Ref No: IOSPL/AERA/CP-03/2026-27/01 August 10, 2026

To,

The Secretary,

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

Subject: IOSPL's response to Stakeholder comments on Consultation Paper No. 03/2026-27 for Tariff determination of Bengaluru Fuel Farm Infrastructure.

Respected Sir/Madam,

Indian Oil Skytanking Private Limited (IOSPL) submits its consolidated counter comments to the stakeholder comments received on Consultation Paper No. 03/2026-27.

IOSPL expresses its gratitude to the stakeholders including Airport Operators, Fuel Farm Concessionaires, Technical Consultants, and Oil Marketing Companies (OMC's) for their detailed submissions. The feedback provides strong independent corroboration of IOSPL's position on critical regulatory, commercial, and engineering matters.

The summary of Stakeholder's comments is given below:

Name of Stakeholder	Key observations & regulatory support
Adani Airport Holdings Ltd (AAHL)	Endorses the recognition of binding bilateral commercial contracts between Airport Operators and ISPs. Confirms land licence fees are established industry practice.
Bangalore International Airport Ltd (BIAL)	Supports full contractual land licence fee recognition (Rs.525/sqm/month). Fully endorses the 3-tank Satellite Fuel Farm for operational safety and fuel security.
Indian Oil Corporation Ltd (IOCL)	Recommends 7–8 days of storage cover. Strongly supports the 3-tank setup based on the mandatory *Receipt–Settling–Delivery* operational cycle.
Shell MRPL Aviation Fuels (SMAFSL)	Recommends 3 tanks for operational redundancy and batch pipeline receipts. Highlights that AERA's FY 2026-27 throughput projections (+19.2%) are overly optimistic.
Heeva Engineering Designs	Validates the 3-tank configuration on engineering grounds. Proves that AERA's pro-rata 1/3rd CAPEX reduction is technically incorrect due to unseverable common infrastructure.

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Auxesia Consulting	Independent regulatory confirmation opposing the non-guideline *Incremental ARR* approach, land rental haircuts, and arbitrary O&M caps.
Delhi Aviation Fuel Facility (DAFFPL)	Urges full land licence fee recognition, inclusion of Dead Stock in RAB with full FRoR, and realistic returns on contractual Security Deposits.
Bharat Petroleum Corp Ltd (BPCL)	Acknowledges the need for prudent cost recovery, though its request for further FIC rationalization remains subjective and unbacked by quantitative data.

The detailed response to the Stakeholder's comments is given in Annexure A.

The submissions from AAHL, BIAL, DAFFPL and Auxesia Consulting independently confirm that the contractual land licence fee of Rs.525/sqm/month payable to BIAL is a legitimate, unavoidable operational expense. BIAL has explicitly clarified that:

i. The current rental reflects the post-Fuel Throughput Charge (FTC) regulatory framework.

ii. BIAL's corresponding lease income has already been accounted for as aeronautical revenue by AERA for BIAL's Fourth Control Period.

Any arbitrary cut (such as the proposed 25% disallowance) creates a regulatory mismatch, causes permanent financial losses to the ISP and undermines the sanctity of executed commercial contracts.

The Technical and industry experts (Heeva Engineering, SMAFSL, IOCL, and BIAL) are not in agreement the AERA's proposal to restrict the facility to 2 tanks based purely on aggregate volumetric throughput calculations as under:

a. Aviation safety standards require simultaneous execution of *Product Receipt*, *Settling/Quality Testing*, and *Mainline Delivery*. A minimum of 3 tanks is mandatory to maintain operational continuity and accommodate batch pipeline receipts.

b. As demonstrated by Heeva Engineering, common/fixed infrastructure (firewater systems, SCADA, civil works, power, offloading bays) forms the bulk of project costs. Reducing total project CAPEX by a simple pro-rata 33.3% for excluding one tank is technically incorrect.

Further, majority of the Stakeholders have not agreed the proposed methodological departures on Incremental ARR, disallowances and volume rationale for FY 2026-27 on the following grounds:

1. Auxesia Consulting confirms that the *Incremental ARR* approach is absent from the CGF Guidelines and deprives the ISP of necessary Financing Allowances during construction.

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2. Both SMAFSL and Auxesia note that actual FY 2026-27 market growth is currently flat due to geopolitical disruptions. AERA's projected 19.2% growth rate needs to be lowered considering the actual demand trends for the 4 months of this financial year 2026-27.

3. In line with DAFFPL's submissions, capital locked in mandatory Dead Stock and contractual Security Deposits needs to be considered standard FRoR returns matching the cost of capital rather than an arbitrary 5% rate.

While IOSPL appreciates BPCL's commitment to an efficient supply chain, its call for lower Fuel Infrastructure Charges (FIC) lacks any justification based on the data. Even with the proposed tariff of Rs.691/KL, Kempegowda International Airport (KIA) maintains one of the lowest FICs in India among open access airports substantially lower than Goa (Rs.1,650/KL), Hyderabad (Rs.1,500/KL), Mumbai (Rs.910/KL), and Jaipur/Guwahati (Rs.2,200/KL).

In light of the industry comments and expert technical justifications, IOSPL respectfully prays that the Hon'ble Authority:

1. Allow the full contractual land licence fee of Rs.525/sqm/month in the Aggregate Revenue Requirement (ARR).

2. Approve the complete 3 tank Satellite Fuel Farm configuration along with the full project CAPEX of Rs.318.16 crore.

3. Non implementation of Incremental ARR mechanism and apply standard regulatory treatment for Work-in-Progress (WIP) and financing allowance.

4. Adjust FY 2026-27 throughput projections to reflect actual market conditions and geopolitical realities.

5. Allow full FRoR on Dead Stock investments and contractual Security Deposits.

6. Allow Operator's Margin, allow Opex on estimation for 4th CP, allow Opex for 3rd CP at actuals, allow cost of equity at par with the Airport Operator.

IOSPL remains committed to operating a world-class, safe, and efficient fuel infrastructure at Kempegowda International Airport.

Thanking You,

Yours Faithfully,

For Indian Oil Skytanking Private Limited

BG Wankhede

(Bipin G Wankhede)
Chief Financial Officer.

IndianOil Skytanking Private Limited ★ Bangalore

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INDIANOIL SKYTANKING PRIVATE LIMITED (IOSPL)

Response to Airports Economic Regulatory Authority of India's (AERA) on Stakeholders Comments regarding Consultation Paper No. 03/2026-27 dated 17th July 2026 in the Matter of Determination of Fuel Infrastructure Charges (FIC) at Kempegowda International Airport (Kia), Bangalore for the Fourth Control Period (1st April 2026 – 31st March 2031)

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Sr No. 1: IOSL's Comments on submission of Adani Airport Holdings Limited:

IOSPL welcomes the observations made by Adani Airport Holdings Limited (AAHL) in its submission to AERA on Consultation Paper No. 03/2026-27, particularly regarding the regulatory treatment of contractual obligations between Airport Operators and Infrastructure Service Providers (ISPs).

AAHL has independently highlighted the importance of recognising mutually agreed and binding contractual arrangements between Airport Operators and ISPs in tariff determination. AAHL has also submitted that land licence fees payable by Fuel Farm and Into-Plane service providers are an established practice across Indian airports and that non-recognition of agreed contractual amounts could undermine the sanctity of commercial contracts and create regulatory uncertainty.

IOSPL respectfully submits that this principle is directly relevant to the Bengaluru Fuel Farm and reinforces IOSPL's submission regarding the land licence fee payable to Bangalore International Airport Limited (BIAL). The land licence fee arises from a duly executed contractual arrangement and is a necessary cost for continued use and operation of the regulated Fuel Farm infrastructure. IOSPL therefore requests that the full contractual amount be recognised in the Aggregate Revenue Requirement.

Sr No. 2: IOSL's Comments on submission of Bharat Petroleum Corporation Limited (BPCL):

IOSPL refers to the comments submitted by Bharat Petroleum Corporation Limited (BPCL), an Oil Marketing Company and user of the Bengaluru Fuel Farm, in response to Consultation Paper No. 03/2026-27.

IOSPL welcomes BPCL's submission and appreciates its recognition of the need to maintain safe, reliable and efficient aviation fuel infrastructure and to balance the interests of users with the legitimate cost recovery requirements of the operator. BPCL has specifically acknowledged that tariff determination should provide for recovery of prudent and efficiently incurred costs, while also recognising the impact of FIC on the overall logistics cost of ATF.

IOSPL respectfully submits that the comments made by BPCL are largely subjective in nature. Their suggestion to further rationalize the Fuel Infrastructure Charges (FIC) has not been substantiated through any robust quantitative analysis or evidence-based justification. It also appears that several key considerations and rationales already set out in the Consultation Paper have been overlooked while arriving at their conclusions.

While we fully agree that, in the interest of fostering a healthy aviation ecosystem and promoting the growth of the aviation sector in India, aeronautical tariffs should remain reasonable and competitive, it is equally important to recognize that the long-term sustainability of the industry depends on ensuring fair and reasonable returns for all stakeholders. Investments of this scale require continuous capital deployment, operational excellence, and prudent risk management, all of which must be adequately recognized in the tariff framework.

The following points merit due consideration:

a. <u>Continuous and Significant Capital Investments by IOSPL:</u>

While it is true that traffic at Kempegowda International Airport (KIA) has witnessed substantial growth over the years, it is important to acknowledge that IOSPL has consistently undertaken significant capital investments since the commencement of the concession in 2008 to ensure that infrastructure capacity keeps pace with traffic growth and service requirements.

The facility, which started with a storage capacity of approximately 10,000 KL in 2008, has since been expanded to 20,000 KL, and with the commissioning of the Satellite Fuel Farm, the overall storage capacity is expected to be nearly 40,000 KL. In addition, IOSPL has invested heavily in hydrant network expansion, including infrastructure associated with Terminal 2 and the addition of multiple new aircraft parking bays. These investments have been essential to maintain seamless, uninterrupted, and efficient fuelling operations at one of the country's fastest-growing airports.

b. <u>Highly Optimized Operational Model:</u>

IOSPL operates the facility on a self-managed basis without any separate operating margin and continues to maintain one of the most efficient operating models in the country. The company's operating expenditure remains among the most optimized in the sector, reflecting its commitment to operational efficiency and cost discipline.

c. <u>KIA already has one of the Lowest FICs Among Open-Access Fuel Farms:</u>

Among all open-access fuel farm facilities in India, KIA's FIC remains one of the lowest, with Delhi being the only notable exception. However, any comparison with Delhi must be viewed in the proper context, as Delhi handles fuel volumes that are nearly three times those of KIA and operates a significantly older infrastructure base that is substantially depreciated.

In contrast, FICs at comparable airports are materially higher. For instance, the FIC at Hyderabad is approximately **₹1,500/KL** (includes ITP charges as well), while Mumbai charges around **₹910/KL**, both substantially above the prevailing levels at KIA. This clearly demonstrates that KIA's FIC remains competitive and reasonable when benchmarked against comparable facilities.

For quick reference, FIC at few of other Open Access Fuel Farms (apart from Hyderabad and Mumbai) is as given below:-

- ✓ MOPA GOA - Rs. 1650
- ✓ Ahmedabad - Rs. 1600*
- ✓ Jaipur, TRV, Guwahati, LKO - Rs. 2200*
- ✓ Kannur - Rs. 1855

(* includes ITP charges)

Thus, it is amply clear that even the proposed FIC from IOSPL is much lower than normal industry benchmark.

d. <u>Impact of Increased Lease Rentals Charged by BIAL:</u>

Over the past few years, the airport operator, BIAL, has significantly increased lease rentals, which alone contribute an additional burden of approximately **₹260/KL** to the overall cost structure. It is also important to note that such lease rental income constitutes aeronautical revenue for BIAL. Consequently, this revenue aids in the rationalization of other aeronautical charges at KIA, ultimately benefiting airlines and passengers through reduced airport tariffs elsewhere in the value chain.

BPCL has also commented on the concept of "Incremental ARR". While the concept may have certain theoretical merits, its application in the present context would be inherently detrimental to concessionaires such as IOSPL, which have continuously invested in infrastructure expansion to meet growing demand. Such an approach risks disincentivizing future investments by failing to adequately recognize the capital deployed and associated risks undertaken. IOSPL has addressed this issue in detail in its separate submission, and the concerns articulated therein may kindly be considered while evaluating BPCL's observations.

In summary, any assessment of FIC must consider not only traffic growth but also the substantial and continuing investments, operating efficiencies, infrastructure expansion, and increasing lease-related costs borne by IOSPL. Focusing solely on traffic growth without acknowledging these underlying factors presents an incomplete picture and does not provide a sound basis for further rationalization of the FIC. *It is also pertinent to note that, as duly represented by IOSPL to the Authority, the proposed FIC of* ***₹691/KL*** *itself represents a conservative outcome and does not fully capture the cumulative impact of the significant investments, infrastructure augmentation, escalating lease rentals, and other cost elements highlighted above*. In fact, the proposed FIC is materially lower than IOSPL's own assessment of a fair and sustainable charge**.** Against this backdrop, BPCL's suggestion for further rationalization appears neither justified by the underlying economics of the facility nor supported by any detailed numerical analysis. Such an approach risks compromising the commercial sustainability of the infrastructure while disregarding the substantial investments made to support the airport's continued growth.

Sr No. 3: IOSL's Comments on submission of Bangalore International Airport Limited (BIAL):

IOSPL has reviewed the comments submitted by Bangalore International Airport Limited (BIAL) in response to Consultation Paper No. 03/2026-27. IOSPL appreciates BIAL's detailed submissions, which support IOSPL's position on two critical issues affecting the proposed Fuel Infrastructure Charge, recognition of the contractual land licence fee and approval of the proposed three-tank Satellite Fuel Farm configuration.

Land Licence Fee: Strong Confirmation by the Airport Operator:

BIAL has explained that the earlier arrangement cannot be compared directly with the present Rs525/sqm/month lease rental because the earlier commercial framework comprised both a nominal Rs 1 per annum lease rent and an Airport Operator Fee/revenue-sharing mechanism payable to BIAL.

Importantly, BIAL has pointed out that AERA itself had recognised this distinction in its earlier Order No. 29/2017-18, wherein the Authority noted that no land licence fee was payable at Bengaluru because the economic consideration was being recovered through the Airport Operator Fee. Following the subsequent abolition of the Fuel Throughput Charge (payable to Airport operator) pursuant to the Ministry of Civil Aviation's policy direction, the commercial structure necessarily changed. BIAL therefore submits that comparing the present contractual lease rental with the historical Rs 1 per annum rental is not an appropriate comparison.

BIAL has further demonstrated that the current Bengaluru lease rental of Rs 525/sqm/month is comparable with peer airports, citing Rs 767 at Kolkata and Chennai and Rs 560 at Pune. BIAL has also confirmed that the lease rental is being charged strictly in accordance with the currently effective agreements executed with IOSPL and that no discriminatory treatment has been adopted.

Particularly significant is BIAL's confirmation that the lease rental payable by IOSPL has already been recognised by AERA as part of BIAL's aeronautical revenues for the Fourth Control Period. Consequently, reducing the lease rental for IOSPL while recognising the corresponding revenue for BIAL would create an inconsistency within the regulatory framework.

IOSPL therefore respectfully submits that BIAL's response provides independent confirmation of IOSPL's position that the full contractual land licence fee should be considered.

Three-Tank Satellite Fuel Farm : Agreement by BIAL:

BIAL has also expressly supported the proposed three-tank configuration for the Satellite Fuel Farm. This directly supports IOSPL's submission that AERA's approach of determining tank requirements solely based on volumetric storage capacity is not appropriate for a safety-critical aviation fuel facility. BIAL has additionally highlighted the importance of maintaining adequate fuel reserves in view of current geopolitical uncertainties in the Middle East and the need to safeguard continuity of airport operations against potential supply disruptions. BIAL has also confirmed that the proposed additional tank capacity is expected to be effectively utilised, with tank occupancy projected to reach approximately 80% by the fourth year of the concession period, coinciding with commissioning of the new apron and associated growth in fuel demand.

IOSPL respectfully submits that this confirmation by the Airport Operator materially strengthens IOSPL's case for approval of the full Satellite Fuel Farm CAPEX of Rs 318.16 crore and the proposed three-tank configuration.
IOSPL therefore respectfully requests the Authority to take due cognisance of BIAL's submission while finalising the tariff and reconsider its proposals relating to the land licence fee and Satellite Fuel Farm CAPEX.

IOSPL submits that recognition of the full contractual land licence fee and approval of the three-tank configuration would not confer any preferential treatment on IOSPL; rather, it would ensure consistency with the Airport Operator's contractual position, internationally recognised aviation fuel standards, and the Authority's own earlier regulatory treatment.

Sr No. 4: IOSL's Comments on submission of Auxesia Consulting:

IOSPL has reviewed the submission made by Auxesia Consulting on Consultation Paper No. 03/2026-27. IOSPL appreciates the independent regulatory and technical observations made by Auxesia and respectfully submits that several of its findings independently corroborate IOSPL's submissions before the Authority.

4.1 Cost-Plus Regulatory Framework:
Auxesia has observed that AERA's continued adoption of the Cost-Plus, Single-Till approach is consistent with the CGF Guidelines. It has also highlighted that the Cost-Plus framework necessarily provides reasonable assurance of recovery of prudently incurred costs and fair return.

IOSPL Comment: IOSPL concurs. Once Cost-Plus regulation is adopted, all prudently incurred and necessary costs attributable to the regulated service should be appropriately recognised in ARR.

4.2 Other Income / TDSAT Rulings:
Auxesia has highlighted the relevance of the TDSAT decisions in DIAL vs AERA and GHIAL vs AERA, which held that unrelated interest/dividend income cannot necessarily be treated as revenue from regulated services, while noting that the matter is pending before the Supreme Court.

IOSPL Comment: IOSPL requests that AERA expressly recognise the pending legal position and provide an appropriate true-up mechanism in the event of a final judicial determination favourable to the ISP.

4.3 O&M Escalation Caps:
Auxesia has observed that although AERA has discretion under Clause 9.4.2 of the CGF Guidelines to assess efficiency and prudence, the Guidelines do not prescribe specific percentage caps and the empirical basis for the 5–6% caps should therefore be disclosed.

IOSPL Comment: IOSPL concurs reconsider the caps where they do not reflect actual aviation-fuel industry cost drivers.

4.4 Satellite Fuel Farm – Third Storage Tank:
Auxesia has specifically questioned AERA's exclusion of one of the three Satellite Fuel Farm tanks, observing that the capacity calculation does not adequately consider peak demand, safety/dead-stock buffers, maintenance requirements or the lead time for additional tank construction. It has also noted that the CGF Guidelines do not provide for exclusion of a commissioned asset merely on the basis of projected utilisation.

IOSPL Comment: IOSPL concurs. The requirement for three tanks is driven by operational redundancy, fuel quality, maintenance and safety requirements and cannot be determined solely by a linear throughput-to-capacity calculation. IOSPL therefore requests approval of the full three-tank configuration and associated CAPEX.

4.5 Incremental ARR Approach:
Auxesia has independently observed that the proposed Incremental ARR Approach is not contained in the CGF Guidelines and has not previously been applied by AERA, and that its introduction in a single tariff proceeding raises concerns of regulatory consistency and transparency. It has further highlighted that the proposed approach provides no Financing Allowance during the construction period, potentially leaving the ISP without compensation for the cost of capital deployed during construction.

IOSPL Comment: IOSPL fully concurs and requests that the proposed Incremental ARR methodology not be applied in the present tariff determination. If AERA considers such a framework necessary for future cases, it should first be developed through a transparent, consultative process and aligned with the existing WIP/Financing Allowance provisions.

4.6 Operating Fee / Margin:
Auxesia has recognised that IOSPL's Operator Fee arises from a specific contractual provision under Clause 12.3 of the Operating Agreement and has highlighted the functional distinction between IOSPL's ownership/concessionaire role and its specialised operational responsibilities. It has also pointed to differences in regulatory treatment at Delhi and Mumbai.

IOSPL Comment: IOSPL concurs that the Operator's Fee is a contractual consideration and that regulatory treatment should consider the economic substance of the operating function, rather than the structure adopted for performing it. IOSPL requests appropriate recognition of the contractual Operator's Fee.

4.7 Land Licence Fee:
Auxesia has identified the proposed 25% reduction in land rental as one of the most consequential O&M issues. It notes that AERA has not disclosed any benchmark, comparator or valuation methodology supporting the reduction from Rs 525/sqm/month to Rs 395/sqm/month. It has further observed that the land rental is an unavoidable third-party contractual liability, and that disallowance does not reduce IOSPL's actual payment obligation to BIAL. Auxesia has also raised concerns regarding consistency with treatment at Delhi and Mumbai.

IOSPL Comment: IOSPL concurs and requests recognition of the full contractual land licence fee.

4.8 Fuel Throughput Assumptions:
Auxesia has independently examined AAI traffic data and the impact of the continuing Middle East geopolitical crisis. It has observed that AERA's throughput projections are approximately 3.5% higher than IOSPL's projections in every year, primarily because AERA has applied IOSPL's growth rates to a higher base. It further notes that actual FY 2025-26 ATM growth at Bengaluru was on lower side while the first-year throughput assumption implies substantially higher growth despite the prevailing geopolitical disruptions.

IOSPL Comment: IOSPL concurs that throughput assumptions require an independent prudence assessment and should reflect current traffic and geopolitical realities. IOSPL requests adoption of more realistic and conservative throughput projections considering the actual volumes for 2026-27 (till July 2026) and arrive at future trends.

4.9 ARR Under-Recovery and regulatory transparency:
Auxesia has highlighted that the combined effect of the Satellite Fuel Farm exclusion, Incremental ARR deferral, O&M caps, Operator Fee rejection and land-rental haircut reduces the proposed ARR substantially. It has specifically identified the absence of transparent methodology for certain adjustments and the need for further examination before the final Tariff Order.

IOSPL Comment: IOSPL concurs that tariff determination should be transparent, reasoned and consistently applied with the CGF Guidelines and AERA's established regulatory approach.

Overall Submission:
IOSPL respectfully submits that Auxesia's independent assessment provides corroboration of IOSPL's submissions.

Sr No. 5: IOSL's Comments on submission of DAFFPL:

5.1 IOSPL has reviewed the comments submitted by Delhi Aviation Fuel Facility Private Limited (DAFFPL) on Consultation Paper No. 03/2026-27. IOSPL respectfully submits that DAFFPL's observations, based on its own experience as a fuel-farm concessionaire at Delhi Airport, independently corroborate IOSPL's submissions on several important regulatory issues.

5.2 Land Licence Fee: Full Recognition:

DAFFPL has confirmed that land licence fees for Fuel Farm/Into-Plane ISPs are an established and prevalent practice across Indian airports and that the land licence fee proposed by IOSPL is broadly aligned with prevailing industry rates. DAFFPL has further highlighted that the fee is an actual, unavoidable contractual expenditure and that partial disallowance would result in a permanent financial loss to the ISP and establish an undesirable precedent for future tariff determinations.

IOSPL Comment:
IOSPL fully concurs with DAFFPL and requests AERA to recognise the entire contractual land licence fee of Rs 525/sqm/month, without the proposed 25% rationalisation.

5.3 Dead Stock:Recognition as RAB and FroR:

DAFFPL has submitted that Dead Stock is essential for commissioning and operating Fuel Farm and Hydrant Systems and that its exclusion from the RAB is inconsistent with the established regulatory treatment and the AERA Tariff Determination Guidelines. DAFFPL has also stated that allowing only 5% return does not adequately compensate the capital deployed.

IOSPL Comment: IOSPL concurs. Dead Stock is an essential capital requirement for providing the regulated service and should be treated consistently with other capital assets, with FRoR applied to the investment, rather than merely allowing a nominal 5% return.

5.4 Security Deposit: Appropriate Return:

DAFFPL has confirmed that Security Deposit is a contractual obligation, that substantial funds remain locked-in and unavailable for alternative use, and that a 5% return does not adequately compensate for the Company's cost of capital. DAFFPL has therefore requested a return aligned with the source of funding.

IOSPL Comment: IOSPL concurs with DAFFPL's position that the return on the interest-free Security Deposit should appropriately reflect the actual cost/opportunity cost of the funds deployed, rather than an arbitrary 5% return.

5.5 Interest Income on Surplus Funds: No Cross-Subsidisation:

DAFFPL has also supported reconsideration of AERA's proposal to treat interest earned on surplus funds as revenue for ARR cross-subsidisation. It has highlighted that retaining surplus funds for operational requirements is a prudent financial decision and should not result in penalisation through reduction of ARR.

IOSPL Comment: IOSPL concurs with the principle that legitimate interest income arising from prudent treasury management should not automatically be treated as revenue from the regulated Fuel Farm activity, particularly where the funds are retained to support operational requirements. IOSPL requests AERA to reconsider this treatment in light of the applicable judicial and regulatory position.

Overall Observation:
IOSPL respectfully submits that DAFFPL's comments are particularly relevant as they represent the independent experience of another airport fuel-farm concessionaire.

Sr No. 6: IOSL's Comments on submission of Shell MRPL Aviation Fuels & Services Limited:

IOSPL has carefully reviewed the comments submitted by Shell MRPL Aviation Fuels & Services Limited (SMAFSL) in response to Consultation Paper No. 03/2026-27.

IOSPL respectfully submits that the observations of SMAFSL are particularly significant as they represent the considered operational and technical perspective of a major aviation fuel supplier, with Shell being a globally recognised aviation fuel company and SMAFSL being the second-largest Jet Fuel supplier at Bengaluru Airport. SMAFSL's comments therefore provide important independent corroboration of IOSPL's submissions on the operational requirements of the Bengaluru aviation fuel infrastructure.

6.1 Three-Tank Satellite Fuel Farm: Industry Confirmation:

SMAFSL has expressly requested AERA to reconsider its proposal to restrict the Satellite Fuel Farm to two tanks instead of the three tanks proposed by IOSPL. Importantly, SMAFSL's justification is based on actual aviation fuel supply and operational requirements and is not merely a capital expenditure consideration.

SMAFSL has therefore independently concluded that the three-tank configuration is technically justified, operationally necessary and consistent with prudent engineering and HSSE practices.

IOSPL Comment: IOSPL fully concurs with SMAFSL's assessment. The independent endorsement by a major aviation fuel supplier substantially reinforces IOSPL's position that the third tank is not surplus capacity but an essential component of a safe and reliable aviation fuel system. The requirement should therefore be assessed on the basis of operational redundancy, fuel quality, pipeline receipt requirements, maintenance and airport continuity, and not merely on a mathematical comparison of aggregate storage capacity with projected throughput.

6.2 Third Tank –Economic and Operational Consideration:

SMAFSL has also correctly highlighted that the third tank should be assessed on a whole-of-life basis, rather than solely on the incremental initial CAPEX.

SMAFSL has pointed out that excluding the third tank may reduce initial CAPEX but could result in operational constraints, reduced pipeline utilisation, future augmentation requirements and higher lifecycle costs. Conversely, construction of the third tank during the initial project avoids future brownfield construction and disruption to airport operations.

IOSPL Comment: IOSPL strongly supports this observation. AERA's proposed reduction of CAPEX by proportionately excluding one-third of the storage capacity does not adequately recognise that many elements of a fuel farm engineering, civil infrastructure, electrical and instrumentation systems, pipelines, fire protection, control systems and commissioning, are common infrastructure and cannot simply be reduced in proportion to the number of tanks. The third tank should therefore be evaluated as an integral part of the overall system design and not as a standalone incremental storage asset.

6.3 Pipeline Connectivity: Particular relevance to Bengaluru:

SMAFSL has specifically highlighted the importance of the dedicated pipeline connectivity to the Satellite Fuel Farm and explained that pipeline receipts are fundamentally different from tank-truck receipts, as pipeline transfers generally occur in long batches and require uninterrupted receipt capability.

SMAFSL has cautioned that reducing receiving tankage from three to two tanks could constrain operational flexibility, cause avoidable interruptions to pipeline receipt and reduce the efficiency of the integrated airport fuel supply system.

IOSPL Comment: IOSPL fully endorses this observation. The forthcoming pipeline connectivity is an important factor that should be considered by AERA while determining the appropriate tank configuration. The storage system must be designed around the characteristics of the receipt system and not merely around annual consumption.

This is an important independent confirmation that the proposed three-tank configuration is a Common User Fuel Farm requirement, rather than an IOSPL-specific preference. Adequate redundancy benefits all OMCs, airlines and airport users by providing greater flexibility for product positioning, quality assurance, maintenance and uninterrupted fuel supply.

6.4 Throughput assumptions:

SMAFSL has also raised a separate and important concern regarding AERA's proposed Fuel Throughput assumptions under Para 4.2.4.

SMAFSL has stated that the Authority's projected approximately 19.2% increase in FY 2026-27 appears substantially high and based on its position as a major Jet Fuel supplier, has observed that FY 2026-27 is currently experiencing practically nil growth/flat demand.

IOSPL Comment: IOSPL welcomes this independent confirmation from a major Jet Fuel supplier operating at Bengaluru Airport. This observation is particularly significant because SMAFSL is a major participant in the aviation fuel market and therefore has direct visibility of actual demand, airline requirements and fuel consumption trends.

The observation materially supports IOSPL's submission that AERA's throughput assumptions for the first year of the Fourth Control Period should be reconsidered in light of the prevailing market and geopolitical circumstances.

Overall significance of SMAFSL's Submission:

IOSPL respectfully submits that SMAFSL's comments are particularly relevant because they come from a major aviation fuel supplier with international industry expertise and significant operational exposure at Bengaluru Airport.

While SMAFSL's submission is specifically directed to the three-tank requirement and throughput assumptions, its observations independently corroborate two of IOSPL's most important submissions:

a. Three storage tanks are required for safe, flexible and reliable operation of the Satellite Fuel Farm; and
b. AERA's proposed throughput assumptions, particularly for FY 2026-27, are excessively optimistic and should be reassessed.

IOSPL therefore respectfully requests the Authority to give due weight to SMAFSL's independent industry observations.

Sr No. 7: IOSL's Comments on submission of Heeva Engineering Designs (HED):

IOSPL has reviewed the submission made by Heeva Engineering Designs (HED) in response to Consultation Paper No. 03/2026-27, particularly Section 5.2.5 relating to the Satellite Fuel Farm at Kempegowda International Airport, Bengaluru.

7.1 IOSPL respectfully submits that HED's observations, being made by an independent multidisciplinary engineering design consultant specialising in aviation fuel farms, hydrant systems, petroleum storage facilities and associated infrastructure, provide important independent technical corroboration of IOSPL's submissions. HED has stated that its assessment is based on established engineering principles, international standards and recognised aviation fuel practices.

IOSPL Comment: IOSPL concurs that such a configuration provides the need for third tank which provides the minimum operational flexibility necessary to maintain continuous fuel supply while allowing individual tanks to be taken out of service when required.

7.2 AERA's Pro-Rata CAPEX reduction is technically incorrect:

HED has specifically challenged AERA's assumption that deleting one of three tanks justifies reducing the total project CAPEX by approximately one-third: from Rs 287.66 crore to Rs199.45 crore.

HED explains that the Satellite Fuel Farm consists broadly of:

Common/Fixed Infrastructure, including land development, roads and drainage, buildings, firewater system, fire pumps, receiving/offloading facilities, filtration, electrical systems, DG sets, PLC/SCADA, control systems, environmental systems and other common facilities; and

Variable Tank-Specific Costs, principally relating to tank shell, roof, foundation, tank valves, instrumentation and associated dedicated facilities.
HED therefore concludes that the common infrastructure must substantially be constructed irrespective of whether the facility has two or three tanks.

IOSPL Comment: IOSPL strongly concurs. Rs 199.45 crore cannot be regarded as a technically derived CAPEX merely by applying a proportional reduction to the three-tank estimate.

Overall Significance of HED's Submission:

IOSPL respectfully submits that HED's submission provides independent engineering validation of two fundamental aspects of IOSPL's case:

a) Three tanks are required for safe, quality-controlled and operationally resilient aviation fuel operations; and
b) CAPEX cannot be reduced by approximately one-third simply because one of three tanks is excluded, since a substantial portion of the project comprises common infrastructure that remains necessary irrespective of tank count.

IOSPL therefore requests AERA to take due cognisance of HED's independent engineering assessment.

Sr No. 8: IOSL's Comments on submission of Indian Oil Corporation Limited (IOCL):

IOSPL has reviewed the comments submitted by Indian Oil Corporation Limited (IOCL) on Consultation Paper No. 03/2026-27. IOSPL respectfully submits that IOCL's independent observations strongly corroborate IOSPL's submissions, particularly regarding the three-tank configuration and storage capacity of the Satellite Fuel Farm at Bengaluru Airport.

IOSPL respectfully submits that IOCL's comments provide independent confirmation from the largest aviation fuel supplier at Bengaluru Airport that the proposed three-tank configuration is operationally and technically justified.

IOSPL therefore requests AERA to:

1. Approve the complete three-tank configuration from the initial stage;
2. Recognise the associated CAPEX as necessary incurred and;
3. Avoid treating the third tank as a discretionary future capacity addition.

IOSPL respectfully submits that the views of IOCL provide compelling and consistent industry evidence that the three-tank configuration is a fundamental requirement of the Satellite Fuel Farm and not excess capacity.

The stakeholder responses can be summarised very briefly as follows:

Stakeholder	Observation
Adani Airports	Fully support that the due cognizance should be taken of bilateral agreements between Airport Operator and the Concessionaire and land license fee with due rationale is a standard industry practice.
BIAL	Strongly supports full contractual land licence fee and confirms 3 tanks are technically necessary for the Satellite Fuel Farm.
IOCL	Strongly supports 3 tanks, citing receipt–settling–delivery requirements, maintenance and recommends 7–8 days' storage cover.
Shell MRPL Aviation	Supports 3 tanks for operational redundancy, pipeline receipt flexibility and fuel supply resilience; also considers AERA's throughput projections optimistic.
Heeva Engineering Designs	Supports 3 tanks on engineering grounds and strongly challenges AERA's pro-rata reduction of CAPEX, stating common infrastructure remains necessary.

Auxesia Consulting	Supports IOSPL on 3 tanks, Incremental ARR, Operator's Fee, land licence fee, O&M caps and realistic throughput; questions AERA's methodology under the CGF framework.
DAFFPL	Supports full land licence fee, appropriate treatment of Dead Stock and Security Deposit, and consistent regulatory treatment across fuel farms.
BPCL	Focuses on keeping FIC low, but supports the principles of prudent expenditure, efficiency and safe/reliable infrastructure.

In light of the industry comments and expert technical justifications, IOSPL respectfully prays that the Hon'ble Authority:

1. Allow the full contractual land licence fee of Rs.525/sqm/month in the Aggregate Revenue Requirement (ARR).
2. Approve the complete 3 tank Satellite Fuel Farm configuration along with the full project CAPEX of Rs.318.16 crore.
3. Non implementation of Incremental ARR mechanism and apply standard regulatory treatment for Work-in-Progress (WIP) and financing allowance.
4. Adjust FY 2026-27 throughput projections to reflect actual market conditions and geopolitical realities.
5. Allow full FRoR on Dead Stock investments and contractual Security Deposits.
6. Allow Operator's Margin, allow Opex on estimation for 4^{th} CP, allow Opex for 3^{rd} CP at actuals, allow cost of equity at par with the Airport Operator.

IOSPL remains committed to operating a world-class, safe, and efficient fuel infrastructure at Kempegowda International Airport.

For IndianOil Skytanking Private Limited,

(Bipin Wankhede)
Chief Financial Officer

Date: 10.08.2026

Place: Bangalore