



Date: 27th Dec 2021

The Chairman
Airports Economic Regulatory Authority (AERA)
AERA Building, Administrative Complex.
Safdarjung Airport, New Delhi-110003

Subject: Stakeholder Comments to CP 23 / 2021-22 dated 6th Dec 2021 in the matter of determination of Fuel Infrastructure & ITP charges for M/s BPCL Kannur Fuel Farm Pvt Ltd (BKFFPL) at Kannur Airport, Kannur for the 1st Control Period (01.04.2021 to 31.03.2023).

Dear Sir,

With reference to the consultation paper 23/2021-22, we would like to submit our comments as below:

AERA has proposed 'Price Cap Approach' on 'Single Till' basis for determination of consolidated Fuel Infrastructure & ITP charges to BKFFPL, however the tariff proposed is much less than the calculations submitted by BKFFPL.

AERA has proposed a combined FIC & ITP Tariff of Rs 2577/- per kl effective 01.04.2022 to 31.03.2023 as against requested Tariff of Rs 4996/- per kl from 01.04.2021 to 31.03.2023 by BKFFPL. It is requested that the FIC workings are relooked at so that BKFFPL is able to provide satisfactory level of service and follow the required parameters of Safety and Quality and the operations at the Airport remain financially viable.

1. We have already witnessed the devastating impact of the second wave of Covid-19 and further wave is feared due to the newer variants of coronavirus emerging, hence the traffic is not likely to reach 100% of Pre-Covid numbers during FY 2022-23 as considered by AERA. BKFFPL's estimate of 75% of

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Pre-Covid volumes for FY 2022-23 thus looks to be reasonable as this is also in line with existing volume of 2800 kl per month at the Airport.

2. AERA has proposed to carry forward the recovery of Rs 386.67 lakhs ARR of this Control Period to the Next Control Period instead of considering it in Tariff calculation for the remaining part of the current Control Period. This will result in continuation of losses for BKFFPL for even the remaining part of the Current Control Period and making the operations unviable due to cash flow issues. Thus this shortfall may be accounted for in the balance period of the Current Control period itself instead of carrying it forward to the next Control period.
3. The Operator Expenses payable to BPCL as operator by BKFFPL have been considered to be much less than actual for current year, that is AERA has considered Rs 303 lakhs as against Rs 350 lakhs submitted by BKFFPL. Since these are actual expenses it is requested that these may be considered as per actuals and 5% escalation over Rs 350 lakhs may be taken for FY 2022-23.

It is thus requested that the revenues for BKFFPL are reworked keeping the low Traffic and ATF volumes expected during the remaining period of the 1st Control Period so as to ensure smooth, efficient and financially viable operations at Kannur airport.

Best Regards



(Pulkit Mathur)

DGM (Logistics & JVs), Aviation HQ

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