



-254-

# हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड

(भारत सरकार उपक्रम) रजिस्टर्ड ऑफिस : 17, जमशेदजी टाटा रोड, मुंबई - 400 020.

## HINDUSTAN PETROLEUM CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE) REGISTERED OFFICE : 17, JAMSHEDJI TATA ROAD, MUMBAI - 400 020.

8, शूरजी वल्लभदास मार्ग, पोस्ट बॉक्स नं. 155, मुंबई - 400 001. दूरभाष - 2263 7000 • फॅक्स - 022-2261 1822 • तार : हिन्दपेटऑफ  
8, Shoorji Vallabhdas Marg, P. O. Box No. 155, Mumbai - 400 001. Tel. : 2263 7000 • Fax : 022-2261 1822 • Telegram : Hindpetoff  
e-mail : mktghqo@hpcl.co.in

Ref : AVN-HQO/AERA

September 24, 2010

Shri Sandeep Prakash  
Secretary

Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex,  
Safdarjung Airport, New Delhi 110003

**Subject : Revision of fuel throughput charges by Airport operators w.e.f. 1<sup>st</sup> April 2010**

**Reference : Your DO letter AERA/20015/FT/2010-11 dated 14<sup>th</sup> September 2010**

Dear Sir,

In regards to the above referred subject and your letter, we thank you for inviting us to provide suggestions / comments in respect of the proposal made in para 5 of the Consultation Paper No.06/2010-11.

With due consideration to the dynamics of the business, our limited role of collecting the charges levied by the airport operators from the airlines through fuel price and passing on the same to the airport operators, our submission is as under :

1. Prior to 2005, AAI had commercial agreements with PSU Oil Marketing Companies in regards to the throughput charges with annual escalation rates basis the facility provided by them .
2. In regards to AAI's contention that they have finalized the throughput charges at various airports including those which are not covered under the purview of this act, through a competitive tendering process in 2005, it may please be noted that the PSU OMCs had registered their protest then, in view of the existing fueling infrastructure set up at our own cost and had abstained from bidding. The rates finalized were basis a single response to their tender and is still a matter of disputes between AAI and the OMCs.
3. In addition to the throughput charges being demanded by AAI against their tender of 2005, oil companies are required to pay high land lease rentals to the airport operator. Needless to mention, these charges also get added to the cost of the fuel being supplied..
4. Post privatization of airports, the throughput fees has been a contentious issue as the Greenfield airports at Hyderabad and Bengaluru levied charges that were to be accepted by the suppliers, whereas in respect to MIAL and DIAL, the same was discussed with us as we are/were operating at these airports.

5. At Cochin Airport, the throughput fees have been decided between CIAL and BPCL, who are the fuel farm owners. The PSU Oil Companies are using the facility under an agreement. CIAL has enhanced Throughput Charges to Rs. 70/- per K.L w.e.f 1<sup>ST</sup> April 2009. Although Throughput charges of CIAL is only Rs. 70/- per K.L, which is low as compared to charges demanded by AAI or other private Operators, the annual escalation to the tune of 20% has been introduced.

It is evident from above that the throughput fees are fixed by the airport owners. However, we are vulnerable to financial risks on this count as we collect the same from the airlines and pass on to the airport owner. This also affects our business relationship with the airlines apart from the difficulties faced in management of accounts .

In view of above, we suggest as under :

1. AERA to communicate to the airlines through IATA that airlines should continue paying the revised charges effective 01 April 2010 instead of seeking refund, since the matter is yet to be concluded with due approval from your esteemed office.
2. Upon conclusion of the issue with due approval of AERA, the Oil Companies shall adjust/refund the excess amount, if any, due to the airlines
3. The revisions should always be on prospective basis and not on retrospective basis as it would facilitate the oil companies to ensure collection since business keeps on shifting from one supplier to the other.
4. AERA to set up a mechanism whereby the airlines settle these charges directly with the airport owners alongwith other dues and we would facilitate the airport owners by providing details of upliftment.

Thanking you,

Very truly yours,



R . Radhakrishnan  
GM – Aviation & Head SBU