

29th September 2010

Shri Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
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Dear Mr. Prakash,

SUBMISSION FROM BRITISH AIRWAYS RE CONSULATION PAPER No. 06/2010-11

I am writing on behalf of British Airways to register my concern over what we understand to be AERA's intention to approve increases in fuel throughput fees at a number of Indian airports.

In the current economic climate, it is imperative that costs are kept to a minimum. The Indian locations that British Airways currently serves have amongst the highest fuel charges of all the locations in our network. A large proportion of this charge is the throughput fee. When decisions are taken over continuing/increasing/decreasing terminating/opening new routes, the fuel charge is a pivotal factor in the decision-making process.

We believe that any charges to airlines should be cost-related and justifiable. Having reviewed the information available, the throughput charges at Indian airports which have been in effect since 1 April 2010 do not appear to follow these principles. There is no information on costs that justifies the fee so that in effect rather than being a cost-related fee, the charge appears to be a market-access fee. British Airways does not support a fee that in effect is a charge for access to a commercial opportunity.

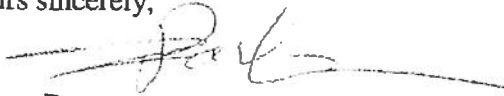
Our understanding is that the fuel suppliers in India pay a rental fee for the use of the land at the airport. This cost then forms part of their overall costs which are taken into account when agreeing differential levels with suppliers. The fuel throughput fee is therefore in effect a duplicate charge for airline customers.

We are particularly concerned by the recent development in fuel charges at Indian locations. The procedure whereby the throughput fee is agreed between the airport and the fuel supplier but paid by the airline has in effect resulted in very little pressure to keep the throughput charge at a low level. This was particularly evident during a tender for fuel suppliers in 2007 in which the winning supplier at MAA had effectively increased the throughput fee by approximately 2100%. Following this

highly publicised event, a number of Indian airports then increased their throughput fees by significant amounts.

I sincerely hope that AERA will take the concerns of British Airways into account and I respectfully request that AERA reject the proposed increase in fuel throughput fees (planned to be effective from 1 April 2010).

Yours sincerely,



Joanna Paynter

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