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# IndianOil Skytanking

ISO 9001:2008, ISO 14001:2004 Certified

Ref. IOSL-CO/BLRITP-CP12/2018-19

Date 23rd August 2018

To,  
The Secretary  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport  
New Delhi – 110 003  
Email : [puja.jindal@nic.in](mailto:puja.jindal@nic.in)

Subject: **Response to Consultation Paper No. 12 /2018-19**

Dear Madam,

Reference to the Consultation Paper No. 12/2018-19 dated 03<sup>rd</sup> August 2018 on the subject and Authority's proposal upon examination of our submission is as under:

1. Vide Order No 21/2013-14 dated 24 May 2013, AERA had determined the tariff at Bangalore ITP at Rs. 268.03 /KL effective 01.06.2015. There has been no escalation in rates ever since. Meanwhile CPI has risen by 15.45% from 01.06.2015 to 24.05.2018 and WPI has increased by 5.81%. Other operating cost element increases have already been submitted by IOSPL to AERA.
2. Growth in volume and revenue are highly dynamic as they are a function of commercial arrangements between the airlines and the Oil Marketing Companies with whom we have user agreements. The down side risk of volume reduction and consequential revenue reduction is assumed by us, as the trained manpower and its associated costs for the most critical activity on an aircraft at ground, continues even when the volume decreases.
3. IOSPL in its letter to AERA dated 12<sup>th</sup> June 2018 had submitted future capex requirements for consideration in determination of the Multi Year Tariff Proposal (MYTP). AERA makes no reference to the future capex requirements in the consultation paper referenced in the subject. We believe this is an inadvertent error on AERA's part and request AERA to consider the same and revise its views taking into account "all" the information provided by IOSPL and not just "selective" information.
4. The Authority's approach to consider our tariff based on the average RAB is grossly inappropriate, as the asset value decreases over the years and cost of maintaining these assets increases at a rate higher than at which it depreciates.

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Further, the service provided is primarily manpower driven and the employee cost increases substantially each year. The rates at which our operating expenses increase each year has been provided in our submissions.

5. The Authority in terms of powers conferred on it under section 15 of the AERA Act, has set in Guidelines for the purpose of discharging its functions under the Act and thus the Authority and the Service providers are to act in accordance to the guidelines. Thus, Authority's view that the Guidelines need not be followed in a routine manner is inappropriate. The Authority's selective approach to guidelines and that too when our tariff proposal falls under the light touch approach is incorrect. The service providers are expected to follow AERA guidelines "all the time" and required to submit proposals in line with the guidelines, whereas the authority chooses not to follow its own guidelines "in a routine manner". This ambiguous approach is unreasonable and laws and guidelines have to be applied uniformly. Thus the Guidelines set for discharging its functions is being defeated.
6. IOSPL's ITP contract had expired in May 2018 and BIAL has vide a separate agreement extended the contract by one more year to May 2019. BIAL has given a 5% escalation to both ITP operators (IOSPL and BSSPL). The rates of both the ITP operators have to be common at a given airport in line with the agreements which the ITP operators have with BIAL. We request the authority to honour the agreements which exist between BIAL and IOSPL.

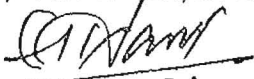
In view of the above submissions, it is humbly requested that our proposed tariff escalation of 5% year-on-year may please be considered as per the tariff card given below:

(Rs./KL)

Tariff Year	Aircraft Refuelling	Aircraft Defuelling		Aircraft Refuelling of Defuelled product	
		Within 6 hrs	Beyond 6 hrs.	Within 6 hrs	Beyond 6 hrs.
Tariff Year 3 (24/5/2018 to 31/3/2019)	281.43	281.43	337.71	309.56	337.71
Tariff Year 4 (01/04/2019 to 23/05/2019)	281.43	281.43	337.71	309.56	337.71

Thanking you.

For, IndianOil Skytanking Pvt Limited

  
 Shantanu Saxena  
 Chief Financial Officer  
 SHANTANU SAXENA  
 Chief Financial Officer  
 IndianOil Skytanking Pvt. Ltd.  
 Bangalore International Airport  
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