

[F. No. AERA/35010/AMCE/2010-11]

Airports Economic Regulatory Authority of India

Order No. 17/2015-16

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

Date of Order: 11th May, 2015

Date of Issue: 5th June, 2015

Subject: Determination of Aeronautical Tariff at Civil Enclaves in respect of Goa, Pune and Srinagar Airports.

Service providers: Airports Authority of India (AAI)/Ministry of Defence (MoD).

1.1. The Authority, vide its Order No. 13/2010-11 dated 12.01.2011 (Airport Order) finalised its approach in the matter of Regulatory Philosophy and Approach in Economic Regulations of Airport Operators. Further, the Authority vide its Direction No. 5/2010-11 dated 28.02.2011, issued the Airport Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators), Guidelines 2011 (Airport Guidelines) to operationalise its regulatory philosophy.

1.2. As per the Airport Guidelines, the Authority determines tariff for the aeronautical services on the basis of a Multi- Year Tariff Proposal (MYTP) made by the Airport Operator for a control period of 5 years. The Authority initially determines Yield per Passenger (YPP) under tariff determination process and subsequently the detailed Annual Tariff Proposal (ATP) from Airport Operator (pertaining to the approved yield per passenger) is reviewed for approval.

1.3 As per the Airport Guidelines, all Airport operators shall within four months of the date of issue of the Airport Guidelines, submit to the Authority for its consideration, a MYTP for the 1st control period i.e 5 years period commencing from 2011-12 in the form and manner as specified in the Airports Guidelines. The last date for submission of the MYTP in terms of the Airport Guidelines was 30.06.2011.

1.4 The Authority was conscious about the fact that in the nature of timelines specified in the Airport Guidelines, it would not be possible to determine the tariff in respect of any of the major airports before 01.04.2011. In this light, the Authority, vide Order No. 15/2010-11 dated 24.03.2011, decided that the airport operators shall continue charging the tariffs for aeronautical services provided by them, at the existing rates, in the interim period.

1.5 At present there are sixteen (16) major airports in India, for whom the tariff is to be determined by the Authority. The 1st control period of five (5) years established by the Authority for airports at Delhi and Mumbai was from 01.04.2009 to 31.03.2014, whereas for the remaining airports it was from 01.04.2011 to 31.03.2016.

1.6 While tariff determination in respect of 2nd control period for airports at Delhi and Mumbai is due, the tariff in respect of eight airports at Ahmedabad, Jaipur, Calicut, Trivandrum, Cochin, Goa, Pune and Srinagar are yet to be determined for the 1st control period.

1.7 The Civil Enclaves of Goa, Pune and Srinagar Airports have traffic of more than 1.5 million passengers per annum and are, therefore, deemed to be major airports as per the definition contained in the AERA Act.

1.8 Section 4(1) of the AERA Act provides that whenever the Authority is deciding a matter involving a Civil Enclave in a Defence airfield, there shall be an additional Member, not below the rank of Additional Secretary to the Government of India, to be nominated by the Ministry of Defence.



2. Authority's Views:

2.1. The Authority has noted that the aeronautical tariff for the 1st Control Period, in respect of AAI Airports including civil enclaves at Goa, Pune and Srinagar has not yet been determined by the Authority, even though less than one year is left for completion of the 1st Control Period, which is set to expire on 31.03.2016.

2.2. The Authority has noted that even if it issues a Consultation Paper by the end of the month, going by the past experience, the tariff Order finalization after due stakeholder process will take at least another 2-3 months. Thus the aggregate revenue requirements for these airports would have to be allocated to travelling passengers in the remaining period of the current control period, leading to steep increase in tariffs, which may not be advisable.

2.3. It was further noted that fresh determination of tariff for the 2nd control period is due in less than one year and any determination now for the 1st Control Period would lead to frequent fluctuation in tariffs, which may best be avoided.

3. ORDER

After careful consideration of the matter, the Authority decides to approve that;

- (i) The tariff for civil enclaves at Goa, Pune and Srinagar for the first Control Period, which is pending determination, would continue at the existing level on ad-hoc basis till 31.03.2016, i.e. the end of the 1st control period whereafter these charges will cease to exist.
- (ii) For the 2nd Control Period, tariff(s) for aeronautical services rendered at the major airports at Goa, Pune and Srinagar shall be determined separately for the service providers, viz. Airports Authority of India. The AAI would be required to submit its MYTP in respect of these civil enclaves to the Authority well in time, by providing details of assets created by it and sitting in its books, the operating expenditure pertaining to such civil enclaves being incurred by AAI, and details of other building blocks only pertaining to AAI. The Authority would accordingly determine in respect of such civil enclaves, the Parking and Housing charges, and PSF/UDF, to be levied by AAI.

By the Order of and in the
Name of the Authority

Alok Shekhar

(Alok Shekhar)
Secretary

To,

Airports Authority of India,
Rajiv Gandhi Bhawan, Block-C
New Delhi-110003.
(Through Shri R K Srivastava, IAS, Chairman)

