination of tariff for the 1st Control Period w.e.f 01.04.2011
- (ii) Celebi NAS Airport Services India Pvt. Ltd., may submit the Annual Tariff Proposal for the first tariff year of the first control period for the consideration of the Authority within a period of 75 days of the issue of this Order in accordance with the Guidelines.

By the Order of and in the
Name of the Authority


(Capt. Kapil Chaudhary)

Secretary

To

M/s Celebi NAS Airport Services India Pvt. Ltd.,
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(Through: Shri Sahil Mehta, Managing Director)

