Bharat Petroleum Corporation Limited (BPCL), Mopa Goa

Submission to Airports Economic Regulatory Authority of India (AERA)
for
Determination of Tariff for Fuel Farm and Into-Plane Facilities
at
Manohar International Airport, Mopa, Goa (GOX)
for the
First Control Period
(1st April 2023 – 31st March 2028)

Date of Submission: 19th July 2024

CONTENTS

List of Abbreviations **3**
1. Background **4**
1.1 Overview of Manohar International Airport 4
1.2 Overview of BPCL and GGIAL License Agreement 4
1.3 Key Facts of Fuel Farm and Into Plane Services 5
1.4 Tariff and past approvals of AERA 5
2. Methodology for Tariff Calculation **6**
2.1 Methodology 6
3. True-up for the period from 5th January 2023 to 31st March 2023 ..... **8**
4. MYTP submission for the First Control Period **11**
4.1 Background 11
4.2 Fuel Throughput 11
4.3 Capital Expenditure, Depreciation and Regulatory Asset Base (RAB) 11
4.4 Fair Rate of Return 14
4.5 Operation and Maintenance (O&M) Expenses 14
4.6 Revenue Share 16
4.7 Finance Cost for Bank Guarantee 16
4.8 Return on Security Deposit 17
4.9 Taxation 17
4.10 Aggregate Revenue Requirement 18
5. True-up of the period from 1st April 2023 till 30th September 2024 ..... **19**
6. Proposed Tariff **20**
6.1 Revenue Requirement 20
6.2 Tariff Rate Card 20

List of Abbreviations

Abbreviations	Expansion
AERA / the Authority	Airports Economic Regulatory Authority of India
ATF	Aviation Turbine Fuel
BPCL	Bharat Petroleum Corporation Limited
CPI (IW)	Consumer Price Index for Industrial Workers
FY	Financial Year
GGIAL	GMR Goa International Airport Limited
ITP	Into Plane Services
KL	Kilo Liters
MYTP	Multi Year Tariff Proposal
PTM	Passenger Traffic Movement

1. Background

1.1 Overview of Manohar International Airport

1.1.1 Manohar International Airport is a Greenfield airport located at Mopa in Pernem Taluka of North Goa district of Goa. It was built under the Public Private Partnership (PPP) model and is the first airport concession, in India, to be signed by a state government, the Government of Goa (GoG).

1.1.2 GMR Airports Limited (GAL) won the bid for development of the new greenfield airport at Mopa, Goa and signed the Concession Agreement (CA) on 8th November 2016 via a Special Purpose Vehicle (SPV), GMR Goa International Airport Limited (GGIAL). GGIAL was incorporated on 14th October 2016 with 99.99% holding by GAL and one Golden share (Non-transferable equity share with various rights) in favor of GoG.

1.1.3 As per the Concession Agreement, GGIAL will develop the airport under the DBFOT (Design, Build, Finance, Operate and Transfer) model for an initial period of 40 (forty) years from the Appointment Date (4th September 2017), which is extendable by another 20 (twenty) years based on bidding process with the First Right of Refusal available to the Concessionaire.

1.1.4 Manohar International Airport commenced operation on 5th January 2023 with an integrated terminal having an initial capacity to handle approximately 4.4 million passengers, both domestic and international, annually. The airport is expected to be developed further in phases, depending on the traffic requirements as given below.

Table 1: Phase-wise Airport Development proposed in Annex-II of Concession Agreement

Phasing	Traffic Design Capacity (in MPPA)	Financial Year
Phase I	4.40	FY 2022-23
Phase II	7.70	FY 2023-24
Phase III	11.10	FY 2025-26
Phase IV	16.00	FY 2030-31
Phase V	21.60	FY 2042-43

1.2 Overview of BPCL and GGIAL License Agreement

1.2.1 GGIAL has resolved to undertake and sub-license the designing, building, financing, operation, maintenance and transfer of the Fuel Farm Facilities including Fuel Hydrant System and Into-Plane facilities and Services at the Airport, on ‘open access’ basis for a period of 20 (twenty) years commencing from the Appointed Date.

1.2.2 Bharat Petroleum Corporation Limited (BPCL) won the bid for the development of the Fuel Farm Facilities and entered into a License Agreement on 16th November 2021 with GGIAL pursuant to the terms of the Main Concession Agreement.

1.2.3 Pursuant to the License Agreement with GGIAL, BPCL was provided with a land parcel of 24,484 square meters at a fee of Rs. 25 per square meter per month and a land parcel of 180 square meter at a fee of Rs. 1,300 per square meter per month from the Airport COD. The land license fee is escalated on a year-on-year basis from the first anniversary of COD till the Transfer Date on the basis of the notified Consumer Price Index for Industrial Workers. BPCL is also liable to pay common area maintenance charges and charges for the parking space provided by GGIAL for Aviation Fueling Equipment at the Airport, as applicable.

1.2.4 As per the License Agreement, BPCL provided an initial bank guarantee of Rs. 1.70 crores.

1.2.5 BPCL also deposited Rs. 38 crores as an interest-free deposit to GGIAL in two equal installments before COD.

1.3 Key Facts of Fuel Farm and Into Plane Services

1.3.1 BPCL is the sole service provider of both Fuel Farm and Into Plane Services as a combined service at Manohar International Airport, Mopa, Goa. The Fuel Infrastructure Fee submitted by BPCL is a comprehensive fee that covers both the above-mentioned services.

Model of Operation

1.3.2 The fuel farm was established to operate under the "Open Access" model, which allows all eligible oil marketing companies to use it. The fuel will be supplied to aircraft through majorly the fuel hydrant system. Currently, Bharat Petroleum Corporation Limited, Hindustan Petroleum Corporation Ltd, Indian Oil Corporation Limited, and Shell MRPL are supplying oil to the Fuel Farm. BPCL is responsible for providing receipt, storage, and delivery services for ATF to the airlines.

1.4 Tariff and past approvals of AERA

1.4.1 As requested by BPCL, AERA vide the Order No. 29/2022-23 dated 30th November 2022 has allowed BPCL to levy and collect, on an ad hoc basis, tariff for Fuel Farm (FF) and Into Plane (ITP) Services w.e.f. COD till 30th September 2023 or till the determination of the regular Tariff, whichever is earlier.

1.4.2 AERA, vide Order No. 20/2023-24 dated 27th September 2023, further extended the existing tariff for FF and ITP services being provided by BPCL till 31st March 2024 or till the determination of regular tariff, whichever is earlier.

1.4.3 Further, AERA, vide Order No. 41/2023-24 dated 15th March 2024, extended the existing tariff in respect of Fuel Farm and ITP services for further period of six (6) months w.e.f. 1st April 2024 to 30th September 2024 or till the determination of regular tariff, whichever is earlier.

2. Methodology for Tariff Calculation

2.1 Methodology

2.1.1 The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) has been based on AERA Act 2008 and the Airport Guidelines issued by AERA.

2.1.2 CGF Guidelines, in Direction 04/2010-11, states that the Authority shall follow a three-stage process for determining its approach to the regulation of a regulated service:

- Materiality Assessment
- Competition Assessment
- Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.1.3 Based on the Authority's review as described above where the Regulated Service(s) provided are deemed:

- 'not material', the Authority shall determine Tariff(s) for Service Provider(s) based on a tight touch approach for the duration of the Control Period
- 'material but competitive', the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period
- 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period
- 'material and not competitive' but where the Authority is not assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period

2.1.4 The Aggregate Revenue Requirement (ARR) for the Control Period is determined on the basis of the following Regulatory Building Blocks:

- Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB)
- Depreciation (D)
- Operation and Maintenance Expenditure (O)
- Taxation (T)
- Revenues from services other than aeronautical services (NAR).

2.1.5 The ARR for a given Control Period, is calculated as

$$ARR = \sum_{t=1}^{5} ARR_t$$

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

where,

t is the tariff year in the control period, ranging from 1 to 5
ARR_t is the Aggregate Revenue Requirement for tariff year ‘t’

FRoR is the Fair Rate of Return for the Control Period
RAB_t is the Aeronautical Regulatory Asset Base for tariff year ‘t’
D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘t’
O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘t’
T_t is the Aeronautical taxation expense for the tariff year ‘t’
NAR_t is the Non-Aeronautical Revenue in tariff year ‘t’.

2.1.6 BPCL hereby submits the proposal for the determination of the tariff for Fuel Farm services and Into Plane Services.

2.1.7 BPCL has submitted the Business Plan together with the relevant forms as prescribed by AERA. The forms contain details and computations as per AERA’s methodology for Tariff determination under a building block approach.

3. True-up for the period from 5th January 2023 to 31st March 2023

3.1.1 BPCL submits to the Authority that the First Control Period of five years be considered from 1st April 2023 till 31st March 2028 while the period from 5th January 2023 till 31st March 2023 is also requested to be considered for determination of tariff for the First Control Period.

3.1.2 Based on the above, BPCL submits the following details for the period from 5th January 2023 till 31st March 2023 for the purpose of true-up.

Table 2: True-up for the period from 5th January 2023 to 31st March 2023

(Rs. in crores)

Particulars	Reference	Amount
Closing RAB*	A	57.57
Fair Rate of Return (FRoR)	B	14.00%
Return on RAB**	**C = A * B * 2.87 ÷ 12**	**1.93**
O&M Expenses	D	1.46
Depreciation	E	0.01
Taxation	F	-
Revenue Share	G	0.13
Finance cost on BG	H	0.00
Return on Security Deposit	I	4.33
Aggregate Revenue Requirement (ARR)	**J = Sum(C:I)**	**7.86**
FIF Income	K	1.11
Under/(Over) Recovery	**L = J – K**	**6.75**
PV Factor	M = (1 + B) ^ t	1.30
PV of Under/(Over) Recovery as on 31st March 2025	**N = L * M**	**8.77**

**Being initial commissioning the approach of using the closing RAB has been adopted instead of the average RAB.*
***Return on RAB computed by considering the proportionate return on RAB based on the date of COD.*

3.1.3 The true-up for the period from 5th January 2023 to 31st March 2023 was computed as per the following:

Return on RAB

3.1.4 Based on the requirement as per the terms of the License Agreement, BPCL has incurred a capital expenditure of Rs. 50.89 crores with respect to Fuel Farm and Rs. 6.68 crores with respect to Into Plane Facilities.

3.1.5 BPCL has considered the useful life of assets based on the useful life of assets as determined in the AERA Order No 35/2017-18 dated 12th January 2018 (refer Table 8) for determining the depreciation for the period.

3.1.6 Based on the above, the closing RAB for the period was determined to be Rs. 57.57 crores as given below.

Table 3: Regulatory Asset Base for the for the period from 5th January 2023 till 31st March 2023

(Rs. in crores)

Particulars	Ref.	Amount
Opening Regulatory Asset Base	A	-
Addition	B	57.58
Deletion	C	-
Depreciation	D	0.01
Closing Regulatory Asset Base	**E = A + B – C – D**	**57.57**
Average Regulatory Asset Base	**F = (A + E) ÷ 2**	**28.78**

3.1.7 BPCL has estimated the Fair Rate of Return (FRoR) to be 14% by considering Cost of Equity of 14% since the capital expenditure was funded entirely through equity infusion.

3.1.8 Being initial commissioning, to calculate the return on RAB, the approach of using the closing RAB has been adopted instead of the average RAB in line with what was approved by AERA for GGIAL, Mopa, Goa vide Order No. 27/2023-24 dated 7th December 2023.

3.1.9 Considering that there were 86 (eighty-six) days of operation in FY 2022-23 i.e. from 5th January 2023 till 31st March 2023, the Return for FY 2022-23 was computed for 86 days on the Closing RAB.

Operation and Maintenance Expenses

3.1.10 BPCL submits to AERA to consider the actual expense as incurred for the period from 5th January 2023 till 31st March 2023 as given below for the computation of Aggregate Revenue Requirement for the period.

Table 4: Operation and Maintenance Expenses for the period from 5th January 2023 till 31st March 2023

(Rs. in crores)

Particulars	Amount
Employee Expenses	0.00
Manpower Expenses	0.47
Administrative Expenses	0.06
Fire Fighting Expenses	0.00
Insurance Expenses	0.00
Rental Expenses	0.24
Repairs & Maintenance Expenses	0.56
Security Expenses	-
Utility Expenses	0.13
Total Operation Expenses	**1.46**

Revenue Share

3.1.11 Based on the License Agreement entered into with GGIAL, BPCL is expected to pay a revenue share of 15% for Fuel Farm Services and 5% for ITP Facilities. The actual revenue share paid of Rs. 0.13 crore is considered for the period from 5th January 2023 till 31st March 2023.

Return on Security Deposit

3.1.12 The security deposit was paid to GGIAL on 12th November 2021 and 2nd January 2023 in equal instalments of Rs. 19 crores. BPCL has considered proportionate return from the date of payment at 14% on Security Deposit in line with the Cost of Equity for the period from 5th January 2023 till 31st March 2023, resulting in a return of Rs. 4.33 crores.

Taxation

3.1.13 Based on the above expenses and actual revenue of Rs. 1.11 crores there was NIL tax during the period from 5th January 2023 to 31st March 2023 as can be seen in the below table.

Table 5: Taxation computed for the period from 5th January 2023 to 31st March 2023

(Rs. in crores)

Particulars	Ref.	Amount
PBT	A	-0.49
Add: Book Depreciation	B	0.01
Less: IT Depreciation	C	4.10
Adjusted Profit	**D = A + B – C**	**-4.58**
Opening Losses	E	-
Set Off	F	-4.58

Particulars	Ref.	Amount
Carry Forward of Accumulated Losses	G = E + F	-4.58
Taxable income	**H = D – F**	**-**
Tax as per IT ACT	**I = H * 25.17%**	**-**

3.1.14 Based on the above assumptions for each building block, the Aggregate Revenue Requirement for the period from 5th January 2023 till 31st March 2023 is Rs. 7.86 crores while the actual revenue earned is Rs. 1.11 crores, resulting in an under recovery of Rs. 6.75 crores (refer Table 2).

4. MYTP submission for the First Control Period

4.1 Background

4.1.1 For the purpose of determination of the tariff for the First Control Period based on the "Price Cap" approach, BPCL has projected the details for the following building blocks.

- Fuel Throughput
- Capital Expenditure, Depreciation and Regulatory Asset Base (RAB)
- Fair Rate of Return
- Operation and Maintenance Expenses
- Revenue Share
- Finance cost for Bank Guarantee
- Return on Security Deposit
- Taxation
- Aggregate Revenue Requirement

4.2 Fuel Throughput

4.2.1 The Fuel Throughput forecast for the First Control Period is as given below.

Table 6: Fuel Throughput forecast for the First Control Period

Particular	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Fuel Throughput in KL	86,561	56,222	56,222	1,31,377	1,49,618	1,57,099	**6,37,098**
Escalation %		*29.90%*		*16.84%*	*13.88%*	*5.00%*	

4.2.2 The Fuel Throughput was forecasted considering the following:

- 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 operation from Dabolim to Mopa has not happened as per the original estimates. Also, there was also a delay in the shifting of the international operation from Dabolim to Mopa, which is expected to happen in phases in the next 2/3 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% from FY 2024-25 for Goa. This has resulted in a 20%-25% reduction in domestic uplift in both airports.

4.3 Capital Expenditure, Depreciation and Regulatory Asset Base (RAB)

Capital Expenditure (CAPEX)

4.3.1 Based on the requirements of the Airport Operator and the obligation to operate a fuel farm along with ITP services in line with best practices, BPCL has developed a Capital Expenditure plan that involves initial capital expenditure of Rs. 30.64 crores. Additionally, capital expenditure of Rs. 1.80 crores and Rs. 1.72 crores have been projected for FY 2024-25 and FY 2025-26 respectively.

4.3.2 The capital expenditure incurred/projected to be incurred during the First Control Period is as given below.

Table 7: Capital Expenditure projected for the First Control Period

(Rs. in crores)

Particular	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
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
Total	**30.64**	**-**	**1.80**	**1.72**	**-**	**-**	**34.16**

4.3.3 BPCL has considered the capex which is required to provide the services as laid down in the License Agreement and are getting capitalized in the current control period as part of the Regulatory Asset Base.

4.3.4 BPCL has projected the following capital expenditure for the First Control Period:

- **Extension of FHS Pipeline (Rs. 1.30 crores):** GGIAL was supposed to handover plot for construction of Fuel Farm at MOPA Goa Airport as indicated in the Tender document and as earmarked in Airport Master Plan. However, GGIAL changed the placement of the plot to a different location during the Handover Takeover (HOTO) process. As a result, BPCL was compelled to shift the Hydrant line Exchange Pit by approx. 120 meters. BPCL had requested GGIAL to lay the additional pipeline and terminate the same in the Exchange Pit, as they had carried out the laying of the Hydrant Line. This scope change has resulted in incurrence of Rs. 1.30 crores for additional pipeline works. This extension of FHS pipeline was capitalized in FY 2024-25.
- **Construction of 1st Floor of the Admin Building (Rs. 1.72 crores):** Presently, BPCL has only constructed the ground floor in the Admin Building. However, after considering the present manpower strength, it was observed that the space is falling short for Officers/staff, etc. There is no Conference Room, or adequate Kitchen/Dining Room, which are basic amenities for the staff at any location. Moreover, OMCs have been putting up their demand for providing them with one room each on similar line as in case of other Open Access Fuel Farms such as Delhi, Mumbai, Hyderabad etc. Therefore, it is necessary to construct the First Floor on the current Admin Building with adequate rooms including Conference Room, Kitchen, QC Lab, Rooms for OMCs, etc. The construction is proposed to be capitalized in FY 2025-26.
- **Dead Stock (Rs. 2.84 crores):** The ATF deadstock of 3,20,306 liters valued at Rs. 2.84 crores have been observed as of April 2024.
- **Other capital expenditures (Rs. 0.50 crores):** BPCL provides fueling/refueling services to all the aircraft at Manohar International Airport. For upkeep of the vehicles and hydrant system used in this regard, certain items have been identified for procurement and a market survey was conducted to ascertain the estimated price for these items. These identified items include the following:
  - Inlet Coupler (Rs. 0.11 crores)
  - Delivery coupling (Rs. 0.06 crores)

- PD Gauge (Rs. 0.02 crores)
- Pilot Valves (Rs. 0.27 crores)
- Air Eliminator (Rs. 0.03 crores)

The above expenditures have been considered as part of the Capital Expenditure for the First Control Period.

Depreciation

4.3.5 BPCL has adopted the following useful lives for the assets capitalized during the First Control Period in line with Order No. 35/2017-18 dated 12th January 2018 issued by AERA.

Table 8: Useful life considered for the assets capitalized during the First Control Period

Particulars	Useful Life	Rate
Building	30	3.33%
Computers - Servers and Networks	6	16.67%
Deadstock	-	-
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%

4.3.6 The depreciation has been computed as per the provisions of the CGF guidelines in Direction No. 4/2010-11.

4.3.7 Considering the above, the depreciation estimated for capital expenditure projected for the First Control Period is as presented in the table below.

Table 9: Depreciation on the assets capitalized during the First Control Period

(Rs. in crores)

Particular	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Building	0.34	0.21	0.21	0.45	0.48	0.48	**2.18**
Computers - Servers and Networks	0.24	0.36	0.36	0.72	0.72	0.72	**3.10**
Deadstock	-	-	-	-	-	-	**-**
Electrical Equipment	0.47	0.35	0.35	0.71	0.71	0.71	**3.31**
Fire Fighting Equipment	0.41	0.23	0.23	0.47	0.47	0.47	**2.27**
Furniture & Fixtures	0.01	0.01	0.01	0.02	0.02	0.02	**0.10**
Office Equipment	0.01	0.01	0.01	0.02	0.02	0.02	**0.11**
Plant & Machinery	3.21	1.79	1.85	3.70	3.70	3.70	**17.97**
Vehicles	0.02	0.01	0.01	0.02	0.02	0.02	**0.11**
Total	**4.71**	**2.99**	**3.05**	**6.12**	**6.15**	**6.15**	**29.16**

Regulatory Asset Base (RAB)

4.3.8 Based on the above details, the RAB for the First Control Period is computed as follows:

Table 10: Regulatory Asset Base for the First Control Period

(Rs. in crores)

Particulars	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Opening RAB	57.57	83.50	80.52	79.27	74.87	68.72	

Particulars	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Addition	30.64	-	1.80	1.72	-	-	**34.16**
Deletion	-	-	-	-	-	-	**-**
Depreciation	4.71	2.99	3.05	6.12	6.15	6.15	**29.16**
Closing RAB	**83.50**	**80.52**	**79.27**	**74.87**	**68.72**	**62.57**	
Average RAB	**70.53**	**82.01**	**79.89**	**77.07**	**71.79**	**65.64**	

4.4 Fair Rate of Return

4.4.1 BPCL has financed its Fuel Farm Services and Into Plane Facilities and Services through Equity infusion/ internal accrual and has not funded the same through any debts.

4.4.2 Based on the above financing pattern, BPCL considers the FRoR for the First Control Period to be same as the Cost of Equity of 14%.

4.5 Operation and Maintenance (O&M) Expenses

4.5.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operation and maintenance expenditure incurred by the Service Provider(s) include expenditure incurred on security, operating costs and other mandated operating costs.

4.5.2 Operation and Maintenance expenditure submitted by BPCL has been segregated into:

- Employee Expense
- Manpower Expense
- Administrative Expenses
- Fire Fighting Expenses
- Insurance Expenses
- Rental Expenses
- Repairs & Maintenance expenses
- Security expenses
- Utilities expenses

4.5.3 The following table contains the operation and maintenance expenditure for the First Control Period as submitted by BPCL:

Table 11: Operation and Maintenance Expenses projected for the First Control Period

(Rs. in crores)

Particulars	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Employee Expenses	1.74	0.96	0.96	2.11	2.32	2.55	**10.64**
Manpower Expenses	2.67	1.66	1.66	3.64	4.01	4.41	**18.03**
Administrative Expenses	0.42	0.52	0.27	0.40	0.44	0.48	**2.53**
Fire Fighting Expenses	0.04	0.05	0.05	0.05	0.05	0.06	**0.29**
Insurance Expenses	0.22	0.09	0.09	0.19	0.22	0.25	**1.05**
Rental Expenses	1.03	0.53	0.55	1.14	1.21	1.28	**5.73**
Repairs & Maintenance Expenses	0.88	0.47	0.47	1.02	1.12	1.23	**5.20**
Security Expenses	0.25	0.17	0.17	0.46	0.51	0.56	**2.11**
Utility Expenses	0.93	0.38	0.38	0.84	0.93	1.02	**4.49**
Total Operation Expenses	**8.18**	**4.82**	**4.59**	**9.86**	**10.80**	**11.83**	**50.08**

4.5.4 The operation and maintenance expenses for the First Control Period were estimated based on the following assumptions.

Table 12: BPCL assumption for projection of Operation and Maintenance Expenses for the First Control Period

Expense Type	Basis for projections
Employee Expenses	The actual employee expense has been considered for FY 2023-24, i.e. the 1st tariff year of the Control Period. For the remaining years of the Control Period, the employee expense has been computed by considering a yearly increase of 10% with FY 2023-24 as the base year. The 10% increase is anticipated considering market growth and inflation costs.
Manpower expenses	Manpower expenses constitute of outsourced contract services or third-party charges. The third-party charges relate to outsourced manpower for ITP services. The outsourced contracts services relate to outsourcing of housekeeping and electricians. The actual expense incurred has been considered for FY 2023-24. For FY 2024-25, the outsourced contract service cost has been estimated at Rs. 0.31 crores and the third-party service cost was projected to increase by 15% in expectation of increased manpower. A yearly increase of 10% has been considered from the 3rd tariff year onwards. The 10% increase is anticipated considering market growth and inflation costs.
Administrative Expenses	The administrative expenses comprise of several components such as Postal expenses, Rates & Taxes, Inspection Fees, Professional Fees, Printing & Stationery expenses, Sales Promotion expenses, etc. The actual expenses incurred have been considered for FY 2023-24 and appropriate escalation rates have been applied for individual expenses including 10% considering market growth and inflation costs. A onetime expense of Rs. 0.22 crores have also been considered in FY 2024-25 for the inaugural function.
Fire Fighting Expenses	For FY 2023-24, the actual firefighting expenses incurred has been taken into consideration. The expenses for FY 2024-25 have been estimated at Rs. 0.09 crores which includes onetime expense of Rs. 0.05 crores incurred based on the recommendation of the Inspector of Factories. Thereafter, considering FY 2024-25 as the base (excluding the onetime cost), 10% year-on-year escalation has been estimated for the remaining tariff years of the Control Period based on the market growth and inflation cost.
Insurance	The insurance expenses consist of the premiums paid for the insurance taken at the corporate level and that taken at the location level. The insurance expense as per actuals have been considered for FY 2023-24. Insurance expense of Rs. 0.06 crores (location level) and Rs. 0.11 crores (corporate level) have been considered for FY 2024-25 based on estimate. Thereafter, for the remaining years of the control period a yearly increase of 10% and 20% is considered respectively for insurance taken at corporate and location level. The % increase considered is anticipated considering the value of assets and inflation costs.
Rental Expenses	BPCL had leased from GGIAL 24,484 sqm at Rs. 25 per sqm per month for Fuel Farm and 180 sqm at Rs. 1,300 per sqm per month for ITP services. This rental charge is subject to an annual escalation of 4.78% in FY 2023-24 (actual inflation for the year) and 5.79% (as per CPI(IW) data released by Ministry of Labour and employment, GoI) thereafter, in line with Clause 17.1 of the Concession Agreement.
Repairs & Maintenance	The repair & maintenance expenses comprise of several components such as contract services, housekeeping, stores and consumables, etc. The actual expenses incurred have been considered for FY 2023-24. For FY 2024-25, the expense has been estimated by considering the additional requirement

Expense Type	Basis for projections
	of replacement of filters and hoses. Thereafter appropriate escalation rate of 10% have been applied for individual expenses.
Security Expenses	The actual expense incurred was considered for FY 2023-24. The Security Expenses for FY 2024-25 has been estimated by considering the increase in number of manpower employed from 4 to 7 from Oct'24. The increase in manpower is in line with the recommendation made by BCAS post its inspection of the facility. For the remaining tariff years of the control period, the Security Expense is expected to increase yearly at 10% in line with the increase considered for employee expense.
Utility Charges	Utility expense consists of Electricity, Fuel Consumption and Water Charges. The actual expense incurred is considered for the FY 2023-24. Considering the projected CAPEX capitalization during the FY 2024-25, the Electricity, Fuel Consumption and Water Charges for the FY 2024-25 is estimated as Rs. 0.48 crores, Rs. 0.26 crores and Rs. 0.03 crores respectively. The estimation for remaining years of the control period is made by considering a yearly increase of 10% with FY 2024-25 considered as the base year. The 10% increase is anticipated considering market growth and inflation costs.

4.6 Revenue Share

4.6.1 As per Clause 17.2 and clause 17.3 the Concession Agreement, upon GGIAL providing license/rights to the site for the Project to BPCL and granting the rights and access set forth in the Agreement entered, BPCL has to pay GGIAL a percentage of the Gross Revenue from Fuel farm Facilities equal to 15% and from ITP Facilities and Services equal to 5% during the accounting year.

4.6.2 The Revenue Share computed as per the above for tariff determination for the First Control Period is as given below:

Table 13: Revenue Share estimated for the First Control Period

(Rs. in crores)

Particular	Ref.	FY24	FY25		FY26	FY27	FY28	Total
			Apr'24 to Sept'24	Oct'24 to Mar'25				
Fuel Farm								
Revenue from operation	A	6.06	3.94	21.46	50.15	57.11	59.96	**198.68**
Revenue Share @15%	B = A * 15%	0.91	0.59	3.22	7.52	8.57	8.99	**29.80**
Into Plane								
Revenue from operation	C	3.46	2.25	4.06	9.48	10.79	11.33	**41.36**
Revenue Share @5%	D = C * 5%	0.17	0.11	0.20	0.47	0.54	0.57	**2.07**
Total Revenue Share	**E = B + D**	**1.08**	**0.70**	**3.42**	**8.00**	**9.11**	**9.56**	**31.87**

4.7 Finance Cost for Bank Guarantee

4.7.1 As per the Concession Agreement, BPCL has for performance of its obligation provided GGIAL an irrevocable and unconditional guarantee from bank for Rs. 1.70 crores. In accordance with Clause 9.6.1 of the CA, from the 2nd anniversary of the COD, this bank guarantee is revised to equivalent of six (6) times the average monthly Revenue Share of the previous Accounting Year, exclusive of taxes. Further, Clause 9.6.2 of the CA stipulates that the bank guarantee for the current Accounting Year should neither be less than the bank guarantee in the previous Accounting Year nor fall below Rs. 1.70 crores.

4.7.2 The finance cost for the above bank guarantee is considered at the rate of 0.15% in line with the terms of the bank guarantee with the Bank.

Table 14: Finance cost on Bank Guarantee estimated for the First Control Period

(Rs. in crores)

Particular	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Annual Bank Guarantee	1.70	1.70	1.70	1.70	2.26	4.18	
Finance Cost @0.15%	**0.0026**	**0.0013**	**0.0013**	**0.0026**	**0.0034**	**0.0063**	**0.017**

4.8 Return on Security Deposit

4.8.1 BPCL has deposited an interest free refundable security deposit of Rs. 38 crores with GGIAL in two (2) instalments as per Clause 5.14 of the Concession Agreement. The security deposit was paid to GGIAL on 12th November 2021 and 2nd January 2023 and is refundable to BPCL within a period of sixty (60) days from the Transfer Date.

4.8.2 BPCL proposes a 14% return on the security deposit, in line with the Cost of Equity considered for FRoR computation.

4.8.3 The return on the security deposit considered for tariff determination for the First Control Period is computed as shown in the table below:

Table 15: Return on Security Deposit for the First Control Period

(Rs. in crores)

Particular	FY24	FY25		FY26	FY27	FY28	Total
		Apr'24 to Sept'24	Oct'24 to Mar'25				
Security Deposit	38.00	38.00	38.00	38.00	38.00	38.00	
Return on Security Deposit @14%	**5.32**	**2.66**	**2.66**	**5.32**	**5.32**	**5.32**	**26.60**

4.9 Taxation

4.9.1 BPCL has estimated the Profit Before Tax (PBT) for the period by considering the revenue generated from FF & ITP services, O&M expenses, financing charges, and depreciation expense as per the Income Tax Act.

4.9.2 A tax rate of 25.17% is applied to the PBT estimate after accounting for the prior period losses.

4.9.3 Tax considered for tariff determination for the First Control Period is computed as shown in the table below:

Table 16: Taxation estimated for the First Control Period

(Rs. in crores)

Particulars	Ref.	FY24	FY25		FY26	FY27	FY28	Total
			Apr'24 to Sept'24	Oct'24 to Mar'25				
PBT	A	-4.45	-2.33	14.46	35.64	41.84	43.75	**128.91**
Add: Book Depreciation	B	4.71	2.99	3.05	6.12	6.15	6.15	**29.16**
Less: IT Depreciation	C	11.01	4.99	5.13	8.88	7.68	6.59	**44.27**
Adjusted Profit	**D = A + B – C**	**-10.75**	**-4.34**	**12.38**	**32.89**	**40.31**	**43.31**	**113.80**
Opening Losses*	E	-4.58	-15.33	-19.66	-7.28	-	-	
Set Off	F	-10.75	-4.34	12.38	7.28	-	-	
Carry Forward of Accumulated Losses	G = E + F	-15.33	-19.66	-7.28	-	-	-	

Particulars	Ref.	FY24	FY25		FY26	FY27	FY28	Total
			Apr'24 to Sept'24	Oct'24 to Mar'25				
Taxable income	**H = D – F**	**-**	**-**	**-**	**25.61**	**40.31**	**43.31**	**109.22**
Tax as per IT ACT	**I = H * 25.17%**	**-**	**-**	**-**	**6.44**	**10.14**	**10.90**	**27.49**

** Refer Table 5 for the opening losses for FY 2023-24*

4.10 Aggregate Revenue Requirement

4.10.1 Considering the above submission regarding the different building blocks, BPCL has estimated the Aggregate Revenue Requirement for the period from 1st April 2023 to 31st March 2028 as follows:

Table 17: Aggregate Revenue Requirement for the First Control Period

(Rs. in crores)

Particulars	Ref.	FY24	FY25		FY26	FY27	FY28	Total
			Apr'24 to Sept'24	Oct'24 to Mar'25				
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%	
Return on RAB	**C = A * B**	**9.87**	**5.74**	**5.59**	**10.79**	**10.05**	**9.19**	**51.24**
O&M Expenses	D	8.18	4.82	4.59	9.86	10.80	11.83	**50.08**
Depreciation	E	4.71	2.99	3.05	6.12	6.15	6.15	**29.16**
Taxation	F	-	-	-	6.44	10.14	10.90	**27.49**
Revenue Share	G	1.08	0.70	3.42	8.00	9.11	9.56	**31.87**
Finance cost on BG	H	0.00	0.00	0.00	0.00	0.00	0.01	**0.02**
Return on Security Deposit	I	5.32	2.66	2.66	5.32	5.32	5.32	**26.60**
Aggregate Revenue Requirement (ARR)	**J = Sum(C:I)**	**29.16**	**16.92**	**19.31**	**46.53**	**51.58**	**52.96**	**216.46**

4.10.2 The above ARR is estimated based on the proposed Capital Expenditure, Depreciation, Debt-Equity Structure and O&M Expenses. BPCL requests that the same be trued-up as per actuals at the time of tariff determination for the next control period.

5. True-up of the period from 1st April 2023 till 30th September 2024

5.1.1 Considering that FY 2023-24 and part of FY 2024-25 has already expired with the tariff being charged at the existing rate of Rs. 1,100 per KL (i.e. Rs. 700 per KL for FF and Rs. 400 per KL for ITP) and the expectation that the revised tariff will be applicable from 1st October 2024, BPCL submits the following true-up for the period from 1st April 2023 till 30th September 2024 based on the submissions in Chapter 4.

Table 18: True-up of the period from 1st April 2023 till 30th September 2024

(Rs. in crores)

Particulars	Ref.	FY24	FY25 (Apr'24 to Sept'24)	Total
Average RAB	A	70.53	82.01	
FRoR (%)	B	14.00%	7.00%	
Return on RAB	**C = A * B**	**9.87**	**5.74**	**15.62**
O&M Expenses	D	8.18	4.82	**13.00**
Depreciation	E	4.71	2.99	**7.69**
Taxation	F	-	-	**-**
Revenue Share	G	1.08	0.70	**1.78**
Finance cost on BG	H	0.00	0.00	**0.00**
Return on Security Deposit	I	5.32	2.66	**7.98**
Aggregate Revenue Requirement (ARR)	**J = Sum(C:I)**	**29.16**	**16.92**	**46.08**
Existing tariff in Rs. per KL	K	1,100.00	1,100.00	
Fuel Throughput in KL	L	86,561	56,222	1,42,783
Income for the year	**M = K * L**	**9.52**	**6.18**	**15.71**
Under/(Over) Recovery	**N = J – M**	**19.64**	**10.73**	**30.37**
PV Factor	O = (1 + B) ^ t	1.14	1.07	
PV of Under/(Over) Recovery as on 31st March 2025	**P = N * O**	**22.39**	**11.46**	**33.85**

5.1.2 BPCL requests the Authority to include this shortfall of Rs. 33.85 crores while determining the tariff for the remaining years of the First Control Period.

6. Proposed Tariff

6.1 Revenue Requirement

6.1.1 Considering the ARR as per Table 17 and the under-recovery as per Table 2 and Table 18, the Tariff and the estimated revenue to achieve the Aggregate Revenue Requirement for the First Control Period is as given below.

Table 19: Estimated Revenue for the First Control Period

(Rs. in crores)

Particulars	Ref.	FY25 (Oct'24 to Mar'25	FY26	FY27	FY28	Total
Aggregate Revenue Requirement (refer Table 17)	A	19.31	46.53	51.58	52.96	**170.37**
Under/(Over) Recovery*	B	42.62	-	-	-	**42.62**
Net Aggregate Revenue Requirement	**C = A + B**	**61.93**	**46.53**	**51.58**	**52.96**	**212.99**
FRoR	D	14.00%	14.00%	14.00%	14.00%	
Discount Factor	E = 1 ÷ (1 + D) ^ t	1.00	0.88	0.77	0.67	
Present value of ARR	**F = C * E**	**61.93**	**40.82**	**39.69**	**35.75**	**178.18**
Fuel Throughput	G	56,222	1,31,377	1,49,618	1,57,099	**4,94,316**
Revenue per KL	**H**	**4,538.27**	**4,538.27**	**4,538.27**	**4,538.27**	
Estimated Revenue	I = G * H	25.51	59.62	67.90	71.30	**224.33**
Present Value of Estimated Revenue	**J = I * E**	**25.51**	**52.30**	**52.25**	**48.12**	**178.19**

** Under Recovery comprises Rs. 8.77 crores for the period from 5th January 2023 to 31st March 2023 (refer Table 2) and Rs. 33.85 crores in FY 2023-24 and FY 2024-25 (1st April 2024 to 30th September 2024) (refer Table 18).*

6.1.2 The tariff estimated for achieving the ARR as per Table 17 is Rs. 4,538.27 per KL as can be seen in the table above. This has resulted in an increase of approximately 312.57% on the existing tariff of Rs. 1,100 per KL.

6.1.3 BPCL requests AERA to approve and allow the proposed tariff as per Table 19 for the period from 1st October 2024 to 31st March 2028 under the Price Cap approach, considering the submissions for the building blocks.

6.1.4 BPCL also requests that the tariff for the next control period be re-determined considering the ARR and collections during the First Control Period, based on the actual revenue and the true-up of all building blocks of the ARR.

6.2 Tariff Rate Card

6.2.1 BPCL submits the following tariff rate card based on the revenue projected above for the First Control Period:

Table 20: Tariff Rate Card applicable from 1st October 2024

(Rs. in KL)

Particulars	PV of Revenue (Rs. in lakhs)	Total Fuel Infrastructure Fee	Fuel Farm Rate	Into Plane Services Rate
FY24	1,085.47	1,100.00	700.00	400.00
FY25 (Apr'24 to Sept'24)	660.31	1,100.00	700.00	400.00
FY25 (Oct'24 to Mar'25)	2,551.48	4,538.27	3,817.01	721.26
FY26	5,230.03	4,538.27	3,817.01	721.26
FY27	5,224.73	4,538.27	3,817.01	721.26
FY28	4,812.26	4,538.27	3,817.01	721.26