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महाप्रबन्धक (विमानन) एवम् प्रमुख
विमान व्यवसाय इकाई



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HO.AV.AERA

Dear Shri Sandeep Prakash,

SHM (ABBS) 28th September, 2010

Pl. consolidate comments
w.r.t. CP No 6/2010-11

PH
20/9/10

**Revision of fuel throughput charges by airport operators
with effect from 1st April 2010**

We thank you for your DO letter no. AERA/20015/FT/2010-11/894 dated 14th September, 2010 on the issue of revision in fuel throughput charges at major airports.

As fuel supplier to airlines, we pay three different charges (Throughput charges, Infrastructure charges and land rental) to airport operators. The details of the current charges at major Airports is given in Annexure I

In connection with your proposal to revise throughput charges (Para 5 of consultation paper no. 06/2010-11) w.e.f 1st April 2010, our comments and suggestions are given below:

1. Throughput charges or access fee charged by various airport operators from the fuel suppliers have increased manifold since 2006. The following table shows the level of increase in throughput charges in four metro airports:

	Thr'put fees in 2006-07	Thr'put fees in 2010-11
Chennai	Rs.63.81 per KL	Rs.1459.83 per KL
Kolkata	Rs. 63.81 per KL	Rs.1216.72 per KL
Delhi	Rs.63.81 per KL	Rs.561.75 per KL
Mumbai	Rs.63.81 per KL	Rs.561.75 per KL

Since there is no basis for determining the Throughput charges/Access fees, existing fuel suppliers have no other option but to accede to the increase demanded by airport operators for sake of continuity of business.

1583/scy/10
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2. In many existing airports the tendering process followed by AAI in 2005 for determining throughput charges based on highest quote for putting up Aviation service station (AFS) is flawed. Throughput charges were decided by a bidding process and eventually hiked manifold while the stated purpose of AAI tender was allotment of land for putting up new AFS stations. At many airports under AAI like Ahmedabad, Guwahati, Jaipur and 14 other airports, the throughput charges have been finalized based on single tender basis. BPCL as existing fuel supplier had no other alternative but agree to match the increased throughput charges decided by AAI. We suggest that AERA should investigate into the process and also decide on the basis of huge increase in the throughput fees
3. At Delhi and Mumbai, the throughput fees charged for 2010-11 was as per the escalation mechanism agreed to between the operator DIAL/MIAL and the fuel supplier. As stated above, just before privatization the throughput fee being charged by AAI at Mumbai and Delhi airport was only Rs. 63.81 per KL. Post privatization, the throughput charges have progressively increased every year which again were acceded to by all oil PSU including BPCL for the sake of continuity of business.
4. BPCL is opposed to throughput fees charged by Airport Operators for the following reasons:-
 - a. Absence of rationale/basis for charging of throughput fees;
 - b. Lack of transparency in calculation of throughput Fees and
 - c. Overwhelming market power used by Airport operators to get consent of fuel suppliers to high throughput fees

In view of the above, following is proposed: -

1. AERA may follow the international model for levy of throughput charges/access fees and Infrastructure charges for fuel supplies at airport involving all stakeholders including airlines.
2. AERA should review the fixation of Throughput Fee by AAI and also question the basis of revision of throughput fee by private Airport Operators on mutual negotiation and understanding with Oil companies.
3. Throughput charges and revisions if any should be levied only on prospective basis so that the correct amounts could be realized from the airlines.

Yours sincerely,

Regards


Syamal B Bhattacharya

Shri Sandeep Prakash,
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdurjung Airport,
New Delhi - 110003

Encl : As above.

ANNEXURE-1

Details of current Throughput charges, Infrastructure charges and land rentals at major Airports in India:-

<u>AIRPORT</u>	<u>Th'put Fee(₹)</u>	<u>Infrastructure Fee(₹)</u>	<u>Rental(₹)</u>
➤ GHIAL,Hyderabad	670/-	1500/-*	NIL
➤ BIAL at Bangalore	1500/-	N/A	NIL
➤ CIAL at Cochin	84/-	N/A	100/ SQM
➤ DIAL at Delhi Airport	561/75	987/25*	NIL
➤ MIAL at Mumbai Airport	561/75	N/A	384/SQM
➤ AAI at Chennai	1459/83	N/A	1733/SQM
➤ AAI at Kolkata	1216/72	N/A	1196/SQM
➤ AAI Ahmedabad	528.38	N/A	1133/SQM
➤ AAI Calicut	112.10	N/A	1133/SQM
➤ AAI Pune	112.10	N/A	3600/SQM**
➤ AAI Goa	112.10	N/A	404 /SQM
➤ AAI Trivandrum	139.80	N/A	214/SQM**

* At Delhi , DAFFPL owner of fuel farm has demanded Rs. *Infrastructure and Opex Recovery Charge* : ₹. 987.25/KL.

** Frozen upto March 2011

Note : 1. Annual escalation of Throughput Fee and Rent at AAI airports is 5 % and 7.5 % respectively.

2. At MIAL, the rent is being increased at 10 % annually.

3. Throughput Fee at MIAL and DIAL is based on average annual increase in WPI and the minimum increase will be 5 % per annum and maximum increase will be 7% of the average increase of all commodities over previous year.

