

Date: 31<sup>st</sup> March 2022

The Chairman  
Airports Economic Regulatory Authority (AERA)  
AERA Building, Administrative Complex.  
Safdarjung Airport, New Delhi-110003

**Subject:** Submission of Counter Comments by IndianOil Skytanking Delhi Private Limited (IOSDPL) on the Stakeholder Comments Published through Public Notice Number 50 /2021-22 dated 24<sup>th</sup> March 2022 in response to the tariff determination for the 3<sup>rd</sup> control period for Into Plane Services rendered by IndianOil Skytanking Delhi Private Limited at IGI Airport, Delhi.

Dear Sir,

With reference to Public Notice Number 50/2021-22, our responses are stated below.

- 1. Reply to Comments by Bharat Petroleum Corporation Limited:** We agree with the comments by BPCL that both service providers should operate on same rates to maintain parity and would request the authority to favourably consider this request. We also agree with BPCL that tariffs for ITP Services at Delhi Airport should be decided on **light touch approach** since the services are rendered by 2 (two) ITP Service Providers.
- 2. Reply to Comments by Delhi International Airport Limited (DIAL):** We fully agree with and appreciate the comments of DIAL, the same issue has also been addressed in our response to the Consultation Paper. DIAL has requested that tariff determination be done under **Light touch approach**, and we fully endorse this view.
- 3. Reply to Comments from FIA:** IndianOil Skytanking is an integral part of the aviation ecosystem in India and serves domestic, international, and non-scheduled passenger and cargo airlines. The financial difficulties brought upon by COVID-19 are not only limited to airlines as stated by FIA but have impacted Independent Service Providers like IOSDPL as well. The tariff submissions made by the company to AERA are in line with the regulatory approach and therefore a tariff hike was necessary as an outcome of the regulatory building blocks approach. IOSL has continued to operate without any tariff hike for 6 consecutive years and a further tariff reduction is proposed for FY23 to FY26.
  - a. **Item 1:** We would like to highlight that as per Table 22, there is a cost reduction of 26% in FY21 compared to FY20. This was possible due to the cost reduction measures implemented by the company, due to the COVID-19 pandemic and as a sustained cost-efficient operations approach. We would also like to clarify that ITP Operations are classified as "Aero" services and not as "non-Aero" as implied by FIA.

- b. **Item 2:** Capex in the 2<sup>nd</sup> control period was low on account of very low volume growth in FY20 v/s FY19 and due to a -46% reduction in ITP volumes in FY21 when compared to FY20. Furthermore, there was also a reduction in the number of flights handled. During this time, capex was reduced as the volumes and flight operations did not justify incremental capex.
- c. **Item 3, Capex for the 3<sup>rd</sup> Control Period:** To keep the costs low, IOSDPL has proposed refurbishment of existing hydrant dispensers. To minimize the impact on ongoing operations and to consider, incremental fuel volumes once Terminal 1 is operational with a hydrant system, IOSDPL has proposed the addition of new ITP vehicles. The capex plan has been developed using the ATM forecast of the airport operator and the business requirements. Adequate justifications for incurring the capex have already been provided during the Stakeholder Consultation Meeting, which was not attended by FIA and those justifications are also presented in the consultation paper. We propose no further reductions in capex and agree with the capex for the 3<sup>rd</sup> control period as considered by the Authority in Table 13 of CP 33 / 2021-22
- d. **Item 5, Fair Rate of Return:** Fair Rate of Return of 14% (On Equity Component) has been allowed by AERA for various service providers and was also accepted by Hon'ble TDSAT in the case of DAFFPL. We therefore request AERA to continue with a Fair Rate of Return of 14% in case of IOSDPL for the 3<sup>rd</sup> control period.
- e. **Item 6, O&M Expenditure:** We understand FIA's concerns and are fully committed to deliver cost efficient and safe services to airlines. We follow an active cost management approach wherein all major contracts are awarded after price discovery through E-tendering. This is followed up with a reverse auction process to achieve further cost reductions. Due to this approach the company was able to reduce its overall operating costs by 26% in FY21 when compared with FY20.

We once again request the authority to consider our proposal under light touch approach. Submitted for the consideration of the Authority.

Thanking You,

For IndianOil Skytanking Delhi Private Limited.

  
31.08.2022

(T.S. Dupare)  
Chief Executive Officer

