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Letter No: DIAL/2016-17/Fin/1353

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

प्राप्त

डायरी नं: 5515
तारीख: 15/11/16

To,

The Secretary,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport, New Delhi – 110 003

Subject: Response to the consultation paper 1 no 1/2016-17 dtd. 5th Oct'2016

Dear Sir,

With reference to the above mentioned consultation paper, please find attached our response attached herewith as Annexure I.

Yours faithfully,

For Delhi International Airport (P) Ltd.



Sidharath Kapur
President (Finance & Business Development)

Encl: Annexure I



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Response to the Consultation Paper No.1 / 2016/2017

1. Background

The Airport Economic Regulatory Authority (AERA-) issued a Consultation Paper No. 01/2016-17 dated 05th October, 2016 with regard to the following provisions of the National Civil Aviation Policy, 2016 (NCAP) issued by the Ministry of Civil Aviation, Government of India.

a) Till Mechanism for Tariff Determination:

"..12 (c) To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. ..."

b) Provision relating to consideration of competition in case of Ground handling:

"The airport operator will ensure that there will be three Ground Handling Agencies (GHA) including Air India's subsidiary/JV at all major airports as defined in AERA Act 2008 to ensure fair competition."

AERA in this regard has proposed the following for consultation of the stakeholders:

- (i) In line with the provision under para 12(c) of the NCAP-2016, AERA may adopt "Hybrid Till" for determination of tariffs for Airport Operators under the Price-cap Model from the second control period. The true up for the first control period shall be done on "Single Till" basis unless there is any direction from the Govt. of India to the contrary.
- (ii) The criteria for competition assessment for ground handling service providers may be considered as minimum 3 competitors instead of 2 as envisaged in para 19(a) of the NCAP-2016.

Response to the Consultation Paper No.1 / 2016/2017

2. Response to the Consultation Paper

2.1 Applicability of the consultation paper with regard to consideration of Till for DIAL. The consultation paper , inter-alia, states as under:

"2.1 The Airports Economic Regulatory Authority of India vide para 17.5.2.a of the Order No. 13/2010-11 dated 12.01.2011 regarding Regulatory Philosophy and Approach in Economic Regulation of Airport Operators, adopted the "Single Till" regulatory regime for major airports other than Delhi and Mumbai. This was based on the rationale that for any given airport under the single till mechanism the airport charges are the lowest and therefore it is beneficial to the customers. In the case of IGI Airport, Delhi (DIAL) and CSI Airport, Mumbai (MIAL) tariff is being determined under "Shared Till" as per the provisions of the State Support Agreement signed by the concessionaires with the Govt prior to the enactment of the AERA Act.

2.2 In such a scenario, there were some airports where tariff were fixed under a shared till and others where the tariffs were fixed under the single till approach. This anomaly is envisaged to be addressed in the NCAP. " (emphasis supplied)

The above preamble of the consultation paper itself states that for the IGI Airport the tariff fixation is as per the concession agreement which is also preserved under the section 13 (a) (vi) of AERA Act 2008,. Accordingly, shared till approach is being followed by AERA for DIAL in accordance with the provisions of OMDA and State Support Agreement .

Accordingly, the final order of AERA on the subject matter on the applicability of the shared till approach from second control period does not apply to DIAL and thus should not reflect any different intent or the interpretation as there exists no anomaly in consideration of the Till followed which is the Shared Till since inception.