



भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

No. AAI/MC/DIAL-12/Misc/2020

Dated 03.03.2025

The Director (P&S),
AERA Building, Administrative complex,
Safdarjung Airport,
New Delhi-110 003.

Subject: In the matter of Tariff(s) for Aeronautical Services in respect of Indira Gandhi International Airport, Delhi for 4th Control Period (01.04.2024- 31.03.2029)-reg.

Sir,

Reference is made to AERA CP No. 07/2024-25 dated 31st January-2025 in respect of the matter of Determination of Aeronautical tariff for Indira Gandhi International Airport, Delhi (DEL) for the fourth Control Period (01.04.2024 to 31.03.2029).

2. In the regards, AAI's Comments on CP No. 07/2024-25 are enclosed herewith.

This issues with the approval of the Competent Authority.

Yours sincerely,

Encl as above:


L-Kuppulingam
Executive Director-JVC/Tariff

भारतीय विमानपत्तन आधिक विनिर्मायक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
डापरी नं. 19524
तारीख 3/03/2025

DIAL's Proposal to AERA in MYTP for Fourth control period	Comments of AAI
<p>Revenue from Existing Assets is not liable for cross subsidy. (para 10.1.18, page 267 & 280- Chapter 10)</p>	<ol style="list-style-type: none"> 1. The proposal arises from the interpretation by DIAL of the term <i>Non-aeronautical assets</i> forming a part of the definition of the <i>Revenue share assets</i> under Schedule 1 of the State Support Agreement (SSA) executed between Ministry of Civil Aviation and DIAL. 2. Relevant definitions in Schedule 1 of SSA are as under: Target Revenue = RB x WACC + OM + D + T -S. S = 30% of the gross revenue generated by the JVC from Revenue Share Assets. The costs in relation to such revenue shall not be included while calculating Aeronautical Charges. Revenue Share Assets shall mean (a) Non-Aeronautical Assets; and (b) assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets (eg: Public Admission Fee). 3. The Revenue Share Assets definition referred above does not mention that Existing assets have to be excluded. 4. The term <i>Existing assets</i> is defined in <i>Clause 1.1 of OMDA</i> as "Existing assets means the physical, tangible, intangible and other assets of whatsoever nature existing at the airport site as on the date hereof except working capital assets other than inventory, stores and spares." The term Existing assets has been defined to distinguish AAI's assets existing at the time of handing over of the assets to DIAL from the assets which would be created by DIAL as per OMDA. 5. The Existing assets form part of the terminal building, are conjoined to other aeronautical assets and are incapable of independent access/independent existence and are predominantly servicing/catering terminal complex/cargo complex and satisfy the <i>definition of Non-aeronautical assets as per OMDA</i> fully due to which the Non-aeronautical revenues from the existing assets have to be considered for cross subsidization as per the definition of S factor referred at (2) above. 6. The definition of Non-aeronautical assets in OMDA inter-alia includes <i>all assets</i> required for the performance of non-aeronautical services at the airport which indicates that the Existing assets are also included. 7. The issue was raised by DIAL in the first, second and Third control periods, but AERA has not agreed to the same. (Page 38,48 &144 of CP). 8. In view of the above, AAI has no further comments in this regard.

Annual Fee to be reduced from revenue from Revenue Share assets before cross subsidy. (Para 10.1.18 , page 267 & 280)

1. The proposal arises from interpretation of Clause 3.1.1 of the SSA which inter alia provides that *the upfront fee and the annual fee paid/payable by JVC to AAI under the OMDA shall not be included as a part of costs for provision of Aeronautical services and no pass through would be available to them.*
2. Based on the above, DIAL has interpreted that the annual fee is also not *a cost for provision of Non-aeronautical services* and hence not a cost in relation to revenue from Revenue share assets.
3. Clause 3.1.1 of the SSA referred above clearly states that no pass through shall be available in relation to annual fee which means that DIAL cannot recover the annual fee though any tariff determination principle.
4. Considering that the annual fee percentage quoted (via., revenue share payable to AAI) was the bidding criteria to win the bid for the airport, the same should not form part of pass through costs under any head and has to be incurred by the airport operator as per the terms of the OMDA. In fact, annual fee percentage quoted at the time of bidding is the *raison d'être* for DIAL to be the airport operator.
5. The issue was raised by DIAL in the first, second & Third control period, but AERA has not agreed to the proposal of DIAL.
6. No further comments can be offered by AAI.

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