



AOC-DEL/AERA-2022/100004



Airline Operators Committee
Delhi

29th July 2022

To,

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi 110 003, India

Subject: Reference AERA CP no. 05/2022-23 on Tariff determination for GH Services provided by BWFS (India) P Ltd at IGI Airport for 3rd Control Period

Dear Sir,

Reference subject and mentioned AERA Consultation Paper, AOC DEL would like to take this opportunity to put forth its views on the same for consideration by the Hon'ble Authority.

- **Clause 2.7:** AOC and IATA has often highlighted this to be an area of concern where pre proposal stake holder consultation should be a must whenever stakeholder's intend to initiate tariff determination process with the Hon'ble Authority. Usually it has been noticed that either there is absolutely no consultation with stakeholders or it is done at the last minute in a haste thus defeating the core essence of the process and safeguard guidelines itself. AOC thus, requests that AERA must put some onus on the entity to have an effective consultation as a pre-condition to submission of any proposal impacting Stakeholders'.
- **Clause 3.3 Referenced with AERA's consideration in Clause 3.9:** The projections for FY24/25 and 25/26 have been under underreported. We all are aware that DEL has become one of the busiest airport in the world lately and is a key driver of International and Domestic Aviation within the country. The Major Development of phase 3A of IGI Airport enabling it further with 4 runways, state of the art multi terminal operations would further enhance air traffic post FY 2024/25 and contracting YoY growth of ISP's business to just 2 and 5 percent for the last two years of 3rd control period seem to be misplaced and under assessed. AOC would like that YoY growth to be kept at a reasonable percentile of 7 & 9 percent respectively for the same two years.
- **Clause 4.6 Cross referenced to Table 4:** When the whole aviation sector was consolidating revenues in FY21/22, the GSP has given evidence of a spending (Approx. INR 53 crores) on equipment while the Aviation Business was upside down. AOC feels that this was not the most appropriate business decision at that time and could have been deferred/reworked due to the uncertainty which ensued the most of the last two FYs due to COVID and its impact on resumption of normal aviation operations. A misplaced business decision should not become a reason for the ISP to ask for a raise in charges from stakeholders.
- **Table 4:** In tariff year 2020/2021, three ramp vehicles costing almost 70 lakh each were purchased which is very strange. AOC DEL can confirm that a ramp vehicle for use at Ramp should be cost effective and not high end and high cost luxury car. The claimed expense is almost 10 times compared to an efficient and economical procurement for the same purpose. AOC DEL infers it to be an expense related to ISP operated General Aviation terminal at IGI Airport being passed as one brought for use on normal scheduled flight operations.
- **Table 6:** AOC wishes to point to an observation that the Concession Fees paid to AO is being shown as ISP's expense and subsequently reduced from the Gross Revenue. AOC feels that this is not a correct representation as the Concessionaire fees is primarily a pass through to

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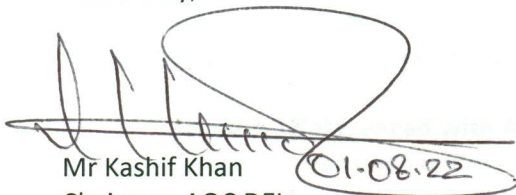
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the airline/customer and is not their expense. AOC strongly believes that if the ISP has been offering services at an all-inclusive charge then this is not a correct practise as concession fees is not dependent or in control of the user and must be separately reflected while invoicing and paid as such by the client airline.

- **Table 8:** For Int'l Code C, D and E, the first Tariff Year's rates have been proposed to be hiked by 36% and subsequently by 7 % post that for the rest three Tariff Years. AOC sincerely requests AERA to reconsider such a hefty increase in YoY percentile which would not only further aggravate the careful attempts by the airlines willing to stand up post suffering enormous economic impact over the last two years of COVID induced impact in Aviation but may also become a deterrent for other carriers in their attempts to restart operations to/from the busiest airport in the country.
- **Remark:** It is also pertinent to take note that most likely some of the opex and capex expenses mentioned in the ISP's submission may be cross utilized by the ISP at the GA terminal operated by the same ISP which AOC believes should have a bearing on the final outcome of this CP.

Yours truly,



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Chairman AOC DEL

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