



Director (P&S, Tariff)
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi - 110003
India
Email: gita.sahu@aera.gov.in; mravi.aera@govcontractor.in
Copy to: director-ps@aera.gov.in; secretary@aera.gov.in

Date 24/08/2021

To whom it may concern:

IATA's RESPONSE TO AERA CONSULTATION PAPER NO. 12/2021-22 IN THE MATTER OF DETERMINATION OF FUEL INFRASTRUCTURE CHARGES FOR DELHI AVIATION FUEL FACILITY PRIVATE LIMITED (DAFFPL) AT IGI AIRPORT NEW DELHI DATED 27TH JULY 2021

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines or 82% of total air traffic. Many of our member airlines operate at IGI Airport, New Delhi and uplift ATF at the airport.

IATA welcomes the opportunity to provide comments relating to the determination of fuel infrastructure charges levied by DAFFPL for the third control period (01.04.2021 to 31.03.2026), and would like to submit the following inputs:

- IATA agrees with AERA's proposal to determine tariff for this control period under Price cap methodology and following the single till mechanism which is in line with the decision by Hon'ble TDSAT pertaining to tariff determination for the second control period.
- The continued use of the true-up approach to the building blocks by AERA means that in effect, DAFFPL's business has a significantly lower risk. This diminution of risk should be properly reflected through a lowering of the WACC.
- IATA fully supports the adoption of useful life and depreciation rates for various assets owned by DAFFPL in line with the Authority's order No. 35/2017-18.
- IATA agrees with AERA that including the lease amount paid to the landowner under operating expense is a more appropriate treatment than depreciation on the value of the leased land.
- Notwithstanding TDSAT's decision to include CSR as operating cost, there should be objective criteria formulated to ensure the reasonableness of the amount of CSR expenses.
- While the Authority has proposed a lower annual increase in employee expense of 7.5% from 2021, there has not been a necessary downward adjustment to the base employee cost to reflect the lower business activity (and hence lower employee number) since 2020 due to the impact of COVID. The same rationalization of the base cost for Employee Benefits should also be undertaken.

Thank you.

Yours sincerely,

Malvyn Tan
Head Commercial Fuel
tanjcm@iata.org

cc Amitabh Khosla, IATA Country Director for India
International Air Transport Association, IATA Center, Route de l'Aéroport 33
P.O. Box 416, Geneva 15 Airport 1215, Switzerland. Tel +41 22 770 2525