

No. AAI/CHQ/AERA/MYTP-PATNA/2019 /374

28th June, 2019

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport
New Delhi-110003

प्राप्त
13941
डायरी नं० 28/06/19
तारीख

Sub: - AAI Replies on issues raised by FIA on Consultation Paper No:-03/2019-20 in the matter of Determination of Aeronautical Tariff in respect of Patna Airport for the first Control Period (01.04.2018 to 31.03.2023).

Sir/Madam,

Reference is invited to consultation paper No 03/2019-20 in the matter in the matter of Determination of Aeronautical Tariff in respect of Patna Airport for the first Control Period (01.04.2018 to 31.03.2023). FIA has raised some issues. The replies of the same are as under

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Sr. No.	Queries	Replies
I.	Issues to be clarified by PAT/AAI	
1.	<p>Bihta Airport: No reference of proposed commissioning of Bihta Airport has been disclosed under the Consultation Paper, and such fact was only disclosed during the Airport Users Consultative Committee (AUCC) meeting at PAT and discussed at Stakeholder Meeting.</p> <p>Accordingly, the AAI/PAT is required to evaluate and provide a reasoning for the need for a new terminal project (including allied works) at PAT when a new airport i.e., Bihta Airport is proposed to be commissioned by 2022 in Patna or alternatively justify the need for Bihta Airport and also indicate the impact on traffic at PAT due to proposed commissioning of Bihta Airport.</p>	<p>Existing building at Patna Airport has a passenger capacity of 0.7MPPA. Patna Airport witnessed passenger growth of 30.60 % from the year 2017 - 18 to 2018 - 19 and handled 4.06 million passengers in 2018 - 19. CAGR for last 10 years is 28%.</p> <p>Considering the rapid growth of passenger traffic and huge congestion at the existing airport a New Terminal Building at Patna has been planned with a handling capacity of 8.0 MPPA with all modern amenities. As 8 MPPA would likely to saturate in 2022 - 23 as per Traffic Forecast, A New Civil Enclave with a capacity of 5.0 MPPA is also proposed at Bihta to cater to traffic demand beyond 2022- 23.</p> <p>The existing Runway at Patna cannot be extended, as it is land</p>

	<p>locked at all sides and as such Aircrafts are operating with load penalties due to displaced threshold and inadequate Runway length (6800 ft.). With a Runway length of 8500 ft. at Bihta, Aircraft shall also able to operate for which runway extension is also planned.</p> <p>The rapid growth in passenger traffic in the coming years would touch 8.3 MPPA by 2022-23 considering growth projected by AERA and Bihta alone cannot handle the growing traffic of Patna. Therefore, Bihta Airport shall be supplementing the capacity of Patna Airport and it cannot be replacement for Patna airport.</p> <p>During presentation of the proposal for Development of Patna Airport on 20.07.2018, the PIB was also apprised that the option of developing Greenfield Airport at Punpun (site suggested by State Government) is very costly due to land filling (6 to 8 mtrs.) for insulating it from flooding by Punpun River and environment clearance.</p> <p>The PIB was also apprised that Bihta is an IAF airport that the State Govt. had already been requested for providing 108 acres of land so that a joint user Airport Terminal can be developed at Bihta for which IAF had agreed in-principle and that the proposed capacity of the Terminal Building at Bihta shall be 5 MPPA. In this regard, it is also to bring out that land for Bihta Airport was handed over to AAI on 06.12.2018. AAI is also pursuing with State Government to provide land for Runway Extension category 'E' type of aircraft for which a meeting is planned in next week. AAI has already taken action for</p>
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		taking up the work of Development of Bihta Airport and construction is targeted for completion by the year 2022 so that eventually Patna & Bihta shall together cater to the growing traffic demand of Patna.
2	<p><u>Mode/Source of Financing/Funding:</u> The issue of modes/source of financing/funding for the proposed new terminal (including allied works) at PAT was raised by FIA during the AUCC at PAT, to which AAI officials had informed that such issue was required to be raised during the Consultation Meeting. This is contrary to the established requirements of the Project Investment File (required to be disclosed at the AUCC Stage) as per the AERA (Terms and Conditions of Determination of Tariff of Airport Operators) Guidelines 2011 dated 28 February 2011 (<u>Tariff Guidelines</u>) which requires that stakeholders are informed about the source of funding for the project.</p> <p>Without prejudice to the above, FIA raised the above issue in the Consultation Meeting to which PAT/AAI replied stating that same is proposed through their "<i>Internal Financing</i>". No clarification has been provided in this regard (i.e., source of funding) in the presentation shared by PAT (attachment to the Public Notice).</p>	The funding of proposed new terminal (including allied works) shall be met by leveraging AAI's capital structure through Debts (60%) and Internal resources (40%).
3	<p><u>Contradiction in Traffic Projection:</u> AAI/PAT claimed a reduction in their pax traffic from 28% to 15% in the Consultation Paper but also stated that they are looking into building a parallel runway as according to their</p>	There is no proposal to construct a parallel runway as huge land is required. However, to reduce runway occupancy time, AAI is planning to construct a parallel Taxi Track subject to handing

	<p>projections the pax footfall will increase from the current 4.1 million to 8 million per annum in the near future. FIA submitted in the Stakeholder Meeting that these statements are contradictory to each other and PAT/AAI needs to clarify. It may be noted that any change in the traffic projections will consequently impact the calculation of certain building blocks/Annual Revenue Requirement. FIA still awaits the clarification on the above and would also like AERA to review and specifically comment on the apparent contradiction in the traffic projection.</p>	<p>over of additional land by the State Govt. It is also mention here that the proposal for construction of PTT has not be projected in the Capex of the said control period.(FY18-19 to 2022-23).</p>
4	<p><u>Cost of Residential Quarter:</u> FIA raised the purpose of disproportionately high cost for Residential Quarter. In the Stakeholder Meeting, AERA put across a valid point to PAT that the land for constructing the Residential Quarter already existed, and accordingly questioned the need for spending huge amount of monies on the residential quarters. AERA instructed PAT to come out with the list of essential personnel who will be residing in such quarters and stated that in case AERA finds discrepancies in the list of personnel, it will only approve which ever in necessary. AERA further stated that the cost for Residential Quarter will not be approved unless suitable calculations justifying the cost are provided. The details (number of personnel, etc.) of the same are awaited by FIA.</p>	<p>It is confirmed that the total cost of construction of residential quarter is Rs.50.24 Cr. The cost considered for airport services is Rs32.56 cr. For 70 nos. quarter to be constructed for airport services out of the total 108 quarters.</p>
II.	Issues to be reviewed by AERA for the purpose of Consultation Paper	
a	<p><u>Bihta Airport:</u> No reference of proposed commissioning of Bihta Airport has been disclosed under</p>	

	<p>the Consultation Paper, and such fact was only disclosed during the Airport Users Consultative Committee (AUCC) meeting at PAT and discussed at Stakeholder Meeting.</p> <p>Accordingly, the AAI/PAT is required to evaluate and provide a reasoning for the need for a new terminal project (including allied works) at PAT when a new airport i.e., Bihta Airport is proposed to be commissioned by 2022 in Patna or alternatively justify the need for Bihta Airport and also indicate the impact on traffic at PAT due to proposed commissioning of Bihta Airport.</p>	<p>Reply already given above (1).</p>
b	<p>Existing Terminal Capacity is stated as 0.7 mppa as compared to 0.5 mppa in the Consultation Paper. (Page 16 of the presentation attached to Public Notice);</p>	<p>It is confirmed that the capacity of the existing Terminal Building is 0.7 mppa.</p>
c	<p>Trend and Projections (Passenger and ATM Traffic) is different from Traffic Forecast in the Consultation Paper. (Pages 24-25 of the presentation attached to Public Notice);</p>	<p>AAI has considered the projection as per CP except FY18-19. In CP, it was based on the projection however in PPT, it is based on the actual data.</p>
d	<p>Major Capital Works / Project Cost is different from cost proposed by AAI in the Consultation Paper. (Pages 29-30 of the presentation attached to Public Notice);</p>	<p>In Consultation paper only Capex pertaining to Aeronautical portion have been given however in PPT the total cost (Aeronautical/AMS/Non Aeronautical) have been shown.</p>
e	<p>Cost per square meter of Apron: AAI claimed that the area of GSE (2100 sqm) was "inadvertently left out earlier" in the Consultation Paper. (Page 34 of the presentation attached to the Public Notice);</p>	<p>The cost of Apron is Rs. 12.08 Cr which comprises of GSE area cost of Rs. 0.98 Cr, Earthwork Rs.0.48 Cr, Site barricading Rs.0.15 Cr, cost of Contingency Rs.0.32 Cr and Cost of GST on work (diff.) of Rs.1.15 Cr amounting to Rs.2.30 Cr. Excluding the above, the cost of apron works out to Rs.5727/- per sqm.</p>

f	The cost of Semi-Permanent Expansion of Terminal Building has been revised from the cost given in the Consultation Paper. (Page 35 of the presentation attached to the Public Notice);	Reply has already been given to AERA vide letter No:- AAI/CHQ/AERA/MYTP-PATNA/2019/340 dt. 11 th June 2019.
g	The Public Notice proposes new User Development Fee for domestic passengers which was not mentioned in the Consultation Paper. (Page 48 of the presentation attached to Public Notice).	Refer Page No 62 of CP, User Development fee has been mentioned Rs.197 per Domestic Pax.

This issue with the approval of the competent authority.

Your sincerely

(D.K. Kamra)

Executive Director (JVC & Tariff)

Copy to

1. Member (Planning)
2. ED Egg ER CHO. / RED(ER)
3. APD (Patna) / GM (JVC)

D/K