



सत्यमेव जयते

**भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण**  
**Airports Economic Regulatory Authority of India**

भारत पेट्रोलियम कॉरपोरेशन लिमिटेड के संबंध में मनोहर अंतरराष्ट्रीय हवाईअड्डा, मोपा गोवा (जीओएक्स) में ईंधन अवसंरचना और इंटो-प्लेन सेवाओं के लिए प्रथम नियंत्रण अवधि (1 अप्रैल 2023 से 31 मार्च 2028) के लिए टैरिफ निर्धारित करने के मामले में

**IN THE MATTER OF DETERMINATION OF TARIFF  
FOR FUEL FARM INFRASTRUCTURE AND INTO-PLANE SERVICES  
IN RESPECT OF BHARAT PETROLEUM CORPORATION LIMITED  
AT MANOHAR INTERNATIONAL AIRPORT, MOPA, GOA (GOX)  
FOR THE FIRST CONTROL PERIOD  
(1<sup>st</sup> April 2023 – 31<sup>st</sup> March 2028)**

**जारी करने की तारीख/ Date of Issue: 16.06.2025**

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## **PREFACE**

The Authority has released this Consultation Paper after the detailed analysis of Multi-Year Tariff Proposal ('MYTP'), including various assumptions & estimates related to regulatory building blocks given in the MYTP submitted by the Bharat Petroleum Corporation Limited (BPCL) in respect of its Fuel Farm & Into Plane Services at Mopa, Goa airport. Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, 2008, the written comments on Consultation Paper No. 01/2025-26 dated 16/06/2025 are invited from the Stakeholders, preferably in electronic form, at the following address:

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|   |                   |
|---|-------------------|
| <b>Last Date for submission of Stakeholders' comments</b> | <b>08.07.2025</b> |
| <b>Last Date for submission of counter comments</b>       | <b>15.07.2025</b> |

Comments and Counter Comments will be posted on AERA's website [www.aera.gov.in](http://www.aera.gov.in)

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### **List of Abbreviations**

| <b>Abbreviations</b> | <b>Expansion</b>   |
|----------------------|--|
| AAI                  | Airports Authority of India  |
| ACS                  | Annual Compliance Statement  |
| AERA / Authority     | Airports Economic Regulatory Authority of India                    |
| AO                   | Airport Operator   |
| ARR                  | Aggregate Revenue Requirement                                      |
| ATF                  | Aviation Turbine Fuel  |
| ATM                  | Air Traffic Movement   |
| ATP                  | Annual Tariff Proposal   |
| BCAS                 | Bureau of Civil Aviation Security                                  |
| BPCL                 | Bharat Petroleum Corporation Limited                               |
| BSSPL                | Bharat Star Service Private Limited                                |
| CA                   | Concession Agreement   |
| CAGR                 | Compounded Annual Growth Rate                                      |
| CAPEX                | Capital Expenditure  |
| CGF                  | Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft |
| CPI                  | Consumer Price Index   |
| CSR                  | Corporate Social Responsibility                                    |
| DBFOT                | Design, Build, Finance, Operate and Transfer                       |
| DBFOMT               | Design, Build, Finance, Operate Maintenance and Transfer           |
| EPC                  | Engineering, Procurement and Construction.                         |
| FAR                  | Fixed Assets Register  |
| FHS                  | Fuel Hydrant System  |
| FIF                  | Fuel Infrastructure Fee  |
| FRoR                 | Fair Rate of Return  |
| FY                   | Financial Year   |
| GGIAL                | GMR Goa International Airport Limited                              |
| GOI                  | Government of India  |
| INR or ₹             | Indian Rupees  |
| ITC                  | Input Tax Credit   |
| ITP                  | Into Plane Services  |
| KL                   | Kilo Litre   |
| MCLR                 | Marginal Cost of Fund Based Lending Rate                           |
| MoM                  | Minutes of Meeting   |
| MYTP                 | Multi Year Tariff Proposal   |
| OMC                  | Oil Marketing Companies  |
| OPEX                 | Operating & Maintenance Expenditure                                |
| P.A.                 | Per Annum  |
| PAX                  | Passenger(s)   |
| PSU                  | Public Sector Undertaking  |
| RAB                  | Regulatory Asset Base  |
| SBI                  | State Bank of India  |
| Sq.m.                | Square Meter   |



## 1. BACKGROUND

### 1.1 Introduction

- 1.1.1 Manohar International Airport is a Greenfield airport located at Mopa in Pernem Taluka of North Goa district of Goa. It is built under the Public Private Partnership (PPP) model.
- 1.1.2 The Govt. of Goa awarded a concession to GMR Airports Limited (GAL) for the development of new greenfield airport at Mopa, Goa and had signed the Concession Agreement (CA) on 8<sup>th</sup> November 2016 with GMR Goa International Airport Limited (GGIAL), the Special Purpose Vehicle (SPV) formed by GAL for the purpose.

As per the terms of the Concession Agreement referred above, GGIAL was assigned the task of development of the new greenfield airport at Mopa, Goa, including allied facilities for Fuel Farm & Into Plane Services, Ground Handling and Cargo Handling etc., under the Design, Build, Finance, Operate and Transfer (DBFOT) model. The Concession to GGIAL was awarded by Govt. of Goa for a period of 40 (forty) years. The Manohar International Airport, Mopa, Goa commenced its commercial operations from 05<sup>th</sup> January, 2023 for domestic flights and from July 2023 for international flights.

### 1.2 Overview of BPCL and GGIAL License Agreement

- 1.2.1 Pursuant to the terms of the Concession Agreement with Govt of Goa, GGIAL (Airport Operator) sub-licensed the project relating to Designing, Building, Financing, Operation, Maintenance and Transfer (DBFOMT) of the Fuel Farm and Into-Plane Facility at the Mopa, Goa airport to Bharat Petroleum Corporation Limited (BPCL), through a competitive bidding process.
- 1.2.2 Airport Operator (GGIAL) executed the license agreement with BPCL on 16<sup>th</sup> November 2021 for provision of the Fuel Farm Facility (including Fuel Hydrant System) and Into-Plane Services at the Mopa Airport on 'open access' basis, for a period of 20 (twenty) years, commencing from the appointed date.

BPCL commenced its commercial operations related to fuel farm/ ITP services on 05.01.2023 (i.e. from COD of new greenfield airport).

- 1.2.3 Shareholding pattern of BPCL is given below:

**Table 1: Shareholding Pattern of BPCL as on 31.03.2025**

| S. No | Particular of the Shareholder                                | Percentage of Shareholding (%) |
|-------|--|--------------------------------|
| 1     | Central Govt.  | 52.98%                         |
| 2     | Domestic Institutions  | 22.24%                         |
| 3     | Foreign Institutions   | 14.58%                         |
| 4     | Other Public shareholders                                    | 9.26%                          |
| 5     | State Govt./ Bodies where Central/ State Govt. is a promoter | 0.94%                          |
|       | <b>Total</b>   | <b>100%</b>                    |

1.2.4 The Technical details of Fuel Farm & Into Plane Facilities at Mopa, Goa airport is given in the following table.

**Table 2: Technical details of Fuel Farm and Into Plane Facility operated by BPCL at Mopa, Goa**

| S. No. | Particulars   | Details  |
|--------|---|--|
| 1      | ATF Storage Capacity  | 8270 KL (2690 KL x 3+100 KL x 2)                                 |
| 2      | Land Area on Lease  | 24484 Sqm. for Fuel Farm Facility & 180 Sqm. for vehicle parking |
| 3      | No. of Refuellers   | 3 nos.   |
| 4      | No. of Dispensers   | 8 nos.   |
| 5      | No. of Aircraft Parking Bays connected with fuel hydrant system     | 20 bays (as on 07.02.2025)                                       |
| 6      | No. of Aircraft Parking Bays not connected with fuel hydrant system | 04 bays (as on 07.02.2025)                                       |

### 1.3 Tariff Determination History

1.3.1 The Authority vide Order No. 29/2022-23 dated 30<sup>th</sup> November 2022 allowed BPCL to levy and collect, on ad hoc basis, tariff of ₹ 700/- KL for Fuel Farm (FF) and ₹ 400/- KL towards Into Plane (ITP) Services w.e.f. COD till 30.09.2023.

Thereafter, the Authority, through various interim orders has extended the validity of ad-hoc tariff in respect of Fuel Farm and ITP Services for BPCL at Mopa, Goa up to 30.09.2025.

### 1.4 Multi Year Tariff Proposal (MYTP)

1.4.1 BPCL, vide letter No. AVN.HQ.01 dated 19.07.2024 submitted the MYTP in respect of the First Control Period (FY 2023-24 to FY 2027-28) for the determination of regular tariff in respect of the Fuel Farm and ITP Services being provided by it at the Mopa, Goa airport. In its MYTP, BPCL has requested the Authority to consider, inter-alia, the under-recovery amounting to ₹ 8.77 Crores for the period (from COD i.e. 05.01.2023 up to 31.03.2023). M/s BPCL has submitted the audited financial statements for a company as a whole for the FY 2022-23 and FY 2023-24.

The Authority obtained clarifications for the information shared by BPCL from time to time, to review the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure, for finalizing this Consultation Paper. The sequential timeline of the above events has been presented in the table below:

**Table 3: Timelines for submission of MYTP and other information by BPCL**

| Event   | Date      |
|---|-----------|
| MYTP submitted by BPCL for the First Control Period along with shortfall for the prior period from 05.01.2023 to 31.03.2023 | 19-Jul-24 |
| Initial Data Requirement - First Set of queries raised by the Authority related to agreement, Opex, Capex & Traffic etc.    | 14-Aug-24 |
| Partial data shared by BPCL related to agreements, Capex etc.   | 26-Aug-24 |
| First reminder sent to BPCL on the pending information/clarification on Capex, traffic, ACS etc.                            | 20-Sep-24 |

| Event   | Date        |
|---|-------------|
| Second reminder sent to BPCL on the pending information/clarification on Capex, traffic, ACS etc.   | 22-Oct-24   |
| Partial data shared by BPCL related to Capex, traffic, ACS etc.   | 24-Oct-24   |
| Follow-up mail sent along with additional queries raised related to Capex, ACS, Stakeholder meeting Profit margin etc.                    | 14-Nov-24   |
| Partial data shared by BPCL related to Capex, ACS etc. and request for a meeting with AERA on its submission on Capex, Profit Margin etc. | 25-Nov-24   |
| Partial data shared by BPCL related to Capex.   | 27- Nov-24  |
| Meeting held in AERA office on the queries related to Capex, Opex etc.  | 29-Nov-24   |
| In reference to aforesaid meeting, Partial data shared by BPCL related to Capex, Opex etc.  | 10- Dec-24  |
| Partial data shared by BPCL related to Capex, ACS.  | 17- Dec-24  |
| Partial data shared by BPCL related to Capex, OPEX  | 19-Dec-24   |
| Clarification given by the BPCL on the Fuel Hydrant (FH) and Repair & Maintenance   | 31-Dec-24   |
| Partial data shared by BPCL related to FH and Repair & Maintenance  | 07-Jan-25   |
| Clarification given by BPCL on the Fuel Hydrant (FH) and Repair & Maintenance   | 16-Jan-25   |
| Further, Clarification given by BPCL on the Repair & Maintenance and Journal Ledger   | 24-Jan-25   |
| Minutes of Stakeholder Meeting submitted by BPCL  | 30-Jan-25   |
| Revise nos. of Hydrant & Non-Hydrant Bay submitted by BPCL  | 07-Feb-25   |
| Clarification on ITC on REVEX and CAPEX   | 18-March-25 |
| Submission of Dead Stock Certificate  | 27-March-25 |
| Minutes of Reconducted Stakeholder Meeting submitted by BPCL  | 29-May-25   |

1.4.2 BPCL is the sole service provider in respect of the Fuel Farm and Into Plane Services at Manohar International Airport, Mopa, Goa. Accordingly, in its MYTP, the ISP has proposed a consolidated fee of ₹ 4538.27/KL for both the above-mentioned services (₹ 3817.01/KL for Fuel Farm Facility & ₹ 721.26/KL for ITP Services).

1.4.3 The Authority notes that BPCL conducted the Users Consultation Meeting on 27.01.2025 in respect of its Fuel Farm & ITP Services being provided at Mopa, Goa airport and has submitted the Minutes of the Meeting (MoM) to AERA. As per the minutes of said meeting, representative of Airlines, Airport Operators, Shell MRPL and Ground Handling Agency had attended the meeting. However, it was noted that the Airlines' industry bodies viz. FIA & IATA were not invited for the consultation meeting. Further, it was also noted that no details regarding proposed tariff rates & other aspects of MYTP were shared with the users during the meeting.

Accordingly, the ISP was advised to hold user consultation meeting again at Mopa-Goa, in hybrid mode, so that maximum stakeholders could participate in the consultation process.

1.4.4 The ISP after being advised by AERA, has reconducted the Users Consultation Meeting on 26.05.2025 at Mopa Goa and has submitted the Minutes of Meeting (MoM) to AERA. As per

the minutes, it is noted that the representatives of Airlines including Air India, Akasa Air, Air Arabia, Indigo, Star Air, Spice Jet, Airlines Association (FIA), Shell MRPL and Ground Handling agency attended the meeting.

BPCL made a presentation before the stakeholders present in the consultation meeting, inter-alia, covering the details relating to Fuel Farm infrastructure developed at the airport, Tariff proposed by the ISP for the First Control Period. It is noted that issues raised by various stakeholders during the meeting were duly responded by the BPCL team. Subsequent to the stakeholder's consultation meeting (26.05.2025), Federation of Indian Airlines (FIA) submitted its written comments dated 29.05.2025 to BPCL, Mopa Goa and made some suggestions related to the reduction in the proposed ITP & Infrastructure Charges, deferral of capex on future, direct billing to airlines etc.

- 1.4.5 The Authority has reviewed the MYTP submission by BPCL with respect to various regulatory building blocks. The ensuing chapters of this Consultation Paper present the Authority's detailed analysis of MYTP submitted by BPCL and AERA's proposals on each regulatory building block.
- 1.4.6 The Authority, has issued this Consultation Paper after carrying out due-diligence in accordance with CGF Guidelines, 2011 and considering the additional inputs & various information/clarifications submitted by the BPCL, from time to time.
- 1.4.7 The final chapter summarizes Authority's proposals regarding each of the building block. The Authority invites views/ comments of the stakeholders, on the various proposals of the Authority in the Consultation Paper, for determination of the regular tariff in respect of the BPCL's Fuel Farm & ITP Services for the First Control Period.

## 2. METHODOLOGY FOR TARIFF DETERMINATION

### 2.1 Principles for Determination of Tariff for the “Aeronautical Services”

- 2.1.1 The Authority, vide Order No. 12/2010-11 dated 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft (CGF Services) at the major airports. Accordingly, the Authority issued 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 the Aircraft) Guidelines, 2011 (“the CGF Guidelines”) vide Direction No. 04/2010-11 dated 10.01.2011.
- 2.1.2 The Tariff for CGF Services is determined by the Authority in accordance with CGF Guidelines, 2011, either under the ‘Light Touch’ or ‘Cost Plus’ regulatory approach. The regulatory approach for the determination of tariff for the Independent Service Provider (ISP) is adopted by the Authority, inter-alia, based on the assessment of the materiality, competition etc. pertaining to the regulated service(s) provided by the ISP at a major airport.
- 2.1.3 In accordance with the above mentioned CGF Guidelines (clause 4.3.), the following procedure is adopted for determination of the Materiality Index of Regulated Service:

#### **Materiality Assessment ( $MI_F$ ):**

$$= \frac{\text{Fuel Throughput in Kilolitres at MoPA, Goa Airport}}{\text{Total Fuel Throughput in Kilolitres at all Major Airports}} \times 100$$

The Materiality Index in respect of service relating to supply of fuel to the aircrafts at Mopa, Goa (based on the fuel throughput data for FY 2023-24) is as under:

$$MI_F = (86560 / 9131186) \times 100 = 0.95\%$$

- 2.1.4 The percentage share of Fuel Throughput at Mopa, Goa in respect of the FY 2023-24 is 0.95%, which is lower than Materiality Index (MIF) of 5% for the regulated service (Fuel Farm & ITP Services). Hence, the regulated service is deemed “Not Material” at Mopa, Goa during the First Control Period.

#### **Competition Assessment:**

- 2.1.5 The CGF Guidelines provides that where a regulated service is being provided at a major airport by two or more Service Provider(s), it shall be deemed "competitive" at that airport and if such service is provided by less than two Service Providers, it shall be deemed "not competitive".
- The Guidelines also provide that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit and the determination of number of Service Provider(s) at a major airport shall include the Airport Operator, if the Airport Operator is also providing Regulated Service(s) at that major airport.
- 2.1.6 Fuel Farm services at Mopa, Goa are being provided solely by BPCL. Hence, the service is deemed as "not competitive".

- 2.1.7 The Authority notes that BPCL is the sole operator of the Fuel Farm and ITP Services at Mopa Goa Airport and is operating in a monopolistic environment/ situation. Considering that the aviation turbine fuel is the main cost driver for the Airlines, the Authority, therefore examine the MYTP submission of the ISP, including various regulatory building blocks, in detail to ensure that only efficient Capex and Operating Expenses are considered while determining tariff for the First Control Period, in respect of the BPCL's Fuel Farm & ITP Services at Mopa, Goa airport.

The Authority, as part of its tariff determination process endeavors to strike a balance between the interest of service provider and users of regulated services.

- 2.1.8 The Authority notes that ISP itself has submitted its MYTP for the First Control Period under the Cost Plus (Price Cap) Regulatory Approach. Further, the Authority, in the past has adopted the Cost-Plus regulatory approach for determining the tariffs for other Fuel Farm Operators at various major airports, considering the monopolistic nature of Fuel Farm Services. Accordingly, the Authority proposes to consider **Cost Plus regulatory approach** for determination of the tariff in respect of the First Control Period.
- 2.1.9 BPCL has no other business except Fuel Farm and Into Plane Services at Mopa Goa airport. However, other income, if any will be considered for cross subsidization of the Fuel Infrastructure Fee & ITP Service Charges.

- 2.1.10 The formula for determining the Aggregate Revenue Requirement (ARR) for the Control Period is as follows:

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

where:

't' is the Tariff Year in the Control Period;

ARR<sub>t</sub> is the Aggregate Revenue Requirement for year 't';

FRoR is the Fair Rate of Return for the Control Period;

RAB<sub>t</sub> is the Regulatory Asset Base for the year 't';

D<sub>t</sub> is the Depreciation corresponding to the RAB for the year 't';

O<sub>t</sub> is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;

T<sub>t</sub> is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits; and NAR<sub>t</sub> is the revenue from services other than aeronautical services for the year 't'.

- 2.1.11 All the figures presented in this Consultation Paper have been rounded off up to two decimals points.
- 2.1.12 All Cash flows have been assumed on last day of the Financial Year for the purpose of computing PV of Revenues & Expenses.

## **2.2 Authority's Proposal regarding Methodology for the Determination of Tariff in respect of Fuel Farm & ITP Services at Mopa Goa airport for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Methodology for the Determination of Aeronautical Tariff in respect of BPCL's operations at Mopa, Goa airport for the First Control Period:

- 2.2.1 To adopt "Cost Plus" Regulatory Approach for the Determination of Tariff in respect of the Fuel Farm & ITP Services pertaining to the First Control Period (FY 2023-24 to FY 2027-28).

### 3. DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE PERIOD FROM 05.01.2023 TO 31.03.2023

#### 3.1 BPCL's submission in respect of Shortfall in ARR Recovery for the period from 05.01.2023 to 31.03.2023

- 3.1.1 M/s BPCL has submitted a Shortfall in ARR recovery amounting to ₹ 8.77 crores pertaining to the period from the COD i.e. 05.01.2023 up to 31.03.2023, as a part of its MYTP submission for the First Control Period.

The BPCL's submission regarding shortfall in target revenue for the period from 05.01.2023 to 31.03.2023 is presented in the table given below:

**Table 4: Shortfall in Revenue Recovery for the period from 05.01.2023 to 31.03.2023 submitted by BPCL**

| (₹ in crores)  |                       |             |
|--|-----------------------|-------------|
| Particulars  | Reference             | Amount      |
| Closing RAB  | A                     | 57.57       |
| Fair Rate of Return (FRoR)                               | B                     | 14%         |
| FRoR on RAB*   | C                     | 1.93        |
| O&M Expenses   | D                     | 1.46        |
| Depreciation   | E                     | 0.01        |
| Taxation   | F                     | -           |
| Revenue Share  | G                     | 0.13        |
| Finance Cost on BG                                       | H                     | 0.0025      |
| Return on Security Deposit                               | I                     | 4.33        |
| <b>Aggregate Revenue Requirement (ARR)</b>               | <b>J = Sum (C: I)</b> | <b>7.86</b> |
| Income from FIF/ ITP Services                            | K                     | 1.11        |
| <b>Under/(Over) Recovery</b>                             | <b>L = J – K</b>      | <b>6.75</b> |
| PV Factor  | $M = (1 + B)^{-t}$    | 1.30        |
| <b>PV of Under/(Over) Recovery as on 31st March 2025</b> | <b>N = L * M</b>      | <b>8.77</b> |

\*Return on RAB computed on proportionate basis for 87 days from COD to 31.03.2023.

- 3.1.2 The Authority is aware that the services relating to supply of aviation fuel to the aircrafts (Fuel Farm and ITP Services) are integral to airport operations and notes that BPCL commenced its Fuel Farm & ITP Services at Mopa Goa from the same date, the Mopa Airport was operationalized i.e. from 05.01.2023.

In view of the above, the Authority proposes to consider the shortfall in Target Revenue (ARR) for the period from 05.01.2023 (COD) up to 31.03.2023, while determining the tariff for the First Control Period of the BPCL at Mopa Goa airport.

- 3.1.3 The Authority has analyzed MYTP submission of BPCL, including regulatory building blocks, for computing the under recovery of ARR for the period from 05.01.2023 to 31.03.2023 and same is discussed in the ensuing paras:



### 3.2 Capital Expenditure for the period from 05.01.2023 to 31.03.2023

- 3.2.1 The actual capital expenditure incurred on the Fuel Farm & ITP Services at Mopa Goa airport pertaining to the period from 05.01.2023 to 31.03.2023 as submitted by BPCL is given in the table below:

**Table 5: BPCL's submission in respect of the actual CAPEX incurred for the period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Sl. No.      | Particulars of Assets              | Amount       |
|--------------|------------------------------------|--------------|
| 1.           | Buildings                          | 8.91         |
| 2.           | Electrical Equipment/ Installation | 2.36         |
| 3.           | Fire Fighting Equipment            | 5.34         |
| 4.           | Plant & Machinery                  | 40.97        |
| <b>Total</b> |                                    | <b>57.58</b> |

### 3.3 Authority's Examination regarding the Capital expenditure (CAPEX) for the period from 05.01.2023 to 31.03.2023

- 3.3.1 The Authority notes that BPCL has incurred a total CAPEX of ₹ 57.58 Crores during the period from 05.01.2023 to 31.03.2023. Out of the above, as per the FAR submitted by BPCL, the Capex amounting to ₹ 50.89 Crores has been incurred by the ISP for Fuel Farm Facilities and ₹6.68 crores towards Into Plane Services, at Mopa Goa airport. With regard to AERA query regarding Input Tax Credit (ITC), the ISP vide email dated 18.03.2025 replied that *"BPCL has not availed ITC on Revex (Revenue Expenditure) and Capex for Mopa Goa. As majority of the expenditure are towards supply of ATF, which is exempt under GST, hence no Credit is available."*

It is noted that out of the total CAPEX, major portion i.e. ₹ 40.97 crores (71.15%) have been incurred on Plant & Machinery and ₹ 8.91 Crores (15.47%) is spent on the construction of office building.

#### **Buildings**

- 3.3.2 The Authority notes that BPCL has incurred a capex of ₹ 8.91 crores on the construction of office & administrative buildings etc. The details of assets/ infrastructure under the head 'Buildings' is presented in table given below:

**Table 6: List of Assets Capitalized under the head – Buildings**

(₹ in crores)

| Sl. No. | Particular of Assets             | Amount |
|---------|----------------------------------|--------|
| 1.      | Office Porta Cabin 10m X 3m      | 0.10   |
| 2.      | Security Porta Cabin 2.5m X 2.5m | 0.02   |
| 3.      | Impervious Dyke Floor 83m X 36m  | 0.27   |
| 4.      | Admin Building 12m X 10m         | 0.64   |
| 5.      | Security Cabin 4m X 4m           | 0.05   |

|              |  |             |
|--------------|--|-------------|
| 6.           | Tank Lorry/ Refueller Parking Area Paver Top       | 0.32        |
| 7.           | RCC Driveway                                       | 1.05        |
| 8.           | Compound Wall 3m HT Precast RCC Type with 0.6m Con | 0.92        |
| 9.           | TLD Gantry 15m X 6.5m X 4 Bays Incl 2 Test Rigs    | 1.88        |
| 10.          | TLD/ FHS Pump House 20m X 8m                       | 0.85        |
| 11.          | Engineering Store 15m X 10m                        | 0.81        |
| 12.          | Control Room 8m X 10m                              | 0.49        |
| 13.          | Transformer Room 6m X 6m                           | 0.16        |
| 14.          | MCC Room 15m X 10m                                 | 0.81        |
| 15.          | DG Room 8m X 10m                                   | 0.49        |
| 16.          | FHS Dispatch Manifold 8m X 8m                      | 0.04        |
| <b>Total</b> |  | <b>8.91</b> |

From the review of assets & other infrastructure included under the 'Buildings', as indicated in the above table, it is seen that these are related to operational requirements of the ISP, hence, the Authority proposes to consider an actual Capex on Buildings amounting to ₹8.91 crores with capitalization on 31.03.2023.

#### **Electrical Equipment & Installations**

3.3.3 The details of electrical assets/ installations capitalized by BPCL are given in the table below:

**Table 7: List of Electrical Assets/ Installation capitalized as on 31.03.2023**

| (₹ in crores) |  |             |
|---------------|--|-------------|
| Sl. No.       | Particular of Asset(s)                               | Amount      |
| 1.            | High Mast Tower 1 With Lights 30m HT (Near licence)  | 0.09        |
| 2.            | High Mast Tower 2 With Lights 30m HT (Near ATF Tank) | 0.10        |
| 3.            | High Mast Tower 3 With Lights 30m HT (Near FWPH)     | 0.06        |
| 4.            | HT VCB Panel   | 0.19        |
| 5.            | Transformer 800 KVA Dry Type                         | 0.37        |
| 6.            | PCC Panel  | 0.32        |
| 7.            | MCC Panel  | 0.32        |
| 8.            | MOV Panel  | 0.19        |
| 9.            | MLDB Panel   | 0.17        |
| 10.           | APFC Panel   | 0.19        |
| 11.           | Critical Panel                                       | 0.19        |
| 12.           | FWPH Panel   | 0.19        |
| <b>Total</b>  |  | <b>2.36</b> |

- 3.3.4 The Authority, from the above table notes that electrical installations totaling to ₹ 2.36 crores capitalized by the ISP on 31.03.2023 as per FAR, are related to fuel farm infrastructure etc., which are essential for smooth operations. Hence, the Authority proposes to considered actual Capex of ₹ 2.36 crores on electrical assets/ installations as proposed by the ISP.

#### **Plant & Machinery**

- 3.3.5 The details of major Assets/ equipment classified as Plant & Machinery are given in the table below:

**Table 8: List of Assets Capitalized under the head - Plant and Machinery**

(₹ in crores)

| Sl. No.      | Particular of Asset(s)                             | Quantity | Amount       |
|--------------|--|----------|--------------|
| 1.           | Fuel Hydrant System with 20 Nos Hydrant Pit Valves |          | 19.00        |
| 2.           | ATF Tank Gox AG CR 16m Dia X 15m HT                | 3        | 8.74         |
| 3.           | Refueller 16 KL                                    | 3        | 2.94         |
| 4.           | Dispenser without Deckhose                         | 4        | 2.91         |
| 5.           | FHS PUMP 1 (150 KL/HR, 110m HEAD, 75 KW)           | 3        | 1.06         |
| 6.           | Floating Suction Gox 450NB #150 make Pentatech     | 3        | 0.95         |
| 7.           | Sampling Cum Pit Cleaning Vehicle 6 KL S4          |          | 0.74         |
| 8.           | Others   |          | 4.63         |
| <b>Total</b> |  |          | <b>40.97</b> |

- 3.3.6 The Authority notes that as per the terms and conditions of the ISP's License Agreement with the Airport Operator (clause 11.4), Main Engineering, Procurement and Construction (EPC) Contractor appointed by GGIAL (Airport Operator) was entrusted the job of construction and development new greenfield airport, including Fuel Hydrant System (FHS) and BPCL was required to reimburse the estimated cost of FHS amounting to ₹ 19.76 crores (inclusive of GST) to the airport operator.

It is noted from the BPCL's submission that the ISP had paid ₹ 18.09 crores towards construction and development cost of FHS and the aspect of balance payment amount of ₹ 1.67 crores to AO will be revisited by the Authority at the time of finalization of Tariff Order. BPCL has submitted the copy of invoices raised by AO in respect of FHS along with CA certified Fixed Assets Register (FAR) and details of actual payment (UTR number etc.) made to the AO.

- 3.3.7 It is also noted that BPCL has capitalized an amount of ₹ 33.52 crores on 31.03.2023 in respect of Fuel Farm facility, including ₹ 19.76 crores for FHS. However, from the BPCL submission vide email dated 31.12.2024, the Authority observes that Fuel Farm facility & FHS have actually been commissioned in February 2024.

Considering the essentiality of Fuel Farm infrastructure & FHS for Fuel Farm and ITP services and their commissioning in February 2024, the Authority proposes to shift the capitalization of these assets (amounting to ₹ 33.52 crores) to 29.02.2024, as against capitalization date i.e. 31.03.2023 considered by BPCL.

- 3.3.8 The Authority noted from the BPCL's MYTP submission that at Mopa, Goa airport, there are total 18 (eighteen) aircraft parking bays. Out of the 18 aircraft parking bays, 2 (two) parking bays are not connected with Fuel Hydrant System. Further, out of 16 (sixteen) aircraft parking stands which are connected with FHS, 4 (four) parking stands are currently under commissioning.

Subsequently, BPCL vide email dated 07.02.2025 conveyed the current status of Aircraft Parking Bays at the Mopa, Goa Airport as under:

- Nos of parking bays connected with FHS – 20
- Nos of parking ways not connected with FHS - 4

It is further noted that Annexure III of the License Agreement between BPCL & GGIAL (AO) provides for the development of project in a phase-wise manner during the License Period and requires licensee (BPCL) to provide for 08 nos. of Dispensers and 03 nos. of Refuellers in the initial phase (construction phase).

The Authority, in this regard, enquired about the necessity of having 3 nos. of Refuellers, when there is a provision of Fuel Hydrant System at the Mopa, Goa airport. In response to AERA query, BPCL vide email dated 10.12.2024 submitted as under:

- **Non-Scheduled Flights:** Goa, as a tourist destination, attracts a high volume of non-scheduled charter and private flights. These flights often park in various bays, including those without hydrant pits, requiring flexible refuelling solutions that only mobile refuellers can provide.
- **Defueling Needs:** Defueling is sometimes required for maintenance or weight adjustments, which cannot be performed using the hydrant system. Refuellers are essential for defueling operations.
- **Operational Flexibility:** Refuellers ensure that aircraft in bays without full hydrant coverage, particularly the remote and single-pit bays, can be serviced without delay, especially during peak periods.

The ISP summarized that the refuellers are critical at Mopa Airport to support non-scheduled flights, handle defueling operations, and provide operational flexibility in bays without adequate hydrant infrastructure.

Considering the clarification given by BPCL, the Authority proposes to consider 03 (three) nos. of refuellers as submitted by ISP.

#### **Fire Fighting Equipment**

- 3.3.9 The Authority notes that BPCL has incurred a Capex of ₹5.34 crores for Fire Fighting Equipment during the Period 05.01.2023 to 31.03.2023. The details of major firefighting equipment as on 31.03.2023 are given in the table below:

**Table 9: List of Assets Capitalized under the head – Fire Fighting Equipment***(₹ in crores)*

| Sl. No.      | Particular of Asset(s)                        | Quantity | Amount      |
|--------------|---|----------|-------------|
| 1.           | FW Tank Gg CR 12m DIA X 15m HT                | 2        | 2.37        |
| 2.           | Fire Water Pump House 20m X 8m                | 1        | 0.72        |
| 3.           | FW Pump 342 KL/hr 105m Head                   | 3        | 1.19        |
| 4.           | FW Pipeline with Valves/ Fittings 300 NB #150 | 1        | 0.21        |
| 5.           | FW Pipeline with Valves/ Fittings 450 NB #150 | 1        | 0.20        |
| 6.           | 500/750 GPM UL/FM Water Cum Foam Monitors     | 12       | 0.19        |
| 7.           | Others  |          | 0.46        |
| <b>Total</b> |   |          | <b>5.34</b> |

3.3.10 Considering that the firefighting equipment is an essential requirement for safety of Fuel Farm Assets and safe operations, the Authority proposes to consider a Capex of ₹ 5.34 crores as proposed by the BPCL.

3.3.11 BPCL has furnished the CA certified Fixed Assets Register (FAR) and copies of Vendor Invoices for the major Assets etc., as supporting documents towards the assets capitalized in the books of accounts, in respect of its Fuel Farm & ITP Facilities at Mopa, Goa airport.

The Authority observes that Capital Expenditure incurred by BPCL is related to the ISP's operational requirements and same is also in line with the concession agreement executed between the ISP & the Airport Operator.

In view of the above, the Authority proposes to consider the assets capitalized for the period from 05.01.2023 to 31.03.2023, after considering the shifting of capitalization in respect of Fuel Farm facility & FHS from 31.03.2023 to 29.02.2024, as presented in the table given below:

**Table 10: Asset Capitalization proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023***(₹ in crores)*

| Sl. No. | Particulars             | As submitted by BPCL | As proposed by AERA |
|---------|-------------------------|----------------------|---------------------|
| 1.      | Plant & Machinery*      | 40.97                | 7.45                |
| 2.      | Buildings               | 8.91                 | 8.91                |
| 3.      | Fire Fighting Equipment | 5.34                 | 5.34                |
| 4.      | Electrical Equipment    | 2.36                 | 2.36                |
|         | <b>Total</b>            | <b>57.58</b>         | <b>24.06</b>        |

\*Capitalization amounting to ₹ 33.52 crores in respect of Fuel Farm facility & FHS has been shifted to February 2024, based on actual date of commissioning, as against March, 2023 considered by BPCL.

### 3.4 Depreciation for the period from 05.01.2023 to 31.03.2023

- 3.4.1 BPCL has submitted the useful life and depreciation rates pertaining to various Assets capitalized on 31.03.2023 as per the table given below:

**Table 11: Useful life and Depreciation Rates in respect of various Assets proposed by BPCL for the period from 05.01.2023 to 31.03.2023**

| Sl. No. | Particulars             | Useful life (in years) | Depreciation Rates |
|---------|-------------------------|------------------------|--------------------|
| 1.      | Buildings               | 30                     | 3.33%              |
| 2.      | Electrical Equipment    | 10                     | 10.00%             |
| 3.      | Fire Fighting Equipment | 15                     | 6.67%              |
| 4.      | Plant & Machinery       | 15                     | 6.67%              |

- 3.4.2 BPCL has proposed the depreciation in respect of the assets relating to Fuel Farm & ITP Facilities at Mopa Airport, pertaining to the period from 05.01.2023 to 31.03.2023, as per the table given below:

**Table 12: Depreciation for the period from 05.01.2023 to 31.03.2023 proposed by BPCL**  
(Amount in ₹)

| Sl. No. | Particulars             | Depreciation     |
|---------|-------------------------|------------------|
| 1.      | Plant & Machinery       | 74,823.00        |
| 2.      | Fire Fighting Equipment | 9,757.61         |
| 3.      | Buildings               | 8,135.87         |
| 4.      | Electrical Equipment    | 6,463.92         |
|         | <b>Total</b>            | <b>99,180.41</b> |

### 3.5 Authority's Examination on Depreciation for the period from 05.01.2023 to 31.03.2023

- 3.5.1 The Authority notes that in its MYTP submission, BPCL have considered Useful Life of Assets as per the AERA Order No. 35/2017-18 dated 12<sup>th</sup> January 2018, read with Amendment No. 01 to Order No. 35/2017-18 for computing the depreciation for the period 05.01.2023 to 31.03.2023.
- 3.5.2 It is noted that BPCL has capitalized all the Assets, pertaining to the period from 05.01.2023 to 31.03.2023, at the financial year-end (31.03.2023) and has considered depreciation for one day only.
- 3.5.3 However, in light of the Authority's proposal to consider depreciation rates as per AERA Order No. 35/2017-18 dated 12<sup>th</sup> January 2018, read with Amendment No. 01 to Order No. 35/2017-18 and to shift the capitalization date of the Fuel Farm Infrastructure & FHS from 31.03.2023 to 29.02.2024, the depreciation for the Assets under the head Plant & Machinery has been re-computed by the AERA.

The depreciation proposed to be considered by the Authority in respect of the period from 05.01.2023 to 31.03.2023 is presented below:

**Table 13: Depreciation proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023**

(Amount in ₹)

| Sl. No. | Particulars of Assets   | Depreciation as per BPCL | Depreciation as proposed by AERA |
|---------|-------------------------|--------------------------|----------------------------------|
| 1.      | Buildings               | 8,135.87                 | 8,135.87                         |
| 2.      | Electrical Equipment    | 6,463.92                 | 6,463.92                         |
| 3.      | Fire Fighting Equipment | 9,757.61                 | 9,757.61                         |
| 4.      | Plant & Machinery*      | 74,823.00                | 13,610.00                        |
|         | <b>Total</b>            | <b>99,180.41</b>         | <b>37,967.41</b>                 |

\*Difference in depreciation as per the Authority & BPCL is on account of shifting of commissioning of FHS from March 2023 to February 2024.

### 3.6 Regulatory Asset Base (RAB) for the period from 05.01.2023 to 31.03.2023

3.6.1 BPCL has submitted the Regulatory Assets Base (RAB) as on 31.03.2023 as per the table given below:

**Table 14: RAB as on 31.03.2023 submitted by BPCL in respect of Fuel Farm & ITP Facilities at Mopa Airport, Goa**

(₹ in crores)

| Sl. No. | Particulars                         | Amount       |
|---------|-------------------------------------|--------------|
| 1.      | Opening Regulatory Asset Base (RAB) | -            |
| 2.      | Additions to RAB (A)                | 57.58        |
| 3.      | Deletion (B)                        | -            |
| 4.      | Depreciation (C)                    | 0.01         |
| 5.      | <b>Closing RAB (D) = (A-B-C)</b>    | <b>57.57</b> |
|         | <b>Average RAB</b>                  | <b>57.57</b> |

### 3.7 Authority's Examination of the Regulatory Asset Base (RAB) as on 31.03.2023

3.7.1 The Authority notes that the BPCL has considered the Closing RAB and Average RAB as same (as on 31.03.2023), as there was Nil Opening RAB on 05.01.2023 (COD). Further, it is noted that the capitalization of all the assets, pertaining to period from 05.01.2023 to 31.03.2023, was done on 31.03.2023 by BPCL.

After making the adjustments in the capitalized value of Plant & Machinery, due to shifting capitalization date of Fuel Farm & FHS from 31.03.2023 to 29.02.2024 and depreciation thereof, the Authority has re-computed the RAB as on 31.03.2023, as presented in the table given below:

**Table 15: RAB proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Sl. No. | Particulars                     | Amount       |
|---------|---------------------------------|--------------|
| 1.      | Opening RAB                     | -            |
| 2.      | Addition (A)                    | 24.06        |
| 3.      | Deletion (B)                    | -            |
| 4.      | Depreciation (C)                | 0.0038       |
| 5.      | <b>Closing RAB (D)= (A-B-C)</b> | <b>24.06</b> |

### **3.8 Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023**

- 3.8.1 The Authority notes that BPCL, in its MYTP submission, has claimed 14% Fair Rate of Return (FRoR) on the RAB, for the period from 05.01.2023 to 31.03.2023. BPCL has not factored in any debt for the period under reference. Hence, based on the cost of equity @14% and nil debt, the FRoR for the period from 05.01.2023 to 31.03.2023 has been considered at 14% by the BPCL.

### **3.9 Authority's Examination regarding Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023**

- 3.9.1 The Authority notes from the BPCL's submission that capex on Fuel Farm & ITP Facilities at Mopa Goa airport has been funded entirely through equity and company has not availed any debt for this project.
- 3.9.2 In response to AERA query on non-availing of debt for the project financing in respect of their Mopa, Goa operations, BPCL vide email dated 20.08.2024 submitted that *"As per Capital Budget Guidelines of BPCL, projects below ₹ 100 Crores are funded through internal accruals and no additional debt is usually planned for such projects. As our investments for Mopa Goa fuel farm is less than ₹ 100 Crores, we have not taken any debt into our calculation."*
- 3.9.3 As regard to project financing, the Authority takes cognizance of the recommendations made by the Public Investment Board (PIB) in the Minutes of Meeting dated February 20, 2024 (No. 27 (03)/ PFC-I/ 2024) in the context of AAI's recent airport development projects, wherein, the PIB stated that AERA should consider other factors while assessing fair rate of return, in cases where there is a low level of gearing, with the underlying objective of protecting the reasonable interests of Users. PIB recommendation emphasizes the need to balance the financial considerations while determining tariff, with a view to protect the Airport Users' interests.

BPCL, being a Central Public Sector Enterprise and also operates in Civil Aviation Sector, like AAI, therefore, the recommendations of PIB relating to AAI also hold good in case of BPCL's Mopa Goa Operations.



Further, as per the Authority, the Fuel Farm Operations are basically the sub-set of the Airport Operator's functions and the Authority endeavors to balance the interest of all airport users and service providers, just as it does in case of the airport operators.

- 3.9.4 The Authority, generally considers the notional Debt-Equity ratio of 48:52 (Debt: Equity) for Airport Operators, so as to encourage efficient capital structure of the airport operators, which is in the interest of all the stakeholders.
- 3.9.5 For the purpose of application of notional debt-equity ratio indicated above, the Authority proposes to consider the notional Cost of Debt @ 9%, based on one-year Marginal Cost of Fund based Lending Rate (MCLR) of State Bank of India (prevailing as on 15.3.2025), as was recently considered by AERA for Varanasi airport.
- 3.9.6 As regard to Cost of Equity, the Authority proposes to consider Cost of Equity @ 15.18%, which is generally considered by the Authority for airports, including AAI.
- 3.9.7 Considering that there was nil opening RAB as on COD and entire capitalization from the COD (05.01.2023) upto 31.03.2023 had been done on 31.03.2023, the Authority proposes to compute FRoR for the period 05.01.2023 to 31.03.2023, considering closing RAB as on 31.03.2023, which is also in line with approach followed by the Authority respect of the Mopa Goa Airport.
- 3.9.8 Based on the above, Authority proposes to consider FRoR in respect of BPCL, for the period from 05.01.2023 to 31.03.2023 as per the table given below:

**Table 16: FRoR proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023**

| Sl. No. | Parameter                            | %             |
|---------|--------------------------------------|---------------|
| 1.      | Weighted Average notional Equity (A) | 52%           |
| 2.      | Weighted Average notional Debt (B)   | 48%           |
| 3.      | Cost of Equity (C)                   | 15.18%        |
| 4.      | Notional Cost of Debt (D)            | 9.00%         |
| 5.      | <b>FRoR (E=A*C+(1-A)*D)</b>          | <b>12.21%</b> |

### **3.10 Operation & Maintenance Expenses for the period from 05.01.2023 to 31.03.2023**

- 3.10.1 BPCL has submitted the Operating & Maintenance expenses for the Period from 05.01.2023 till 31.03.2023 as per table given below:

**Table 17: Actual Operation and Maintenance Expenses submitted by BPCL for the Period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Sl. No. | Particulars of Expenses        | Amount      |
|---------|--------------------------------|-------------|
| 1.      | Manpower Expenses              | 0.47        |
| 2.      | Administrative Expenses        | 0.06        |
| 3.      | Rental Expenses                | 0.24        |
| 4.      | Repairs & Maintenance Expenses | 0.56        |
| 5.      | Utility Expenses               | 0.13        |
|         | <b>Total</b>                   | <b>1.46</b> |

### 3.11 Authority's Examination on Operation & Maintenance expenses for the period from 05.01.2023 to 31.03.2023

3.11.1 BPCL has submitted details of ₹1.46 Crores towards O&M Expenditure for the period from 05.01.2023 to 31.03.2023, out of which, a major portion i.e. ₹ 0.56 crore of O&M expenses is related to Repair/ Maintenance and ₹ 0.47 crore for the manpower expenses.

3.11.2 In response to AERA query regarding proportionately higher expenses under repair & maintenance head, BPCL vide mail dated 31.12.2024 submitted that *"the expenses of ₹ 56 lakhs under Repair and Maintenance shown for the period 5<sup>th</sup> January to 31<sup>st</sup> January 2023 were incurred as the operations was being handled through deployment of Containerized tanks and refueller mobilized from other AFS, as Fuel Farm facility was still under construction. The same were utilized till the Fuel Farm was commissioned and subsequently the FHS"*.

Further, vide email dated 24.01.2025, ISP submitted that out of the total Repair & Maintenance expenses (₹ 0.56 crore) for the period 05.01.2023 to 31.03.2023, ₹ 0.24 crore were related to repair & maintenance (on items such as changing of filters, tyre replacements, equipment calibration, painting etc.) in respect of the 08 nos. of Refuellers shifted from the other locations of BPCL on temporary basis and remaining ₹ 0.32 crore is towards routine R&M expenses.

Considering the above, the Authority proposes to consider ₹ 0.56 crore under the Repair and Maintenance expenses as proposed by the ISP.

3.11.3 The Authority notes from the BPCL submission that as per its license agreement with the GGIAL (AO), 15% of Revenue from the Fuel Farm Services and 5% of Revenue from ITP services is payable by BPCL to the Airport Operator as Revenue Share.

3.11.4 Based on the review of BPCL's submission as per the above, the Authority considers the actual O&M Expenditure of ₹1.46 crores for the period from 05.01.2023 to 31.03.2023 as reasonable. Accordingly, the Authority proposes to consider the O&M expenses amounting to ₹1.46 crores for the period from 05.01.2023 to 31.03.2023, as proposed by the ISP.

### 3.12 Taxation for the Period from 05.01.2023 to 31.03.2023

3.12.1 BPCL has submitted taxation calculation for the period prior to the First Control Period as follows:

**Table 18: Aeronautical Taxation for the Period from 05.01.2023 to 31.03.2023 submitted by BPCL**

(₹ in crores)

| Particulars             | Ref.                 | Amount       |
|-------------------------|----------------------|--------------|
| Profit Before Tax (PBT) | A                    | -0.49        |
| Add: Book Depreciation  | B                    | 0.01         |
| Less: IT Depreciation   | C                    | 4.10         |
| <b>Adjusted Profit</b>  | <b>D = A + B – C</b> | <b>-4.58</b> |
| Opening Losses          | E                    | -            |
| Set Off                 | F                    | -4.58        |

| Particulars                         | Ref.                                | Amount |
|-------------------------------------|-------------------------------------|--------|
| Carry Forward of Accumulated Losses | $G = E + F$                         | -4.58  |
| <b>Taxable Income</b>               | <b><math>H = D - F</math></b>       | -      |
| <b>Tax as per IT ACT</b>            | <b><math>I = H * 25.17\%</math></b> | -      |

### 3.13 Authority's Examination of Taxation for the period from 05.01.2023 to 31.03.2023

- 3.13.1 The Authority notes that there was nil taxable income of BPCL for its Fuel Farm & ITP services at Mopa, Goa airport, as the ISP had incurred losses for the period from 05.01.2023 to 31.03.2023. The ISP, in its MYTP submission has carried forward the losses amounting to ₹ 4.58 Crores for the period from 05.01.2023 to 31.03.2023 to the First Control Period.

**Table 19: Aeronautical Taxation proposed to be considered by the Authority for the Period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Particulars                                     | Ref.                                | Amount     |
|---|-------------------------------------|------------|
| Aeronautical Revenue                            | A                                   | 1.11       |
| Operating Expenditure                           | B                                   | 1.46       |
| Less: IT Depreciation                           | C                                   | 1.58       |
| Profit / (Loss) Before Tax                      | $D = A - (B+C)$                     | -1.93      |
| <b>Taxable Income</b>                           | <b>E</b>                            | <b>Nil</b> |
| <b>Tax as per IT ACT</b>                        | <b><math>F = E * 25.17\%</math></b> | <b>Nil</b> |
| Carry Forward of Losses to First Control Period | G                                   | -1.93      |

Based on the above, the Authority proposes to consider the Aeronautical Tax as NIL for the period 05.01.2023 to 31.03.2023, as per the above table.

### 3.14 Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023

- 3.14.1 BPCL has submitted ARR for the period from 05.01.2023 to 31.03.2023 as per the table given below:

**Table 20: Aggregate Revenue Requirement submitted by BPCL for the period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Particulars                                       | Reference                                    | Amount      |
|---|--|-------------|
| Closing RAB                                       | A  | 57.57       |
| Fair Rate of Return (FRoR)                        | B  | 14.00%      |
| <b>Return on RAB</b>                              | <b><math>C = A * B * 2.87 \div 12</math></b> | <b>1.93</b> |
| O&M Expenses                                      | D  | 1.46        |
| Depreciation                                      | E  | 0.01        |
| Taxation  | F  | -           |
| Revenue Share                                     | G  | 0.13        |
| Finance Cost on BG                                | H  | 0.0025      |
| Return on Security Deposit                        | I  | 4.33        |
| <b>Aggregate Revenue Requirement (ARR)</b>        | <b><math>J = \text{Sum (C: I)}</math></b>    | <b>7.86</b> |
| Income from Fuel Infrastructure Fee (FIF)         | K  | 1.11        |
| <b>Under Recovery</b>                             | <b><math>L = J - K</math></b>                | <b>6.75</b> |
| PV Factor   | $M = (1 + B) ^ t$                            | 1.30        |
| <b>PV of Under Recovery as on 31st March 2025</b> | <b><math>N = L * M</math></b>                | <b>8.77</b> |

3.14.2 BPCL has proposed to carry forward the under recovery of ARR pertaining to the period from COD (i.e. 05.01.2023) to 31.03.2023 amounting to ₹ 8.77 crores to the First Control Period.

### **3.15 Authority's Examination on Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023**

#### **Return on Security Deposit:**

3.15.1 The Authority notes that as per the license agreement, BPCL has to pay ₹ 38 crores as a Security Deposit (SD) to GGIAL in two equal instalments of ₹ 19 crores, first installment during the signing of Concession Agreement and second instalment before the Commercial Operations Date. From the review of documents submitted by BPCL (including snapshot of bank statement indicating RTGS/ UTR Nos.), it is noted that the ISP had paid the first installment of SD amounting to ₹19 Crores on 16.11.2021 and second installment of ₹ 19 Crores on 03.01.2023 to the Airport Operator.

BPCL claimed a Return on Security Deposit @14% (from the date of payment of SD to AO) considering Cost of Equity @ 14% proposed by the ISP and has accordingly considered Return on SD in the ARR computation, for the period from 05.01.2023 to 31.03.2023.

However, the Authority proposes to consider the Return on SD @ 5% per annum, from the Commercial Operations Date (COD), in line with the approach generally followed by Authority in this regard for the ISPs.

3.15.2 Based on the review of regulatory building blocks and after considering the relevant factors, the Authority has re-computed the ARR for the period from 05.01.2023 to 31.03.2023, as per table given below:

**Table 21: Aggregate Revenue Requirement proposed by the Authority for the period from 05.01.2023 to 31.03.2023**

(₹ in crores)

| Particulars  | Reference                                     | Amount      |
|--|---|-------------|
| Closing RAB  | A   | 24.06       |
| Fair Rate of Return (FRoR)                                   | B   | 12.21%      |
| <b>Return on RAB</b>   | <b><math>C = A * B * (87 \div 365)</math></b> | <b>0.70</b> |
| O&M Expenses   | D   | 1.46        |
| Depreciation   | E   | 0.0038      |
| Return On Security Deposit @5%                               | F   | 0.45        |
| Taxation   | G   | -           |
| Revenue Share  | H   | 0.13        |
| <b>Aggregate Revenue Requirement (ARR)</b>                   | <b><math>I = \text{Sum (C: H)}</math></b>     | <b>2.75</b> |
| FIF Revenue  | J   | 1.11        |
| <b>Under Recovery</b>  | <b><math>K = I - J</math></b>                 | <b>1.64</b> |
| PV Factor  | $L = (1 + B)^{-1}$                            | 1.12        |
| <b>PV of Under Recovery as on 31<sup>st</sup> March 2024</b> | <b><math>M = L * K</math></b>                 | <b>1.84</b> |

3.15.3 The Authority has determined the PV of Under Recovery amounting to ₹ 1.84 crores, as on 31.03.2023, as against PV of Under Recovery claimed by the BPCL amounting to ₹ 8.77 crores. The major reasons of variance in the Under Recovery as proposed by the Authority and as claimed by the BPCL, are as under:

- Reduction in the Average RAB by ₹ 33.52 crores (₹ 57.57 crores - ₹ 24.06 crores) due to shifting of the capitalization of Fuel Farm Infrastructure & FHS from 31.03.2023 to 29.02.2024.
- Determination of FRoR by the Authority @12.21% as against 14.00 % claimed by BPCL, resulting in reduction of Return on RAB amounting to ₹ 1.23 crores.
- Proposed 5% Return on Security Deposit in place of 14% Return considered by the BPCL, resulting in reduction of Return on Security Deposit by ₹ 3.88 crore.

3.15.4 Based on the calculations as per the above table, the Authority proposes to consider ARR for the period from 05.01.2023 to 31.03.2023 amounting to ₹ 2.75 crores, whereas the actual revenue earned from Fuel Farm & ITP services during the same period amounted to ₹ 1.11 crores, thus resulting in an under recovery of ₹ 1.64 crores (₹ 1.84 crores in PV terms).

### **3.16 Authority's Proposals regarding ARR for the period from 05.01.2023 to 31.03.2023**

Based on the material before it and its analysis, the Authority with respect to ARR for the period from 05.01.2023 to 31.03.2023 proposes:

- 3.16.1 To consider Capital Additions as per Table 10.
- 3.16.2 To consider Aeronautical Depreciation as per Table 13.
- 3.16.3 To consider RAB as per Table 15.
- 3.16.4 To consider FRoR as per Table 16.

3.16.5 To consider the O&M Expenses as detailed in Table 17.

3.16.6 To consider ARR and Under-Recovery as per Table 21 and to adjust this shortfall in the ARR of the First Control Period.

# **First Control Period**

## **(FY 2023-24 to FY 2027-28)**

#### 4. FUEL THROUGHPUT (VOLUME) FOR THE FIRST CONTROL PERIOD

##### 4.1 BPCL's submission regarding the projection of Fuel throughput for the First Control Period for Mopa, Goa

4.1.1. BPCL has submitted the actual fuel throughput for the first tariff year (FY 2023-2024) and projections for the remaining tariff years of the First Control Period, along with growth rates assumed for fuel throughput on Y-o-Y basis, as shown in the table given below:

**Table 22: Fuel Throughput Projection submitted by BPCL for the First Control Period**

| Particular            | FY<br>2023-24<br>(actual) | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total           |
|-----------------------|---------------------------|---------------|---------------|---------------|---------------|-----------------|
| Fuel Throughput in KL | 86,561                    | 1,12,444      | 1,31,377      | 1,49,618      | 1,57,099      | <b>6,37,098</b> |
| Growth %              | -                         | 29.90%        | 16.84%        | 13.88%        | 5.00%         |                 |

4.1.2. BPCL has projected the Fuel Throughput for the First Control Period considering the following assumptions:

- The study on ATM/PTM of Dabolim for pre-covid period and the current trend in ATF sales for both Dabolim and MoPA including the seasonal variance in the traffic.
- The shifting of the domestic operations from the Dabolim airport to Mopa airport has not happened as originally estimated. Also, there was a delay in the anticipated shifting of the international traffic from Dabolim airport to Mopa airport, which is expected to happen in phases in the next 2 to 3 years. Meanwhile, both Domestic and International flights will continue to operate out of Dabolim airport.
- The Government of India has stopped giving bi-lateral rights to international carriers.
- There was a significant increase in VAT from 8% to 15% for the ATF, from FY 2024-25 in the state of Goa. This has resulted in a 20% - 25% reduction in domestic fuel upliftment at both the airports in Goa.

##### 4.2 Authority's Examination regarding Fuel Throughput Projection for the First Control Period

4.2.1 The Authority notes that BPCL has submitted the actual fuel throughput for FY 2023-24 along with the projections for the remaining Financial Years of the First Control Period.

4.2.2 The Authority notes that there is not much historical data available for projecting fuel throughput volumes, as the Mopa, Goa airport commenced its commercial operations on 05.01.2023.

The Authority notes that considering the assumptions indicated at para 4.1.2, BPCL has projected 30%, 17% and 14% growth in the fuel throughput volume for the FY 2024-25, FY



2025-26 and FY 2026-27 respectively. Whereas, the ISP has considered only 5% growth for ATF upliftment in FY 2027-28 as compared to FY 2026-27.

In this regard, the Authority vide e-mail dated 14.08.2024 sought the clarification from BPCL for assuming the nominal growth in ATF upliftment for the FY 2027-28.

In response thereto, BPCL vide email dated 25.10.2024 submitted that *“the shifting of the domestic civil operation from Navy’s Dabolim Goa Airport, a Civil Enclave, to GMR’s Manohar International Airport, at Mopa Goa, an open access civil airport, is yet to be completed. Same is the case with the international operation too. Based on market information, it is assumed that foreign carriers will shift completely and significant portion of domestic will also shift from FY 2024-25 in two consecutive years. Moreover, Mopa Airport being a greenfield new airport, like FY 2023-24, additional flights is expected to start operations in coming two years. The above points are the reasons of higher growth in sales projection in initial years by 2026-27, the shifting of operation will be completed, therefore the growth of sales in 2027-28 will be due to the natural air traffic and passenger demand based on present VAT and other parameters.”*

- 4.2.3 Considering that the Mopa, Goa is a greenfield airport and ATF volume projected by the ISP for the First Control Period appears reasonable, the Authority proposes to consider Fuel Throughput projection for BPCL in respect its First Control Period as given in the Table 22 above.

#### **4.3 Authority’s proposals regarding Fuel Throughput for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to the Fuel Throughput forecast for the First Control Period:

- 4.3.1 To consider the Fuel Throughput Forecast for the First Control Period in respect of BPCL, at Mopa, Goa airport as per Table 22.
- 4.3.2 To true up the Fuel Throughput in respect of the First Control Period, based on actual Fuel Throughput, at the time of tariff determination for the Second Control Period.

## 5. CAPITAL EXPENDITURE, DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD

As per clause 9.2 of the CGF Guidelines, Regulatory Asset Base (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. 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.

### 5.1 BPCL's submission regarding CAPEX for the First Control Period

- 5.1.1 BPCL, as part of its MYTP, submitted the actual CAPEX incurred for FY 2023-24 and Projections for the remaining Tariff Years of the First Control Period (FY 2024-25 to FY 2027-28) as given in the table below:

**Table 23: Capital Expenditure submitted by BPCL for the First Control Period**

(₹ in crores)

| Particular of Assets             | FY 2023-24 (Actual) | FY 2024-25  | FY 2025-26  | FY 2026-27 | FY 2027-28 | Total        |
|----------------------------------|---------------------|-------------|-------------|------------|------------|--------------|
| Building                         | 3.84                | -           | 1.72        | -          | -          | 5.56         |
| Computers - Servers and Networks | 4.30                | -           | -           | -          | -          | 4.30         |
| Deadstock                        | 2.84                | -           | -           | -          | -          | 2.84         |
| Electrical Equipment             | 4.74                | -           | -           | -          | -          | 4.74         |
| Fire Fighting Equipment          | 1.65                | -           | -           | -          | -          | 1.65         |
| Furniture & Fixtures             | 0.16                | -           | -           | -          | -          | 0.16         |
| Office Equipment                 | 0.12                | -           | -           | -          | -          | 0.12         |
| Plant & Machinery                | 12.81               | 1.80        | -           | -          | -          | 14.60        |
| Vehicles                         | 0.18                | -           | -           | -          | -          | 0.18         |
| <b>Total</b>                     | <b>30.64</b>        | <b>1.80</b> | <b>1.72</b> | <b>-</b>   | <b>-</b>   | <b>34.16</b> |

- 5.1.2 BPCL, in respect of Capex proposed for the First Control Period, submitted that they have considered the Capex which is required to provide the services as laid down in the license agreement with the airport operator and projects that are getting capitalized and added to the Regulatory Asset Base in the current Control Period.

### 5.2 Authority's Examination regarding CAPEX projection for the First Control Period

- 5.2.1 The Authority notes that BPCL has submitted total CAPEX of ₹ 34.16 crores for the First Control Period, including ₹ 2.84 crores towards deadstock fuel. Out of the total CAPEX of ₹ 34.16 crores proposed for the Control Period, 89.69% i.e. ₹ 30.64 crores has already been incurred in the first tariff year of the First Control Period i.e. FY 2023-24 and rest of the

CAPEX amounting to ₹ 1.80 crores & ₹ 1.72 crores are proposed to be incurred by the ISP in the FY 2024-25 and FY 2025-26 respectively.

- 5.2.2 The Authority notes that most of the CAPEX proposed by the BPCL during the First Control Period is related to Building, Fuel Hydrant System, ATF Tank etc. and major portion of this proposed capex is towards the additional works/ extra jobs pertaining to the Capital works already incurred by the ISP, in the first tariff year of the Control Period.
- 5.2.3 In response to AERA query regarding CAPEX incurred as the extra works, BPCL clarified that *“Capitalization of the assets were done after the said asset (building/ tank/ pump) was completed and ready. However, due to financial procedures and DRA, final bill was processed later. This amount is for final bill and GST of the said asset.”*

**Details of Major CAPEX proposed by BPCL for the First Control Period are discussed below:**

**Construction of First Floor of the Administration Building:**

- 5.2.4 It is noted that that BPCL has proposed Capex of ₹ 1.72 crores on the construction of first floor in the Administration Building in the FY 2025-26. As per the BPCL, the present office space is not adequate for the current manpower and lacks basic amenities such as Conference Room, adequate Kitchen / Dining Room, Office spaces for their client Oil Marketing Companies (OMC) etc.

Considering that Conference Room, office space for the client OMCs, etc. are the basic amenities/ requirements for the occupants of administrative Building, the Authority proposes to consider the capex on the further construction of the first floor in the current Administration Building, with the proposed capitalization in the FY 2025-26. However, the Authority observes that in the estimated construction cost, the ISP has considered 7% PMC & 10% contingency cost, which considering the small scope of the work and which doesn't entail much complexities, seems to be on the higher side. Therefore, the Authority proposes to rationalize PMC costs to 5% and Project contingency at 3%, which is in line with project soft cost generally considered by AERA for all other airports.

Based on the above, the Authority proposes to consider capex amounting to ₹ 1.58 crores (cost rationalized by ₹ 0.14 crore) for the construction of office at the first floor in the Administration Building with capitalization in FY 2025-26, as against the estimated cost of ₹ 1.72 crores considered by the ISP.

**Electrical Equipment:**

- 5.2.5 BPCL has proposed ₹ 4.74 crores (i.e. 14% of the total CAPEX of ₹ 34.16 Crores) on the purchase/ installation of electrical equipment for the First Control Period, as presented in the table given below:

**Table 24: Capital Expenditure on Electrical Equipment submitted by BPCL for the First Control Period**

(₹ in crores)

| Sl. No | Item Name                           | Qty | Rate (₹ /Unit) | Amount      |
|--------|-------------------------------------|-----|----------------|-------------|
| 1      | Extra Job on PCC Panel              | 1   | 10,35,358.99   | 0.10        |
| 2      | Extra Job on MCC Panel              | 1   | 10,35,358.99   | 0.10        |
| 3      | Radar Gauge FWT                     | 2   | 10,20,296.33   | 0.20        |
| 4      | Radar Gauge Gox                     | 3   | 10,88,093.23   | 0.33        |
| 5      | Servo Gauge Gox                     | 5   | 10,88,093.23   | 0.54        |
| 6      | Pressure Transmitter Sil 2          | 1   | 12,51,576.33   | 0.13        |
| 7      | Compound Pressure Transmitter Sil 2 | 1   | 10,84,016.33   | 0.11        |
| 8      | Dual Redundant Ups 15 Kva           | -   | 26,13,297.48   | 0.26        |
| 9      | Others                              |     |                | 2.97        |
|        | <b>Total</b>                        |     |                | <b>4.74</b> |

The Authority notes that Capex on the Electrical Equipment has already been incurred in FY 2023-24 and capitalized in the books of accounts. It is noted from the ISP's submission Capex incurred on electrical equipment is related to set of equipment which is considered essential for the smooth Fuel Farm and ITP Operations at the airport. Considering the operational requirements for smooth functioning of Fuel Farm / ITP services and based on actual capitalization done in FY 2023-24 as per the FAR, the Authority proposes to consider capex on electrical equipment amounting to ₹ 4.74 crores as submitted by ISP.

**Plant & Machinery:**

- 5.2.6 It is noted that BPCL has proposed a Capex of ₹ 14.60 crores towards Plant & Machinery during the First Control Period. Out of the total Capex on Plant & Machinery proposed for the Control Period, major portion (88% i.e. ₹ 12.81 crores) has already been incurred in the first tariff year i.e. FY 2023-24 and remaining Capex of ₹ 1.80 crores is proposed to be incurred in FY 2024-25. Capital Expenditure under the Plant & Machinery proposed for the First Control Period are shown in the table given below:

**Table 25: Capital Expenditure on Plant & Machinery submitted by BPCL for the First Control Period**

(₹ in crores)

| Sl. No. | Item Name  | Qty | Rate (₹/Unit)  | Amount       |
|---------|--|-----|----------------|--------------|
| 1       | Hydrant Dispenser with Deckhose Module             | 4   | 94,18,760.00   | 3.77         |
| 2       | Hydrant Dispenser with Deckhose Chassis            | 4   | 14,27,949.16   | 0.57         |
| 3       | Mobile Proving Vessel 5 Kl (with FLP Pump)         | 1   | 11,21,000.00   | 0.11         |
| 4       | Add Job on Fuel Hydrant System with 20 Nos HYD PIT |     | 79,71,141.62   | 0.80         |
| 5       | Additional Job on ATF Tank Gox                     | 3   | 17,61,495.22   | 0.53         |
| 6       | Extra Work on ATF Coated Pipeline 350nb #150       |     | 31,33,023.94   | 0.31         |
| 7       | Extra Work on ATF Coated Pipeline 450nb #150       |     | 29,86,642.89   | 0.30         |
| 8       | Turbine Flow Meter FHS Pump                        | 4   | 8,31,496.33    | 0.33         |
| 9       | Add Job on FHS Pump                                | 4   | 17,07,002.73   | 0.68         |
| 10      | Extension of FHS Pipeline                          |     | 1,30,00,000.00 | 1.30         |
| 11      | Pilot Valves                                       |     | 27,25,800.00   | 0.27         |
| 12      | Dead Stock   |     | 2,84,39,969.74 | 2.84         |
| 13      | Others   |     |                | 2.78         |
|         | <b>Total</b>                                       |     |                | <b>14.60</b> |

5.2.7 The Capex incurred/proposed under the Plant & Machinery during the First Control Period is mainly related to the Fuel Hydrant Dispensers, Extension of Fuel Hydrant System (FHS) and Dead Stock and same is discussed as under:

- a) **Hydrant Dispensers:** The Authority notes that BPCL has considered a procurement of total eight nos. (08) of Hydrant Dispensers for their Mopa, Goa operations, in line with Annexure-III of the Concession Agreement, which mandates licensee to procure 8 nos. Hydrant Dispensers in the initial project phase.

It is noted that the ISP has already commissioned four nos. (04) Hydrant Dispensers during the period from 05.01.2023 (COD) to 31.03.2023 and additional four (04) Hydrant Dispensers have been commissioned in the FY 2023-24 (first tariff year of the Control Period).

As per the ISP, having 08 nos. hydrant dispensers is crucial from operational efficiency point of view for accommodating current and future operational demands, including simultaneous refueling of aircrafts, ensuring timely fueling without delays during peak periods and it allows for the better management of maintenance schedules without compromising fueling capabilities. The ISP further stated that out of 8 nos. of hydrant dispensers, one hydrant dispenser is kept as a backup, for any breakdown of or against the hydrant dispenser out of service due to routine repair/ maintenance etc.

Considering that Capex on four (04) nos. Hydrant Dispensers incurred and capitalized by BPCL in the books of accounts in FY 2023-24 is in accordance with the requirements of its concession agreement with the airport operator and the provision of Hydrant Dispensers is an operational requirement for running the Fuel Farm Infrastructure & ITP facilities in an efficient manner, hence, Authority proposes to consider capex on the four (04) hydrant dispensers at a cost of ₹ 4.34 crores with capitalization in FY 2023-24, as submitted by BPCL.

- b) **Extension of FHS Pipeline:** The Authority notes from the submission made by BPCL that GGIAL handed over a plot of land at a different location other than the area initially earmarked in the Airport Master Plan for construction of Fuel Farm at Mopa, Goa Airport. As a result, BPCL was required to shift the Hydrant line Exchange Pit by approx. 120 meters. This scope change has resulted in incurrence of Capex amounting to ₹ 1.30 crore for additional pipeline work in the FY 2024-25. Considering the necessity of capex for operationalization of Fuel Farm Services, the Authority proposes to consider the additional capex on Hydrant line Exchange Pit amounting to ₹ 1.30 crores with capitalization in FY 2023-24.

- c) **Dead Stock:** The Authority notes BPCL has proposed ₹ 2.84 crores in the CAPEX in respect of the 3.20 lakhs liters ATF considered as deadstock in the FY 2023-24. The Authority is cognizant of the fact that certain minimum level of aviation fuel (dead stock) is always required to be stored in fuel storage tanks/ fuel hydrant lines for uninterrupted operations of the fuel farm. In support to the Dead Stock quantity and cost, BPCL vide mail dated 27.03.2025 submitted the blocked stock certificate. As per the certificate, 3.20 lakh liters of Aviation fuel is Blocked in Hydrant pipeline, Fuel Farm pipelines, Hydrant Dispensers pipeline etc. and is hence non withdrawable. As per BPCL as on 31.03.2024, the per KL rate of Aviation Fuel was Rs 88790 (inclusive of taxes) and deadstock of ATF has been valued at ₹ 2.84 crores accordingly.

The ATF in a normal course of business is a saleable commodity and same can't be equated with Capital Assets such as Fuel Storage Tanks & Fuel Hydrant System, Plant & Machineries etc. wherein a Fair Rate of Return (FRoR) & Depreciation is allowed to the service provider. However, it is noted that some capital gets blocked in form of dead stock, which can only be realized after the end of concession term.

In order to compensate the ISP on account of erosion in the value of money locked-in as 'dead stock', due to general inflation etc., the Authority proposes to consider a nominal interest/return @ 5% per annum separately on the dead stock amounting to ₹ 2.84 crores and not treat it as a part of RAB, while computing ARR for the First Control Period, and not treat it as a part of RAB.

#### 5.2.8 Commissioning of Fuel Farm (FF) Infrastructure & Fuel Hydrant System (FHS):

During the review of MYTP submission made by BPCL, it is observed that the ISP had capitalized FF and FHS amounting to ₹ 33.52 crores on 31.03.2023, though these facilities have actually been commissioned in February, 2024. Considering the actual commissioning of FF and FHS in February, 2024, the Authority proposes to capitalize FF Infrastructure and FHS on 29.02.2024 (as against capitalization done by the ISP on 31.03.2023).

#### Computer-Servers & Network

- 5.2.9 BPCL has proposed a Capex of ₹ 4.30 crores, which is around 13% of the total Capex proposed for the First Control Period (Refer table 23), towards purchase of Computers – Servers and Networks as given below:

**Table 26: Capital Expenditure on Computers Servers and Networks submitted by BPCL for the First Control Period**

(₹ in crores)

| Sl. No. | Item Name                                    | Amount      |
|---------|--|-------------|
| 1       | Hydrant Integrity Testing System (HITS/ LDS) | 1.33        |
| 2       | Safety PLC Sil 3                             | 0.54        |
| 3       | FLP Fixed Camera 2 Nos.                      | 0.20        |
| 4       | WP Fixed Camera 4 Nos.                       | 0.23        |
| 5       | WP PTZ Camera 4 Nos.                         | 0.28        |
| 6       | HC/ VOC System                               | 0.62        |
| 7       | Others                                       | 1.10        |
|         | <b>Total</b>                                 | <b>4.30</b> |

The Authority notes that entire Capex related to IT infrastructure – Computers Servers & Networks for the First Control Period amounting to ₹ 4.30 crores has already been executed by the BPCL in the FY 2023-24 (first tariff year). The Capex related to the computer servers & networks is considered essential for the smooth & efficient operations of Fuel Farm & ITP Services. Accordingly, based on the actual capitalization done by the BPCL in FY 2023-24 as per FAR, the Authority proposes to consider capitalization of IT Infrastructure-computer

servers & network etc. amounting to ₹ 4.30 crores during the first tariff year (FY 2023-24) of the Control Period.

5.2.10 It is pertinent to mention that around 90% of total the Capex planned for the First Control Period has already been executed and capitalized in the books of accounts by the BPCL in the first tariff year of the Control Period i.e. FY 2023-24. It is noted that Capex executed during the FY 2023-24 is in line with the requirements of concession agreement & is related FF & ITP facilities. Similarly, other miscellaneous capex planned by the BPCL during the FY 2024-25 & FY 2025-26 is also towards the operational requirements.

Further, the ISP has furnished a copy of Fixed Assets Register (FAR) in respect of BPCL's Mopa-Goa unit, containing entries towards the assets capitalized in the books of accounts during the FY 2023-24. In addition, the ISP has also submitted copies of vendor invoices etc., as supporting documents towards major Capex executed during the first tariff year (FY 2023-24) of the Control Period.

5.2.11 In view of the above analysis and considering that the Fuel Farm & ITP services are integral to the airport operations and also taking into account the essentiality of the Capex incurred/proposed by the BPCL for supporting the aeronautical operations at the Mopa-Goa airport, the Authority proposes to consider Capital Expenditure for the First Control Period, as given in the table below:

**Table 27: Capital Expenditure (Capitalization) proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Building                         | 3.84          | -             | 1.58          | -             | -             | 5.42         |
| Computers - Servers and Networks | 4.30          | -             | -             | -             | -             | 4.30         |
| Electrical Equipment             | 4.74          | -             | -             | -             | -             | 4.74         |
| Fire Fighting Equipment          | 1.65          | -             | -             | -             | -             | 1.65         |
| Furniture & Fixtures             | 0.16          | -             | -             | -             | -             | 0.16         |
| Office Equipment                 | 0.12          | -             | -             | -             | -             | 0.12         |
| Plant & Machinery                | 46.32         | 1.80          | -             | -             | -             | 48.12        |
| Vehicles                         | 0.18          | -             | -             | -             | -             | 0.18         |
| <b>Total</b>                     | <b>61.31*</b> | <b>1.80</b>   | <b>1.58</b>   | <b>-</b>      | <b>-</b>      | <b>64.68</b> |

\* Difference in CAPEX in FY 2023-24 vis-a-vis BPCL figures (₹ 30.67 crores) is on account of shifting of date of commissioning of FHS from March 2023 to February 2024 (₹ 33.52 crores) and non-consideration of deadstock (₹ 2.84 crores) as part of CAPEX by the Authority.

### 5.3 Depreciation for the First Control Period

5.3.1 M/s BPCL has considered the Useful Life of Assets as per the table below.

**Table 28: Useful Life of Assets considered by BPCL for the First Control Period**

| Particulars                      | Useful Life | Rate   |
|----------------------------------|-------------|--------|
| Building                         | 30          | 3.33%  |
| Computers - Servers and Networks | 6           | 16.67% |
| Electrical Equipment             | 10          | 10.00% |
| Fire Fighting Equipment          | 15          | 6.67%  |
| Furniture & Fixtures             | 7           | 14.29% |
| Office Equipment                 | 5           | 20.00% |
| Plant & Machinery                | 15          | 6.67%  |
| Vehicles                         | 8           | 12.50% |

5.3.2 The depreciation projected by the BPCL for the First Control Period has been presented in the table given below:

**Table 29: Depreciation projected by BPCL for the First Control Period**

(₹ in crores)

| Particulars                            | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|--|---------------|---------------|---------------|---------------|---------------|--------------|
| Building                               | 0.34          | 0.42          | 0.45          | 0.48          | 0.48          | <b>2.18</b>  |
| Computers -<br>Servers and<br>Networks | 0.24          | 0.72          | 0.72          | 0.72          | 0.72          | <b>3.10</b>  |
| Electrical<br>Equipment                | 0.47          | 0.70          | 0.71          | 0.71          | 0.71          | <b>3.31</b>  |
| Fire Fighting<br>Equipment             | 0.41          | 0.46          | 0.47          | 0.47          | 0.47          | <b>2.27</b>  |
| Furniture &<br>Fixtures                | 0.01          | 0.02          | 0.02          | 0.02          | 0.02          | <b>0.10</b>  |
| Office<br>Equipment                    | 0.01          | 0.02          | 0.02          | 0.02          | 0.02          | <b>0.11</b>  |
| Plant &<br>Machinery                   | 3.21          | 3.64          | 3.70          | 3.70          | 3.70          | <b>17.97</b> |
| Vehicles                               | 0.02          | 0.02          | 0.02          | 0.02          | 0.02          | <b>0.11</b>  |
| <b>Total</b>                           | <b>4.71</b>   | <b>6.04</b>   | <b>6.12</b>   | <b>6.15</b>   | <b>6.15</b>   | <b>29.16</b> |

### 5.4 Authority's Examination on Depreciation for the First Control Period

5.4.1 The Authority notes that ISP has not computed the depreciation in respect of First Control Period as per AERA Order No. 35/2017-18 dated 12<sup>th</sup> January 2018, read with Amendment No. 01 to Order No. 35/2017-18. Accordingly, the Authority has recomputed the depreciation for the First Control Period, considering the above-mentioned orders.



- 5.4.2 It is observed that ISP, in respect of FY 2023-24 (first tariff year), computed depreciation based on actual date of capitalization of assets.
- 5.4.3 Further, it is noted that the BPCL has considered Deadstock (ATF) as a non-depreciable asset in the RAB proposed for the control period. Accordingly, no depreciation claimed by the BPCL.
- 5.4.4 Based on the above, the Authority has recomputed depreciation considering depreciation for the First Control Period, after considering AERA Orders regarding 'In the matter of Determination of Useful Life of Airport Assets' and shifting of capitalization related to Fuel Farm Infrastructure & FHS (₹ 33.52 crores) from 31.03.2023 to 29.02.2024.
- 5.4.5 The depreciation proposed to be considered by the Authority for the First Control Period is presented in the table given below:

**Table 30: Depreciation proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY 2023-24  | FY 2024-25  | FY 2025-26  | FY 2026-27  | FY 2027-28  | Total        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Building                         | 0.34        | 0.42        | 0.45        | 0.48        | 0.48        | 2.17         |
| Computers - Servers and Networks | 0.24        | 0.72        | 0.72        | 0.72        | 0.72        | 3.10         |
| Electrical Equipment             | 0.47        | 0.71        | 0.71        | 0.71        | 0.71        | 3.31         |
| Fire Fighting Equipment          | 0.41        | 0.47        | 0.47        | 0.47        | 0.47        | 2.27         |
| Vehicles                         | 0.02        | 0.02        | 0.02        | 0.02        | 0.02        | 0.11         |
| Office Equipment                 | 0.01        | 0.02        | 0.02        | 0.02        | 0.02        | 0.11         |
| Plant & Machinery                | 0.76        | 3.64        | 3.70        | 3.70        | 3.70        | 15.52        |
| Furniture & Fixtures             | 0.01        | 0.02        | 0.02        | 0.02        | 0.02        | 0.10         |
| <b>Total</b>                     | <b>2.26</b> | <b>6.03</b> | <b>6.12</b> | <b>6.14</b> | <b>6.14</b> | <b>26.69</b> |

*Note: reason for variation in depreciation as per AERA and BPCL is mainly on account of shifting of date of commissioning of FHS from March 2023 to February 2024.*

## 5.5 Regulatory Asset Base (RAB)

- 5.5.1 The RAB submitted by the M/s BPCL for the First Control Period has been presented in the below table:

**Table 31: Regulatory Asset Base submitted by BPCL for the First Control Period**

(₹ in crores)

| Particulars | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | Total |
|-------------|------------|------------|------------|------------|------------|-------|
| Opening RAB | 57.57      | 83.50      | 79.27      | 74.87      | 68.72      |       |

| Particulars        | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|--------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Addition           | 30.64         | 1.80          | 1.72          | -             | -             | <b>34.16</b> |
| Deletion           | -             | -             | -             | -             | -             | -            |
| Depreciation       | 4.71          | 6.04          | 6.12          | 6.15          | 6.15          | <b>29.16</b> |
| <b>Closing RAB</b> | <b>83.50</b>  | <b>79.27</b>  | <b>74.87</b>  | <b>68.72</b>  | <b>62.57</b>  |              |
| <b>Average RAB</b> | <b>70.53</b>  | <b>81.38</b>  | <b>77.07</b>  | <b>71.79</b>  | <b>65.64</b>  |              |

## 5.6 Authority's Examination on Regulatory Asset Base (RAB) for the First Control Period

5.6.1 Considering the changes in the Capex Additions and Depreciation thereof as per Tables 27 & 30 respectively, the Authority proposes to consider RAB & Average RAB for BPCL, in respect of its First Control Period, as shown in the table given below:

**Table 32: Regulatory Asset Base proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                          | Ref.     | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|--------------------------------------|----------|---------------|---------------|---------------|---------------|---------------|--------------|
| Opening RAB (A)                      | Table 15 | 24.06         | 83.11         | 78.88         | 74.34         | 68.19         |              |
| Addition (B)                         | Table 27 | 61.31         | 1.80          | 1.58          | -             | -             | <b>64.68</b> |
| Deletion (C)                         |          | -             | -             | -             | -             | -             | -            |
| Depreciation (D)                     | Table 30 | 2.26          | 6.03          | 6.12          | 6.14          | 6.14          | <b>26.69</b> |
| Closing RAB<br>(E) = (A+B-C-D)       |          | 83.11         | 78.88         | 74.34         | 68.19         | 62.05         |              |
| <b>Average RAB<br/>(G) = (A+E/2)</b> |          | <b>53.58</b>  | <b>80.99</b>  | <b>76.61</b>  | <b>71.27</b>  | <b>65.12</b>  |              |

## 5.7 Authority's Proposals regarding RAB for the First Control Period

Based on the material before it and its analysis, the Authority with respect to Capex, Depreciation and RAB for the First Control Period proposes:

- 5.7.1 To consider Capital Additions to RAB as per the Table 27.
- 5.7.2 To consider Depreciation as per Table 30.
- 5.7.3 To true up the Capital Expenditure based on actuals, at the time of determination of tariff for Second Control Period, subject to cost efficiency and reasonableness of capex incurred.
- 5.7.4 To consider Average RAB as per Table 32.
- 5.7.5 To true up the RAB and Average RAB considering the actual figures, at the time of tariff determination for Second Control Period.

## **6. FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD**

### **6.1 BPCL's Submission on Fair Return of Return (FRoR) for the First Control Period**

- 6.1.1. BPCL has submitted that they would primarily utilize internally accrued funds for the capital expenditure projected for the First Control Period. ISP has considered Cost of Equity as 14% and based on the same, Fair Rate of Return (FRoR) has been proposed at 14% for the First Control Period.

### **6.2 Authority's Examination of Fair Rate of Return (FRoR) for the First Control Period**

- 6.2.1. The Authority notes that BPCL's submission that the capital expenditure proposed for the First Control Period will be funded through internal accruals. Hence, no debt component was projected by BPCL in its MYTP submission. BPCL, for the computation of FRoR has considered Cost of Equity at 14%. Considering nil debt and Cost of Equity at 14%, ISP has proposed FRoR for the First Control Period at 14%.
- 6.2.2. Financing of Capex entirely through equity contribution makes the capital structure of the ISP (in respect of Mopa, Goa location) inefficient and which is not in the interest of all the stakeholders, as it ultimately leads to higher tariff.
- 6.2.3. The Authority, in line with the approach indicated at para 3.9 for the determination of FRoR, proposes to consider FRoR in respect of BPCL for the First Control Period as per table given below:

**Table 33: FRoR proposed to be considered by the Authority for the First Control Period**

| <b>Parameter</b>                       | <b>%</b>      |
|--|---------------|
| Weighted Average gearing of Equity (A) | 52%           |
| Weighted Average gearing of Debt (B)   | 48%           |
| Cost of Equity (C)                     | 15.18%        |
| Cost of Debt (D)                       | 9.00%         |
| <b>FRoR (E=A*C+(1-A) *D)</b>           | <b>12.21%</b> |

In view of the above, Authority proposes to consider FRoR for the First Control Period @12.21% as computed table above.

### **6.3 Authority's Proposals regarding FRoR for the First Control Period**

Based on the material before it and its analysis, the Authority with respect to FRoR for the First Control Period proposes:

- 6.3.1 To consider FRoR as per Table 33.

## 7. OPERATION AND MAINTENANCE (O&M) EXPENDITURE FOR THE FIRST CONTROL PERIOD

### 7.1 BPCL's submission regarding Operation and Maintenance (O&M) Expenditure for the First Control Period

7.1.1 Operation and Maintenance (O&M) Expenditure submitted by BPCL for the First Control Period is broadly grouped into the following heads of expenses:

- Employee & Outsourced Manpower Expenses
- Administrative & General Expenses
- Repairs and Maintenance Expenses
- Utility Expenses

7.1.2 Operating & Maintenance expenses submitted by BPCL for Mopa, Goa Airport in respect of the First Control period are presented below:

**Table 34: Operation and Maintenance Expenses projected by BPCL for the First Control Period**

(₹ in crores)

| Particulars                             | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Employee & Outsourced Manpower Expenses | 4.41          | 5.24          | 5.75          | 6.33          | 6.96          | 28.69        |
| Administrative & General Expenses       | 1.92          | 2.39          | 2.19          | 2.38          | 2.57          | 11.45        |
| Repairs & Maintenance Expenses          | 0.92          | 1.04          | 1.07          | 1.17          | 1.29          | 5.49         |
| Utility Expenses                        | 0.93          | 0.76          | 0.84          | 0.93          | 1.02          | 4.49         |
| <b>Total Operation Expenses</b>         | <b>8.18</b>   | <b>9.43</b>   | <b>9.86</b>   | <b>10.80</b>  | <b>11.83</b>  | <b>50.08</b> |

### 7.2 Authority's Examination regarding Operating & Maintenance (O&M) Expenditure for the First Control Period

7.2.1 The Authority notes that O&M Expenditure projected for the First Control Period by BPCL includes actual expenses incurred by the ISP for the FY 2023-24 (first tariff year of the Control Period). The submission made by BPCL in respect of the various components of O&M Expenses, including YoY increase in O&M Expenses considered by the ISP, for the First Control Period, have been analyzed by the Authority in the following section:

#### (A) Employee & Outsourced Manpower Expenses:

7.2.2 The Authority notes that Employee & Manpower expenses comprise of payroll related expenses of BPCL employees and expenses related to outsourced employees.

#### i. Employee Expenses:

7.2.3 It is noted that BPCL submitted ₹ 1.75 crores towards employee expenses for the first tariff year (FY 2023-24) of the control period and has considered 10% YoY increase in employee

expenses (such as salary, allowances, perks PF etc.) from the second tariff year (FY 2024-25) onward up to fifth tariff year (FY 2027-28), considering the anticipated market growth and inflationary impact.

In response to AERA query, ISP vide email dated 19.12.2024 submitted breakup of BPCL regular employees deployed for Fuel Farm Services at Mopa Goa airport, along with their average annual salaries etc. as indicated in the table below:

**Table 35: Designation and salary wise break up of BPCL employees for FY 2023-24 of the First Control Period**

| Designation of Employee(s) | Nos. of Employee(s) | Average Annual Salary (₹ in Crore) | Total Annual salary (₹ In Crores) |
|----------------------------|---------------------|------------------------------------|-----------------------------------|
| Station Manager            | 1                   | 0.63                               | 0.63                              |
| Assistant Manager          | 3                   | 0.28                               | 0.84                              |
| Associate Executive        | 2                   | 0.14                               | 0.28                              |
| <b>Total</b>               | <b>6</b>            |                                    | <b>1.75</b>                       |

- 7.2.4 BPCL has submitted the CA certified statement in support of actual employee expenses incurred by BPCL amounting to ₹ 1.75 crores in FY 2023-24 at Mopa, Goa.

The Authority is aware that BPCL is a Govt. of India Public Sector enterprise & their pay and perks etc. are governed by the Department of Public Enterprise (DPE). Further, the accounts of BPCL including payroll expenses are audited by the C&AG. Accordingly, the Authority proposes to consider actual expenditure on BPCL & outsourced employees. However, the 10% growth rate proposed by the BPCL for the second tariff year onward seems to be on higher side. Therefore, the Authority proposes to consider a Y-o-Y increase of 6% in employee expenses for the First Control Period, which takes care of increase in salaries due to annual increments, DA increase etc.

- 7.2.5 The Authority considered the Employee expenses for FY 2023-24 as a base year for projecting the employee expenses of the First Control Period and has assumed 6% Y-o-Y increase in employees' payroll expenses in place of 10% Y-o-Y increase projected by the ISP. The Employee expenses proposed by the Authority for the First Control Period are as under:

**Table 36: Employee Expenses proposed by the Authority for the First Control Period**

(₹ in Crores)

| Particulars                      | FY 2023-24 | FY 2024-25    | FY 2025-26    | FY 2026-27    | FY 2027-28    | Total         |
|----------------------------------|------------|---------------|---------------|---------------|---------------|---------------|
| As submitted by BPCL (A)         | 1.74       | 1.92          | 2.11          | 2.32          | 2.55          | <b>10.64</b>  |
| As proposed by the Authority (B) | 1.74       | 1.84          | 1.95          | 2.07          | 2.19          | <b>9.79</b>   |
| <b>Variance (B-A)</b>            | -          | <b>(0.08)</b> | <b>(0.16)</b> | <b>(0.25)</b> | <b>(0.36)</b> | <b>(0.85)</b> |

**ii. Outsourced Manpower expenses:**

- 7.2.6 The Authority notes that the BPCL has outsourced major portion of manpower deployed at Mopa, Goa airport from the third party. BPCL has projected ₹ 18.03 crores towards outsourced manpower expenses and projected 10% Y-o-Y growth rates from the second tariff year onwards (FY 2024-25 to FY 2027-28) of the control period.

In response to AERA's query regarding break up of outsourced manpower, BPCL vide email dated 19.12.2024 submitted that 34 employees have been taken from BSSPL for the operations related to ITP Services and 05 manpower is outsourced for routine maintenance activities (03 electrician & 02 housekeeping) in FY 2023-24. Details of Outsourced manpower and their average salary in FY 2023-24 is indicated in the table below:

**Table 37: Break up of BSSPL & Outsourced Employees in FY 2023-24 (First tariff year) of the First Control Period**

| Employee category                               | Nos of Employee | Average per employee annual salary (₹ In Crs.) | Total Annual salary (₹ In Crs.) |
|---|-----------------|--|---------------------------------|
| Outsourced manpower from BSSPL for ITP Services | 34              | 0.08   | 2.56                            |
| For Electrical works                            | 03              | 0.01   | 0.05                            |
| For House keeping                               | 02              | 0.03   | 0.06                            |
| <b>Total</b>                                    | <b>39</b>       |  | <b>2.67</b>                     |

- 7.2.7 The Authority notes that out of the total 39 number of outsourced manpower taken from third party, 34 nos. of outsourced manpower are sourced from BSSPL, at an average annual salary of ₹ 0.08 crores, including 10% service (management) fees charged by the BSSPL on the Cost to Company (CTC) of staff posted at the Mopa, Goa for ITP Services. Remaining 05 no. of contract staff is hired for security and housekeeping jobs, at an average annual salary of ₹ 0.06 crore.

Considering that skilled & trained manpower is required for safe & efficient operations of ITP Services, the Authority proposes to consider manpower cost for FY 2023-24 as submitted by the BPCL.

- 7.2.8 Y-o-Y increase in number of outsourced employees (sourced from BSSPL & other third party) projected by the BPCL for the First Control Period is presented below:

**Table 38: BSSPL & Outsourced Manpower projected by BPCL for the First Control Period**

| Particulars                                     | Nos of Outsourced Manpower |            |            |            |            |
|---|----------------------------|------------|------------|------------|------------|
|   | FY 2023-24                 | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 |
| Outsourced manpower from BSSPL for ITP Services | 34                         | 40         | 42         | 44         | 46         |
| For Electrical works                            | 03                         | 05         | 05         | 05         | 05         |
| For House keeping                               | 02                         | 03         | 03         | 03         | 03         |
| <b>Total Manpower</b>                           | <b>39</b>                  | <b>48</b>  | <b>50</b>  | <b>52</b>  | <b>54</b>  |

7.2.9 The Authority notes that BPCL has proposed 40 Nos. of BSSPL manpower in FY 2024-25 which is 17.64% higher than the employees' number in FY 2023-24. Thereafter, BPCL has projected around 5% Y-o-Y increase in BSSPL manpower numbers from FY 2025-26 for the First Control Period.

The Y-o-Y increase in manpower number projected by the BPCL seems reasonable, when compared with the projected increase in traffic volume (fuel throughput) to be handled (refer table 22) during the First Control Period, which is significantly higher than the Y-o-Y increase in manpower numbers.

7.2.10 The Authority has considered the actual figures for FY 2023-24 as a base, for projecting the Manpower Expenses for the remaining tariff years of the First Control Period, assuming 6% growth in expenses on Y-o-Y basis in place of 10% Y-o-Y growth projected by the ISP. The Authority proposes one-time increase of 15% in expenses for the FY 2024-25 based on the 30% increase in fuel throughput volumes projected for FY 2024-25 by the ISP.

The Outsourced Manpower Expenses proposed by the Authority for the First Control Period is as under:

**Table 39: Outsourced Manpower expenses proposed by the Authority for the First Control Period**

(₹ in Crores)

| Particulars                      | FY 2023-24 | FY 2024-25    | FY 2025-26    | FY 2026-27    | FY 2027-28    | Total         |
|----------------------------------|------------|---------------|---------------|---------------|---------------|---------------|
| Expenses as per BPCL (A)         | 2.67       | 3.32          | 3.64          | 4.01          | 4.41          | 18.03         |
| As proposed by the Authority (B) | 2.67       | 3.23          | 3.42          | 3.63          | 3.85          | 16.80         |
| <b>Variance (B-A)</b>            | -          | <b>(0.09)</b> | <b>(0.22)</b> | <b>(0.38)</b> | <b>(0.56)</b> | <b>(1.23)</b> |

\*Variance is mainly on account of 6% increase proposed by the Authority on yearly basis in place of 10% increase considered by BPCL.

## **B Administration & General Expenses:**

7.2.11 It is noted that the Administrative & General Expenses proposed by the BPCL for the First Control Period mainly comprise of expenses related to Insurance, Rental, Security and Misc. Administrative Expenses. The breakup of Administrative & General Expenses projected by the ISP for the First Control Period is given in table below:

**Table 40: Administrative and General Expenses projected by BPCL for the First Control Period**

(₹ in crores)

| Particulars                                | FY 2023-24  | FY 2024-25  | FY 2025-26  | FY 2026-27  | FY 2027-28  | Total        |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Insurance Expenses                         | 0.22        | 0.18        | 0.19        | 0.22        | 0.25        | 1.05         |
| Security Expenses                          | 0.25        | 0.34        | 0.46        | 0.51        | 0.56        | 2.11         |
| Rental Expenses                            | 1.03        | 1.08        | 1.14        | 1.21        | 1.28        | 5.73         |
| Misc. Administrative Expenses              | 0.42        | 0.79        | 0.40        | 0.44        | 0.48        | 2.53         |
| <b>Total Admin. &amp; General Expenses</b> | <b>1.92</b> | <b>2.39</b> | <b>2.19</b> | <b>2.38</b> | <b>2.57</b> | <b>11.45</b> |

The major components of administrative expenses, including YoY increase considered by the ISP, for the First Control Period have been analyzed by the Authority as under:

**i. Insurance Expenses:**

7.2.12 The Authority notes that BPCL has proposed an insurance expense amounting to ₹ 1.05 crores for the First Control Period, which includes the actual expenses amounting to ₹ 0.22 crores for the FY 2023-24. It is noted from the ISP's submission that insurance expenses consist of the premiums paid to insurance companies, in respect of insurance coverages taken at the corporate level and at local level. The Authority observes that BPCL has projected annual insurance expense in the range of ₹ 0.18 Crore to 0.25 crore for the different tariff years of the First Control Period.

Further, it is noted that insurance expenses for the FY 2024-25 (second tariff year) are projected to decrease by 18% as compared to FY 2023-24. Thereafter, from the FY 2025-26 onward, the BPCL has projected 10% Y-o-Y increase for insurance expenses in respect of insurance taken at corporate level and 20% Y-o-Y increase in expenses for the insurance coverage taken locally at Mopa Goa. The increase in insurance expense, on Y-o-Y basis (considering 10% / 20% in increase in insurance expenses at Corporate and level respectively) works out at 6%, 16% & 14% approximately for FY 2025-26, FY 2026-27 & FY 2027-28 respectively.

As per the ISP, insurance expenses have been proposed for the First Control Period considering the value of the assets and inflation factor.

7.2.13. Considering that insurance cover for the Assets & Infrastructure is necessary for safeguarding the financial interests of the service provider, against loss & damage to the property etc. from natural disasters & other perils, the Authority proposes to consider insurance expenses for the FY 2023-24 (first tariff year), which are as per actual figures submitted by the ISP.

It is observed that around 90% capitalization pertaining to the First Control Period has been done by the ISP in the first tariff year i.e. FY 2023-24 and there is a miniscule capex in the next two tariff years and nil capex in the last two tariff years. As such, book value of the assets would decrease due to depreciation in the later part of the First Control Period, which should result in decrease in insurance expenses. Therefore, the Authority proposes to consider 18% decrease in FY 2024-25 & 6% increase in FY 2025-26 as projected by the ISP. In respect of FY 2026-27 & FY 2027-28, Authority proposes to rationalize the Y-o-Y increase in insurance expenses to 6% to factor in increase in the insurance premiums due to annual general inflation, as against Y-o-Y increase of 16% & 14% respectively considered by the BPCL.

The insurance expenses proposed by the Authority for the First Control Period are as under:

**Table 41: Insurance expenses proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                        | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total       |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Insurance Expenses as per BPCL (A) | 0.22          | 0.18          | 0.19          | 0.22          | 0.25          | <b>1.06</b> |



|   |      |      |      |               |               |               |
|---|------|------|------|---------------|---------------|---------------|
| Insurance Expenses as proposed by the Authority (B) | 0.22 | 0.18 | 0.19 | 0.20          | 0.21          | <b>1.01</b>   |
| <b>Variance (B-A)</b>                               | -    | -    | -    | <b>(0.02)</b> | <b>(0.04)</b> | <b>(0.05)</b> |

**ii. Lease Rental Expenses:**

7.2.14. The Authority notes that as per the clause 17.1 of the concession agreement (between BPCL & the airport operator i.e. GGIAL), airport operator is required to provide a land parcel of 24,367 sqm. to BPCL on 'as is where is' basis, at a Land License Fee of ₹ 25 per sqm. per month. Further, Land License Fee shall be escalated on Y-o-Y basis based on the notified CPI (IW), from the first anniversary of the Airport COD.

The Authority observes that BPCL, in its MYTP, has considered land license fee @ ₹ 25 per sqm per month for a land area of 24484 sqm. and @ ₹ 1300 per sqm. per month for 180 sqm land area.

In response to AERA query, BPCL, vide email dated 25.11.2024 clarified that during the measurement and physical takeover of the land from the airport operator, they have taken over an actual land area of 24484 SQM + 180 SQM, hence the invoice is being raised for an area measuring to 24664 sqm. (24484 sqm. +180 sqm.). BPCL has attached the copy of Handing Over Taking Over (HOTO) letter, signed by both BPCL and GGIAL.

As per the HOTO letter, airport operator has granted the rights to BPCL in respect of 24484 sqm. of land area for development of fuel farm on monthly land license fee @ ₹ 25 per sqm. and 180 sqm. land area for parking aviation fueling equipment etc. on monthly fee @ ₹ 1300 per sqm.

Accordingly, the Authority has computed the Land License Fee payable by BPCL to the Airport operator, based on the actual land area (24484 sqm. +180 sqm.) received by the ISP from AO.

7.2.15. The Authority further notes that BPCL has paid ₹ 1.03 crore (excluding GST) as land license fee for the FY 2023-24 (first tariff year) to the airport operator. The above license fee amount also considers the impact of annual escalation in license fee rate, based on CPI(IW) index as per the provisions of license agreement. The Authority has considered the actual payment of land license fee by the ISP to AO for the FY 2023-24 as a base, for projecting land license fee for the remaining tariff years of the First Control Period.

It is noted from BPCL submission that for FY 2024-25, ISP has considered annual escalation in license fee @ 5.79% considering an increase in CPI (IW) Index. In this regard, the Authority reviewed the CPI (IW) Index released by Ministry of Labour, Govt. of India for the period from April, 2024 to November, 2024 and has noted that there has been 3.66% increase in CPI (IW) Index during the April-November, 2024 period. Accordingly, the Authority proposes to consider 3.66% increase in license fee rate for the FY 2024-25. Further, the Authority proposes to consider the same percentage increase (3.66%) on Y-o-Y basis for computation of the annual increase in the license fee for the remaining tariff years of the First Control Period. However, the Authority will true up the license fee for the First

Control Period on the basis of actual CPI(IW) Index, at the time tariff determination for the Second Control Period.

**Table 42: Land License Fee proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| As submitted by BPCL (A)         | 1.03          | 1.08          | 1.14          | 1.21          | 1.28          | <b>5.73</b>   |
| As proposed by the Authority (B) | 1.03          | 1.07          | 1.11          | 1.15          | 1.19          | <b>5.54</b>   |
| <b>Variance (B-A)</b>            | -             | <b>(0.01)</b> | <b>(0.03)</b> | <b>(0.06)</b> | <b>(0.09)</b> | <b>(0.19)</b> |

**iii. Security expenses:**

7.2.16. The ISP has projected a total of ₹ 2.11 crores as Security Expenses for the First Control Period, which includes actual expenses incurred by BPCL for the FY 2023-24 amounting to ₹ 0.25 crore. BPCL has considered security expenses for the FY 2024-25 amounting to ₹ 0.34 crore, after considering increase in manpower number from four to seven (applicable from October, 2024) on the basis of the recommendation of BCAS after its inspection of the Fuel Farm facility. The total security expenses i.e. ₹ 0.34 crore proposed for FY 2024-25 is translating into an increase of 36% (10% annual increase & 26% increase due to additional manpower) over the FY 2023-24.

In respect of the FY 2025-26, the ISP has projected total security expenses amounting to ₹ 0.46 crore (i.e. 35% increase over the FY 2024-25), which also factors the full year impact of increase in additional manpower inducted in October, 2024. Thereafter, ISP has projected Y-o-Y increase of 10% for the last two tariff years.

Considering that Security expenses are necessary for the safety of fuel farm Facility and the compliance of security norms of BCAS, therefore, the Authority proposes to consider increase in the security expense due to increase in manpower numbers, as proposed by the ISP. However, 10% normal Y-o-Y increase in security expenses considered by the BPCL seems to be on the higher side. Therefore, the Authority proposes to rationalize the normal annual Y-o-Y increase to 6% from FY 2024-25 onward, to factor in the impact of annual salary increments/ wage increases in respect of the outsourced employees.

The security expenses proposed to be considered by the Authority for the First Control Period is as under:

**Table 43: Security expenses proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total       |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| As submitted by BPCL (A)         | 0.25          | 0.34          | 0.46          | 0.51          | 0.56          | <b>2.12</b> |
| As proposed by the Authority (B) | 0.25          | 0.32          | 0.40          | 0.42          | 0.45          | <b>1.84</b> |

|                       |          |               |               |               |               |               |
|-----------------------|----------|---------------|---------------|---------------|---------------|---------------|
| <b>Variance (B-A)</b> | <b>-</b> | <b>(0.02)</b> | <b>(0.06)</b> | <b>(0.09)</b> | <b>(0.11)</b> | <b>(0.28)</b> |
|-----------------------|----------|---------------|---------------|---------------|---------------|---------------|

**iv. Miscellaneous Administrative Expenses:**

7.2.17. The Authority notes that Misc. Administrative Expenses amounting to ₹ 2.53 crore projected by the BPCL, comprise of several items such as Postal Expenses, Inspection Fees, Professional Fees, Printing & Stationery expenses, Sales Promotion expenses, etc. BPCL has considered an actual misc. expense of ₹ 0.42 Crore for the FY 2023-24, thereafter, the ISP has projected 10% Y-o-Y increase in Misc. Administration expenses for all years of the First Control Period, except FY 2024-25, where ISP has considered an increase of 88%, which includes one-time expense ₹ 0.22 crore related inaugural function and 10% normal annual increase.

As most of the misc. administrative expenses are of routine nature and necessary for the smooth office operations, the Misc. Administrative Expenses proposed by BPCL for the First Control Period seems reasonable. However, the 10% annual Y-o-Y increase in expenses considered by the BPCL appears to be on the higher side. Therefore, the Authority proposes to rationalize the normal Y-o-Y increase in misc. admin. expenses to 5% for the remaining tariff years of the First Control Period, except for FY 2024-25 & FY 2025-26. In respect of FY 2024-25, the Authority proposes to consider an increase of 57%, which includes one-time expense ₹ 0.22 crore related inaugural function and 5% normal annual increase in place of 10% increase considered by the ISP. For the FY 2025-26, the Authority proposes to consider misc. admin. expenses amounting to ₹ 0.40 Crore, as proposed by BPCL.

Considering the above, the misc. administrative expenses proposed by the Authority for the First Control Period is as under:

**Table 44: Misc. Administrative Expenses proposed by the Authority for the First Control Period**

| (₹ in crores)                         |                       |                       |                       |                       |                       |               |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
| <b>Particulars</b>                    | <b>FY<br/>2023-24</b> | <b>FY<br/>2024-25</b> | <b>FY<br/>2025-26</b> | <b>FY<br/>2026-27</b> | <b>FY<br/>2027-28</b> | <b>Total</b>  |
| Misc. Admin. Expenses as per BPCL (A) | 0.42                  | 0.79                  | 0.40                  | 0.44                  | 0.48                  | <b>2.53</b>   |
| As proposed by the Authority (B)      | 0.42                  | 0.66                  | 0.40                  | 0.42                  | 0.44                  | <b>2.34</b>   |
| <b>Variance (B-A)</b>                 | <b>-</b>              | <b>(0.13)</b>         | <b>-</b>              | <b>(0.02)</b>         | <b>(0.04)</b>         | <b>(0.19)</b> |

7.2.18. Based on the above analysis, the Authority proposed to considered the total Administrative & General Expenses for the First Control Period as under:

**Table 45: Administrative & General Expenses proposed to be considered by the Authority for the First Control Period**

| (₹ in crores)                         |                       |                       |                       |                       |                       |              |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| <b>Particulars</b>                    | <b>FY<br/>2023-24</b> | <b>FY<br/>2024-25</b> | <b>FY<br/>2025-26</b> | <b>FY<br/>2026-27</b> | <b>FY<br/>2027-28</b> | <b>Total</b> |
| Insurance Expenses                    | 0.22                  | 0.18                  | 0.19                  | 0.20                  | 0.21                  | <b>1.01</b>  |
| Security Expenses                     | 0.25                  | 0.32                  | 0.40                  | 0.42                  | 0.45                  | <b>1.84</b>  |
| Lease Rental Expenses                 | 1.03                  | 1.07                  | 1.11                  | 1.15                  | 1.19                  | <b>5.54</b>  |
| Misc. Administrative Expenses         | 0.42                  | 0.66                  | 0.40                  | 0.42                  | 0.44                  | <b>2.34</b>  |
| <b>Total Expenses as per AERA (A)</b> | <b>1.92</b>           | <b>2.23</b>           | <b>2.10</b>           | <b>2.19</b>           | <b>2.29</b>           | <b>10.73</b> |

|  |      |        |        |        |        |        |
|--|------|--------|--------|--------|--------|--------|
| Total Admn. & General Expenses as per BPCL (B) | 1.92 | 2.39   | 2.19   | 2.38   | 2.57   | 11.42  |
| Variance (C)= (A-B)                            | -    | (0.16) | (0.09) | (0.19) | (0.28) | (0.69) |

### C Repairs & Maintenance Expenses:

7.2.19 The Authority notes that ISP has projected total Repair & Maintenance Expenses of ₹ 5.49 crores, which includes ₹ 0.29 crore related to the firefighting expenses for the First Control Period.

7.2.20 It is noted that BPCL has incurred ₹ 0.88 crore actual R&M expenses for the FY 2023-24, which include expenses related to refurbishment of refuellers, consumables, spares such as filters, tyres, paints etc. in respect of eleven (11) refuellers shifted by BPCL from their other stations to Mopa Goa, for supply of ATF to the aircrafts, during the period when Fuel Farm Facility & Hydrant System was under construction (which later got commissioned & operationalized in February, 2024).

Apart from the above, R&M Expenses in FY 2023-24 include routine repair/ maintenance, consumption of spares, diesel, etc. for the smooth operations of Fuel Farm Facility and ITP Services.

7.2.21 Further, in response to AERA query on bifurcation of R&M expenses related to refuellers shifted to Mopa, Goa airport on temporary basis, ISP vide email dated 24.01.2025 submitted that in FY 2023-24, an amount of ₹ 0.42 crore was spent on the repair & maintenance of the Refuellers shifted from the other stations and remaining ₹ 0.46 crore is related to the other routine repair & maintenance expenses.

For the FY 2024-25, BPCL has projected 7% increase in repair & maintenance expenses, thereafter 10% Y-o-Y increase has been proposed by the ISP for the remaining tariff years of the First Control Period.

7.2.22 The Authority proposes to consider actual Repair & Maintenance expenses amounting to ₹ 0.88 crores for the FY 2023-24, including R&M Expenditures related to the Refuellers shifted to Goa airport from other stations, as submitted by the ISP.

For the FY 2024-25, the Authority proposes to consider 16% increase in R&M Expenses over previous year (6% normal increase and 10% one-time increase on account of maintenance of Fuel Farm and FHS facilities operationalized from February, 2024), after factoring in the non-recurring expenses ₹ 0.42 incurred in FY 2023-24 on the 11 nos. of refuellers shifted by BPCL from other stations to Mopa airport, Goa.

From FY 2025-26 onward, 6% Y-o-Y normal increase in R&M Expenses is proposed for the remaining tariff years of the First Control Period.

7.2.23 **Fire Fighting Expenses** – Fire Fighting expenses is another component under the R & M Expenses. The Authority notes that ISP has considered ₹ 0.29 crores as firefighting expenses for the First Control Period which includes ₹ 0.04 crore actual firefighting expenditure incurred in FY 2023-24. BPCL has projected ₹ 0.10 crore as firefighting expenses for the FY 2024-25, after considering one-time expenditure of ₹ 0.05 crores, based on the recommendations of inspector of factory after its inspection of the Fuel Farm facility.

Thereafter, ISP has projected 10% Y-o-Y increase in firefighting expenses for the remaining tariff years (FY 2025-25 to FY 2027-28) of the First Control Period.

Considering that firefighting expenses are necessary for the safety of fuel farm operations from fire hazards and compliance of fire safety norms, therefore, the Authority proposes to consider firefighting expenses for the First Control Period as proposed by the ISP. However, 10% normal Y-o-Y increase in firefighting expenses considered by the BPCL seems to be on the higher side, therefore, the Authority proposes to rationalize the normal Y-o-Y increase at 6% on account of expected increase in prices due to general inflation etc., from FY 2024-25 onward during the First Control Period.

The firefighting expenses proposed to be considered by the Authority for the First Control Period is as under:

**Table 46: Fire Fighting expenses proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| As submitted by BPCL (A)         | 0.04          | 0.10          | 0.05          | 0.05          | 0.06          | <b>0.29</b>   |
| As proposed by the Authority (B) | 0.04          | 0.09          | 0.04          | 0.04          | 0.05          | <b>0.26</b>   |
| <b>Variance (B-A)</b>            | -             | <b>(0.01)</b> | <b>(0.01)</b> | <b>(0.01)</b> | <b>(0.01)</b> | <b>(0.03)</b> |

In view of the above, total Repair & Maintenance Expenses proposed to be considered by the Authority for the First Control Period is as under:

**Table 47: Repair & Maintenance Expenses proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars  | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| As submitted by BPCL including firefighting expenses (A)         | 0.92          | 1.04          | 1.07          | 1.17          | 1.29          | <b>5.49</b>   |
| As proposed by the Authority including firefighting expenses (B) | 0.92          | 0.72          | 0.71          | 0.75          | 0.81          | <b>3.92</b>   |
| <b>Variance (B-A)</b>  | -             | <b>(0.32)</b> | <b>(0.36)</b> | <b>(0.42)</b> | <b>(0.48)</b> | <b>(1.57)</b> |

#### **D    Utility Expenses:**

7.2.24 The Utility Expenses proposed by the BPCL consist of Water Charges, Electricity Charges & Fuel Consumption etc. BPCL has considered ₹ 4.48 crores as utility expenses for the First Control Period, which include actual expenses amounting to ₹ 0.93 crore incurred by the ISP for the FY 2023-24.

BPCL has projected utility expenses for the FY 2024-25 amounting to ₹ 0.76 crore, which is 18% lower than the utility expenditure incurred in FY 2023-24. Thereafter, BPCL has projected 10% Y-o-Y increase in the utility expenditure for the remaining tariff years of the First Control Period, considering anticipating market growth and inflation costs.

7.2.25 As per the license agreement, ISP has to pay electricity & water charges to the Airport Operator, as per the rates as applicable to similar utility customers receiving substantially equivalent services.

As the Electricity, Water Supply & consumption of Fuel etc. is an essential operational requirement and utility expenses are payable based on the actual consumption, therefore, the Authority proposes to consider utility expenses as submitted by the ISP for the FY 2023-24 & FY2024-25. However, the 10% Y-o-Y increase in utility expenses proposed by the BPCL from the FY 2025-26 onward seems to be on higher side, therefore, the Authority proposes to rationalize the Y-o-Y increase in utility expenses to 6% for the remaining tariff years of the First Control Period.

However, the Authority will true-up the utility expenditure for the First Control Period, based on the actual figure relating to consumption of utilities and actual payments thereof.

The Utility Expenses proposed to be considered by the Authority for the First Control Period are as under:

**Table 48: Utility expenses proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                      | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| As submitted by BPCL (A)         | 0.93          | 0.76          | 0.84          | 0.93          | 1.02          | <b>4.49</b>   |
| As proposed by the Authority (B) | 0.93          | 0.74          | 0.79          | 0.83          | 0.88          | <b>4.18</b>   |
| <b>Variance (B-A)</b>            | -             | <b>(0.02)</b> | <b>(0.05)</b> | <b>(0.10)</b> | <b>(0.14)</b> | <b>(0.31)</b> |

7.2.26 Based on the analysis and rationalization of various components of Operation & Maintenance Expenditure as above, the total Operation and Maintenance (O&M) Expenditure proposed to be considered by the Authority for the First Control Period is detailed in the table given below:

**Table 49: Operation and Maintenance (O&M) Expenditure proposed to be considered by the Authority for the First Control Period**

(₹ in crores)

| Particulars                             | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Employee & Outsourced Manpower Expenses | 4.41          | 5.07          | 5.37          | 5.70          | 6.04          | <b>26.59</b> |
| Administrative & General Expenses       | 1.92          | 2.23          | 2.10          | 2.19          | 2.29          | <b>10.73</b> |
| Repairs & Maintenance Expenses          | 0.92          | 0.72          | 0.71          | 0.75          | 0.81          | <b>3.92</b>  |
| Utility Expenses                        | 0.93          | 0.74          | 0.79          | 0.83          | 0.88          | <b>4.18</b>  |

| Particulars                                       | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total        |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| <b>Total Operation &amp; Maintenance Expenses</b> | <b>8.18</b>   | <b>8.77</b>   | <b>8.97</b>   | <b>9.48</b>   | <b>10.02</b>  | <b>45.42</b> |

7.2.27 The major reasons for variance in the O&M Expenses proposed by the Authority and as considered by the BPCL are as under:

- i. Proposed yearly increase of 6% on Employee & Outsourced Manpower Expenses in place of 10% increase on Y-o-Y basis considered by the BPCL, resulting in reduction of the Expenses by ₹ 2.10 crores.
- ii. Proposed yearly increase of 5% on Administrative & General Expenses in place of 10% increase considered by the BPCL, resulting in reduction of Utility Expenses by ₹ 0.72 crores.
- iii. Proposed yearly increase of 6% on Utility Expenses in place of 10% increase considered by the BPCL, resulting in reduction of Utility Expenses by ₹ 0.31 crores.
- iv. Disallowance of R&M expenses pertaining to Outsourced Refuellers in the FY 2024-25 due to commissioning of FHS and consideration of 6% increase on Y-o-Y basis instead of 10% proposed by the ISP, resulting in reduction of ₹ 1.57 crores.

### **7.3 Authority's proposals regarding Operation & Maintenance (O&M) Expenditure for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Operation & Maintenance Expenses for the First Control Period:

- 7.3.1. To consider the Operation & Maintenance (O&M) Expenditure as per Table 49.
- 7.3.2. To true up the Operation & Maintenance (O&M) Expenditure of the First Control Period at the time of tariff determination for the Second Control Period.

## 8. TAXATION FOR THE FIRST CONTROL PERIOD

### 8.1 BPCL's submission regarding Taxation for the First Control Period

8.1.1 BPCL has submitted the computation of income tax based on the Profit Before Tax (PBT) which is arrived at after considering aeronautical revenues, O&M expenses and depreciation computed separately for the purpose of tax. The computation of income tax submitted by BPCL is as follows:

**Table 50: Taxation submitted by BPCL for the First Control Period**

(₹ in crores)

| Particulars                            | Ref.                  | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|--|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Profit Before Tax                      | A                     | -4.45         | 12.13         | 35.64         | 41.84         | 43.75         | <b>128.91</b> |
| Add:<br>Book Depreciation              | B                     | 4.71          | 6.04          | 6.12          | 6.15          | 6.15          | <b>29.17</b>  |
| Less:<br>IT Depreciation               | C                     | 11.01         | 10.12         | 8.88          | 7.68          | 6.59          | <b>44.28</b>  |
| <b>Adjusted Profit</b>                 | <b>D = A + B – C</b>  | <b>-10.75</b> | <b>8.05</b>   | <b>32.88</b>  | <b>40.31</b>  | <b>43.31</b>  | <b>113.80</b> |
| Opening Losses                         | E                     | -4.58         | -15.33        | -7.28         | -             | -             |               |
| Set Off                                | F                     | Nil           | 8.05          | 7.28          | -             | -             | 15.33         |
| Carry Forward of<br>Accumulated Losses | G = E + F             | -15.33        | -7.28         | -             | -             | -             |               |
| <b>Taxable income</b>                  | <b>H = D – F</b>      |               | -             | <b>25.60</b>  | <b>40.31</b>  | <b>43.31</b>  | <b>109.22</b> |
| <b>Tax as per IT ACT</b>               | <b>I = H * 25.17%</b> | -             | -             | <b>6.44</b>   | <b>10.15</b>  | <b>10.90</b>  | <b>27.49</b>  |

### 8.2 Authority's Examination regarding Taxation projected for the First Control Period

8.2.1. The Authority notes that BPCL has projected corporate tax for the First Control Period after considering tax @ 25.17% on the projected Aeronautical revenues.

8.2.2. The Authority has re-computed the aeronautical tax based on the aeronautical revenues worked out as per its ARR computation proposed for the First Control Period, as given in the chapter 9.

The following table summarizes the Aeronautical tax proposed by the Authority for the First Control Period.

**Table 51: Aeronautical Tax proposed by the Authority for the First Control Period**

(₹ in crores)

| Particulars                                  | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26      |                      | FY<br>2026-27 | FY<br>2027-28 | Total         |
|--|---------------|---------------|--------------------|----------------------|---------------|---------------|---------------|
|  |               |               | upto<br>15.07.2025 | w.e.f.<br>16.07.2025 |               |               |               |
| <b>Revenue</b>                               |               |               |                    |                      |               |               |               |
| Aeronautical Revenue (A)<br>(refer Table 58) | 9.52          | 12.37         | 4.20               | 18.55                | 33.66         | 38.96         | <b>117.26</b> |



| Particulars   | FY<br>2023-24   | FY<br>2024-25  | FY<br>2025-26      |                      | FY<br>2026-27  | FY<br>2027-28 | Total         |
|---|-----------------|----------------|--------------------|----------------------|----------------|---------------|---------------|
|   |                 |                | upto<br>15.07.2025 | w.e.f.<br>16.07.2025 |                |               |               |
| <b>Expenses (B)</b>   |                 |                |                    |                      |                |               |               |
| Operating Expenses<br>(refer Table 49)                                | 8.18            | 8.77           | 2.61               | 6.37                 | 9.48           | 10.02         | <b>45.42</b>  |
| Finance Cost on BG  | 0.003           | 0.003          | 0.001              | 0.002                | 0.003          | 0.006         | <b>0.02</b>   |
| Depreciation<br>(As per Income Tax Act,<br>1961)                      | 8.90            | 11.64          | 2.86               | 7.00                 | 8.26           | 6.97          | <b>45.62</b>  |
| Revenue Share payable to<br>AO<br>(refer Table 53)                    | 1.08            | 1.41           | 0.48               | 2.22                 | 4.15           | 4.90          | <b>14.24</b>  |
| <b>Total (B)</b>  | <b>18.16</b>    | <b>21.81</b>   | <b>5.95</b>        | <b>15.59</b>         | <b>21.90</b>   | <b>21.89</b>  | <b>105.30</b> |
| <b>Profit/Loss (C)=(A-B)</b>  | <b>(8.64)</b>   | <b>(9.45)</b>  | <b>(1.75)</b>      | <b>2.96</b>          | <b>11.77</b>   | <b>17.07</b>  | <b>11.96</b>  |
| <b>Set off Prior Period<br/>losses (D)</b>                            | <b>(1.93) *</b> | <b>(10.57)</b> | <b>(20.02)</b>     | <b>(21.77)</b>       | <b>(18.81)</b> | <b>(7.04)</b> |               |
| <b>Profit/ (Loss) after<br/>Setoff of Prior Period<br/>losses (E)</b> | <b>(10.57)</b>  | <b>(20.02)</b> | <b>(21.77)</b>     | <b>(18.81)</b>       | <b>(7.04)</b>  | <b>10.03</b>  | <b>26.69</b>  |
| Tax Rate (F)  | 25.17%          | 25.17%         | 25.17%             | 25.17%               | 25.17%         | 25.17%        |               |
| <b>Aeronautical Tax<br/>(G)=(E*F)</b>                                 | -               | -              | -                  | -                    | -              | <b>2.52</b>   | <b>2.52</b>   |

\*As per Table 19

### 8.3 Authority's proposals regarding Aeronautical Tax for the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Taxation for the First Control Period:

- 8.3.1. To consider the Aeronautical Tax for the First Control Period in respect of BPCL for Mopa, Goa airport as per Table 51.
- 8.3.2. To true up the Aeronautical Tax of the First Control Period at the time of tariff determination for the Second Control Period.

## 9. AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD

### 9.1 BPCL's submission regarding Aggregate Revenue Requirement (ARR) for the First Control Period for BPCL at Mopa, Goa

9.1.1 The BPCL submitted ARR for the First Control Period as per its projections for the regulatory building blocks as given in the table below:

**Table 52: Aggregate Revenue Requirement (ARR) submitted by BPCL for the First Control Period**

(₹ in crores)

| Particulars                                | Ref.                  | FY<br>2023-24 | FY<br>2024-25           |                        | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|--|-----------------------|---------------|-------------------------|------------------------|---------------|---------------|---------------|---------------|
|  |                       |               | Apr'24<br>to<br>Sept'24 | Oct'24<br>to<br>Mar'25 |               |               |               |               |
| Average Regulatory Asset Base (RAB)        | A                     | 70.53         | 82.01                   | 79.89                  | 77.07         | 71.79         | 65.64         |               |
| Fair Rate of Return (FRoR)                 | B                     | 14.00%        | 7.00%                   | 7.00%                  | 14.00%        | 14.00%        | 14.00%        |               |
| <b>Return on RAB</b>                       | <b>C = A * B</b>      | <b>9.87</b>   | <b>5.74</b>             | <b>5.59</b>            | <b>10.79</b>  | <b>10.05</b>  | <b>9.19</b>   | <b>51.24</b>  |
| O&M Expenses                               | D                     | 8.18          | 4.82                    | 4.59                   | 9.86          | 10.80         | 11.83         | <b>50.08</b>  |
| Depreciation                               | E                     | 4.71          | 2.99                    | 3.05                   | 6.12          | 6.15          | 6.15          | <b>29.16</b>  |
| Taxation                                   | F                     | -             | -                       | -                      | 6.44          | 10.14         | 10.90         | <b>27.49</b>  |
| Revenue Share                              | G                     | 1.08          | 0.70                    | 3.42                   | 8.00          | 9.11          | 9.56          | <b>31.87</b>  |
| Finance cost on BG                         | H                     | 0.00          | 0.00                    | 0.00                   | 0.00          | 0.00          | 0.01          | <b>0.02</b>   |
| Return on Security Deposit                 | I                     | 5.32          | 2.66                    | 2.66                   | 5.32          | 5.32          | 5.32          | <b>26.60</b>  |
| <b>Aggregate Revenue Requirement (ARR)</b> | <b>J = Sum (C: I)</b> | <b>29.16</b>  | <b>16.92</b>            | <b>19.31</b>           | <b>46.53</b>  | <b>51.58</b>  | <b>52.96</b>  | <b>216.46</b> |

9.1.2 BPCL, for the ARR computation in respect of the First Control Period has considered actual figures for the first tariff year i.e. FY 2023-24 and projection for the remaining tariff years.

In addition to ARR as per the above table, BPCL has separately claimed shortfall for the period from 05.01.2023 to 31.03.2023 amounting to ₹ 8.77 crores (NPV as on 31.03.2025). Further, the ISP has suo moto trued-up ARR amounting to ₹ 46.08 crores for the period from 01.04.2023 to 30.09.2024 and has claimed shortfall in Target Revenue amounting to ₹ 33.85 crores (NPV as on 31.03.2025) for this period.

## 9.2 Authority's examination regarding Aggregate Revenue Requirement (ARR) for the First Control Period

9.2.1. The Authority has computed ARR for the First Control Period after detailed review of each regulatory building block and after considering AERA's proposals for various building blocks as discussed in the previous chapters. Apart from the regulatory building blocks, AERA has also considered the following components separately while computing ARR for the First Control Period.

9.2.2. **Return on Security deposit (SD):** It is noted that as per the concession agreement, BPCL paid ₹ 38 crores to Airport Operator as security deposit and has claimed 14% return on the Security deposit, in line with the return claimed on Cost of Equity.

The Authority is of the view that 14% return on security deposit claimed by BPCL is on the higher side, as no aeronautical purpose is served by the deposit of S.D with Airport Operator. However, in the process, substantial sum of the ISP is getting blocked for significantly longer duration due to contractual arrangement between the ISP and the AO. In order to offset the erosion in the value of the funds blocked due to the impact of annual general inflation, the Authority proposes to consider nominal return on security deposit @ 5% per annum (as against 14% proposed by BPCL), which is consistent with the AERA's approach in this regard for the ISPs.

9.2.3. **Revenue Share:** The Authority notes that as per the concession agreement, BPCL is required to pay 15 % of Gross Revenue from Fuel Farm Facilities and 5% of Gross Revenue from the ITP Facility & Services as 'Revenue Share' to the Airport Operator. The Authority observes that revenue share is payable to AO as per the Concession Agreement which is linked to the projected Gross Revenues from the Fuel Farm Facility & ITP Services.

Accordingly, the Authority proposes to consider revenue share, based on projected Revenues for the First Control Period, as calculated by the Authority under the Chapter 10 (Aeronautical Revenue) of this Consultation Paper.

**Table 53: Revenue Share payable to AO estimated by the Authority for the First Control Period**  
(₹ in crores)

| Particulars                                   | Ref.         | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26      |                       | FY<br>2026-<br>27 | FY<br>2027-<br>28 | Total |
|---|--------------|---------------|---------------|--------------------|-----------------------|-------------------|-------------------|-------|
|   |              |               |               | upto<br>15.07.2025 | w.e.f.<br>16.07.2025* |                   |                   |       |
| Fuel Farm                                     |              |               |               |                    |                       |                   |                   |       |
| Revenue from<br>Fuel<br>Infrastructure<br>Fee | A            | 6.06          | 7.87          | 2.67               | 12.96                 | 24.69             | 29.53             | 83.78 |
| Revenue<br>Share @ 15%                        | B =<br>A*15% | 0.91          | 1.18          | 0.40               | 1.94                  | 3.70              | 4.43              | 12.57 |
| Into Plane                                    |              |               |               |                    |                       |                   |                   |       |
| Revenue from<br>ITP Services                  | C            | 3.46          | 4.50          | 1.53               | 5.59                  | 8.98              | 9.43              | 33.48 |

|                            |                 |             |             |             |             |             |             |              |
|----------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <b>Revenue Share @ 5%</b>  | <b>D = C*5%</b> | <b>0.17</b> | <b>0.22</b> | <b>0.08</b> | <b>0.28</b> | <b>0.45</b> | <b>0.47</b> | <b>1.67</b>  |
| <b>Total Revenue Share</b> | <b>E = B+D</b>  | <b>1.08</b> | <b>1.41</b> | <b>0.48</b> | <b>2.22</b> | <b>4.15</b> | <b>4.90</b> | <b>14.24</b> |

*\*Implementation of revised Tariff rates is considered w.e.f. 16.07.2025*

9.2.4. **Return on the Dead Stock:** The Authority notes that BPCL has considered a Capex amounting to ₹ 2.84 crores in respect of the 3.20 lakhs liters ATF stored in the Fuel Storage Tanks & FHS as deadstock in the FY 2023-24. In order to compensate the ISP on account of erosion in the value of money locked as ‘dead stock’ due to general inflation etc., the Authority proposes to consider a nominal interest/return @ 5% per annum separately on the dead stock amounting to ₹ 2.84 crores, while computing ARR for the First Control Period (refer para 5.2.7 (c) for details).

9.2.5. Based on the above, the Authority proposes to be considered ARR for the First Control Period as presented in the table given below.

**Table 54: Aggregate Revenue Requirement (ARR) proposed by the Authority for the First Control Period**

*(₹ in crores)*

| Particulars                                      | Ref.             | FY 2023-24  | FY 2024-25  | FY 2025-26      |                   | FY 2026-27  | FY 2027-28  | Total        |
|--|------------------|-------------|-------------|-----------------|-------------------|-------------|-------------|--------------|
|  |                  |             |             | upto 15.07.2025 | w.e.f. 16.07.2025 |             |             |              |
| Regulatory Asset Base (RAB)<br>(refer Table 32)  | A                | 53.58       | 80.99       | 22.25           | 54.36             | 71.27       | 65.12       |              |
| Fair Rate of Return (FRoR)<br>(refer Table 33)   | B                | 12.21%      | 12.21%      | 12.21%          | 12.21%            | 12.21%      | 12.21%      |              |
| <b>Return on RAB</b>                             | <b>C = A * B</b> | <b>6.54</b> | <b>9.89</b> | <b>2.72</b>     | <b>6.64</b>       | <b>8.70</b> | <b>7.95</b> | <b>42.44</b> |
| O&M Expenses<br>(refer Table 49)                 | D                | 8.18        | 8.77        | 2.61            | 6.37              | 9.48        | 10.02       | <b>45.42</b> |
| Depreciation<br>(refer Table 30)                 | E                | 2.26        | 6.03        | 1.78            | 4.34              | 6.14        | 6.14        | <b>26.69</b> |
| Taxation<br>(refer Table 51)                     | F                | -           | -           | -               | -                 | -           | 2.52        | <b>2.52</b>  |
| Prior Period Under Recovery<br>(refer Table 21)  | G                | 1.84        | -           | -               | -                 | -           | -           | <b>1.84</b>  |
| Revenue Share<br>(refer Table 53)                | H                | 1.08        | 1.41        | 0.48            | 2.22              | 4.15        | 4.90        | <b>14.24</b> |
| Finance cost on BG                               | I                | 0.003       | 0.003       | 0.001           | 0.002             | 0.003       | 0.006       | <b>0.02</b>  |
| Return on Deadstock (ATF)<br>(refer Para 9.2.4)  | J                | 0.01        | 0.14        | 0.04            | 0.10              | 0.14        | 0.14        | <b>0.58</b>  |
| Return on Security Deposit<br>(refer Para 9.2.2) | K                | 1.90        | 1.90        | 0.55            | 1.35              | 1.90        | 1.90        | <b>9.50</b>  |

|  |                      |              |               |             |              |              |              |               |
|--|----------------------|--------------|---------------|-------------|--------------|--------------|--------------|---------------|
| <b>Aggregate Revenue Requirement (ARR)</b> | <b>L= Sum (C: K)</b> | <b>21.82</b> | <b>28.14</b>  | <b>8.17</b> | <b>21.02</b> | <b>30.52</b> | <b>33.59</b> | <b>143.25</b> |
| Discount factor @12.21%                    | M                    | 1.00         | 0.89          | 0.79        | 0.79         | 0.71         | 0.63         |               |
| <b>PV of ARR</b>                           | <b>N=L*M</b>         | <b>21.82</b> | <b>25.08</b>  | <b>6.49</b> | <b>16.69</b> | <b>21.60</b> | <b>21.19</b> | <b>112.87</b> |
| Sum of PV of ARR                           |                      |              | <b>112.87</b> |             |              |              |              |               |

9.2.6. The Authority has computed the ARR for BPCL in respect of its First Control Period at ₹ 143.25 crores (NPV ₹ 112.87 crores) as on 31.03.2024, as against ₹ 216.46 crores projected by the ISP. The major reasons of variance between ARR proposed by the Authority and as considered by the BPCL are as under:

- i. Determination of FRoR by the Authority @ 12.21% as against 14.00% claimed by BPCL, resulting in reduction of Return on RAB amounting to ₹ 8.79 crores.
- ii. Proposed 5% Return on Security Deposit in place of 14% Return considered by the BPCL, resulting in reduction of Return on Security Deposit amounting to ₹ 17.10 crores.
- iii. Rationalization of O&M expenses like Payroll expenses, Administration & General expenses, R&M Expenses etc. amounting to ₹ 4.66 crores.
- iv. Reduction in taxation, due to rationalization of aeronautical revenue & expenses, based on the ARR proposed by the Authority.
- v. BPCL has proposed Deadstock amounting to ₹ 2.84 crore as part of RAB and claimed FRoR thereon @ of 14%, whereas the Authority proposed a return @ 5% per annum.

### **9.3 Authority's proposals regarding Aggregate Revenue Requirement (ARR) for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to ARR for the First Control Period:

9.3.1 To consider ARR in respect of BPCL for the First Control Period as per Table 54.

9.3.2 To true up the ARR of the First Control Period at the time of tariff determination for Second Control Period.

## 10. AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

### 10.1 BPCL's submission on Aeronautical Revenue for the First Control Period

10.1.1 As per BPCL submission, the projected Aeronautical Revenue for the First Control Period is given in Table below:

**Table 55: Projected Aeronautical Revenue as per BPCL (from FF & ITP services) for First Control Period**

(₹ in crores)

| Particulars                    | FY<br>2023-24 | FY<br>2024-25 | FY<br>2025-26 | FY<br>2026-27 | FY<br>2027-28 | Total         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue from FF & ITP services | 9.52          | 31.71         | 59.63         | 67.90         | 71.29         | <b>240.05</b> |

10.1.2 The projected Aeronautical Revenue for the First Control Period amounting to ₹ 240.05 crores by BPCL includes actual revenue i.e. ₹ 9.52 crores for the FY 2023-24 (First tariff year).

### 10.2 Authority's Examination of Revenue Projected for the First Control Period

10.2.1 The Authority notes that BPCL has projected Aeronautical revenue for the First Control Period amounting to ₹ 240.05 crores, after considering the following tariff increase:

**Table 56: Tariff rates (FIF & ITP services) proposed by BPCL for First Control Period**

(Amount in ₹)

| Sl. No. | Particular of Service                     | Existing rate per KL | Proposed rate per KL w.e.f. (01.10.2024) |
|---------|---|----------------------|--|
| 1       | Fuel Infrastructure Fee                   | 700                  | 3817.01                                  |
| 2       | Into Plane Charges (Aircraft Refueling)   | 400                  | 721.26                                   |
|         | <b>Total FF &amp; ITP Service charges</b> | <b>1100</b>          | <b>4538.27</b>                           |

10.2.2 It is noted that BPCL has sought one-time increase of 445.28% in respect of Fuel Infrastructure Fee and an increase of 80.31% for ITP Charges, which is translating into a combined increase of 312.57% in total charges i.e. ₹ 4538.27/ KL (FIF & ITP charges), over the prevailing rate of total charges i.e. ₹ 1100/KL. The ISP in its proposal had considered implementation of revised tariff effective from 01.10.2024.

10.2.3 The Authority, based on its ARR computation for the First Control Period (refer Table 54), proposes the following tariff in respect of FIF & ITP services.

**Table 57: FIC & ITP Charges proposed by the Authority for First Control Period***(Rates in ₹ per KL)*

| Sl. No. | Particulars                             | Existing Rate | FY 2025-26<br>(w.e.f. 16.07.2025) | FY 2026-27 | FY 2027-28 |
|---------|---|---------------|-----------------------------------|------------|------------|
| 1.      | FIF Proposed                            | 700.00        | 1390.00                           | 1650.00    | 1880.00    |
|         | % increase proposed                     |               | 98.57%                            | 18.71%     | 13.94%     |
| 2.      | ITP Charges                             | 400.00        | 600.00                            | 600.00     | 600.00     |
|         | % increase proposed                     |               | 50%                               | -          | -          |
| 3.      | Combined Charges<br>(FIF & ITP Charges) | 1100.00       | 1990.00                           | 2250.00    | 2480.00    |
|         | Combined % increase                     |               | 80.91%                            | 13.07%     | 10.22%     |

10.2.4 The Tariff rates proposed in respect of BPCL pertaining to the First Control Period for Stakeholder's Consultation is placed at **Annexure-I**.

10.2.5 Based on the above proposed tariff, the Authority proposes to consider the total revenue from the Aeronautical Services for the First Control Period as shown in the table given below:

**Table 58: Aeronautical Revenue proposed by the Authority (from FIF & ITP services) for First Control Period***(₹ in crores)*

| Particulars  | Ref.  | FY 2023-24 | FY 2024-25 | FY 2025-26      |                   | FY 2026-27 | FY 2027-28 | Total  |
|--|-------|------------|------------|-----------------|-------------------|------------|------------|--------|
|  |       |            |            | upto 15.07.2025 | w.e.f. 16.07.2025 |            |            |        |
| <b>Aggregate Revenue Requirement (ARR)</b><br><i>(Refer table 54)</i>      | A     | 21.82      | 28.14      | 8.17            | 21.02             | 30.52      | 33.59      | 143.25 |
| Discount factor @12.21%  | B     | 1.00       | 0.89       | 0.79            | 0.79              | 0.71       | 0.63       |        |
| <b>PV of ARR</b><br><i>(Refer table 54)</i>                                | C=A*B | 21.82      | 25.08      | 6.49            | 16.69             | 21.60      | 21.19      | 112.87 |
| Current FIF Rate   | D     | 1100.00    | 1100.00    | 1100.00         | 1100.00           | 1100.00    | 1100.00    |        |
| Fuel volume<br><i>(Refer table 22)</i>                                     | E     | 86561      | 112444     | 38153           | 93224             | 149618     | 157099     | 637099 |
| <b>FIF income at current Tariff</b>  | F=D*E | 9.52       | 12.37      | 4.20            | 10.25             | 16.46      | 17.28      | 70.08  |
| Revised FIF rate after proposed Tariff increase<br><i>(Refer table 57)</i> | G     | 1100.00    | 1100.00    | 1100.00         | 1990.00           | 2250.00    | 2480.00    |        |
| Revised FIF income   | H=E*G | 9.52       | 12.37      | 4.20            | 18.55             | 33.66      | 38.96      | 117.26 |
| NPV of revised FIF income  | I=H*B | 9.52       | 11.02      | 3.33            | 14.73             | 23.83      | 24.58      | 87.01  |
| <b>Carried forward to next Control period</b>                              |       |            |            | 25.86           |                   |            |            |        |

10.2.6 The Authority has proposed Aeronautical revenue (comprising of Fuel Infrastructure Fee and ITP Charges) for the First Control Period as per the above table, after considering Carry Forward of 23% of ARR for the First Control Period (₹ 25.86 Crores in NPV terms as on 31<sup>st</sup> March 2024) to the next Control Period.

### **10.3 Authority's Proposals regarding Tariff Rates and Projected Aeronautical Revenue for the First Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Tariff Rates and Aeronautical Revenue for the First Control Period:

10.3.1 To consider the Tariff Rates for aeronautical services (FIF & ITP Charges) in respect of BPCL, Mopa, Goa for the First Control Period as Table 57.

10.3.2 To consider Aeronautical Revenue for BPCL in respect of the First Control Period as per Table 58.

10.3.3 To Carry Forward 23% of ARR pertaining to First Control Period to the Second Control Period.

10.3.4 To consider true up of Aeronautical Revenue of the First Control Period at the time of tariff determination for the Second Control Period.



## **11. SUMMARY OF AUTHORITY'S PROPOSALS**

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination for the First Control Period as reproduced below:

### **Chapter 2: Methodology for tariff determination**

- 2.2.1 To adopt "Cost Plus" Regulatory Approach for the Determination of Tariff in respect of the Fuel Farm & ITP Services pertaining to the First Control Period (FY 2023-24 to FY 2027-28).

### **Chapter 3: Determination of Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023**

- 3.16.1 To consider Capital Additions as per Table 10.
- 3.16.2 To consider Aeronautical Depreciation as per Table 13.
- 3.16.3 To consider RAB as per Table 15.
- 3.16.4 To consider FRoR as per Table 16.
- 3.16.5 To consider the O&M Expenses as detailed in Table 17.
- 3.16.6 To consider ARR and Under-Recovery as per Table 21 and to adjust this shortfall in the ARR of the First Control Period.

### **Chapter 4: Fuel Throughput (Volume) for the First Control Period**

- 4.3.1 To consider the Fuel Throughput Forecast for the First Control Period in respect of BPCL, at Mopa, Goa airport as per Table 22.
- 4.3.2 To true up the Fuel Throughput in respect of the First Control Period, based on the actual Fuel Throughput, at the time of tariff determination for the Second Control Period.

### **Chapter 5: Capital Expenditure, Depreciation and Regulatory Asset Base (RAB) for the First Control Period**

- 5.7.1 To consider Capital Additions to RAB as per the Table 27.
- 5.7.2 To consider Depreciation as per Table 30.
- 5.7.3 To true up the Capital Expenditure based on actuals, at the time of determination of tariff for Second Control Period, subject to cost efficiency and reasonableness of capex incurred.
- 5.7.4 To consider Average RAB as per Table 32.
- 5.7.5 To true up the RAB and Average RAB considering the actual figures, at the time of tariff determination for the Second Control Period.

### **Chapter 6: Fair Rate of Return (FRoR) for the First Control Period**

- 6.3.1 To consider FRoR as per Table 33.

### **Chapter 7: Operation and Maintenance (O&M) Expenditure for the First Control Period**

- 7.3.1. To consider the Operation & Maintenance (O&M) Expenditure as per Table 49.
- 7.3.2. To true up the Operation & Maintenance (O&M) Expenditure for the First Control Period at the time of tariff determination for the Second Control Period.

### **Chapter 8: Taxation for the First Control Period**

- 8.3.1 To consider the Aeronautical Tax for the First Control Period in respect of BPCL for Mopa, Goa airport as per Table 51.
- 8.3.2 To true up the Aeronautical Tax of the First Control Period at the time of tariff determination for the Second Control Period.

### **Chapter 9: Aggregate Revenue Requirement (ARR) for the First Control Period**

- 9.3.1 To consider ARR in respect of BPCL for the First Control Period as per Table 54.
- 9.3.2 To true up the ARR of the First Control Period at the time of tariff determination for Second Control Period.

### **Chapter 10: Aeronautical Revenue for the First Control Period**

- 10.3.1 To consider the Tariff Rates for aeronautical services (FIF & ITP Charges) in respect of BPCL, Mopa, Goa for the First Control Period as Table 57.
- 10.3.2 To consider Aeronautical Revenue for BPCL in respect of the First Control Period as per Table 58.
- 10.3.3 To Carry Forward 23% of ARR pertaining to First Control Period to the Second Control Period.
- 10.3.4 To consider true up of Aeronautical Revenue of the First Control Period at the time of tariff determination for the Second Control Period.

## **12. STAKEHOLDERS' CONSULTATION TIMELINE**

- 12.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 11 Summary of proposals read with the relevant discussion in the other chapters of the paper is hereby put forth for the Stakeholders' Consultation.
- 12.2 For removal of doubts, it is clarified that the contents of this consultation paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 12.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 11 above, latest by 08.07.2025 at the following address.

**Secretary**

**Airports Economic Regulatory Authority of India (AERA),  
3<sup>rd</sup> Floor, Udaan Bhawan  
Safdarjung Airport,  
New Delhi -110003  
Tel: 011-24695048.**

**(Chairperson)**

**ANNEXURE - I**

**TARIFF PROPOSED BY AERA FOR THE FIRST CONTROL PERIOD**  
**IN RESPECT OF FIF & ITP SERVICES FOR BPCL**  
**AT MOPA, GOA AIRPORT**

Proposed Tariff for the First Control Period will be effective from 16.07.2025

(Amount in ₹/KL)

| Year  | Fuel<br>Infrastructure<br>Fee | Into Plan<br>Charges<br>(Refueling) | Combined<br>Rate | Aircraft<br>Defueling |                       | Aircraft<br>Refueling of<br>defueled product |                       |
|---|-------------------------------|-------------------------------------|------------------|-----------------------|-----------------------|--|-----------------------|
|   |                               |                                     |                  | Within<br>06<br>Hours | Beyond<br>06<br>Hours | Within<br>06<br>Hours                        | Beyond<br>06<br>Hours |
| <b>FY 2025-26</b><br><b>(w.e.f. 16.07.2025)</b> | 1390.00                       | 600.00                              | 1990.00          | 400.00                | 500.00                | 450.00                                       | 500.00                |
| <b>FY 2026-27</b>                               | 1650.00                       | 600.00                              | 2250.00          | 400.00                | 500.00                | 450.00                                       | 500.00                |
| <b>FY 2027-28</b>                               | 1880.00                       | 600.00                              | 2480.00          | 400.00                | 500.00                | 450.00                                       | 500.00                |

*Note: Tariff rates proposed herein above are ceiling rates excluding of taxes.*