

Reference : IOSL / CP 27 DAFFPL

Date : 09<sup>th</sup> October 2017

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

Kind Attn: Mrs. Puja Jindal  
[puja.jindal@nic.in](mailto:puja.jindal@nic.in)

Dear Madam,

**Subject : Consultation Paper 27/2017-18 dated 20 September 2017 in the matter of Determination of Fuel Infrastructure Charges in respect of Delhi Aviation Fuel Farm Facility Private Limited, IGIA New Delhi.**

Reference to the subject, we submit our views as under:

1. A Concession and Operating Agreement (COA) was executed by and amongst Delhi International Airport Limited (DIAL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and IndianOil Skytanking Private Limited (IOSL) on 22 September 2009.
2. It was agreed that IOCL and BPCL participate in the development of the facility through a special purpose vehicle referred and defined in the COA as the Concessionaire and the SPV known as Delhi Aviation Fuel Facility Private Limited (DAFFPL) formed jointly by IOCL, BPCL and DIAL
3. IOSL was appointed as the Operator to Operate and Manage the Aviation Fuel Facilities which comprise of the Fuel Farm facility and the hydrant refueling systems at the airport for a period of 25 years.
4. It may please be noted that as per the provisions of the COA, DAFFPL is the Concessionaire (owner of the infrastructure) and IOSL is the Operator of the Fuel farm facility and both the parties have distinct responsibilities and obligations
5. Initially (on commencement of the operation during the first control period), it was agreed by the parties that 14 employees (Workmen) of BPCL would work on deputation with IOSL, for a period of three years till such time BPCL rehabilitates them. The period of deputation was over in October 2013 and the employees have been repatriated back to their parent company. IOSL has recruited their own employees against these since then. Currently no employee of BPCL is with IOSL and hence the submission by DAFFPL

in Table no 13 of the Consultation paper with regards to Manpower Expenses that it includes the cost of the staff deployed by BPCL, is incorrect.

6. The Operating Cost which is the Operator's expenses plus operating fee on actual expenses is a reimbursable cost to IOSL. Basis, the projections of volume and operating cost for the second control period by DAFFPL and the Authority, the unit operating cost has been indicated in the table below:

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Average
<b>DAFFPL Projections</b>						
Volume (Lakh KL)	16.81	16.99	17.17	17.35	17.53	17.17
Operating Cost (Rs. in Lakhs)	1726	1899	2089	2298	2527	2108
<b>Operating Cost (Rs./KL)</b>	<b>102.68</b>	<b>111.77</b>	<b>121.67</b>	<b>132.45</b>	<b>144.15</b>	<b>122.77</b>
<b>Revised Projections by Authority</b>						
Volume (Lakh KL)	17.14	17.65	18.18	18.72	19.28	18.19
Operating Cost (Rs. in Lakh)	1768	1944	2139	2353	2588	2158
<b>Operating Cost (Rs./KL)</b>	<b>103.15</b>	<b>110.14</b>	<b>117.66</b>	<b>125.69</b>	<b>134.23</b>	<b>118.64</b>

7. The average unit operating cost works out to be in the range of Rs.119.00/KL to Rs.123.00/KL.
8. Further, the revenue from operations as indicated by DAFFPL in their financial statements, is exclusive of the Operating Cost. This implies that the Fuel Infrastructure Charge is effectively consists of two components (1) Facility charge (pertaining to DAFFPL) and (2) Operator's Operating Cost (Operating Expense + Operating Fee) (pertaining to IOSL).
9. In accordance to the COA, we as the Operator collects the Fuel Infrastructure charge from the Suppliers. The Operating expense and the operating fee is retained by IOSL and the balance amount after fulfilling the statutory payments is passed onto DAFFPL.

In view of above submissions, we request the Authority to indicate both these charges separately in the tariff approval so that the Operating costs are effectively utilized for operating and maintaining the facility without compromising the safe operations of the facility.

For IndianOil Skytanking Private Limited



09/10/2017

T S Dupare  
Chief Executive Officer