

[F.No. AERA /20015 /FT/2010-11]

Consultation Paper No.06/2010-11



Airports Economic Regulatory Authority of India

**Revision of fuel throughput charges by
airport operators with effect from
1st April, 2010**

New Delhi: 14th September, 2010

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

The Airports Economic Regulatory Authority of India (hereinafter referred to as the 'Authority'), established under "The Airports Economic Regulatory Authority of India Act, 2008" (hereinafter referred to as the 'Act') is to perform the functions in respect of major airports, inter alia, to determine the tariff for the aeronautical services; to determine the amount of the development fees in respect of major airports; to determine the amount of the passengers service fee levied under rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934; and to monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.

2.1 As per section 2(a) of the Act, any service provided for supplying fuel to the aircraft at an airport is an 'aeronautical service' and the tariff for such aeronautical service at a major airport is to be determined by the Authority after taking in to consideration various factors as provided under Section 13 1 (a). Hence, any increase in fuel throughput charges without the previous approval of the Authority is a contravention of Section 13 of the Act.

2.3 The International Air Transport Association (IATA) vide their letter no.nil dated 18.06.2010 (**Annexure-I**) informed the Authority that the fuel throughput charges have been increased w.e.f. 01.04.2010 at a number of Indian airports including the major airports at Mumbai, Delhi, Cochin, Hyderabad, Chennai, Kolkata, Ahmedabad and Trivandrum and in support of their claim had, inter alia, forwarded copies of communications from Mumbai International Airport Pvt. Ltd. (MIAL), Delhi International Airport Pvt. Ltd. (DIAL), Cochin International Airport Pvt. Ltd. (CIAL), Hyderabad International Airport Ltd. (HIAL) and Airports Authority of India (AAI) to the fuel suppliers concerning the respective increases.

2.4 The airport operators (AAI, DIAL, MIAL, CIAL and HIAL) were advised to withdraw any increase effected by them and furnish a status report with comments in the matter to the Authority for its consideration vide letter dated 24.06.2010 (**Annexure-II**) to each of the operators. A copy of the same was also endorsed to the DGCA and Ministry of Civil Aviation for information.

2.5 AAI, in their letter dated 02.07.2010 (**Annexure-III**) submitted that the revision of fuel throughput charges at AAI's airports is through a commercial agreement between AAI and Oil companies which covers many airports including those which are not under the purview of the Act. Further, these agreements have been entered into with the Oil companies in the year 2005 based on the outcome of a competitive tendering process. The pre-determined increase has already been factored by AAI in calculations while seeking permission for levy of UDF at airports like Trivandrum and Ahmedabad. Further, AAI also drew attention to clause 4.11 of Part IV of Consultation Paper No. 03/2009-10 dated 26.02.2010 which states that:

" in case the material common access/fuel farm facilities are provided as well as operated by a licensee, the Authority will take into account

the structure and agreements between the airport operator and fuel facility provider....”

In view of the aforesaid, AAI has requested the Authority that they may be permitted to implement the annual escalation of 5% as agreed between AAI and Oil Companies. The fuel throughput charges after the 5% annual escalation w.e.f 01.04.2010 at the AAI Airports are as under :

Chennai	Rs.1459.83 per KL
Kolkata	Rs.1216.72 per KL
Trivandrum	Rs.139.80 per KL
Ahmedabad	Rs.112.10 per KL
Guwahati	Rs.112.10 per KL
Jaipur	Rs.112.10 per KL
Calicut	Rs.112.10 per KL
Pune*	Rs.112.10 per KL
Goa*	Rs.112.10 per KL

** Civil Enclaves – revision shall be separately considered by the Authority, as constituted in terms of the proviso to subsection (1) of Section 4 of the Act.*

2.6 MIAL vide their letter no. MIAL/PR/60 dated 02.07.2010 (**Annexure-IV**) have enclosed a copy of the escalation mechanism as agreed with the oil companies vide agreement dated 04.09.2008 for a period of 15 years. MIAL too have quoted the abstract from clause 4.11, Part IV of the Consultation Paper No. 03/2009-10 and requested the Authority to approve the increase of Rs.26.75 per KL being minimum increase on Rs.535 per KL prevailing in F.Y. 2009-10.

2.7 CIAL vide their letter no. CIAL/OPS/61 dated 08.07.2010 (**Annexure-V**) have submitted that an agreement was executed between CIAL and BPCL in May, 1995 for providing exclusive fuel hydrant system at Cochin International Airport. The installation and the facility is owned and operated by BPCL who pay CIAL the lease rentals and throughput charges, as per the provisions of the above motioned agreement. Vide a further letter no. CIAL/OPS/61 dated 17.08.2010 (**Annexure-VI**), CIAL reiterated their contractual arrangement with BPCL and specifically sought the approval of the Authority permitting them to charge the through-put charges of Rs.84 per KL on the ATF off-take as per the agreement with BPCL w.e.f 1st April, 2010

2.8 DIAL, vide their letter no. DIAL/2010-11/Comm-GH/dated 15.07.2010 (**Annexure-VII**), submitted that the current charge is an old charge prevalent since 01.04.2008 that has been related to inflation related increase thereafter, as agreed between the airport operator and the fuel companies. Further, DIAL have also referred to the abstract from clause 4.11 Part IV of the Consultation Paper No.

03/2009-10 and have stated that the present escalation mechanism was arrived at for a long term stable pricing of throughput charges under the supervision of Ministry of Petroleum and the 15 year agreement on escalation mechanism was reached between the parties on 25.01.2010. Vide another letter no. DIAL-2010-11/Comm-GH/998 dated 26.07.2010 (**Annexure-VIII**) have requested the Authority to approve the revision of charges on account of the escalation mechanism agreement entered into with the fuel companies. The fuel throughput charges after the 5% annual escalation w.e.f 01.04.2010 at the IGI Airport for which approval has been sought by DIAL is Rs. 561.75/KL.

2.9 HIAL, vide their letter no. DIAL/2010/Fin-Acc/928 dated 19.07.2010 (**Annexure-IX**), submitted that their current charges are prevalent from 23.03.2008 i.e., the start of commercial operations and there has not been any increase in them.

3. However, none of the airport operators (AAI, MIAL, DIAL and CIAL) have confirmed the stoppage of the levy of through-put fee at higher rates or withdrawal of the same as advised vide the Authority's letter dated 24.06.2010. Therefore, the Authority has separately issued directions, under Section 15 of the Act, to the said airport operators to immediately stop charging fuel throughput fee, at the respective major airports, at the rates suo-moto revised by them until their request for approval for such revision is decided by the Authority.

4. The Authority in its meeting held on 26.08.2010 observed that:

- (a) As per section 2 (a) of the Act, any service provided for supplying fuel to the aircraft at an airport is an 'aeronautical service' and the tariff for such aeronautical service at a major airport is to be determined by the Authority after taking in to consideration various factors as provided under Section 13 1 (a). Hence, any increase in fuel throughput charges without the previous approval of the Authority is a contravention of the provisions of the Act. The Authority vide its letter dated 24.06.2010 to the operators had mentioned that any increase in fuel throughput charges without the previous approval of the Authority is a contravention of Section 13 of the Act and had accordingly advised the Operators to withdraw any increase so effected.
- (b) AAI, MIAL, CIAL and DIAL have revised the throughput charges based on the commercial agreements between them and the Oil Companies.
- (c) AAI, MIAL and DIAL have in their request for approving the revision in fuel throughput charges drawn attention to clause 4.11 of Part IV Consultation Paper No. 03/2009-10 dated 26.02.2010 which states that:-
"in case the material common access/fuel farm facilities are provided as well as operated by a licensee, the Authority will take into account the structure and agreements between the airport operator and fuel facility provider...."

- (d) Para 4.11 of Consultation Paper No. 3/2009-10 dated 26.02.2010, which has been relied upon by the airport operators to seek approval for the increase in the throughput charges, does not cover the revenues accruing to the operators from the oil companies. The issue of revenues to airport operators from aviation related fuel access charges is covered in para 4.9 of the Consultation Paper wherein the Authority has indicated that it will consider such revenues as part of the passenger yield cap calculation. This mechanism will provide for protection of user's interests wherein passenger yield determined by the price cap formula will take into account extent of such payments. Therefore, in case the access fees such as throughput fee are kept at a higher level, the airlines would bear the higher fuel throughput charges, but the impact of the same is likely to be neutralized/mitigated through lower airport charges, since the accruals from the higher fees would be considered towards the passenger yield cap calculation.
- (e) While there is an economic rationale for charging access fees such as throughput charges, there is no definite formula through which such charges can be determined. Therefore, conventionally such charges are negotiated between the access provider and the access seeker. In this case, such contractual commitments have been disclosed by the airport operators.

5. Keeping in view the above, the Authority proposes to approve the revised Fuel Throughput Charges with effect from 1st April'2010, as below :

Sl. No.	Airport	Airport Operator	Pre-revised Fuel Throughput Fee (Rs./KL)	% increase proposed	Proposed Fuel Throughput Fee (Rs./KL)
1	Chennai	AAI	1390.31	5	1459.83
2	Kolkata	AAI	1158.78	5	1216.72
3	Trivandrum	AAI	133.15	5	139.80
4	Ahmedabad	AAI	106.75	5	112.10
5	Calicut	AAI	106.75	5	112.10
6	Guwahati	AAI	106.75	5	112.10
7	Jaipur	AAI	106.75	5	112.10
8	CSIA, Mumbai	MIAL	535.00	5	561.75
9	IGIA, Delhi	DIAL	535.00	5	561.75
10	Cochin	CIAL	70	20	84

6. The Authority solicits feedback, comments and suggestions from stakeholders on the proposal contained in para 5 above. Comments/submissions may please be furnished to the Authority latest by **28, September, 2010** at the following address:

Shri Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
AERA Building,
Administrative Complex,
Safdarjung Airport, New Delhi 110003
Email: sandeep.prakash@aera.gov.in, sandeep.moca@nic.in
Tel: 011- 2469 5040
Fax: 011- 2469 5039

Yashwant S. Bhave
Chairperson



ANNEXURE - I

18 June 2010

Shri Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
Room no. 58, B Block, Rajiv Gandhi Bhawan
New Delhi 110003
Email: sandeep.prakash@aera.gov.in, sandeep.moca@nic.in
Fax +91 11 2465 6214

Pr. f. u. urgent.

18/6

05D-II

Dear Shri Prakash,

AIRPORT FUEL THROUGHPUT FEES

I would like to bring to your kind attention the matter of fuel throughput fee which was increased with effect from 1 April 2010 at a number of Indian airports. These airports include the ones regulated by AERA i.e. BOM, DEL, COK, HYD, MAA, CCU, AMD and TRV. Enclosed with this letter are the communications from MIAL, DIAL, CIAL and AAI to the fuel suppliers concerning the respective increases.

Under the AERA Act 2008, the aspect of supply of fuel at an airport is stipulated as an activity to be regulated by AERA. It follows that fuel throughput fee which in recent years has gone through hefty increases and has become a convenient source of revenue for many Indian airports, is rightly an item that AERA should regulate. IATA maintains that such a fee has no cost basis and should not be allowed. Although the fee is levied by the airport on the fuel supplier, airlines are the ones that shoulder the full cost because the fee, being common to all fuel suppliers, is being simply passed through in entirety to the airlines.

IATA's understanding is that from 1 September 2009 when AERA formally assumed the authority for economic regulation of the major Indian airports, any increase in tariffs (including fuel throughput fee) by any one of these airports needs to be approved by AERA. As such, the unilateral moves by the airports concerned to raise fuel throughput fee from 1 April 2010 undermine the authority of AERA and are in violation of the AERA Act.

AERA's urgent intervention is being sought in this matter to get the airports concerned to rescind the illegal increases in fuel throughput fee immediately.

International Air Transport Association
111 Somerset Road, #14-05
TripleOne Somerset
Singapore 238164
Tel: +65 6438 4555
Fax: +65 6438 4666

www.iata.org

*6 / sec 8 / 10
22/06/10*

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I look forward to your early response.

Yours sincerely,



Malvyn Tan
Asst Director, Industry Charges, Fuel & Taxation
International Air Transport Association
Tel.: +65 6499 2262
Fax : +65 6415 1201
Mobile : +65 9030 9687
tanjcm@iata.org

cc Shri Yashwant Bhawe
Chairman
Airports Economic Regulatory Authority of India
Room No. 354
Rajiv Gandhi Bhawan
New Delhi 110003
Email: chairperson@era.gov.in



INDIRA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport (P)Limited

- 17 -



Registered office: New Udaan Bhawan,
Terminal 3, Opp. ATS Complex,
International Terminal, IGI Airport,
New Delhi 110037, India
T +91 11 47197000
F +91 11 47197181
W www.newdelhiairport.in

DIAL/2010-11/Commercial/356

May 12, 2010

General Manager-Aviation
Bharat Petroleum Corporation Limited
A5&6, Sector-1,
Noida-101301

Sub- Oil Throughput charges applicable for the year 2010-11

Ref.: MOM dated 25th January,2010

Sir(s),

In accordance with referred minutes of meeting for throughput fee finalization, annual average increase in WPI is 3.74%. In view of the same oil throughput charges at Terminal-1 and Terminal-2 for the year 2010-11 will increase by 5% and shall be 561.75/Kl. plus service tax at actual

Yours Sincerely,

Pradeep Panicker

Authorized Signatory



No. AV-21012/93/2006-LM/Vol.II

SPEED POST

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

18TH November, 2009

The Regional Executive Director,
Airports Authority of India,
Northern / Western / Eastern / Southern / North-East Region,
Operational Offices / CSI / NSCBI / Chennai / Guwahati Airport,
Delhi / Mumbai / Kolkata / Chennai / Guwahati.

The Airport Director,
Airports Authority of India,
NSCBI / Chennai / Trivandrum Airport,
Kolkata / Chennai / Trivandrum.

Sub: Finalization of "Throughput Charges Policy"

Sir,

This has reference to earlier communications from CHQ regarding levy of Throughput Charges on Oil Companies at various AAI Airports. CHQ was in discussion with Oil Companies and it has now been decided as:-

(a) Rate of Minimum Throughput charges on per KL basis for next five years are as:-

01-04-2009 to 31.03.2010	:	Rs.106.75
01-04-2010 to 31.03.2011	:	Rs.112.10
01-04-2011 to 31.03.2012	:	Rs.117.70
01-04-2012 to 31.03.2013	:	Rs.123.60
01-04-2013 to 31.03.2014	:	Rs.129.80

(5% escalation on 1st April every year)

(b) Effective date of levy of Throughput Charges:

01-04-09 (1st April, 2009).

(c) Rate of Throughput Charges:

- (i) For 20 airports as per A of Annexure – I (refer this office letter No.AV-21012/39/2005-LM///600-607 dated 18.05.09)
- (ii) For other airports as per (a) above.

(e) **Periodicity of Bills** -

- (i) The Upliftment figures of Throughput Charges shall be submitted by **10th of every month** by Oil Companies to the local AAI Offices at the respective airports for billing purposes and Throughput Charges bills will be raised on monthly basis.
- (ii) The payment of Throughput Charges for non-metro airports shall be released by Oil Companies to the respective airports as per billing schedule.
- (iii) The details of upliftment are required to be submitted on monthly basis by Oil Companies even if they fall in the exemption limit as per (d) (i).

(f) **Service Tax** -

It is applicable on Throughput Charges.

2. The above rates of Throughput charges on per KL basis are **to be applied uniformly** on all oil companies (PSU or Private) irrespective of the fact whether ATF is supplied from the permanent AFS(s) within the airport(s) or ATF is supplied through Mobile Refuellers/Bowzers from outside the airport(s) land.

3. In addition to Throughput charges, Oil Companies are also **required to pay land rentals (unpaved / paved)** if land is leased to them for permanent AFS or for parking of refuellers/placement of Porta Cabins as the case may be on the land rental rates as applicable at respective airports

4. The above revised guidelines are for strict compliance and accordingly bills be raised on Oil Companies with retrospective effect from 01.04.2009 onwards (wherever applicable).

5. Further, as regards grant of permission for mobile refueling facilities to any of the Oil Company; at any airport is concerned, the prior approval of CHQ be obtained.
6. This supersedes all earlier communications regarding levy of Throughput Charges from Oil Companies.
7. Kindly acknowledge receipt.



(L.L. KRISHNAN)
EXECUTIVE DIRECTOR(LM)

Copy to:-

Sh. R. Sareen,
Executive Director (Aviation),
Indian Oil Corporation Ltd.,
Indian Oil Bhawan,
G-9, Ali Yavar Jung Marg, Bandra(E),
Mumbai - 400051.

Sh. S.P. Mathur,
Executive Director(Aviation),
Bharat Petroleum Corpn. Ltd.,
Aviation SBU,
A-5&6, Sector-1,
Noida - 201301

Sh. K. Srinivas,
Dy. General Manager(Aviation),
Hindustan Petroleum Corpn. Ltd.,
Hindustan Bhavan
8, Shoorji Vallabhdas Marg
Mumbai - 400001.

N.O.O.

1. ED(Rev)
2. ED(IA)
3. GM(Comml.)
4. OSD to Chairman
5. PS to M(Ops)
6. PS to M(Fin.)
7. PS to M(P&A)
8. PS to M(Plg.)

ANNEXURE - I**A) THROUGHPUT CHARGES AS APPLICABLE AT 20 AIRPORTS**Rates are in Rupees per KL; Escalation @ 5% on 1st April every year; Year denotes Financial Year

S. No	Name of Airport	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1.	Chennai	115.00	115.00 upto 02.05.06; 230.00 from 03.05.06 to 09.03.07; 1201.00* from 10.03.07 to 31.03.07	1261.05	1324.10	1390.31	1459.83
2.	Kolkata	115.00	115.00 upto 02.05.06; 230.00 from 03.05.06 to 09.03.07; 1001.00* from 10.03.07 to 31.03.07	1051.05	1103.60	1158.78	1216.72
3.	Trivandrum	115.00	115.00	120.75	126.80	133.15	139.80
4.	Ahmedabad	414.00*	434.70	456.44	479.26	503.22	528.38
5.	Amritsar	360.00*	378.00	396.90	416.75	437.59	459.47
6.	Bhubaneswar	180.00*	189.00	198.45	208.37	218.79	229.73
7.	Guwahati	270.00*	283.50	297.68	312.56	328.19	344.60
8.	Hyderabad	414.00*	434.70	456.44	479.26	503.22	528.38
9.	Jaipur	228.00*	239.40	251.37	263.94	277.14	291.00
10.	Lucknow	270.00*	283.50	297.68	312.56	328.19	344.60
	Nagpur	332.00*	348.60	366.03	384.33	403.55	423.73
12.	Ranchi	180.00*	189.00	198.45	208.37	218.79	229.73
13.	Udaipur	228.00*	239.40	251.37	263.94	277.14	291.00
14.	Vadodra	332.00*	348.60	366.03	384.33	403.55	423.73
15.	Varanasi	120.00*	126.00	132.30	138.92	145.87	153.16
16.	Aurangabad	96.00*	100.80	105.84	111.13	116.69	122.52
17.	Gaya	96.00*	100.80	105.84	111.13	116.69	122.52
18.	Jabalpur	96.00*	100.80	105.84	111.13	116.69	122.52
19.	Madurai	96.00*	100.80	105.84	111.13	116.69	122.52
20.	Rajpur	96.00*	100.80	105.84	111.13	116.69	122.52

* - Tendered Rate

B) LIST OF TEN (10) AIRPORTS

- WR - Indore, Bhopal, Surat, Pune, Goa.
 SR - Calicut, Coimbatore, Mangalore, Rajamundry.
 NR - Jammu.

Mumbai International Airport Pvt Ltd

MIAL/PR/19

30th April, 2010

Mr. R. Sareen
Executive Director - Aviation
Indian Oil Corporation Limited
Indian Oil Bhavan
G-9, Ali Yavar Jung Marg, Bandra East
Mumbai – 400 051

Mr. R. Radhakrishnan
General Manager – Aviation (Head SBU)
Hindustan Petroleum Corporation Limited
Hindustan Bhavan, Gr. Floor
8, Soorji Vallabhdas Marg, Ballard Estate
Mumbai – 400 001

Mr. S. B. Bhattacharya
General Manager-Aviation
Bharat Petroleum Corporation Limited
A5 & 6, Sector -1, Noida- 101301

Sir(s),

Sub : Oil throughput charges applicable for the year 2010 -11

Ref: Our letter No. MIAL/PR/17 dated 29th April 2010

In supersession to our earlier letter, annual average increase in WPI is 3.74%. In view of the same oil throughput charges for the year 2010-11 will increase by minimum 5% and shall be Rs. 561.75/KL plus service tax extra at actuals.

Yours Sincerely,
For Mumbai International Airport Private Limited


(R.K. Jain)
President



Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099.
Tel.+91 22 6685 2200 • Fax +91 22 6685 2059
www.csia.in



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COCHIN INTERNATIONAL AIRPORT LTD.

CIAL/OPS/12
January 8, 2010

Station Manager
Bharat Petroleum Corporation Limited
Cochin International Airport.

Sir,

Sub : Royalty payable by BPCL to CIAL with effect from 01-04-2009- Reg.

It has been decided to revise the rate of royalty payable by BPCL to CIAL on behalf of all oil companies on the ATF sales at Cochin International Airport, as per details given below:

YEAR	RATE
April-2009 to March-2010	Rs.70/- per KL
April-2010 to March-2011	Rs.84/- per KL
April-2011 to March-2012	Rs.101/- per KL
April-2012 to March-2013	Rs.121/- per KL
April-2013 to March-2014	Rs.145/- per KL
April-2014 to March-2015	Rs.174/- per KL

* The above rates are excluding Service Tax and other Government levies applicable from time to time.

The rate of royalty with effect from 01-04-2015 will be discussed and finalized during the month of March-2015.

As per the above rates, BPCL is requested to pay the royalty to CIAL with effect from 01-04-2009.

Thanking you,

Yours faithfully,


A.C.K.NAIR
AIRPORT DIRECTOR

Internal : ED-F & CS

F.No. AERA/20015/FT/2010-11 / 304
Airports Economic Regulatory Authority of India

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Dated the 24th June, 2010

To,

Dr. Krishnadas Nair,
Managing Director,
Cochin International Airport Pvt. Ltd.,
Nedumbassery,
Cochin (Kerala).


Subject :- Revision of fuel through put charges – reg.

Sir,

I am directed to refer IATA's letter no. dated 18.06.2010 (copy enclosed) on the subject issue of revision of fuel through put charges at your airport and to say that under the provisions of the AERA Act, 2008, any service provided for supplying fuel to an aircraft at an airport is an aeronautical service and charges for such aeronautical service are to be regulated by AERA in terms of Section 13 (1)(a) of the Act.

2. The imposition of any new charge or change in rate of any existing fuel throughput charges, at all the major airports, would therefore, require previous approval of the Authority. Hence any increase in the fuel throughput charges, without the approval of the Authority, would not be in accordance with law. CIAL is, accordingly, advised to withdraw any increase so effected and furnish a status report along with comments in the matter to the Authority for its consideration.

Yours faithfully,


(C.V. Deepak)
OSD-II
Tel.: 24695043

Encl. As above.

Copy to :-

1. Director General of Civil Aviation, DGCA Complex, Opp. Safdarjung Airport, New Delhi – 110 003.
2. Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation, R.G. Bhawan, New Delhi-110 003.
3. Shri Amitabh Khosla, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.

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F.No. AERA/20015/FT/2010-11 /305
Airports Economic Regulatory Authority of India

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Dated the 24th June, 2010**

To,

Shri Kiran Kumar Grandhi,
Managing Director,
GMR HIAL Airport Office
Rajiv Gandhi International Airport Pvt. Ltd.,
Shamshabad,
Hyderabad – 500409.


Subject :- Revision of fuel through put charges – reg.

Sir,

I am directed to refer IATA's letter no. dated 18.06.2010 (copy enclosed) on the subject issue of revision of fuel through put charges at your airport and to say that under the provisions of the AERA Act, 2008, any service provided for supplying fuel to an aircraft at an airport is an aeronautical service and charges for such aeronautical service are to be regulated by AERA in terms of Section 13 (1)(a) of the Act.

2. The imposition of any new charge or change in rate of any existing fuel throughput charges, at all the major airports, would therefore, require previous approval of the Authority. Hence any increase in the fuel throughput charges, without the approval of the Authority, would not be in accordance with law. GHIAL is, accordingly, advised to withdraw any increase so effected and furnish a status report along with comments in the matter to the Authority for its consideration.

Yours faithfully,


(C.V. Deepak)
OSD-II
Tel.: 24695043

Encl. As above.

Copy to :-

1. Director General of Civil Aviation, DGCA Complex, Opp. Safdarjung Airport, New Delhi – 110 003.
2. Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation, R.G. Bhawan, New Delhi-110 003.
3. Shri Amitabh Khosla, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.

o/c - 22/f

F.No. AERA/20015/FT/2010-11/306
Airports Economic Regulatory Authority of India

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Dated the 24th June, 2010

To,

Shri. G.V.Sanjay Reddy,
Managing Director,
Mumbai International Airport Pvt. Ltd.,
Chhatrapati Shivaji International Airport,
1st Floor, Terminal 1B, Santa Cruz (E),
Mumbai – 400 059.


Subject :- Revision of fuel through put charges – reg.

Sir,

I am directed to refer IATA's letter no. dated 18.06.2010 (copy enclosed) on the subject issue of revision of fuel through put charges at your airport and to say that under the provisions of the AERA Act, 2008, any service provided for supplying fuel to an aircraft at an airport is an aeronautical service and charges for such aeronautical service are to be regulated by AERA in terms of Section 13 (1)(a) of the Act.

2. The imposition of any new charge or change in rate of any existing fuel throughput charges, at all the major airports, would therefore, require previous approval of the Authority. Hence any increase in the fuel throughput charges, without the approval of the Authority, would not be in accordance with law. MIAL is, accordingly, advised to withdraw any increase so effected and furnish a status report along with comments in the matter to the Authority for its consideration.

Yours faithfully,


(C.V. Deepak)
OSD-II
Tel.: 24695043

Encl. As above.

Copy to :-

1. Director General of Civil Aviation, DGCA Complex, Opp. Safdarjung Airport, New Delhi – 110 003.
2. Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation, R.G. Bhawan, New Delhi-110 003.
3. Shri Amitabh Khosla, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.

o/k

-13-

F.No. AERA/20015/FT/2010-11 /307
Airports Economic Regulatory Authority of India

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Dated the 24th June, 2010

To,

Shri Kiran Kumar Grandhi,
Managing Director,
Delhi International Airport Pvt. Ltd.,
New Udaan Bhawa, IGI Airport,
New Delhi – 110 037.


Subject :- Revision of fuel through put charges – reg.

Sir,

I am directed to refer IATA's letter no. dated 18.06.2010 (copy enclosed) on the subject issue of revision of fuel through put charges at your airport and to say that under the provisions of the AERA Act, 2008, any service provided for supplying fuel to an aircraft at an airport is an aeronautical service and charges for such aeronautical service are to be regulated by AERA in terms of Section 13 (1)(a) of the Act.

2. The imposition of any new charge or change in rate of any existing fuel throughput charges, at all the major airports, would therefore, require previous approval of the Authority. Hence any increase in the fuel throughput charges, without the approval of the Authority, would not be in accordance with law. DIAL is, accordingly, advised to withdraw any increase so effected and furnish a status report along with comments in the matter to the Authority for its consideration.

Yours faithfully,


(C.V. Deepak)
QSD-II
Tel.: 24695043

Encl. As above.

Copy to :-

1. Director General of Civil Aviation, DGCA Complex, Opp. Safdarjung Airport, New Delhi – 110 003.
2. Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation, R.G. Bhawan, New Delhi-110 003.
3. Shri Amitabh Khosla, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.

o/k

-14-

F.No. AERA/20015/FT/2010-11/308
Airports Economic Regulatory Authority of India

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Dated the 24th June, 2010

To,
Shri S.C. Chhatwal,
Member (Finance),
Airports Authority of India,
Rajiv Gandhi Bhawan,
New Delhi – 110 003.

Subject :- Revision of fuel through put charges – reg.

Sir,

I am directed to refer IATA's letter no. dated 18.06.2010 (copy enclosed) on the subject issue of revision of fuel through put charges at your airport and to say that under the provisions of the AERA Act, 2008, any service provided for supplying fuel to an aircraft at an airport is an aeronautical service and charges for such aeronautical service are to be regulated by AERA in terms of Section 13 (1)(a) of the Act.

2. The imposition of any new charge or change in rate of any existing fuel throughput charges, at all the major airports, would therefore, require previous approval of the Authority. Hence any increase in the fuel throughput charges, without the approval of the Authority, would not be in accordance with law. AAI is, accordingly, advised to withdraw any increase so effected and furnish a status report along with comments in the matter to the Authority for its consideration.

Yours faithfully,

(C.V. Deepak)
OSD-II

Tel.: 24695043

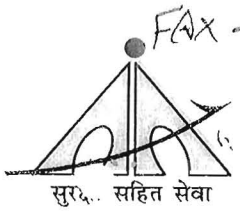
Encl. As above.

Copy to :-

1. Director General of Civil Aviation, DGCA Complex, Opp. Safdarjung Airport, New Delhi – 110 003.
2. Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation, R.G. Bhawan, New Delhi-110 003.
3. Shri Amitabh Khosla, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.

24/06

o/c FT.



FAX - 2463295 - 24 -

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

ANNEXURE - III

No AAI/CHQ/REV/AERA/2010 | 307

Dated: 2.7.2010

The Secretary,
Airports Economic Regulatory Authority of India,
Room No. 58, B Block,
Rajiv Gandhi Bhawan,
New Delhi- 110 003.

Kind Attn: Shri C.V.Deepak, OSD-II to Chairman

Subject: Revision of fuel through put charges – reg.

Sir,

In response to your letter No.AERA/20015/FT/2010-11/308 dated 24th June, 2010 on the above subject, the following facts are placed for consideration:


- i) In the year 2005 Airports Authority of India floated the tenders for providing land to Oil Companies other than Chennai and Kolkata airports in which the Private Oil Companies also participated. The escalation of 5% was applicable from 2005 for the parties selected through the tenders.
- ii) It was decided in the meeting with Oil Companies held on 8.7.2009 that through put charges would be subject to an annual escalation of 5%.
- iii) It was a commercial agreement between Airports Authority of India and Oil Companies.
- iv) The agreement covers many airports including the airports which are not under the purview of AERA.
- v) The predetermined increase has already been factored in the calculations while granting permission for levy of UDF at different airports.
- vi) Clause 4.11 of Part IV Consultation Paper No.3/2009-10 dated 26th February, 2010 states that "In case the material common access/fuel farm facilities are provided as well as operated by a licensee, the Authority will take into account the structure and agreements between the airport operator and fuel facility provider....".

- 25 -

From this it appears that the existing arrangements and fee structure would be duly considered by AERA for the purpose of Regulation..

In view of the same, it is requested that Airports Authority of India may be permitted to implement the annual escalation of 5% as agreed between Airports Authority of India and Oil Companies.

Yours faithfully,



(M.Ravi Varma)
General Manager (F&A)

7.10.2009

-26-

ANNEXURE-2

MINUTES OF THE MEETING WITH OIL COMPANIES HELD ON 8-7-2009

SL. NO.	ISSUE	DELIBERATION	DECISION						
1.	Effective date of levy of Throughput Charges at Non-Metro Airports	ED(LM), AAI stated that the request of PSU Oil Companies for levy of Throughput Charges w.e.f. 1-4-09 as requested by Oil Companies has been agreed to by AAI and AAI proposes to levy Throughput Charges w.e.f. 1-4-09 at Non-Metro Airports (other than 20 airport where RIL operates).	This was mutually agreed to by PSU Oil Companies & AAI that the effective date of levy of Throughput Charges shall be 1-4-09 instead of 1.4.08.						
2.	Rate of Throughput Charges on per KL basis	ED(LM), AAI stated that the rates of Throughput Charges for the locations covered under Sr.No. 1 above for the next five years will be as under:- 01-04-2009 Rs.106.75 01-04-2010 Rs.112.10 01-04-2011 Rs.117.70 01-04-2012 Rs.123.60 01-04-2013 Rs.129.80 Oil Companies enquired about the justification of Rs.106.75 per KL as proposed by AAI and also the rate of escalation in subsequent years. AAI clarified that the rates of escalation will be 5% and the above have been arrived at after 5% escalation every year on the rates as proposed earlier Rs.101.65 w.e.f 1-4-2008.	These rates were mutually agreed to by PSU Oil Companies & AAI. The rate of Throughput Charges will be rounded off to nearest 0.05 paisa and the bill will be rounded off to nearest rupee.						
3.	Exemption of payment of Throughput Charges at Non-Metro Airports.	AAI representative stated that the request of PSU Oil Companies for exemption of 6000 KL per annum per airport per Oil Company was considered by AAI management and informed the House that the AAI Management has agreed for an exemption of 3000 KL per annum per airport per Oil Company. AAI representative further stated that this exemption will be applicable on all the airports other than tendered airports and Trivandrum Airport (negotiated rate). However, PSU Oil Companies did not agree for the rates quoted by RIL for these 20 locations, as PSU Oil Industry did not participate in the tender. PSU oil companies shall send separate representation for applicability of	Exemption limit of 3000 KL for non-metro airport per annum per airport per PSU Oil Company was mutually agreed to by PSU Oil Companies & AAI. For example: <table border="1"> <thead> <tr> <th>Volume</th> <th>Thru'put Charges</th> </tr> </thead> <tbody> <tr> <td>Between 1 to 3000 KL per year per PSU Oil Co</td> <td>NIL</td> </tr> <tr> <td>Excess of 3000 KL per year per PSU Oil Co</td> <td>Applicable Thru'put Charges at agreed rates by the PSU Oil Co. selling in excess of 3000KL</td> </tr> </tbody> </table>	Volume	Thru'put Charges	Between 1 to 3000 KL per year per PSU Oil Co	NIL	Excess of 3000 KL per year per PSU Oil Co	Applicable Thru'put Charges at agreed rates by the PSU Oil Co. selling in excess of 3000KL
Volume	Thru'put Charges								
Between 1 to 3000 KL per year per PSU Oil Co	NIL								
Excess of 3000 KL per year per PSU Oil Co	Applicable Thru'put Charges at agreed rates by the PSU Oil Co. selling in excess of 3000KL								

[Handwritten signatures and notes]
 (V. RANJAN) For BCL 7/10/09

[Handwritten signatures]

		<p>Throughput charges at RIL Locations (17 airports). Also the rates quoted by RIL are not viable. AAI mentioned that, this exemption will not be applicable in case of 10 Airports namely, Calicut, Goa, Coimbatore, Indore, Bhopal, Jammu, Surat, Mangalore, Rajamundry and Pune.</p> <p>Oil Companies desired that these 10 airports may also be included in the exemption list. on this AAI stated that since some of the PSU Oil Companies are already paying Throughput Charges at Calicut, Coimbatore, Mangalore and Rajamundry Airport hence this request of Oil Companies cannot be agreed to. It was further stated since majority of the airports are now falling under the exemption limit of 3000 KL hence AAI proposes not to grant any exemption on these Airports.</p> <p>House debated on this issue in length vis-à-vis the upliftment of various airports in respect of ATF and the decision of the AAI not to give any exemption and request of Oil Companies.</p>	<p>It was also decided and agreed that this will not apply on 20 Airports where tenders were earlier invited by AAI and for Trivandrum Airport.</p> <p>Separate decision will be taken in respect of 10 Airports for exemption of limit for calculation of Throughput Charges. These airports are Calicut, Goa, Coimbatore, Indore, Bhopal, Jammu, Surat, Mangalore, Rajamundry and Pune.</p>
4.	Land Rentals of Metro & Non-Metro Airports	<p>ED (LM), AAI explained the basis on which new rationalisation tariff in respect of land rentals was made effective from 1-4-08 and the base rate has been revised after a gap of 18 years whereas it should have been revised at a gap of every 3 years hence the base rate which look like to be exorbitant is not the factual position.</p> <p>Member (P&A), AAI stated that consequent upon merger of erstwhile IAAI and NAAI w.e.f. 1-4-95 the base rate could not be revised as AAI wanted to introduce a single tariff across all airports including International Airports hence though the rationalisation tariff has been introduced very late i.e. in the year 2008 but the same has been done on the basis of studies carried out by two Consultants appointed by AAI for the purpose.</p> <p>Oil Companies representative stated that the rates are too high and in some of the cases the increase is 600 times which is exorbitant and has to pass through the approving authority in their respective organisation. Their</p>	<p>It was decided that Oil Companies will work out the figures on the basis of land rentals being charged in the year 2001 onwards (Airport wise), with prevalent escalation rates.</p> <p>The proposed action was to evaluate the rate at which previously existing rates would have to be escalated to arrive at the currently demanded rates by AAI vis-a-vis comparison to prevalent market rates was also intended and thus figures will be exchanged with AAI for a reconsideration / review.</p> <p>Mr. T.S. Dupare of IOCL on behalf of Oil Companies and Mr. Arun Sharma of AAI on behalf of AAI will coordinate for</p>

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		<p>main observation is sent that the rates have been increased suddenly without any intimation and advance notice and hence the cost of the ATF has not been worked out keeping in view the huge portion of rental and thus request before AAI for review.</p> <p>On above, Member (Finance), AAI stated that the rates on tariff is not specifically for Oil Companies and this rate is applied across all agencies operating from that Airport i.e. Airlines, Govt. Agencies, Hotels, Flight Kitchen etc.</p>	<p>rationalisation of rents. This exercise is to be completed within one month after signing of MOM.</p> <p>It was put on record that once the MOM is signed by PSU Oil companies and AAI, suitable directions will be passed by AAI HQ to REDs and APDs for regularising the Lease Period for 10 years. A standard lease agreement can be circulated for the purpose of standardisation and renewal action for regularisation will be taken up by AAI accordingly.</p>
5.	Payment of Service Tax	<p>The issue regarding applicability of Service Tax on Throughput Charges has since been clarified and the same is applicable. One of the Oil Companies namely HPCL has already released payment on this account. AAI representative stressed that future bills in respect of Throughput Charges be settled with portion of Service Tax. The Service Tax on previous bills if any which has not been released earlier may also be released.</p> <p>As regards Service Tax on land rentals is concerned, the House deliberated the issue however, both the parties viz., AAI and Oil Companies were having different point of view on applicability of Service Tax on land rentals.</p>	<p>Service Tax on Throughput Charges was agreed to by Oil Companies.</p> <p>Oil companies have started paying Throughput Charges along with Service Tax.</p> <p>With respect to applicability of Service Tax on Land Rentals, it was decided that the officials dealing with this matter from the PSU Oil Companies and AAI would meet and deliberate the issue along with opinions submitted by respective Oil Companies' Legal Tax Consultants.</p>
6.	Periodicity of Bills	<p>The issue regarding centralised billing / region wise billing / airport wise billing was also deliberated. Oil Companies were of the point of view that centralised billing should be done which will be easier to monitor and they will have to deal with only one group of AAI officials instead of officials all over the country.</p>	<p>It was decided and agreed that bills for throughput charges shall be raised by respective AAI Regional Offices and upliftment figures shall be submitted by 10th of every month by individual Oil Cos. at the local AAI at the respective Airport.</p> <p>Throughput Charges Bills will be on monthly basis and Land Rentals Bills will be on per annum basis. The payments of throughput charges for non metro locations shall be released by the PSU Oil Companies from their Regional Offices and contact details of PSU oil industry</p>


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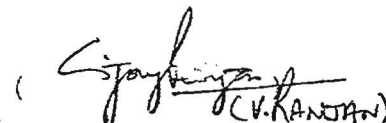
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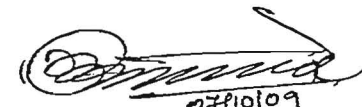
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7.	Signing of Lease Agreement	<p>ED(LM), AAI stated that the agreement for Kolkata and Chennai Airports are required to be executed immediately and also requested PSU Oil Companies to release outstanding dues within a time frame of one month.</p> <p>Oil Companies stated that as far as Throughput Charges are concerned the payment will be released accordingly within a period of 30 days and as and when issue regarding land rentals are sorted out the payment will be released accordingly.</p>	<p>nodal officials shall be conveyed to AAI.</p> <p>Oil Companies agreed that they will expedite the release of adhoc dues accumulated on account of Throughput Charges for Kolkata / Chennai at the earliest.</p> <p>Dues on account of Land rentals will be released as and when the issue is sorted out. Pending settlement adhoc payment should be released at the old rate, subject to adjustment after decision regarding land rentals.</p>
8.	Other issues	<p>Oil Companies representative stated that the lease period of the majority of the domestic airports are due for renewal and requested AAI that since the Throughput Charges has been agreed by Oil Companies. Further, renewal of lease period be agreed to by AAI for a Minimum period of 10 years with provision of extension (for another 5 years).</p>	<p>The same was agreed to by AAI and renewal will be done for a minimum period of 10 years with a provision of extension of 5 years.</p> <p>In the meantime AAI till the issue regarding Throughput charges and Land Rentals are mutually agreed between AAI CHQ and PSU Oil Companies, AAI CHQ shall issue suitable direction immediately directing local REDs / APDs not to take any action/notices to hamper their normal refuelling operation of the PSU Oil companies.</p>


 For and on behalf of HPC
 J.S. Khosla
 HR
 2/10/09


 For and on behalf of BPCL
 C.V. RANJAN
 07/10/09


 For and on behalf of IOCL
 C.T.S. DUPARE
 07/10/09


 For and on behalf of AAI
 L.L. KRISHNAN
 07.10.09



2nd July, 2010

MIAL/PR/60

Mr. Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport
New Delhi – 110 003.

Dear Sir,

Subject: Revision of fuel throughput charges – reg.

Reference: Your letter F. No. AERA/20015/FT/2010-11/306 dated 24th June 2010

With reference to the above-mentioned letter, please find enclosed a copy of escalation mechanism as agreed with the Oil PSUs vide agreement dated 4th September 2008 for a period of 15 years commencing from FY 2009-10 (Refer **Annexure 1**). Change in fuel throughput charges for the FY 2010-11 is in line with the above agreement only. We regret that we did not obtain specific approval of AERA for this increase which is contractually governed.

We reproduce below extract from clause 4.11 of Part IV of the AERA Consultation Paper No. 3/2009-10 dated 26th February 2010 on "Regulatory Philosophy and Approach in Economic Regulation of Airports and Air Navigation Services" which clarifies AERA's approach on regulation of fuel throughput charges:

"In case the material common access /fuel farm facilities are provided as well as operated by a licensee, the Authority will take into account the structure and agreements between the airport operator and fuel facility provider...."

As per this clause, AERA has clarified that the existing agreements and fee structure will be duly considered for the purpose of regulation.

We request AERA to kindly approve the increase of Rs. 26.75 per KL being minimum increase on Rs. 535 per KL prevailing in FY 2009-10. Copy of intimation sent to the Oil PSUs vide our letter ref. MIAL/PR/19 dated 30th April 2010 is enclosed for ready reference (Refer **Annexure 2**).

Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.


(R. K. Jain)
President

For copy sent to AERA on 24/7/10

PPS to be dec 05.07.10
5/11

Encl.: as above



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

T +91 22 6685 2200 F +91 22 6685 2059
www.csia.in

CIAH is expected to give their reply on 06/7/10

ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES


Date: 04/09/08

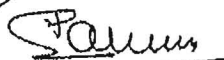
Escalation formula for throughput charges

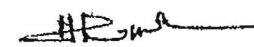
A meeting was held between PSU Oil companies and MIAL on 04th September 2008 to finalize the Escalation formula for Throughput Charges payable to MIAL for the next 15 years starting from 2009-10.


After deliberations, following escalation formula is finalized mutually for the year 2009-10 onwards: -

- a) The Throughput rate of Rs 500 per KL shall be taken as base figure (2008-09) and escalation as per the formula shall be applied on the base figure from the year 2009-10 onwards. The final throughput rate of 2009-10 shall become base rate for the year 2010-11 for applying the escalation factor and so on.
- b) Minimum escalation of 5% per annum over previous year and escalation in excess of 5% to be linked to Wholesale Price Index (WPI) with a cap of 7.0 %.
- c) The formula is proposed to be applicable for next 15 years w.e.f. 2009-10 and after a period of 15 years, it shall be reviewed and mutually agreed.
- d) MIAL has taken up the issue of applicability of Service Tax on throughput charges with the Government authorities and if applicable, shall be reimbursed by the Oil companies on actual basis.
- e) To work out the Escalation factor, WPI for the Financial year shall be taken into account


(R K Jain)
President,
MIAL


(R Sareen)
E. D. (Avn),
IOC


(P J Kavde)
Station Manager,
for ED(Avn) BPC


(S S Bramhe)
Chief Manager (Avn),
for DGM(Avn) & SBU
Head, HPC

- 32 -

Mumbai International Airport Pvt Ltd

MIAL/PR/19

30th April, 2010

Mr. R. Sareen
Executive Director - Aviation
Indian Oil Corporation Limited
Indian Oil Bhavan
G-9, Ali Yavar Jung Marg, Bandra East
Mumbai – 400 051

Mr. R. Radhakrishnan
General Manager – Aviation (Head SBU)
Hindustan Petroleum Corporation Limited
Hindustan Bhavan, Gr. Floor
8, Soorji Vallabhdas Marg, Ballard Estate
Mumbai – 400 001

Mr. S. B. Bhattacharya
General Manager-Aviation
Bharat Petroleum Corporation Limited
A5 & 6, Sector -1, Noida- 101301

Sir(s),

Sub : Oil throughput charges applicable for the year 2010 -11

Ref: Our letter No. MIAL/PR/17 dated 29th April 2010

In supersession to our earlier letter, annual average increase in WPI is 3.74%. In view of the same oil throughput charges for the year 2010-11 will increase by minimum 5% and shall be Rs. 561.75/KL plus service tax extra at actuals.

Yours Sincerely,
For Mumbai International Airport Private Limited


(R.K. Jain)
President



Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099.
Tel.+91 22 6685 2200 • Fax +91 22 6685 2059
www.csia.in

GVK

COCHIN INTERNATIONAL AIRPORT LTD. Speed post

CIAL/OPS/61
July 8, 2010

OSD-II
Airports Economic Regulatory Authority of India
AERA Building
Administrative Complex
Safdarjung Airport
New Delhi-110 003.

Kind Attn. Shri C.V.Deepak

Sir,

Sub : Revision of fuel through put charges – Reg.

Reference is invited to your letter No.AERA/20015/FT/2010-11 dated 24-06-2010 on the above subject.

In this connection, please be informed that an agreement was executed between Cochin International Airport Limited (CIAL) and BPCL during May-1995 for providing exclusive fuel hydrant system at Cochin International Airport. Pursuant to the agreement, BPCL would have the exclusive right to set up fuel hydrant system at Cochin International Airport. The installation and the facility is owned and operated by BPCL and they pay CIAL the lease rentals and through put charges, as per the provisions of the above mentioned agreement. Cochin International Airport has commenced its operations during 1999 and BPCL is paying the through put charges to CIAL as per the existing agreement, which was executed during May-1995.

Thanking you,

Yours faithfully,


A.C.K.NAIR
AIRPORT DIRECTOR

Received on 14/7/10
1500 hrs.

(W)
14/7/10

- 40 -

COCHIN INTERNATIONAL AIRPORT LTD.CIAL /OPS/61
August 17, 2010ANNEXURE - VIOSD-II
Airports Economic Regulatory Authority of India
AERA Building
Administrative Complex
Safdarjung Airport
New Delhi-110 003.Kind Attn. Shri C.V.Deepak

Sir,

Sub : Revision of fuel through put charges - Reg.

Reference is invited to your letter No.AERA/20015/FT/2010-11 dated 24-06-2010 and our letter No.CIAL/OPS/61 dated 08-07-2010 on the above subject.

In this connection, please be informed that an agreement was executed between Cochin International Airport Limited (CIAL) and BPCL during May-1995 for providing exclusive fuel hydrant system at Cochin International Airport. Pursuant to the agreement, BPCL would have the exclusive right to set up fuel hydrant system at Cochin International Airport. The installation and the facility is owned and operated by BPCL and they pay CIAL the lease rentals and through put charges, as per the provisions of the above mentioned agreement. Cochin International Airport has commenced its operations during 1999 and BPCL is paying the through put charges to CIAL as per the existing agreement, which was executed during May-1995.

It is requested that CIAL may be permitted to charge the Through Put Charges on the ATF off-take, as per the agreement executed between CIAL and BPCL.

Thanking you,

Yours faithfully,


A.C.K. NAIR
AIRPORT DIRECTORRecvd.
17/8/10.

①

July 15th, 2010

DIAL/2010-11/Comm-GH/

Mr. C.V. Deepak
Airport Economic Regulatory Authority of India
Room No. 1, New Administrative Block
Safdarjung Airport
New Delhi- 110 003

Dear Sir,

Subject: Revision of Fuel Throughput Charges

Please refer to your letter no. AERA/200015/FT/2010-11/307 dated 24th June 2010 regarding the Revision of Fuel Throughput Charges .

In this regard we shall like to submit that the current charge is an old charge prevalent since 01-04-2008. This charge has been subject to inflation related increase thereafter.

The current increase also is an increase on account of inflation based on an escalation mechanism agreed between the airport operator and fuel companies.

DIAL (along with other airport operators like MIAL) under supervision of Ministry of Petroleum had initiated dialogue with oil companies in early 2009 for arriving at a long term and stable pricing of throughput charges. A 15 year agreement on escalation mechanism was reached between the Parties on 25th January 2010.

We would like to draw your attention to Clause 4.11 of Part IV of Consultation Paper No. 3/2009-10 dated 26th February 2010, which clarifies that in case the material common access /fuel farm facilities are provided as well as operated by a licensee, the Authority will take into account the structure and agreements between the airport operator and fuel facility provider

We trust all the concerns highlighted in your captioned letter stand addressed and clarified.

Assuring you of our best co-operation at all times

Yours faithfully,

Pradeep Panicker

Pradeep Panicker
Chief Commercial Officer (Aero)

25 | Received on 20/7/2010 @ 16:30 hrs

(H)
20/7/10

July 26, 2010

DIAL/2010-11/Comm-GH/ 998

Mr. C.V. Deepak

Airport Economic Regulatory Authority of India
Room No. 1, New Administrative Block
Safdarjung Airport
New Delhi- 110 003

Dear Sir,

Subject: Revision of Fuel Throughput Charges

Please refer to our letter number: DIAL/2010-11/Comm-GH/931 dated 15th July 2010 regarding the Revision of Fuel Throughput Charges.

The current increase as explained is an increase on account of inflation based on an escalation mechanism agreement entered between the airport operator and fuel companies.

In this regard we shall like to request you to kindly approve the aforesaid revision.

Assuring you of our best co-operation at all times

Yours faithfully,




Pradeep Panicker

Chief Commercial Officer (Aero)

SM (ABS)

recd 27/7/10 @ 1200hrs


27/8/10

DIAL/2010/FIN-Acc/928

Dated: July 19, 2010

To,

Mr. C.V. Deepak

Airport Economic Regulatory Authority of India
Room No. 1, New Administrative Block
Safdarjung Airport
New Delhi- 110 003

Subject: Revision of Fuel Throughput Charges

Dear Sir,

Please refer to your letter no. AERA/200015/FT/2010-11/305 dated 24th June 2010 regarding the Revision of Fuel Throughput Charges .

In this regard we shall like to submit that the current charge is prevalent since 23-03-2008 i.e. from the start of commercial operations.

There has not been any increase in these charges since then.

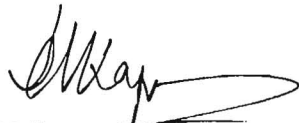
We do hope this clarifies concerns raised by you in your aforesaid letter.

Assuring you of our best co-operation at all times

Thanking you

Yours Faithfully

For GMR Hyderabad international Airport Private Limited



(Sidharath Kapur)

CHIEF FINANCIAL OFFICER(AIRPORTS)

Received on 20/7/2010 @ 16:30 hrs.

(H)
20/7/10