

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**MINUTES OF THE STAKEHOLDERS CONSULTATION MEETING HELD
ON 09.03.2018 AT 1100 HOURS
VENUE: HOTEL TRIDENT, CHENNAI**

**CONSULTATION PAPER NO. 45/2017-18 DATED 19.02.2018 IN
THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFFS IN
RESPECT OF CHENNAI INTERNATIONAL AIRPORT, CHENNAI FOR
THE SECOND CONTROL PERIOD (01.04.2016-31.03.2021).**

A stakeholder Consultation meeting was convened by the Authority on 09.03.2018 at 1100 hours in Hotel Trident, Chennai to elicit the views of the Stakeholders on the Consultation Paper no. 45/2017-18 dated 19.02.2018 issued by the Authority to determine of Aeronautical Tariffs for the period FY 2016-17 to FY 2020-21 in respect of Chennai International Airport, Chennai. The list of participants is enclosed as **Annexure-I**.

2. Chairman, AERA and Secretary, AERA welcomed all the participants and requested the stakeholders to give their views on the Consultation Paper.

3. Shri G. Chandramouli, Airport Director, Airports Authority of India, Chennai Airport, thanked the Chairperson and others for organizing the stakeholder consultation meeting for the first time at Chennai Airport. He gave a presentation on the changes and improvement that have taken place during the second control period and the future airport development plan. He gave an overview of the proposed capital expenditure to be incurred at Chennai Airport during the 2nd Control Period.

- (i) APD also briefed about the proposal for modification of Existing T-2 and T-3 buildings for international operations and conversion of T1 and T4 as domestic terminals. He also explained the reasons for proposing two domestic terminals at both sides of an integrated terminal due to land constraints. He stated that sufficient space is not available between airside and GST road and hence it has been proposed to construct integrated terminal at the middle of the complex and two domestic terminals at either end of the complex for the better utilization of available space.
- (ii) Further APD explained about the utilized and unutilized area of the existing Terminal -4 arrival hall. The APD claimed that out of 64204 Sqm of T-4, the unused area is only 12841 Sqm which is approximately 20% of the total. He stated that there is a proposal to use this area as Departure Terminal to manage the congestion in T-4 departure level in the next six months. Terminal 4 could not be used for intended purpose and the main constraint faced is the shortage of manpower in customs, immigration and CISF. Another issue is shortage of immigration counters. Now, in the proposed arrangement, probably this issue will be mitigated. Airport Director informed that serious concerns are in departure terminal only. Passengers are waiting in departure area for a longer time in the immigration area as the no. of passengers being handled are almost double the available capacity.

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- (iii) Shri H.S. Suresh, ED Engineering AAI explained the area available in the existing terminal and the traffic handled presently. He also explained the need to augment capacity of Chennai Airport to handle the future growth.
- (iv) APD Chennai also explained the modification plan of T2 & T3. Further APD stated that demolition of T-2 has already commenced and that the work is expected to be over by the next 2 months and by that time the new contract will be put in place, which will take up these integrated terminal work. AAI will continue to operate with existing T-3 till T-2 is ready and the operations will be shifted from T-3 to new integrated Terminal and thereafter T-3 will be demolished. With the proposed arrangement, work can be done in a seamless manner. AAI is introducing a system of having flexible operations of the integrated terminal during day time to use it for the domestic operations. With the planned swing operations, the traffic capability will reach 35 million pax, and without swing operations it will cater to 30 million pax.
- (v) Sh. S. Suresh, Member (Finance), AAI continued the presentation and explained the major reasons for difference in ARR calculation by AERA and AAI. He further requested to the Authority to reconsider the following:
- a) Change in Depreciation methodology adopted for true up of the 1st control period ARR. The amount of access recovery in the 1st control period, AERA proposed excess recovery as Rs.952 crores whereas, as per AAI it is Rs.849 crores.
 - b) AERA considered unutilized area of T4 arrival as 50% of the terminal area but as per AAI it is 20% of the terminal area.
 - c) Screener cost of inline baggage of Air India may be considered as operating expenditure as the same is payable by AAI to Air India as per the operational expenditure contract with Air India.
 - d) AOCC cost of Rs. 98 crore may be considered as operational expenditure.
 - e) The CAGR of passenger traffic excluding the RCS flight.
 - f) Consider the rental from Cargo, Ground Handling and Fuel services as Rs. 44.72 crores against Rs. 50 crores considered in the CP.
 - g) The project cost considered under normative approach by the Authority as AAI is a public sector entity and follows a transparent procedure and gets the best rates possible at an economic price.

Member, Finance, AAI stated that by considering the above changes, the ARR for the second control period will increase by Rs. 252 crores and will affect the tariffs as follows:

- Landing, Parking and Housing charges to be reduced by 89% from the current tariff
- Oil throughput charges to be reduced by 89% from the current tariff.
- UDF (International) to be reduced by 89% from the current tariff.
- UDF (Domestic) to be reduced by 55% from the current tariff.

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4. **Airlines Operators' Committee (AOC)**

Shri K.P. Kumar, Chairman (AOC) stated that AOC has agreed to the proposal of AAI for using the T4 arrival hall for International departure because of constraints as explained by AAI officials, especially regarding immigration, customs and CISF manpower.

Shri Kumar, further drew the attention of the Authority to the shortfalls in the airport facilities, which he detailed as follow:

- i. Multilevel car Parking facility not in place
- ii. Delay in commissioning of the walkalators between T1 and T4.
- iii. 12/30 Runway not put to full length use. Hence, aircraft operations are restricted to Code C.
- iv. Old terminal Security Holding Area is used for majority of boardings.
- v. Old Terminal used for International arrivals.
- vi. Saturated and congested domestic and international concourse.
- vii. Traffic pattern to Airport is annoying and results in inconvenience to users.
- viii. Lack of adequate concessionaires.
- ix. Lack of RET and increasing ROT.
- x. Severe shortage of regulatory agencies
- xi. Lack of adequate cargo space for ULD parking
- xii. Only 2 GHAs exist as against 3 as per regulations.
- xiii. Shortage of Check-in-Kiosks
- xiv. Remote parking for domestic flights due to shortage of bays and longtime taken for boarding and arrival to concourse
- xv. Lack of adequate facilities for ramp and inter-terminal-transfers.

5. **Jet Airways**

Mr. Vijayakumar, from Jet Airways stated that the airlines would face constraints due to the separation of the terminals. He informed that as a policy step, Jet Airways has decided to move their central force of operations from Chennai to Bangalore because of the constraints being faced now and also due to the proposed separation of the domestic terminal at Chennai. He further stated that they have to recruit additional manpower, keep additional equipment, security etc. solely because of the reason that the domestic terminal is being separated. He further stated that this will lead to larger turnaround time.

ED (Engg), AAI clarified that when it comes to turn around, when we re-design the whole terminal and integrated terminal comes up in the center, most of the international airlines will be accommodated in the center portion. Hence, AAI does not foresee any turn around issues.



6. **Air Asia**

Ms. Geetha, from Air Asia stated that they would also prefer international terminal on one side and domestic on the other. However, as AAI has some constraints to operate both the terminals, they are coming up with a new integrated terminal. Air Asia has already raised its concerns with the airport, as the terminal will handle 35 million pax capacity, 2 separate Terminal with domestic operations on one side and international on the other side are preferred.

7. **Spicejet**

Shri Pavithra Shukla, of Spicejet stated that operating domestic services from two corners of the Terminal complex will be difficult. The connection between the terminals will be definitely difficult for passengers. He expressed that seamless and fast connectivity should be there because T-1 & T-4 are planned in different corners.

Shri Manoj Jain, from Spicejet has also expressed their concern about operating domestic terminals at either side of the building complex.

8. **Qatar Airways**

Shri K.V. Chandramohan, from Qatar expressed their concern about operating domestic terminals at either end of the building complex.

9. **CCBA**

Shri Dewakar Nair stated that they are more concerned about cargo handling as recently there were several issues at the Air India Cargo shed, where they were not able to accommodate all the cargo and many vehicles had to wait for one or two days for loading the cargo into the aircrafts. He suggested for an air freight station away from the Airport to decongest the cargo terminal.

On this Chairman, AERA encouraged the concept of Air freight stations and requested AAI to work on it.

APD, Chennai stated that historically Air India was operating from the same campus which AAI was having for cargo. When AAI undertook the modification of the terminal, AAI has allotted some space for them so that their operations are not hampered with. Now the construction is over and the building is ready, Air India can come to this building and operate. AAI have enough space to carry out the operations from one big complex.

10. **AIATSL**

Shri Murugaiyan, GM stated that as far as Ground Handling is concerned, AIATSL can operate from AAI's facilities. This is already discussed with Airport Director.

11. **CISF**

Shri Lalit Panwar, from CISF stated that CISF has no problem with the proposal of Chennai airport to have two separate buildings for domestic operations.

12. **Cargo Service Centre**

Shri K. Sivakumar, from CSC stated that CSC has no problem with the proposal mentioned in the Consultation Paper of Chennai Airport.

13. **HPCL**

Shri Vijayakumar, from HPCL supported the proposal for the proposed reduction in fuel throughput charges.

14. **Bureau of Immigration (BOI)**

Shri Praveen Kumar, Assistant Director of BOI stated that BOI is facing shortage of manpower presently and it was likely to get more manpower by the next month. He also expressed the BOI is concerned about the award of slot for majority of International airlines in the night. During day time, hardly 10% of the flight operations take place whereas in the night it is 80-90%. If more slots can be awarded in the day time, it will be a win-win situation for the operators as well as the agencies functioning in the Airport.

15. **Indian Oil**

Shri Ravikumar, from Indian Oil welcomed the proposal for the reduction in fuel throughput charges and said the same would be reflected in the price of ATF to airlines

16. **Air Passenger Association (APA)**

Shri Rohit, from APA stated that they have two major points:

- (i) APA wants to have zero UDF. AAI has proposed bringing down the UDF to Rs.74/-, i.e., 89% deduction for International passengers and 55% deduction for Domestic Passengers. APA wants zero UDF because UDF is being charged for a very long time.
- (ii) About the proposed domestic terminal at either end of the building complex, the plan may create a lot of confusion to passengers. If AAI finally decides to go for that model, AAI needs to facilitate easier passenger movement between the terminals.

Chairman & Member (AERA) advised AAI to give a detailed note on the submissions made. Chairperson further suggested to AAI to explore the possibility of another green field airport on the outskirts of Chennai. ED Engg, AAI responded that AAI is in constant touch with the State Government.

Chairperson also expressed concern about operating 2 domestic terminals on either end of the proposed building complex and suggested to AAI to explore possibility of operating International operation at one end and Domestic operation at the other end.

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Chairperson, AERA thanked all the stakeholders for their participation and requested them to furnish their comments / views on the consultation paper within the stipulated timeline. On the stakeholders' request to extend the timeline for further one week from 12.03.2018, Chairperson agreed to extend the last date for submission of stakeholders' comments to 16.03.2018.

The meeting ended with a vote of thanks to the chair.


(Puja Jindal)
Secretary

List of Participants**AERA**

1. Shri S. Machendranathan, Chairperson - In Chair
2. Shri Shankar Narayanaswamy, Member
3. Shri Subrata Samanta, Member
4. Ms. Puja Jindal, Secretary
5. Shri Jaimon Skaria, Sr. Manager (Finance)

Airport Authority of India (AAI)

6. Shri S. Suresh, Member (Finance)
7. Shri G. Chandramouli, APD, Chennai
8. Shri H. Suresh, ED (Engg)
9. Shri C.V. Deepak, GM (Finance)
10. Ms. V. Vidya, GM (Finance)
11. Shri R.K. Das, AGM (Finance)
12. Shri L. Kuppulingam, Jt. GM (Finance)
13. Shri Muralidharan, GM Cargo

Jet Airways

14. Shri J. Vijayakumar,

Spicejet

15. Shri Manoj Jain,
16. Shri Pavitra Shukla

Air Asia

17. Ms. M.G. Geetha

Qatar Airways

18. Shri K.V. Chandramohan

CCBA/ FFFAI

19. Shri Divakaran P Nair

CISF

20. Shri Lalit Panwar

Airlines Operator's Committee (AOC)

21. Shri K.P. Kumar

Cargo Service Centre (CSC)

22. K. Sivakumar

HPCL

23. Shri D. Vijayakumar

Bureau of Immigration (BOI)

24. Shri Praveen Kumar

ACAAI

25. Shri Santhosh Sundaran

AIATSL

26. Shri A. Murugaiyan

Indian Oil

27. Shri M. Ravikumar

Air Passenger Association (APA)

28. Shri Rohit