5th August 2026

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To
The Secretary
Airports Economic Regulatory Authority of India (AERA)
Udaan Bhawan, 3rd Floor, D-Block
Rajiv Gandhi Bhawan Complex
Safdarjung Airport
New Delhi - 110003

Dear Sir,

Subject: Comments on AERA Consultation Paper No. 03/2026-27 on Fuel Infrastructure Charges for IOSPL at Kempegowda International Airport, Bengaluru (4th Control Period).

We thank the Airports Economic Regulatory Authority of India (AERA) for providing stakeholders an opportunity to submit comments on the Consultation Paper no. 03/2026-27 dated 17.07.2026 regarding the determination of Fuel Infrastructure Charges (FIC) for the Fourth Control Period at Kempegowda International Airport, Bengaluru (BLR).

As an Oil Marketing Company (OMC) supplying Aviation Turbine Fuel (ATF) at BLR, we recognize the importance of maintaining safe, reliable, and efficient fuel infrastructure. At the same time, tariff determination should balance the legitimate cost recovery requirements of the operator with the need to minimize costs for airlines and other airport users.

At the outset, we appreciate AERA's prudent scrutiny of the proposal submitted by Indian Oil Skytanking Pvt. Ltd. (IOSPL). Compared to IOSPL's proposal for an FIC increase from ₹510/KL to ₹1,127/KL, CAPEX of ₹604.16 crore, and an ARR of ₹955.68 crore, AERA has adopted a balanced approach by rationalizing costs, restricting admissible CAPEX, accounting for over-recovery from the previous control period, and proposing an FIC of ₹691/KL.

While the proposed tariff is significantly lower than that sought by IOSPL, the increase from ₹510/KL to ₹691/KL still amounts to significant rise of 35.5%, resulting in an additional burden of ₹181/KL on FIC charges handled through the facility.

From an OMC perspective, FIC is an integral component of the overall logistics cost of supplying ATF. Any increase directly affects the cost of fuel supplied to airlines and consequently impacts airline operating economics. Given the criticality of fuel costs in airline operations, tariff increases should be kept to the minimum level necessary for recovery of prudent and efficiently incurred costs.

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In this regard, the following factors merit consideration:

1. **Economies of Scale from Throughput Growth:** Bengaluru Airport has witnessed sustained growth in traffic and ATF volumes. Increased throughput improves asset utilization and enables better absorption of fixed costs, the benefits of which should be passed on to users through lower tariffs.
2. **Pass-through of Efficiency Gains:** The Consultation Paper has appropriately rationalized various cost elements, including CAPEX, operating expenditure, lease rentals, and return-related claims. The resulting efficiency gains should translate into moderation of user charges.
3. **Impact on Airline Costs:** The proposed increase in FIC will add to the logistics cost of ATF supply and ultimately increase operating costs for airlines. Minimizing such cost escalations would support the competitiveness and growth of the aviation sector.
4. **Prudent Treatment of Future Investments:** We support AERA's approach of deferring certain capital projects under the Incremental ARR mechanism and considering tariff adjustments only upon actual implementation. This protects users from bearing costs ahead of asset creation and utilization.

In view of the above, while appreciating AERA's efforts in substantially moderating IOSPL's proposal, we respectfully request the Authority to further review the proposed FIC of ₹691/KL and restrict the increase to the minimum level warranted by prudent expenditure and efficient operations.

Such an approach would appropriately balance the interests of the operator and users while ensuring that the benefits of traffic growth, operational efficiencies, and past over-recoveries are adequately passed on to stakeholders.

We trust that the above submissions will receive the Authority's kind consideration.

Yours faithfully,
For Bharat Petroleum Corporation Limited

Arendra Singh
GM Marketing Aviation (HQ)

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