

File No. AERA/20010/MYTP-IOSL/Del/2011-12

Consultation Paper No. 1/2012-13



Airports Economic Regulatory Authority of India

**Annual Tariff Proposal submitted by Indian
Oil Skytanking Limited for providing Into
Plane Services at IGI Airport, New Delhi.**

New Delhi: 2nd April, 2012

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

Indian Oil Skytanking Limited (IOSL) have vide letter no. AV/TSD/DIAL-ITP dated 28.02.2012 and subsequent submissions dated 01.03.2012 submitted their Annual Tariff proposal (ATP) for 2nd tariff year i.e. 2012-13 of the 1st Control Period of 5 years commencing w.e.f. 01.04.2011, in pursuance of **the Authority's Multi Year Tariff Order (MYTO) No. 1/2011-12** dated 30.05.2011, vide which the Authority had ordered that –

- (i) In exercise of powers conferred by Section 13(1)(a) of the Act, the Authority hereby approves that Indian Oil Skytanking, the Into Plane **Service Provider at IGI Airport, New Delhi may be regulated under 'light touch' approach during the first control period** of 5 years commencing 01.04.2011 and the tariff for the ITP services provided by IOSL at IGI Airport, New Delhi for the period 28.07.2010 to 31.03.2011 and for the first tariff year 2011-12 is determined, as indicated in para 5.3 of the Order.

2.2 As per Clause A18.2 of Appendix-I of the Airports Economic Regulatory Authority of India (Terms and Conditions for determination of Tariff for Services Provided for Cargo Facility, Ground Handling, and Supply of Fuel to the Aircraft) Guidelines, 2011 (the Guidelines) **for Regulated Service(s) deemed either 'not material' or 'material but competitive' or 'material and not competitive' but where the Authority is assured of the** reasonableness of the existing User Agreement(s), the Service Provider(s) shall submit, for the consideration of the Authority, an Annual Tariff Proposal for review of Tariff(s) to be charged in the following Tariff Year in a Control Period, in the specified Form B and Form 14(b). The Tariff(s), as proposed by the Service Provider in the Annual Tariff Proposal, shall be on non-discriminatory basis with reference to conditions of Tariff(s) volume of the discount, rationale behind giving the discount and such other factors as may be relevant. The Guidelines also stipulate that the proposal shall be supported by details of consultation with stakeholders along with:

- (a) Documented evidence that consultations with stakeholders have been undertaken;
- (b) Summary of concerns raised by the stakeholders;
- (c) Details of remedial action, if any, undertaken by the Service Provider, with reasons, in respect of the concerns so raised;
- (d) Reasons for not addressing the balance concerns.
- (e) As indicated at para A1.8.2.2 of the Guidelines, Evidence of User Agreements, if any, between the service provider and the User of the Regulated Service(s) clearly indicating the Tariff(s) that are proposed by the service provider.

3. IOSL have furnished Form- B and Form 14 (b) along with their proposal. They **have stated that the service is 'competitive and material' and there is also** availability of reasonable user agreement as per the Guidelines. IOSL have furnished the copy of concession agreement with DIAL and also submitted the copies of various Into Plane agreements with oil companies such as Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Shell MRPL India Private Limited., to demonstrate the viability and reasonableness of the user agreement.

4. IOSL has sought approval for the following tariffs for the year 2012-13 in line with the user agreements entered into with the suppliers.

Period	Fuelling of Aircraft	Defuelling Aircraft		Refuelling Defuelled Product into an aircraft	
		Within 6 hrs	Beyond 6 hrs.	Within 6 hrs	Beyond 6 hrs.
01.04.2012-31.03.2013	164.27	164.27	246.96	205.07	246.96

5. As per the user agreements with Oil companies, the agency fee shall be subject to revision by the Into Plane Agent, in accordance with the limits set by DIAL from time to time. As per the concession agreement signed between IOSL and DIAL, the price cap for the first Financial Year of operations (in Rs./Kilo litre) will be as set out in Schedule H of the agreement, and the same shall be escalated at a rate of 5% or WPI each year whichever is lower.

6. IOSL have submitted their ATP (tariff-proposal) for second tariff year 2012-13, after enhancing the same by 5% of the previous tariff for FY 2011-12 in terms the user agreements with oil companies as detailed at para 4 above for the approval of the Authority.

7. The Authority carefully considered the proposal submitted by IOSL and decided to make the following proposal for stakeholder consultation

- (i) The tariff for ITP services provided by IOSL at IGI Airport, New Delhi for 2nd tariff year (01.04.2012 to 31.03.2013) of the 1st Control Period may be tentatively decided to be approved as given in para 4 above, w.e.f. 01.04.2012 or such other prospective date as the Authority may finally decide.

8. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 7 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed (**Annexure- I**). For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this 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 decision fully documented and explained in terms of the provisions of the Act.

9. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 7 above, latest by **16.04.2012** at the following address:

Capt. Kapil Chaudhary,
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: kapil.chaudhary@aera.gov.in
Tel: 011-24695042
Fax: 011-24695039

Yashwant S. Bhawe
Chairperson

IndianOil Skytanking Annexure - I

ISO 9001:2008, ISO 14001:2004 Certified

AV/TSD/DIAL - ITP
1st March 2012

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdurjang Airport
New Delhi 110 003

AGM (ABS) / AGM (R)
Peelesh
By Email recd.
- hard copy recd now.
19/3/12

"Without Prejudice"

Dear Sir,

Subject: Submission of proposal for determination of Annual Tariff for Into Plane Service Fee by Indian Oil Skytanking Ltd. for the year 2012-13- ITP Service Provider at IGI Airport, New Delhi

Reference may please be made to our letter of even reference dated February 28, 2012 on the subject of Into Plane Service at IGI Airport, New Delhi vide which we had submitted our Proposal to you for determination of Annual Tariff for 2012-13 for Into Plan Service at IGI Airport, New Delhi.

The Into Plan Service provided by IOSL at IGI Airport, New Delhi meets the criteria of being both **competitive & material** and there is also availability of Reasonable User agreements, as per the AERA Guidelines of 10th January 2011.

For the purpose of determining the Annual Tariff for 2012-13 under the 'Light Touch Approach', we are required to submit Form B and Form 14 (b) as pointed out in Clause AI 8.2 of the AERA Guidelines dated 10th January 2011. As per the requirement, we are now attaching herewith Form B and Form 14(b) duly filled.

We request that approval may kindly be accorded to the following tariff for the year 2012-13 which are in line with the user agreements we have entered into with the suppliers:

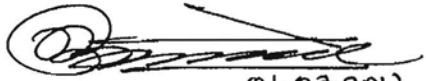
All figs. in Rs. per KL

Period	Fuelling of Aircraft	Defuelling Aircraft		Refuelling Defuelled Product into an aircraft	
		Within 6 hrs.	Beyond 6 hrs.	Within 6 hrs.	Beyond 6 hrs.
01.04.2012 to 31.03.2013	164.27	164.27	246.96	205.07	246.96

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In view of the above the submissions, we request you to kindly approve the Annual Tariff Proposal for the year 2012-13 at the earliest.

Thanking you,
For Indian Oil Skytanking Ltd



(T.S. Dupare) 01.03.2012
Chief Executive Officer

Form B: (ref. Section A1.8 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

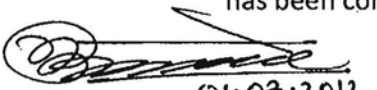
AT NEW DELHI

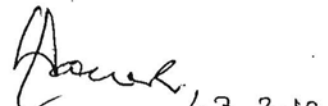
SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF

M/s. Indian Oil Skytanking Ltd.
 Fuel Farm Facility
 Bangalore International Airport,
 Devanahalli
 Bangalore 560 300

We, T.S. Dupare and D. Ganesh, aged 51 and 49 years respectively, resident of India acting in our official capacity as Chief Executive Officer (CEO) and Chief Financial Officer and Company Secretary (CFO & CS) in M/s. IndianOil Skytanking Limited having its registered office at Fuel Farm Facility, Bangalore International Airport, Devanahalli, Bangalore 560 300 do hereby state and affirm as under that:

1. That we are duly authorized to act for and on behalf of M/s IndianOil Skytanking Limited in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority');
2. We are competent to make this submission before the Authority;
3. We are making this submission in our official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Tariff Proposal submission which include inter alia
 - (i) ~~Estimated Maximum Allowed Yield per Unit and the proposed detailed break-up of Tariff(s) (in context to Estimated Maximum Allowed Yield per Unit where determined by the Authority) where the Authority has specified a price cap approach for the duration of the Control Period, pursuant to Clause 3.2;~~
 OR
 Proposed detailed breakup of Tariff based on Clause 11.2 where the Authority has specified a light touch approach for the duration of the Control Period pursuant to Clause 3.2 (strike out whichever is not applicable); and
 - (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.


 (T.S. Dupare) 01.03.2012
 CEO
 Place: Bangalore
 Date:01/03/2012


 (D. Ganesh) 1.3.2012
 CFO & CS


IndianOil Skytanking Limited
Delhi- Into Plane Services


Form F14 (b): Annual Tariff Proposal for Tariff Year t - Format for providing information on Tariff(s) (ref: Section A1.8 of Appendix I)				
Tariff Heading	Conditions of Tariff	Applicable Discount/Surcharge	Estimated units	Estimated Revenues-Rs.
April to March				
<i>Tariff -Aviation Fuel-2011-12</i>	Tariff per kilo litre (Rs 156.45 per KL)		9,39,534.75	14,69,90,212
<i>Tariff -Aviation Fuel-2012-13</i>	Tariff per kilo litre (Rs 164.27 per KL)**		9,48,930.10	15,58,80,748
<i>Tariff 3</i>				
...				
Total			18,88,464.85	30,28,70,960

* The Service Provider must demonstrate that the Tariff(s) as proposed will ultimately result in a revenue equal to or less than ARR or EMAY, as the case may be

Fields in italics are indicative only

** Approval requested for Tariff per KL i.e. Rs 164.27 per KL for 2012-13 in line with the user agreements


01.03.2012


1.3.2012