

फाइल संख्या ऐरा/20010/एमवाईटीपी/बीएसएसडीपीएल/आईटीपी/डेलही/सीपी-III/2021-22

File No. AERA/20010/MYTP/BSSDPL/ITP/Del/CP-III/2021-22

आदेश संख्या 05/ 2022-23

Order No. 05/2022-23



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

मैसर्स भारत स्टार्स सर्विसेज (डेलही) प्राइवेट लिमिटेड (बीएसएसडीपीएल) के संबंध में इंदिरा गांधी अंतरराष्ट्रीय हवाईअड्डा (आईजीआईए), दिल्ली में इंटो प्लेन सेवाओं के लिए तृतीय नियंत्रण अवधि (01.04.2021 से 31.03.2026) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF TARIFF FOR INTO PLANE SERVICES IN RESPECT OF M/S BHARAT STARS SERVICES (DELHI) PRIVATE LIMITED (BSSDPL) AT INDIRA GANDHI INTERNATIONAL AIRPORT (IGIA), DELHI FOR THE THIRD CONTROL PERIOD (01.04.2021 TO 31.03.2026)

जारी करने की तारीख: 03.06.2022

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प्रशासनिक कॉम्प्लेक्स/Administrative Complex
सफदरजंग हवाईअड्डा/Safdarjung Airport
नई दिल्ली/New Delhi - 110003

आदेश संख्या/Order No 05/2022-23



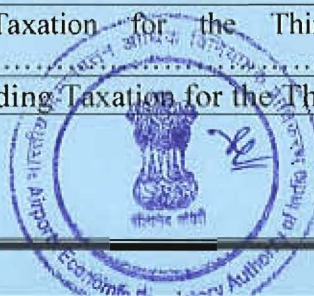
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List of Abbreviations

Abbreviation	Full Form
ACS	Annual Compliance Statement
AERA/ Authority	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
BPCL	Bharat Petroleum Corporation Limited
BSSPL	Bharat Stars Services Private Limited
BSSDPL	Bharat Stars Services (Delhi) Private Limited
CAGR	Compounded Annual Growth Rate
IGIA	Indira Gandhi International Airport
DDF	Dirt Defense Filter
FRoR	Fair Rate of Return
FWS	Filter Water Separator
GoI	Government of India
GST	Goods and Services Tax
HD	Hydrant Dispensers
HPCL	Hindustan Petroleum Corporation Limited
IOSPL	Indian Oil Skytanking Private Limited
IOSDPL	Indian Oil Skytanking (Delhi) Private Limited
ITP	Into Plane
JIG	Joint Inspection Group
JVC	Joint Venture Company
KL	Kiloliter / Kilolitre
DAFFPL	Delhi Aviation Fuel Facilities Private Limited
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
OMCs	Oil Marketing Companies
RAB	Regulatory Asset Base
RF	Refuellers
HQ	Headquarter
STARS	ST Airport Services Pte. Limited, Singapore



CHAPTER 1. INTRODUCTION

1.1 Profile of the Service Provider

- 1.1.1 Bharat Stars Services Private Limited (BSSPL) is a Joint Venture Company (JVC) floated by Bharat Petroleum Corporation Limited (BPCL) and ST Airport Services Pte. Ltd. Singapore (STARS), each having equal shareholding. Bharat Stars Services Private Limited (BSSPL) is providing ITP services at Delhi Airport since 2010 as per the Concession awarded by Delhi International Airport Limited (DIAL) for 10 years. Since 2010, BSSPL manages the ITP operations at Delhi Airport, through its 100% subsidiary company namely Bharat Stars Services (Delhi) Private Limited (BSSDPL, Delhi).
- 1.1.2 Further, BSSPL has bid for and won the right to operate the ITP Services at the Indira Gandhi International Airport (IGIA), Delhi. Accordingly, a concession agreement (tripartite agreement) has been executed between Delhi International Airport Limited and Bharat Stars services Pvt. limited (Selected bidder), and Bharat Stars Services Delhi Pvt. Limited (concessionaire) executed on 5th August 2021, effective date 1st April 2021, for finance, design, develop, construct, operate, manage, maintain Into- Plane Infrastructure and provide Into-Plane Services for a period of 15 years ending on 31st March 2036.
- 1.1.3 BSSDPL, Delhi submitted MYTP dated 18th November 2021 seeking revision of tariffs for providing ITP services at IGIA, Delhi for the Third Control Period (from 1st April 2021 to 31st March 2026) under “Light Touch” approach for the Authority’s consideration and approval. However, the Authority based on the examination of various building blocks, asked the BSSDPL, Delhi to submit the proposal under Price Cap. In response, BSSDPL, Delhi has submitted the financial model under Price Cap Approach vide email dated 23.12.2021 and further submitted the revised financial model vide email dated 25.1.2022. BSSDPL sought 117.31 % increase in tariff for FY 2022-23 over the existing tariff rates and thereafter proposed an increase of 5% (YoY) for the remaining years of Third Control Period.
- 1.1.4 As per Concession Agreement, 7% of the Gross Revenues is payable by Concessionaire to DIAL for the aggregate volume of ATF at Airport upto 3 million kilo litre per annum. Once the overall volume of ATF at the Airport exceeds 3 million kilo litre, the Revenue Share Percentage as payable to the DIAL shall be 9% of the Gross Revenues.
- 1.1.5 Technical details of BSSDPL operations are provided below:

Table 1: Technical Details of BSSDPL.

Technical Details (existing) of BSSDPL, Delhi		
S. no.	Particulars	Details
1.	Dispensers	14 Nos.
2.	Refuellers	03 Nos.

1.2 Background of the Tariff Determination Exercise

- 1.2.1 The Authority vide Order No. 06/2017-18 dated 12.06.2017 allowed existing tariff, applicable as on 31.03.2016 for the first tariff year (2016-17) of the Second Control Period. For the second tariff year (2017-18), the Authority decided to allow 5% increase on previous tariff. The Authority, further vide interim Order No 43/2017-18 dated 28.03.2018 allowed to continue the levy of tariffs existing as on 31.03.2018 for a further period of six months i.e. 01.04.2018, or, till the determination of tariffs for

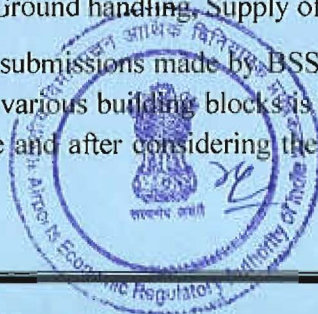


the Second Control Period, whichever is earlier.

- 1.2.2 M/s BSSPL, Delhi vide letter dated 19.03.2018 submitted the Annual Tariff Proposals (ATPs) for FY 2018-19 to FY2020-21, seeking an increase of 5% year on year. In this regard, the Authority issued the Consultation Paper 10/2018-19 dated 01.08.2018 and proposed an increase of 5% for Tariff year 4 (FY 2019-20). During the consultation process, the key stakeholders (Oil companies) asked for the same tariff rates for both the service providers wherein BSSPL also agreed to charge the same tariff as determined in case of its competitor M/ s IOSPL vide Order no.19/2018-19 dated 14.09.2018. Hence, the Authority vide Order No. 20/2018-19 dated 27.09.2018 decided to continue the levy of same tariffs existing as on 31.03.2018 for FY 2018-19, FY2019-20 and FY 2020-21, up to 31.07.2020 during the Second Control Period.
- 1.2.3 The Authority, further, vide Order No 19/2020-21 dated 01.07.2020 allowed the continuation of tariffs existing as on 31.07.2020 for a further period of eight months w.e.f. 01.08.2020 to 31.03.2021. Subsequently, the Authority vide Order No.67/2020-21 dated 25.03.2021 extended the same tariff up to 30.09.2021 or till the determination of tariff for Third Control Period, whichever is earlier. The Authority, vide order No. 18/2021-22 dated 15.09.2021 extended the tariff applicable as on 30th September, 2021 up to 31st March 2022 or till the determination of tariff for Third Control Period, whichever is earlier. The Authority vide order no. 46/2021-22 dated 17.03.2022 further extended the tariff as on 31.03.2022 up to 30.09.2022, or, till the determination of regular tariff.

1.3 Steps involved in determination of tariff for BSSDPL

- 1.3.1 BSSDPL submitted the Audited annual accounts for FY 2016-17 to FY 2020-21 for its standalone operations, Annual Compliance Statement (ACS) for FY 2016-17 to FY 2020-21, Minutes of the Virtual stakeholders meeting held on 8th December, 2021 and additional financial and non-financial information/ clarifications on assets wise and year wise capital expenditure, copy of User Agreements for Delhi ITP Service etc. vide various emails during the period from 10th December 2021 to 25th January 2022 in response to queries raised by AERA from time to time as part of tariff determination exercise.
- 1.3.2 BSSDPL conducted Virtual AUCC meeting with the Users / Stakeholders on 8th December, 2021 regarding proposed Tariff Revision in respect of Into Plane Services being provided by the ISP at IGI Airport Delhi for the Third Control Period. Invitation for the virtual meeting was sent to 06 (Six) stakeholders/organizations including 01 (One) airline, however, out of 06 (Six) invitees, the representatives from HPCL and only 01 airline namely SpiceJet attended the meeting. As per the 'Minutes' of the AUCC meeting dated 8th December, 2021, SpiceJet Airline raised certain issues relating to the OPEX projected for the Third Control Period.
- 1.3.3 The Authority has relied upon various documents as submitted by BSSDPL, Delhi for determination of tariff for determination of Tariff for the Third Control Period.
- 1.3.4 BSSDPL projected the Airport Operator Fees @ 7% of the Gross Revenues whereas the Authority has proposed to cap the Airport Operator Fees @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty/ license Fee/Revenue Share payable to Airport Operator as a "pass through" expenditure for the Independent Service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports.
- 1.3.5 The Authority reviewed the revised submissions made by BSSDPL with respect to various building blocks. The Authority's position on various building blocks is based on its regulatory philosophy & guidelines, issued from time to time and after considering the additional information/ clarifications



submitted by BSSDPL.

- 1.3.6 After detailed review and analysis of various regulatory building blocks as part of Tariff determination process, the Authority issued its Consultation Paper No. 32/2021-22 dated 23rd February, 2022 inviting suggestions/comments from the stakeholders on the Authority's proposals relating to Tariff Determination for BSSDPL for the Third Control Period with the following timelines:

- Date of issue of the Consultation Paper: 23rd February, 2022.
- Date for submission of written comments by Stakeholders: 22nd March, 2022.
- Date for submission of counter comments: 04th April, 2022.

The Consultation Paper issued by the Authority on 23.02.2022 was published on the AERA's website. The following Stakeholders submitted their written comments within the stipulated timeline:

List of Stakeholders who have submitted their comments on the Consultation Paper No. 32/2021-22:

Sl. No.	Stakeholders
1.	M/S Bharat Stars Services (Delhi) Private Limited (BSSDPL)
2.	M/s Bharat Petroleum Corporation Limited (BPCL)
3.	M/s Delhi International Airport Limited (DIAL)
4.	M/s SpiceJet Ltd.

All the written comments submitted by the Stakeholders were uploaded on the AERA website.

- 1.3.7 BSSDPL has submitted its counter comments on Stakeholder's views on 04/04/2022. Thus, the consultation process culminated on 04/04/2022.
- 1.3.8 The Authority has examined the comments of various stakeholders and counter comments of BSSDPL and after considering all the relevant aspects, has finalized this Tariff Order.
- 1.3.9 The Tariff Order is structured in a manner wherein under each regulatory building blocks, the submission made by BSSDPL in the MYTP is listed out, followed by the Authority's examination and proposals for the Third Control Period in the Consultation Paper. The same is followed by the comments by various stakeholders and counter comments by the BSSDPL, Authority's examination and its final decision on the subject matter.



CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1 Background

2.1.1 According to Section 2(a) of AERA Act, 2008 "Aeronautical Service" means any service provided-

- a) for navigation, surveillance and supportive communication thereto for air traffic management;
- b) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
- c) for ground safety services at an airport;
- d) for ground handling services relating to aircraft, passengers and cargo at an airport;
- e) for the cargo facility at an airport;
- f) for supplying fuel to the aircraft at an airport; and
- g) For a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

2.2 Tariff Setting Principles

2.2.1 The Authority vide its Order No. 12/2010-11 dated 10th January, 2011 and Direction No. 4/2010-11 dated 28th February, 2011 ("CGF Guidelines"), had issued Guidelines under Section 15 of the AERA Act, 2008 and the amendments issued from time to time, to determine tariffs for ISP's providing aeronautical services at 'major airports' based on set procedures for determination of Aggregate Revenue Requirement (ARR) for regulated service(s) deemed 'Materiality Assessment', 'Competition Assessment' and 'User agreement(s) between the Service Provider(s) and User(s) of the Regulated Service(s)'. As stipulated in Clause 3 of the guidelines, the Authority shall follow a three-stage process for determining its approach for the regulation of regulated service.

Stage-I: Materiality Index

2.2.2 The Materiality Index (MI_F) based on FY 2019-20 (FY 2020-21 being a covid-19 pandemic year) is as under:

$$= \frac{\text{Fuel Throughput in Kiloliters at Delhi Airport}}{\text{Total Fuel Throughput in Kiloliters at all Major Airports}} \times 100$$

$$\text{Fuel Throughput at Delhi Airport} = \frac{2617412}{8697575} \times 100 = 30.09\%$$

2.2.3 Materiality index (based on the Fuel Throughput at Indira Gandhi International Airport, Delhi in comparison to Fuel Throughput at other major airports) is 30.09% in FY 2019-20 which is more than 5% Materiality index fixed for assessing the materiality of the subject regulated service as per clause 4(2)(ii) of "Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo, Ground Handling and Supply of Fuel to the Aircraft) Guidelines 2011". Hence, the regulated service is deemed as 'Material' for the Third Control Period.

Stage-II: Competition Assessment:

2.2.4 As per BSSDPL, Delhi submissions, there is another ITP service provider i.e., IOSDPL providing ITP services at Indira Gandhi International Airport, Delhi. Hence, as per the ISP, ITP service should be deemed as "Competitive" at Delhi Airport.



Stage-III: Reasonability of User Agreement:

- 2.2.5 BSSDPL, Delhi has submitted User Agreement with Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Reliance Industries Limited (RIL). Further, BSSDPL, Delhi via email dated 29.12.2021 has submitted that existing agreements with BPCL and HPCL have expired on 30.09.2021, the renewal of the same is under process. BSSDPL, Delhi has not submitted any user agreement with the Airlines.
- 2.2.6 The Authority had also drawn inference from the Consultation Paper No 06&08/2019-20 dated 13.09.2019 and 19.09.2019, regarding ITP services providing by IOSPL & BSSPL at KIA International Airport (BIAL) stated and shall be read as:
- "The Service providers BSSPL & IOSPL are promoted by two Oil Marketing Companies viz. BPCL and IOCL respectively, and, both the companies mainly cater to their own clients, hence, in real terms, there is no competition as ITP Service providers. However, the Authority, vide its Order No. 01/2017-18 dated 17.04.2017 has already decided to determine the tariff under "light touch approach" for the 2nd Control Period. Therefore, the Authority, has decided to determine the tariff of the remaining period of the 2 Control Periods under 'light touch approach'. Notwithstanding the above, the Authority's considered view is that since there is no competition in real term between the two ISP's, hence, from Third Control Period, the Authority should be inclined to determine the tariff of Into Plane (ITP) service provider under "price cap approach."*
- 2.2.7 The Authority noted that the BSSPL, parent company of BSSDPL, Delhi has been promoted by (Oil Marketing Company) i.e., BPCL and caters to its own clients mainly its promoters, hence, in real terms, there is no competition as ITP Service providers. Further, based on reasoning given in Para 2.2.6 above, the Authority is of the view that the tariff of BSSDPL, Delhi for the Third Control Period is to be determined under "Price Cap Approach".
- 2.2.8 The Authority also reviewed the MYTP submission on "competition assessment" and "reasonableness of user agreement" and observes that, BSSDPL, Delhi is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement with the airlines. Both the ITP service providers i.e., BSSDPL, Delhi and IOSDPL at Indira Gandhi International Airport (IGIA), Delhi primarily caters the clients of BPCL and IOCL respectively as principal service providers, only a small portion of BSSDPL business around 19% is generated from other clients such as HPCL and RIL. Hence, it is observed that there is no competition in real terms.
- 2.2.9 The Authority also examined the Annual Compliance Statement (ACS) submitted by BSSDPL, Delhi for the Second Control Period (FY 2016-17 to FY 2020-21). It is observed that during this period BSSDPL, Delhi had projected CAPEX of Rs.1207.78 lakhs. However, against the said projections, BSSDPL, Delhi has actually incurred CAPEX (capitalization) of Rs.758.10 lakhs. The Authority also observed that BSSDPL, Delhi had submitted a very optimistic business plan for the Second Control Period by projecting high CAPEX, however, on comparing with the actuals, it is seen that the target capitalization has not been achieved within the approved timelines and higher costs/returns claimed in the previous period have been underutilized resulting in inefficiency, causing undue burden on the end users. The Authority, therefore, decided to undertake an intrusive approach for the current control period (FY 2021-26) and examined the historic data in order to rationalize and consider only the efficient costs.
- 2.2.10 The Authority also noted that BSSDPL, Delhi is not carrying out any non-aeronautical activity apart from the regulated ITP service at IGI, Delhi. Further, BSSDPL, Delhi has submitted that income from



Business Support Services shown in the audited balance sheet of FY 2019-20 is the recovery of manpower charges towards sharing manpower with the parent company (BSSPL) at Terminal 1 of Delhi Airport based on work requirements. The same has been discontinued from FY 2020-21 and is not expected in future as well. Further, as per the User agreements, BSSDPL, Delhi is entrusted to carry out only the regulated service. Also, BSSDPL, Delhi has not projected any other source of revenue in their submission. Therefore, the Authority decided to adopt Price Cap Approach under 'Single Till' methodology which will be more appropriate and reasonable for tariff determination of BSSDPL, Delhi for providing ITP service for the Third Control Period.

2.2.11 Methodology for determining Aggregate Revenue Requirement (ARR)

2.2.12 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

Where,

t is the tariff year in the control period, ranging from 1 to 5

ARR_t is the Aggregate Revenue Requirement for tariff year 't'

FRoR is the Fair Rate of Return for the Control Period

RAB_t is the Aeronautical Regulatory Asset Base for tariff year 't'

D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year 't'

O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year 't'

T_t is the Aeronautical taxation expense for the tariff year 't'

NAR_t is the Non-Aeronautical Revenue in tariff year 't'.

2.2.13 The present value of total aeronautical revenue that is estimated to be realized each year during the Control Period at proposed tariff levels is compared with the present value of the ARR during the Control Period. In case the present value of estimated aeronautical revenue during the Control Period is lower than the present value of ARR, the Regulatory entity may opt to increase the proposed tariff. In case the present value of estimated aeronautical revenue is higher than the present value of the ARR then the Regulatory entity will have to reduce its proposed tariff.

2.2.14 All the figures presented in this Tariff Order, have been rounded off up to two decimals.

2.3 Stakeholders' comments regarding Tariff Setting Principles for the Third Control Period:

BSSDPL's Comments on Tariff Setting Principles for the Third Control Period:

2.3.1 In regards to the Authority's view on adoption of "price cap methodology" stating no real competition between the into plane service providers in DIAL, BSSDPL submitted that IOSDPL and BSSDPL are two different entities with competing tariff with their own respective set of clients. Further, BSSDPL has submitted that light touch approach should be applicable as per the AERA guidelines as the service is material and competitive and requests the Authority to consider a light touch approach in determination of tariff for the third control period for the ITP services in DIAL.



BPCL's Comments on Tariff Setting Principles for the Third Control Period:

- 2.3.2 BPCL has submitted that there are two competitive ITP Service providers at Indira Gandhi International Airport, Delhi that is BSSDPL (Bharat Stars Services Delhi Pvt Ltd) & IOSDPL (Indian Oil Skytanking Delhi Pvt Ltd.), hence ITP services at Delhi Airport should continue to be deemed as 'Competitive' and Tariff determination for the Third control period may continue under 'Light Touch Approach'.

DIAL's Comments on Tariff Setting Principles for the Third Control Period:

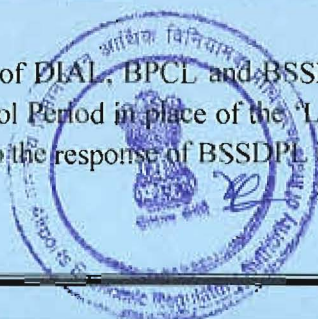
- 2.3.3 In response to the Authority's observation on Consultation paper that there is no competition in ITP Services, DIAL has submitted that at Delhi Airport there are four fuel suppliers i.e. HPCL, BPCL, IOSL & Reliance apart from Airlines sourcing themselves. BSSDPL has agreement with all these fuel suppliers and they are free to use the services of any ITP service provider at the Airport. Accordingly, there is inbuilt competition in the system and airlines users can also sign direct user agreement with the ITP service provider.
- 2.3.4 Further, DIAL has explained the clause 3.2 (ii) and 3.2 (iii) of the tariff guidelines for ISP issued by AERA and stated that there is ample evidence of more than one service provider for the In-to plane service and also such service providers are open for all users at the rate decided by AERA. The decision of utilizing the services of the available service provider rests with the user and hence the categorization of user cannot undermine the competition already available.
- 2.3.5 DIAL has further submitted that under clause 6 of the tariff guidelines for ISP, Authority has explained the reasonableness of the User Agreements and according to this provision, the test of reasonableness is positive, if the user agreement clearly indicates the tariff agreed between the users and service provider and the users have not raised any reasonable objection or concern over user agreements which are not addressed by the service provider and hence BSSDPL apart from valid competition also has agreement with users and complies with the user agreement condition.
- 2.3.6 DIAL has further submitted that as per section 13(l)(a)(vi) of the AERA Act, Authority has to ensure viable operation of the regulated entity. The ITP service provider are mainly labor-intensive business and requires higher liquidity.
- 2.3.7 Under the above cited circumstances, DIAL, therefore, requests AERA to consider light touch approach while determining tariff for ITP services at Delhi Airport.

2.4 BSSDPL's response to Stakeholders' comments regarding Tariff Setting Principles for the Third Control Period:

BSSDPL agreed with DIAL & BPCL views regarding "tariff setting principles" to determine the tariff for Third Control Period under "Light Touch Approach".

2.5 Authority's analysis on Stakeholders' comments regarding Tariff Setting Principles for the Third Control Period:

- 2.5.1 The Authority notes the comments of DIAL, BPCL and BSSDPL regarding the adoption of 'Price Cap' mechanism in the Third Control Period in place of the 'Light Touch approach' as was adopted in the earlier control periods and also the response of BSSDPL thereon. The Authority had already, in



the consultation paper highlighted that BSSDPL has been promoted by the Oil Marketing Company (BPCL) and is providing ITP services to the Airlines on behalf of the Oil Marketing Company without any user agreement directly with the airlines. Further BSSDPL, primarily caters to the clients of BPCL, and, only around 19% of their business is generated from other client such as HPCL and RIL. The Authority, therefore, is of the view that since there is no competition in real terms and, hence decides the tariff for the Third Control Period to be determined under Price Cap Approach.

- 2.5.2 Further, the Authority has also observed that some of the stakeholders have stated that there are two ITP service providers at IGIA, Delhi, therefore, ITP services at Delhi Airport should be deemed as 'Competitive'. However, none of the stakeholders has commented as to how there is competition in true sense at Delhi Airport as both the ITP service providers are catering to their own promoter company.
- 2.5.3 The Authority has also noted the DIAL's comments about the user agreement. The Authority also viewed the Hon'ble TDSAT Judgment dated 27.09.2019 of "Delhi Aviation Fuel Facility Pvt. Ltd. (DAFFPL) Vs. Airports Economic Regulatory Authority of India" on the issue of adoption of Tariff Determination Approach by AERA and about the issue of user agreements. The relevant extracts of TDSAT Judgment (Para 19 of the Judgment) with regards to users of the regulated services are as under:

Para 19. "On behalf of the appellant, it was emphasized that Clause 6 requires User Agreement between the service provider and all the users of the regulated services but not with the end users like the Airlines. The meaning and extent of the word "users" and the phrase "all the users", in the present context shall include all the users of the service broadly described in the CGF Guidelines as "supply of fuel to aircrafts". This service is definitely used and paid for by the user Airlines through the oil companies, the users of storage facility of the appellant. Hence, the term "all the users of the regulated services" covered by the Guidelines, in our considered opinion will include the user Airlines also".

The Authority also notes that BSSDPL is having user Agreements with Oil Companies but do not have any direct agreement with User Airlines and BSSDPL is providing ITP services to airlines on behalf of the Oil Companies without any direct user agreement with the airlines.

- 2.5.4 Further, as per the user agreements with Oil Companies, BSSDPL is entrusted to carry out only the regulated ITP service. Both ITP service providers i.e., IOSPL and BSSPL do not carry out any non-aeronautical business at IGIA, Delhi. Also, BSSDPL, Delhi has not projected any other source of revenue in their submission therefore, the Authority has decided to adopt single till methodology for tariff determination process.
- 2.5.5 Keeping above in view, the Authority, therefore, decides that the tariff of BSSDPL for Third Control Period is to be determined under "Price Cap Approach on 'Single Till' basis.

2.6 Authority's decision regarding Tariff setting principles for the Third Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 2.6.1 To adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for BSSDPL for the Third Control Period.



CHAPTER 3. FUEL THROUGHPUT FORECAST

3.1 BSSDPL's submission on Fuel Throughput Forecast for the Third Control Period as part of MYTP.

3.1.1 The projected Fuel Throughput (Volume) as per the MYTP of BSSDPL for the Third Control Period and the CAGR computed by the Authority is as below:

Table 2: Projected Fuel Throughput for the Third Control Period as per BSSDPL and CAGR & computations done by the Authority at Consultation Stage.

Financial Year	Fuel Throughput (KL)			As % of FY 2019-20's Volume		
	International Flights	Domestic Flights	Total	International Flights	Domestic Flights	Total
2019-20 (Actual)	484759	65782	550541	---	---	---
2020-21 (Actual)	178461	79292	257753	37%	121%	47%
2021-22	177698	112302	290000	37%	171%	53%
2022-23	284150	114600	398750	59%	174%	72%
2023-24	401060	141900	542960	83%	216%	99%
2024-25	421113	148995	570108	87%	226%	104%
2025-26	442169	156445	598614	91%	238%	109%
5 yr Total	1726190	674242	2400432			
CAGR 5 year's	26%	9%	20%			

3.1.2 BSSDPL has submitted the Fuel Throughput (Volume) projections based on the following assumptions:

- Estimated the Fuel Throughput for the next 5 years based on internal study/assessment for the Third Control Period and expect to operate at a market share of 20% for FY 2021-22 in DIAL and 22% thereafter.
- The increase in fuel volume anticipated, is due to new airlines contracts agreed with KLM, Air France, Air Canada, etc. Certain Airlines are not operating as of now (e.g., Hong Kong Airlines, Air China, China Southern Airlines, Kam Air etc.). These airlines will resume operations eventually. However, BSSDPL has not provided new contracts to the Authority.

3.1.3 BSSDPL submitted that their volume has dropped to 21% of Total Airport Volume in the year 2020-21 as compared to 28% in 2016-17, due to loss of business from various airlines including Air Asia, Vistara, Emirates etc. The historical data of Fuel Throughput (Volume) for the FY 2016-17 to FY 2020-21 as given below:

Table 3: Historical Fuel Throughput volume of BSSDPL.

Year	(KL)			% Change over previous Year		
	International	Domestic	Total	International	Domestic	Total
2016-17	401456	106879	508334	--	--	--
2017-18	452970	100142	553111	13%	-6%	9%

2018-19	480196	130361	610557	6%	30%	10%
2019-20	484759	65782	550541	1%	-50%	-10%
2020-21	178462	79292	257753	-63%	21%	-53%
CAGR (First 4 Years)				6%	-15%	3%
CAGR (5 Years)				-18%	-7%	-16%

3.2 **Authority's examination regarding Fuel Throughput Forecast for the Third Control period at Consultation Stage:**

3.2.1 The Authority noted that the historical data of actual Fuel Throughput volume of BSSDPL, Delhi, for the period from FY 2016-17 to FY 2019-20 (4 years CAGR) shows nominal increase of 3% in total Fuel Throughput volumes, mainly due to low domestic traffic in FY 2019-20. The Authority sought clarification regarding dip in traffic, in response, BSSDPL, Delhi has submitted that the domestic traffic in the FY 2019-20 was very low due to complete transition of Vistara business to IOCL and also Jet Airways stopped their operations resulting in decreased domestic sales as compared to previous year (FY 2018-19).

The Authority further noted that the CAGR of 5 years (including the pandemic year i.e. FY 2020-21) of total Fuel Throughput of BSSDPL, Delhi is (-) 16% showing a decrease in the Fuel Throughput volumes during the Second Control Period (refer Table 3 above).

3.2.2 The Authority noted that BSSDPL's assumptions are based on a combination of factors (refer para 3.2). BSSDPL has projected CAGR of 20% in Fuel volumes during the Third Control Period.

3.2.3 The Authority recently determined tariff in respect of some of the Major Airports & ISPs recently. During the tariff determination process, the Authority has considered the adverse impact of the COVID 19 pandemic and has made its own assessment of the pattern of traffic resurgence in the next 5-year period. While doing so, the Authority has considered the opinions/forecasts of the experts in the aviation field such as CAPA, ACI and IATA.

3.2.4 BSSDPL has submitted the Actual Fuel Throughput handled during the period April to Dec 21 at consultation paper stage which is as under:

Table 4: Actual Fuel Throughput handled by BSSDPL, Delhi during the period April to Dec 2021 submitted by BSSDPL.

Period	Fuel Throughput (Volume in KL)			As % of FY 2019-20's Volume		
	International	Domestic	Total	International	Domestic	Total
April to Dec 2021	71171	163564	234735	14.68%	248.65%	42.64%

3.2.5 The Authority, after assessing the Domestic Fuel Throughput projection submitted by BSSDPL for the Third Control Period and actual achieved by BSSDPL during the period April to Dec 2021 as submitted by the BSSDPL, observed that BSSDPL had taken a pessimistic view for the projection of Domestic Fuel Throughput for the Third Control Period as it has achieved much higher Domestic Fuel Throughput volumes during the period April to Dec 2021 in comparison to their projection for the same period. Hence, the Authority proposed to estimate the Domestic Fuel Throughput volumes for FY 2021-22 by extrapolating the actual Domestic Fuel Throughput volume for the period April to Dec 2021. Further, The Authority, based on the actual Domestic Fuel Throughput volume achieved by BSSDPL for the period April to Dec 2021 as submitted by BSSDPL, proposed year on year growth rate of 12% for FY 2022-23 and FY 2023-24 and thereafter proposed year on year growth rate of 5% for the remaining two years of Third Control Period for Domestic Fuel Throughput.

3.2.6 The Authority, after assessing the International Fuel Throughput projection submitted by BSSDPL for the Third Control Period and actual achieved by BSSDPL during the period April to Dec 2021 as submitted by the BSSDPL, observed that BSSDPL has taken optimistic view for the projection of International Fuel Throughput for the Third Control Period as it has achieved much lower International Fuel Throughput volumes during the period April to Dec 2021 in comparison to their projection for the same period. Hence, the Authority proposed to estimate the International Fuel Throughput volumes for FY 2021-22 by extrapolating the actual International Fuel Throughput volume for the period April to Dec 2021.

The Authority, based on the views of industry bodies and aviation experts such as IATA, ACI etc. regarding the recovery of traffic, believed that there will be substantial delay in recovery of the aviation sector to pre COYID-19 level (i.e. equal to traffic level of FY 2019-20) particularly International traffic. Accordingly, the Authority made the suitable adjustment in the projection of International Fuel Throughput volume based on the actual Fuel Throughput of FY 2019-20 as base year excluding the pandemic year i.e. FY 2020-21 is as given below:

Table 5: International Fuel Throughput (Volume) proposed by the Authority for BSSDPL for Third Control Period at Consultation Stage.

Financial Year	International Fuel Throughput (As % of FY 2019-20's Volume)	International Fuel Throughput (Volume in KL)
2019-20	Actual	484759
2021-22	Based on Extrapolating the Actuals of 9 months (April to Dec 21)	94895
2022-23	35%	169666
2023-24	65%	315093
2024-25	100%	484759
2025-26	105%	508997

3.2.7 The Authority, based on the analysis at para 3.2.4 and 3.2.5 proposed the following projections of Fuel Throughput volumes for the ITP services of BSSDPL, Delhi for Third Control Period as given below:

Table 6: Fuel Throughput (Volume) proposed by the Authority for the Third Control Period at Consultation Stage.

Particulars	Fuel Throughput (volume in KL)			As % of FY 2019-20's Volume		
	International	Domestic	Total	International	Domestic	Total
2019-20 (Actual)	484759	65782	550541	----	----	----
2020-21 (Actual)	178461	79292	257753	37%	121%	47%
2021-22	94895	218085	312980	20%	332%	57%
2022-23	169666	244256	413921	35%	371%	75%
2023-24	315093	273566	588660	65%	416%	107%
2024-25	484759	287245	772004	100%	437%	140%
2025-26	508997	301607	810604	105%	458%	147%
5 year's Total	1573410	1324758	2898168	----	----	----
7 year's Total	2236630	1469832	3706462	----	----	----



CAGR 5 Year's	52%	8%	27%	----	----	----
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3.3 Stakeholders' comments regarding Fuel Throughput Forecast for the Third Control Period:

BSSDPL's comments on Fuel Throughput Forecast for the Third Control Period:

- 3.3.1 BSSDPL has quoted the clause 3.8 and 3.9 of Consultation Paper No 32/2021-22 regarding fuel throughput proposed by the Authority. In this regard, BSSDPL has submitted that there was an inadvertent error in the traffic data provided to AERA where the domestic and international numbers were interchanged. BSSDPL regretted this error and requests the Authority to consider the revised numbers. The international traffic for the period 1st April 21 to 31st Dec 2021 is 1,63,564 KL and domestic traffic for the same period is 71,171 KL. BSSDPL has further submitted that this error has accordingly made a significant impact on the volume projected by AERA, resulting in much lower ITP Tariff. BSSDPL requests the Authority to reconsider the building blocks based on the revised traffic as submitted above for the FY 21-22 and to consider the traffic as submitted by the BSSDPL in MYTP for FY 22-23 to FY 25-26.

3.4 Authority's analysis on Stakeholders' comments regarding Fuel Throughput Forecast for the Third Control Period:

- 3.4.1 The Authority notes the comments of BSSDPL regarding its error in the traffic data on the actual Fuel Throughput volume during the period from April to Dec 2021 provided to AERA where the domestic and international numbers were interchanged. Accordingly, the Authority has recomputed the Fuel Throughput volume handled during the period April to Dec 2021 as a % of FY 2019-20's Volume, which is as under:

Table 7: Actual Fuel Throughput handled by BSSDPL during the period April to Dec 2021 as submitted by BSSDPL.

Period	Fuel Throughput (Volume in KL)			As % of FY 2019-20's Volume		
	International	Domestic	Total	International	Domestic	Total
April to Dec 2021	1,63,564	71,171	2,34,735	33.74%	108.19%	42.64%

- 3.4.2 The Authority notes that actual Domestic Fuel Throughput Volumes handled by BSSDPL during the period April to Dec 2021 was 108.91% as compared to total volume handled during FY 2019-20, instead of 248.65% inadvertently intimated earlier by BSSDPL vide email dated 7th January, 2022. Since the actual figures of Fuel Throughput Volume for last quarter of FY 2021-22 was not provided by the ISP; hence, the Authority decides to consider Domestic Fuel Throughput Volume as submitted by BSSDPL for FY 2021-22 in its MYTP.

In view of the above and considering the improvement in the pandemic situation due to availability of vaccine, the Authority decides to project year on year growth rate of 15% in case of Domestic Fuel Throughput Volume for FY 2022-23 over FY 2021-22 and FY 2023-24 and thereafter year on year growth rate of 12% as per table given below:



Table 8: Domestic Fuel Throughput (Volume) considered by the Authority for BSSDPL for the Third Control Period.

Financial Year	Domestic Fuel Throughput (Volume in KL)	(%)Y-O-Y Growth
2021-22	112302*	---
2022-23	129147	15%
2023-24	148519	15%
2024-25	166342	12%
2025-26	186303	12%

* As submitted by BSSDPL in its MYTP

3.4.3 The Authority notes that actual International Fuel Throughput Volumes handled by BSSDPL during the period April to Dec 2021 was 33.74% as compared to total volume handled during FY 2019-20, instead of 14.68% inadvertently intimated earlier by BSSDPL vide email dated 7th January, 2022. The Authority observes that after considering the figures of Dec 2021 for the next three months (January to March 2022), total International Fuel Throughput Volume for FY 2021-22 comes to 53% of pre- Covid level (FY 2019-20) as against 37% projected by BSSDPL in its MYTP. Hence, the Authority decides to consider International Fuel Throughput Volume for FY 2021-22 at 53% that of handled during the FY 2019-20. Also, considering the improvement in the availability of vaccine and the lifting of air travel restrictions from 28.03.2022, the Authority is of the view that International Traffic will recover at a faster pace than projections considered in consultation paper.

Accordingly, the Authority has revised its assumption considered for consultation paper for the projection of International Fuel Throughput Volume for FY 2022-23 to FY 2025-26, based on the actual Fuel Throughput Volume of FY 2019-20:

Table 9: International Fuel Throughput (Volume) considered by the Authority for BSSDPL for the Third Control Period.

Financial Year	International Fuel Throughput (Volume in KL)	International Fuel Throughput (As % of FY 2019-20's Volume)
2019-20	484759	Actual
2021-22	256180	53%
2022-23	412045	85%
2023-24	460521	95%
2024-25	484759	100%
2025-26	508997	105%

3.4.4 In view of the above, the Authority decides to revise the fuel throughput volume projections for the Third control period, as under:

Table 10: Revised Projections of Fuel Throughput (Volume) considered by the Authority for the Third Control Period.

Particulars Year	Fuel Throughput (volume in KL)			As % of FY 2019-20's Volume		
	International	Domestic	Total	International	Domestic	Total
2019-20 (Actual)	484759	65782	550541	----	----	----
2020-21 (Actual)	178461	79292	257753	37%	121%	47%
2021-22	256180	112302	368482	53%	171%	67%
2022-23	412045	129147	541192	85%	196%	98%

2023-24	460521	148519	609040	95%	226%	111%
2024-25	484759	166342	651101	100%	253%	118%
2025-26	508997	186303	695300	105%	283%	126%
5 year's Total	2122502	742613	2865115	----	----	----
7 year's Total	2785722	887687	3673409	----	----	----
CAGR 5 Year's	19%	13%	17%	----	----	----

3.5 Authority's decisions regarding Fuel Throughput Forecast for the Third Control Period

Based on the material before it and based on its analysis, the Authority has decided the following regarding Fuel Throughput Forecast for BSSDPL for the Third Control Period:

- 3.5.1 To consider Fuel Throughput Volume Forecast for the Third Control Period for BSSDPL as per Table 10.
- 3.5.2 To true-up the Fuel Throughput Volume on the basis of actual Fuel off take in Third Control Period at the time of determination of tariff for the next Control Period.



CHAPTER 4. CAPITAL EXPENDITURE

4.1 BSSDPL's submission on Capital Expenditure for the Third Control Period as part of MYTP

4.1.1 As per clause 9.2 of the CGF Guidelines, dated 10th January, 2011 RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.

4.1.2 BSSDPL, Delhi has projected Capital Expenditure of Rs. 1788.94 lakhs for the Third Control Period. The Assets-wise CAPEX submitted by BSSDPL for the Third Control Period is given below:

Table 11: Asset wise details of CAPEX projected by BSSDPL for the Third Control Period.

S. no.	Particulars	Capital Expenditure (In Rs. Lakhs)					Total
		2021-22	2022-23	2023-24	2024-25	2025-26	
1	Plant & Machinery						
1.a	Dispensers	226.00	121.80	246.96	259.31	-	854.07
1.b	Refuellers	171.00	101.85	106.94	-	-	379.79
1.c	Aviation Module Parts	-	21.00	22.05	-	-	43.05
2.	Vehicles	-	-	22.05	-	12.16	34.21
3.	Office equipment	2.00	2.10	2.21	2.32	4.86	13.48
4.	Automation Hardware	-	50.47	18.57	19.12	-	88.16
5.	Furniture & Fittings	-	15.75	-	-	6.08	21.83
6	Computer & Software	-	2.63	2.76	2.89	6.08	14.35
7	Building- ITP Depot	-	315.00	-	-	-	315.00
8	Pre-Award Cost	25.00	-	-	-	-	25.00
	TOTAL CAPEX	424.00	630.60	421.53	283.64	29.17	1,788.94

4.1.3 BSSDPL, Delhi has submitted year wise number and unit cost in respect of projected CAPEX as given below:

Table 12: CAPEX (year wise number and unit cost) as projected by BSSDPL for the Third Control Period.

Capex Requirement (Nos)		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1. Plant & Machinery						
A. Dispenser	Rate (Rs.)					
New	1,00,00,000			2	2	
Refurbishment with FWS	30,00,000	5	2			
FWS Fitment	16,00,000	1	2			
Chassis	12,00,000	5	3	2	2	

B. Refueller						
New	75,00,000		1	1		
Refurbishment with FWS	35,00,000	3				
Chassis	22,00,000	3	1	1		
C. Aviation Module Parts						
Inlet Couplers	400,000		2	2		
Delivery Couplings	200,000		6	6		
2. Jeeps & Vehicles	10,00,000			2		1
3. Office Equipment	2,00,000	1	1	1	1	2
4. Automation Hardware	3,50,000		14	5	5	
5. Furniture & Fixtures	5,00,000		3			1
6. Computer & Software	50,000		5	5	5	10
7. Buildings -ITP Depot	3,00,00,000		1			

BSSDPL, Delhi Projections based on inflationary increase /tech. advancement in cost @ 5% y-o-y.
(Automation hardware 3% y-o-y)

4.1.4 As per the Annual Compliance Statement (ACS) submitted by BSSDPL, the year-wise details of actual Capital Expenditure for the period FY 2016-17 to FY 2020-21 is given below:

Table 13: Actual/Projected Capital Expenditure as per BSSDPL for FY 2016-17 to 2020-21.

Particulars	Amount (Rs. in Lakhs)					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Projected CAPEX (A)	106.07	170.43	127.59	500.00	303.69	1207.78
Actual Capex (B)	15.40	14.43	41.74	121.61	564.92	758.10
Difference (B)-(A)	-90.67	-156.00	-85.84	-378.39	261.23	-449.68

4.2 Authority's examination regarding Capital Expenditure for the Third Control Period at Consultation Stage:

- 4.2.1 The Authority examined the ACS regarding the actual capex incurred vis-a-vis capex proposed during the Second Control Period and notes that BSSDPL had not executed the approved capital expenditure in the relevant control period which is against the interests of the airport users. Upon enquiry, regarding non-achieving of Capex planned for Second Control Period, BSSDPL Delhi submitted that during the said period particularly in FY19-20, Rs.500 lakh had been shown as proposed Capex mistakenly.
- 4.2.2 The Authority, based on the information and Concession Agreement submitted by BSSDPL, Delhi, examined the requirement of capital expenditure on each component i.e. Hydrant Dispensers, Refuellers, ITP Depot etc. and its rationale, proposed capital expenditure in detailed manner as discussed in the subsequent para's. The Authority also examined the life profile of vehicles to be refurbished, cost of refurbishment of each vehicle, requirement of new vehicles in the background of RTO regulation etc.
- 4.2.3 The Authority noted that BSSDPL had projected purchase of (04) four dispensers, (02) two refuellers and also refurbishment of existing (07) seven dispensers & (03) three refuellers (incl. one (01) to be transferred from Bangalore) at a cost of Rs 1233.86 lakhs including Chassis and FWS during the Third Control Period.
- 4.2.4 The Authority further noted that BSSDPL, Delhi had submitted following schedule for purchase of



04 Dispensers and 02 Refuellers:

- Two Hydrant Dispensers in FY 2023-24.
- Two Hydrant Dispensers in FY 2024-25.
- One Refueller in FY 2022-23.
- One Refueller in FY 2023-24.

- 4.2.5 The Authority sought clarification regarding the requirement of proposed new Dispensers & Refuellers. In response BSSDPL, Delhi has submitted that in view of the terms and conditions of Concession agreement, the company must cater 60% of the peak ITP Services and accordingly the ISP should maintain required number of equipment. Further, BSSDPL, Delhi vide email dated 24.01.2022 submitted that there are significantly higher nos. of non-hydrant bays for aircraft at T2 and T3 unlike at other Major Airports. DIAL has converted many apron areas in to parking bays for aircraft and ITP companies have to go there for refuelling through refuellers. Presently, BSSDPL is catering almost 100% of non-scheduled flights of Reliance and majority non-schedule flights of HPCL and BPCL. Also, most of the non-scheduled flight refuelling are done at apron located at remote place which is a time-consuming exercise.
- 4.2.6 The Authority also noted that as per the schedule-VIII of Concession Agreement, BSSDPL does not require purchasing of new Hydrant Dispensers, as it already had 14 dispensers. However, in accordance with Concession agreement, BSSDPL may require to purchase two Refuellers, considering existing 3 nos. Refuellers & transfer-in of 1 no. of Refeuller from Bangalore, for the Third Control Period. However, considering the low traffic volumes due to pandemic impact, the Authority proposed to consider the purchase of one new Refueller in FY 2025-26, however, no purchase of Hydrant Dispenser was considered for the Third Control Period.
- 4.2.7 The Authority noted that BSSDPL projected the refurbishment of existing dispensers and refuellers in the following manner:
- Five Hydrant Dispensers will be refurbished in FY 2021-22.
 - Two Hydrant Dispensers will be refurbished in FY 2022-23.
 - Three Refuellers will be refurbished in FY 2021-22. (incl. one to be transferred from Bangalore).
- 4.2.8 After having examined the above requirement, the Authority sought clarification from BSSDPL regarding the need for refurbishment of dispensers and refuellers. In response, BSSDPL vide email dated 17.12.2021 submitted that as per Delhi RTO guidelines, vehicles completing 10 years of life cannot continue to operate in the State. Therefore, in compliance to the RTO Guidelines, 05 Dispensers and 2 Refuellers (out of existing 3) have been refurbished in FY 2021-22 and 1 (lying at Bangalore unit) shall be refurbished and will be transferred to Delhi by the end of FY 2021-22. Hence, the total Refuellers will increase from 3 to 4 in FY 2021-22.
- 4.2.9 The Authority noted the age profile of vehicles (Dispensers & Refueller) proposed by BSSDPL for refurbishment and observed that out of the 7 Dispensers, 4 Hydrant Dispensers were purchased in FY 2010-11, 01 Hydrant Dispensers in FY 2011-12 and 02 in FY 2012-13. The Authority also noted that out of 3 Refuellers, 2 refuellers were purchased in FY 2011-12 and 1 refueller (Refueller arriving from Bangalore) purchased in FY 2009-10.
- 4.2.10 The Authority also observed that as per schedule-VIII of Concession Agreement, BSSDPL, Delhi shall require 3 refueller (total) in FY 2021-22. Hence, the Authority proposed to consider refurbishing of hydrant dispensers & refuellers in a phased manner to meet the current & future

operational requirement and proposed to consider refurbishment of all the 7 Dispensers as proposed by BSSDPL. The Authority, further proposed to consider refurbishment of 2 Refuellers in FY 2021-22 and to shift the refurbishment of 1 Refueller from FY 2021-22 to FY 2022-23.

4.2.11 The Authority, after comparing the projected unit price with the cost of refurbishment of Dispenser/ Refuellers and Chassis purchased in FY 2021-22 (as submitted by BSSDPL vide email dated 06.01.2022), noted that the unit cost of these items has been considered on higher side by BSSDPL, Delhi. Hence, the Authority proposed to consider the average unit cost based on the purchases made in FY 2021-22 for Chassis and refurbishment of Dispenser, Refuellers.

4.2.12 The Authority observed that BSSDPL, Delhi projected Rs. 49.60 lakhs for the implementation of Filter Water Separator (FWS). The Authority further noted that as per the Joint Inspection Group (JIG) guidelines, the service provider is under obligation to install Dirt Defense Filters (DDF) in all the Hydrant Dispensers & Refuellers to meet the safety standards at the airport and fueling of aircrafts. Therefore, the Authority proposed to consider Rs. 49.57 lakhs for installation of FWS considering inflationary increase in cost @ 4.9% y-o-y during the Third Control Period.

4.2.13 The year wise capital expenditure on dispensers and refuellers proposed by the Authority (in number as well as in Amount) for Third Control Period is given below:

Table 14 Capital expenditure on Dispensers and Refuellers proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

Particulars		2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery		In No.					
A. Dispenser	Rate (Rs.)						
New	-----						
Refurbishment with FWS	27,00,000	5	2				7
FWS Fitment	16,00,000	1	2				3
Chassis	10,00,000	5	2				7
B. Refueller							
New	75,00,000					1	1
Refurbishment with FWS	30,00,000	2	1				3
Chassis	22,00,000	2	1			1	4
Particulars	Amount (Rs. in Lakhs)						Total
		2021-22	2022-23	2023-24	2024-25	2025-26	
Plant & Machinery							
A. Dispenser							
New		-	-	-	-	-	-
Refurbishment with FWS		135.00	56.65	-	-	-	191.65
FWS Fitment		16.00	33.57	-	-	-	49.57
Chassis		50.00	20.98	-	-	-	70.98
Total A							312.20
B. Refueller							-
New		-	-	-	-	90.82	90.82
Refurbishment with FWS		60.00	31.47	-	-	-	91.47
Chassis		44.00	23.08	-	-	26.64	93.72
Total B							276.00
Total (A+B)		305.00	165.74	-	-	117.46	588.20

The Authority proposed inflationary increase in cost @ 4.9% y-o-y.

M/s BSSDPL also projected the capital expenditure to be incurred in other heads as under:

- 4.2.14 **Aviation Module Parts:** The Authority noted that BSSDPL has also projected Rs. 43.05 lakhs to be incurred for replacement of inlet coupler & delivery couplings. The Authority sought justification for the need and requirement of the proposed equipment. In response, BSSDPL vide email dated 27.12.2021 clarified that the inlet coupler & delivery couplings are critical in nature to regulate the refueling pressure during fueling with hydrant dispensers and the current couplers & delivery couplings are 11 years old, therefore, proposed to replace the existing assets in a phased manner to ensure safe & smooth refueling operation at Delhi. The Authority proposed to consider Rs. 42.99 lakhs on account of inlet coupler & delivery couplings as proposed by BSSDPL, Delhi after considering inflationary increase in cost @ 4.9% y-o-y during the Third Control Period.
- 4.2.15 **Automation Hardware:** The Authority noted that BSSDPL has also projected Rs. 88.16 lakhs on account of Automation Hardware. The Authority sought clarification regarding nature of Automation Hardware. In response, BSSDPL has submitted that it has entered into an operational agreement with i6 systems Limited (UK) to implement the Electronic Data Interchange System to transmit the real time data to the Fuel Suppliers and the Airlines. The system consists of hardware like IP 68 Tablets, Thermal Printers, Bluetooth Device, etc. integrated from the Bulk Meter for real time data transmission. The agreement was entered into on 15th October 2020 for a period of 24 months.

The Authority noted that BSSDPL has considered the capex cost of Rs. 3.50 Lakh per vehicle with 3% escalation per annum. The Automation Capex as projected by BSSDPL is given below:

Table 15 Automation Hardware Capex proposed by BSSDPL for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Hardware Charges/Vehicle (Rs. 3.50 lakh per vehicle, 3% y-o-y escalation.)		3.61	3.71	3.82	3.94	
No. of Vehicles		14 (D)	5 (3RF,2D)	5 (3RF,2D)	-	
Total	0.00	50.47	18.57	19.12	0.00	88.16

Note: RF - Refueller and D - Dispenser

The Authority, based on the capex proposal for the Third Control Period, has recalculated the automation capex and proposed to consider Rs. 69.37 lakh for Automation Hardware as given below:

Table 16 Automation Hardware Capex proposed by Authority for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
No. of Vehicles		14 (D)	3 (RF)	1(RF)	1(RF)	
Total	-	50.47	11.14	3.82	3.94	69.37

Note: RF - Refueller and D - Dispenser

- 4.2.16 **Computer and Software:** The Authority observed that BSSDPL has also proposed to procure 25 (twenty five) nos. of computer during FY 2022-23 to FY 2025-26 with an expenditure of Rs. 14.35 lakhs. The Authority observed that the said projections seems to be very unrealistic and



also no detailed document justifying the need of these computer systems were presented. Therefore, the Authority, in the absence of proper justification and documents, proposed to rationalize the requirement and limit such capex to the tune of 25% of the capex projected by BSSDPL and hence proposed Rs. 3.59 lakhs for computer and software for the Third Control Period.

4.2.17 **Jeeps** : The Authority further observed that BSSDPL proposed 03 electrical jeeps to be purchased during the Third Control Period as under:

- 02 Jeeps in FY 2023-24.
- 01 Jeep in FY 2025-26.

The Authority sought clarification from BSSDPL for the projection of procurement of 2 jeeps in FY 2023-24. The BSSDPL, Delhi vide email dated 27.12.2021 has submitted that considering the expansion plan of Delhi Airport wherein by the end of the FY 2022-23 the existing Terminal 1 (having its Fuel Supplier Static Facilities) may be converted to the business model similar to T3 with hydrant pipelines. Therefore, additional 02 Jeeps will be required. The Authority also notes the age profile of jeep and found that the jeep proposed to be replaced by BSSDPL in FY 2025-26 was purchased in FY 2011-12. Considering the BSSDPL clarification, age profile of vehicle and low volume of Fuel Throughput due to pandemic the Authority proposed to consider 1 jeep each year for FY 2023-24 and FY 2025-26.

4.2.18 **ITP Depot**: The Authority further noted that BSSDPL has proposed Rs 315.00 Lakhs in FY 2022-23 for construction of ITP Depot. as the same is required to be constructed as per clause 2.6 of the concession agreement. As per the Concession Agreement, BSSDPL shall construct the ITP Depot in the land allotted by DIAL, the discussion for which are underway and the construction is likely in FY23-24 (as against earlier projection of FY 22-23). The cost breakup as provided by the BSSDPL, Delhi is given below:

Table 17: Cost Breakup of ITP depot as provided by BSSDPL.

		Amount (Rs. in Lakhs)
S.No.	Description	Cost
1	Building #01+First Floor +one no. staircase :50 MT+-5% (Super Structure)	50.00
2	Building Civil works till plinth level incl. foundation, footings & PCC floor base (Sub Structure)	20.00
3	External Boundary Wall fencing in GI chain link material & MS sliding gate 2 no.s + wicket gate, complete with fittings	7.00
4	Internal Road, Kerb Stone, landscaping & Pavers for external development	28.00
5	Electrical, Lighting & FA Installations	30.00
6	HVAC Installations	20.00
7	CCTV, Access Control & PA System	5.00
8	Plumbing Installations	18.00
9	Fire Fighting Installations	5.00
10	Civil & Interior Works (Super Structure) incl. partitions, false ceiling, flooring, painting, glass works, doors/windows, railings, paneling & modular furniture	116.00
11	Workshop Machinery, Office IT & Kitchen Equipments Cost are additional	As per actuals

	Total	300.00
12	Contingencies	+ 5-10%

The Authority also noted that other service provider has also projected the ITP Depot at a cost of Rs. 280 lakhs whereas BSSDPL, Delhi has submitted the costing of Rs. 300 lakhs. Accordingly, the Authority reworked the same considering contingency @ 3% in line with other Airport Operator/ISP and proposed to consider Rs.278.45 Lakhs for the construction of ITP Depot in FY 2023-24 for BSSDPL after considering 4.9% for inflation.

- 4.2.19 **Furniture and Fixtures:** The Authority observed that BSSDPL has projected Furniture and Fixtures at a cost of approx. Rs.15.75 lakh in FY 2022-23 and Rs. 6.08 lakhs in the FY 2025-26. BSSDPL has further submitted that various furniture and fittings would be required before commissioning of Depot. The Authority observes that no detailed document justifying the need of these furniture and fixtures were presented. Therefore, the Authority, in the absence of proper justification and documents, proposed to rationalize the requirement and to limit such capex to the tune of 25% of the capex projected by BSSDPL and hence proposed Rs. 5.46 lakhs for furniture and fixtures for the Third Control Period.
- 4.2.20 **Office Equipment:** The Authority observed that BSSDPL has also projected office equipment of Rs. 13.48 lakhs during the Third Control Period. The Authority observes that no detailed document justifying the need of these office equipment were presented. Therefore, the Authority, in the absence of proper justification and documents, proposed to rationalize the requirement and to limit such capex to the tune of 25% of the capex projected by BSSDPL and hence proposed Rs. 3.37 lakhs for furniture and fixtures for the Third Control Period.
- 4.2.21 **Pre-Award Cost:** The Authority observed that BSSDPL has included a BID Award cost of Rs. 25 lakhs as a Pre award cost in the RAB. The Authority notes that in the concession agreement, the selected bidder is required to pay the bid-award cost. The Authority also noted that there will be no capital addition for BSSDPL, Delhi with the bid award cost, and, hence the Authority proposed not to consider it as a part of RAB of BSSDPL, Delhi.
- 4.2.22 Having examined the proposals and keeping in view the above facts, the Authority proposed Capital Expenditure for BSSDPL, Delhi as additions to RAB for the Third Control Period is given below:

Table 18: Capital Expenditure proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

Particulars	Capital Expenditure (In Rs. Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Dispensers (Refurbishment)	201.00	111.19	-	-	-	312.19
Refuellers (New+ Refurbishment)	104.00	54.55	-	-	117.46	276.00
Aviation Module Parts	-	20.98	22.01	-	-	42.99
Vehicles	-	-	11.00	-	12.11	23.11
Office Equipment	0.50	0.53	0.55	0.58	1.22	3.37
Automation Hardware	0.00	50.47	11.14	3.82	3.94	69.37
Furniture & Fittings	0.00	3.94	0.00	0.00	1.52	5.46
Computer and software	0.00	0.66	0.69	0.72	1.52	3.59
Building-ITP Depot			278.45	-	-	278.45

Total CAPEX	305.50	242.31	323.84	5.13	137.76	1014.53
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4.2.23 Based on the above fact and analysis, the Authority is of the view that only necessary and efficient CAPEX to be incurred during the Third Control Period, so as to not burden the Users considering the present dire situation arise from the catastrophic impact of COVID.

4.2.24 The Authority examined the past trends of BSSDPL regarding capital expenditure, the Authority observed that BSSDPL is having a tendency of not executing the approved capital expenditure in the relevant Control Period and carrying it forward to the future Control Periods which is against the interest of the end users.

The Authority, in order to ensure that M/s BSSDPL adheres to the Capital Expenditure plan, decided to reduce 1% of the non-capitalized CAPEX from the projected ARR/Target Revenue for the next Control Period during True Up, in case CAPEX targets are not achieved as per the Capitalization schedule.

4.3 Stakeholders' comments regarding Capital Expenditure for the Third Control Period:

BSSDPL's comments on Capital Expenditure for the Third Control Period:

4.3.1 BSSDPL has submitted that AERA has revised the capital expenditure by almost Rs. 7 crores in estimating the capex for Third Control Period. Point of difference shown as under:

Capital Expenditure (In Rs. Lakhs)	As per Submission	As per CP	Difference	Remarks for difference
Dispensers (Refurbishment)	854.07	312.19	541.88	Considering the low traffic volumes due to pandemic impact, the Authority proposes to consider the purchase of one new Refueller in FY 2025-26, however, no purchase of Hydrant Dispenser is considered during the Third Control Period.
Refuellers (New+Refurbishment)	379.79	276.01	103.78	Authority, further proposes to consider refurbishment of 2 Refuellers in FY 2021-22 and to shift the refurbishment of 1 Refueller from FY 2021-22 to FY 2022-23.
Aviation Module Parts	43.05	42.99	0.06	No change
Vehicles	34.21	23.11	11.10	Considering the BSSDPL clarification, age profile of vehicle and low volume of Fuel Throughput due to pandemic the Authority proposes to consider 01(one) jeep each year for FY 2023-24 and FY 2025-26.
Office Equipment	13.49	3.38	10.11	No documents justifying the need - hence considered only 25% of the total
Automation Hardware	88.16	69.37	18.79	Changed in line with change in the dispensers and refuellers
Furniture & Fittings	21.83	5.46	16.37	No documents justifying the need - hence considered only 25% of the total
Computer and Software	14.36	3.59	10.77	No documents justifying the need - hence considered only 25% of the total
Building-ITP Depot	315.00	278.45	36.55	The Authority reworked the cost of ITP depot considering contingency @ 3% in line with other Airport Operator/ISP and proposes to consider Rs.278.45 Lakhs for the construction of ITP Depot in FY 2023-24 for BSSDPL, Delhi after considering 4.9% for inflation.
Pre Award Cost	25.00	-	25.00	The Authority also notes that there will be no capital addition for BSSDPL, Delhi with the bid award cost, and, hence the Authority proposes not to consider it as a part of RAB
Total CAPEX	1,788.96	1,014.55	774.41	

BSSDPL has further submitted that the capital expenditure proposed of Rs 1788 lakhs during the Third Control Period is extremely essential due to following reasons:

- to upgrade the dispensers and refuellers to provide the quality services to the existing clients and if there is any fall in the quality of service, there is a risk of clients shifting to the competitor.
- as per clauses of the agreement with DIAL, each of the into plane service providers ought to have equipment to cater to at least 60% of the peak hour demand of respective ATMs. However, BSSDPL currently has equipment to service only 30-35% of the peak hour demand.



- there is a need for equipment which can cater to the demand of at least 15-17 flights simultaneously. However, currently equipment can service only 10-12 flights simultaneously.
- there is requirement of 18 Dispensers & 6 Refuellers at the end of Third control period considering the no. of flight operations which are bound to increase with increase in domestic & international operations and the actual physical conditions prevalent during refueling of flights.
- while the AERA projected market share of 35% is a herculean task at hand for BSSDPL, there is a requirement for constant upgradation to retain the existing clients and the existing market share. It is noted that while on one hand AERA expects BSSDPL to increase their market share in DIAL, it has disallowed essential capex required to even meet the existing demand.

Therefore, BSSDPL requests the Authority to kindly consider the projections for Capital Expenditure as submitted by BSSDPL in the MYTP.

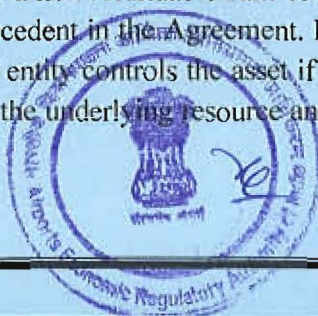
- 4.3.2 BSSDPL has quoted the clause 4.26 of Consultation Paper No 32/2021-22 regarding proposed 1% reduction of the non-capitalized CAPEX from the projected ARR/Target Revenue for the next Control Period during True Up, in case CAPEX targets are not achieved as per the Capitalization schedule and submitted that due to cash flow issues, some of the projects/purchases could have been shifted across the years in the Second control period and the short spend of Rs. 38.86 lakhs only during Second control period which is as under:

Comparison regarding capital expenditure proposed as against the actuals as stated in the ACS during the Second Control Period

FY	Projections	Actuals	Difference	Reasons
2016-17	106.07	15.40	90.67	The same has been deferred in view of Cash flow
2017-18	170.43	14.43	156.00	
2018-19	127.59	41.74	85.85	
2019-20	89.18 (incorrectly provided as 500.00 lakhs in ACS)	121.61	-32.43	Capex postponed from previous years carried out now.
2020-21	303.69	564.92	-261.23	
Total	796.96	758.10	38.86	

Hence, BSSDPL has submitted that it does not adopt practices of projecting capex and not spending the same during the five-year control period as stated in the consultation paper. All estimates and projections are based on sound principles, after detailed discussions and after various rounds of internal reviews and if there is any change in the capex schedule, it could only be due to the events and situations beyond the control of the Company. BSSDPL strives to largely stick to the 5 year capex plan projected in the MYTP and requests the Authority to not levy any penalty in case any projects/ targeted capex are not completed due to circumstances that may be beyond the control of the BSSDPL.

- 4.3.3 BSSDPL has quoted the clause 4.23 of Consultation Paper No 32/2021-22 regarding Authority not considering pre-award cost as part of RAB and submitted that as per Clause 1.3.1 of the Concession Agreement, BSSDPL is required to pay a non-refundable sum of Rs. 25 lakhs as a Bid Award Cost to DIAL as a part of the conditions precedent in the Agreement. BSSDPL further submitted that as per IND AS 38 – Intangible Assets, an entity controls the asset if the entity has the power to obtain future economic benefits flowing from the underlying resource and to restrict the access of others to



those resources. Hence, this bid award cost is also capitalized in the books of accounts of the company in line with the applicable Indian Accounting Standards. BSSDPL, upon payment of the bid award cost will be able to provide the ITP services and reap the economic benefits from the services provided and it is a pre-requisite to carry on the ITP business in Delhi airport and thus will be obtaining future economic benefits from the same. Hence, BSSDPL requests the Authority to include the pre-award cost of Rs 25 lakhs as a part of RAB.

SpiceJet's comments on Capital Expenditure for the Third Control Period:

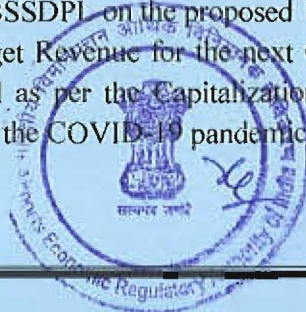
- 4.3.4 SpiceJet has referred para 4.2, 4.4, 4.24, 4.26 and Table 7, 9 10,12 & 14 of the Consultation paper and submitted that the Authority observed that BSSDPL has a tendency of not executing the approved capital expenditure in the relevant Control Period which is against the interest of the end users and hence the Authority may consider even more stringent penalties in excess of 1% in the event of any delay or significant reduction in the execution of capital expenditure as finally approved for the Third Control Period such that that efficiencies in the system are encouraged and inefficiencies discarded.
- 4.3.5 SpiceJet has further submitted that in order to support the airlines to continue and sustain its operations, all non-essential capital expenditure proposed by BSSDPL be put on hold/ deferred, unless deemed critical from a safety or security compliance perspective. Further, in case BSSDPL wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use by the airlines and if any proposed Capex projects can be deferred from the Third Control Period to the Fourth Control Period, same should be considered by AERA.
- 4.3.6 SpiceJet also requests the Authority to conduct an independent study for efficient capital expenditure in the Third Control Period in accordance with the AERA Act, 2008.

4.4 BSSDPL's response to Stakeholders' comments regarding Capital Expenditure for the Third Control Period:

- 4.4.1 In response to SpiceJet's comment, BSSDPL has submitted that it agrees that airlines are taking an unprecedented economic hit and is facing uncertainty about their future, but the same is also true for BSSPL and from Delhi ITP unit it has incurred a losses equal to INR 8 crore in 20-21 & 21-22 which is equal to 70 % of its total revenue, and being a MSME company, BSSPL will not be able to sustain losses. Further, the ITP service providers operate with their own equipment and needs to comply regulations regarding limitation of its life and keeping in view that Airlines may resume their operations at short notice once the pandemic subsides even replacements of older equipment with new ones continue to be done as the same can't be deferred. BSSDPL has further submitted that Projected Capital Expenditure in the Second Control Period was Rs.796 Lakh & actual expenditure during the same period was Rs. 758 Lakh, hence the shortfall was marginal and that too because Covid 19 has affected one full year of our operations.

4.5 Authority's analysis on Stakeholders' comments regarding Capital Expenditure for the Third Control Period:

- 4.5.1 The Authority notes the comments of BSSDPL on the proposed 1% reduction of the non-capitalized CAPEX from the projected ARR/Target Revenue for the next Control Period during True Up, in case CAPEX targets are not achieved as per the Capitalization. In its response to stakeholder's comment, BSSDPL cited the impact of the COVID-19 pandemic and the related uncertainties which



may affect completion of the CAPEX schedules. In this regard, the Authority is of the view that the situation is likely to improve in view of the various measures implemented by the government including the availability of vaccine and also the lifting of travel restrictions from 28.03.2022. The re-adjustment (reduction) of 1% of the non-capitalized CAPEX from the ARR/Target Revenue is a conscious decision to protect the interest of the stakeholders who are paying for services provided by BSSDPL, and, is also an encouragement to BSSDPL to commission/capitalize the proposed assets as per the approved CAPEX schedule. The Authority considers that such provision of readjustment (reduction) would ensure efficiency standards are maintained by the service provider and would disincentivize BSSDPL from allowing the project getting delayed beyond the committed timelines for implementation of the project thereby ensuring efficiency in the cost incurrence.

However, in case there is a delay in commissioning/capitalizing of the assets proposed for the Third Control Period due to any reason (s) beyond the control of BSSDPL, and, is properly justified, same would be considered by the Authority while truing up the actual cost at the time of Tariff determination exercise for the next Control Period.

- 4.5.2 As regard to the comments of SpiceJet regarding enhancing the proposed 1% adjustment in case of delay in implementing the proposed CAPEX schedule, the Authority considers that in case the BSSDPL does not execute the CAPEX as per proposed capitalization plan the recovery of the adjustment amount would be adjusted during the true-up along with the carrying cost and 1% readjustment (reduce) of the non-capitalized CAPEX from ARR/Target Revenue is sufficient against the over projection and underachievement of CAPEX.

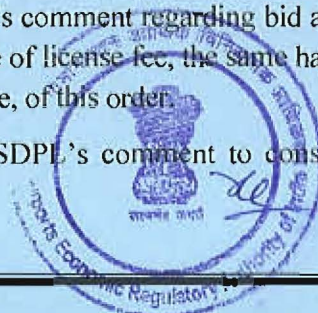
The Authority also enquired about the status of actual capex incurred in FY 2021-22, In response thereto, BSSDPL vide email dated 6th January, 2022 has informed that they have incurred expenditure to the tune of Rs. 308 lakhs during the FY 2021-22.

- 4.5.3 The Authority further notes SpiceJet's comment regarding independent study for efficient capital expenditure in the Third Control Period to be conducted by the Authority. In this regard, the Authority believes that the requirement of an independent study on efficient capital expenditure depend upon the size, scale, complexity, and multiple ownerships of overall assets. However, considering the volume and nature of operation of BSSDPL at IGIA, Delhi, the Authority decided to accomplish this exercise in-house.

- 4.5.4 The Authority has also examined the SpiceJet's comment regarding undertaking only essential capital expenditure that are deemed critical from a safety or security compliance perspective and deferment of non-essential capital expenditure to fourth control period and the response of the ITP service provider thereon. The Authority notes that Capex for Third Control Period projected by BSSDPL and considered by the Authority for Consultation Stage is essential for BSSDPL's normal business operations as well as cater to increasing Traffic Volumes. The Authority further notes that capital additions for the Third Control Period deliberated in the Meeting with Stakeholders', wherein representatives of stakeholders i.e. SpiceJet and HPCL were present, and no objection regarding capex was raised. (Minutes available on AERA's website).

- 4.5.5 The Authority has examined BSSDPL's comment regarding bid award cost of Rs 25 lakhs, paid by ISP to Airport Operator, being in nature of license fee, the same has been discussed under Chapter 9, Operation and Maintenance Expenditure, of this order.

- 4.5.6 The Authority has examined the BSSDPL's comment to consider the projections for Capital



Expenditure of Rs. 1788 lakhs as submitted by BSSDPL in the MYTP. In this regard, the Authority had also recorded reasons in the Consultation Paper for revising the capex to 1014.53 lakhs for the Third Control Period considering the nature of essentiality, need, RTO guidelines, schedule-VIII of Concession Agreement, Covid 19 situation. The Authority is of the view that only necessary and efficient CAPEX is to be incurred during the Third Control Period, so as to not burden the users considering the size, market share of BSSDPL, scale of business and revenue. The Authority, therefore, decides to consider the Capital Expenditure for the Third Control Period as proposed at Consultation Stage.

4.6 Authority's decisions regarding Capital Expenditure for the Third Control Period:

Based on the material before it and its analysis, the Authority has decided the following regarding Capital Expenditure for BSSDPL for the Third Control Period:

- 4.6.1 To consider Capital Expenditure for BSSDPL as per Table 18.
- 4.6.2 To reduce 1% of the non-capitalized CAPEX from the projected ARR/Target Revenue for the next Control Period during True Up, in case CAPEX targets are not achieved as per the Capitalization schedule.
- 4.6.3 To true up the Capital Expenditure based on actual at the time of tariff determination for next Control Period.



CHAPTER 5. DEPRECIATION

5.1 BSSDPL's submission on Depreciation for the Third Control Period as part of MYTP.

5.1.1 As per the BSSDPL's submission, the asset wise depreciation projected on the Regulatory Assets during the Third Control Period has been summarized as given below:

Table 19: Depreciation (Asset-wise) projected by BSSDPL for Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery	139.72	140.29	154.48	185.62	197.90	818.01
Jeep & vehicle	5.74	5.74	6.30	6.71	5.84	30.33
Furniture & Fixture	0.65	1.74	2.87	2.87	2.95	11.08
Office Equipment incl. of Automation Capex	2.12	7.52	13.32	17.38	19.87	60.21
Computer & Software	0.64	0.85	1.48	2.28	3.33	8.58
Buildings	0.00	5.25	10.50	10.50	10.50	36.75
Pre Award Cost	0.83	1.67	1.67	1.67	1.67	7.50
Total	149.70	163.05	190.62	227.03	242.06	972.45

5.2 Authority's examination regarding Depreciation for the Third Control period at Consultation Stage:

5.2.1 The Authority noted that BSSDPL, Delhi has claimed depreciation on the Pre-award cost. However, as per para 4.23 of the consultation paper, the Authority proposed not to consider this cost as a part of capital addition to RAB. Hence, depreciation thereon was proposed not to be considered.

5.2.2 The Authority compared the depreciation rates and useful life of assets applied by BSSDPL, Delhi, during the Third Control Period and those prescribed as per AERA Order No. 35/2017-18 as given below:

Table 20: Comparison of Depreciation rates of BSSDPL vis-a-vis AERA Order 35.

Particulars	As Per BSSDPL, Delhi Submission			As Per AERA Order no. 35/2017-18	
	Useful Life (in Years)	Residual Value	SLM Rate	Useful Life (in Years)	SLM Rate
Refuellers and Dispensers – New	10	0%	10%	8	12.50%
Refuellers and Dispensers – Refurbished	10	0%	10%	8	12.50%
Aviation Module Parts	10	0%	10%	8	12.50%
Jeeps & Vehicles	8	0%	12.50%	8	12.50%
Office Equipment	5	0%	20%	5	20.00%
Furniture & Fixtures	7	0%	14.29%	7	14.29%
Computers	3	0%	33.33%	3	33.33%
ITP Depot	30	0%	3.33%	30/60	3.33%/1.67%
Automation Hardware	3	0%	20%	3	33.33%

5.2.3 The Authority observed that BSSDPL has considered the useful life of 10 years in case of



dispensers and refuellers whereas Order 35/2017-18 dated 12 January, 2018 prescribed the useful life of 8 years in case of heavy vehicles. The Authority sought clarification regarding the useful life of heavy vehicles. In response, BSSDPL has submitted that as per the current RTO norms, any mobile equipment cannot be used beyond 10 years in Delhi. Keeping this in view, BSSDPL has considered useful life of 10 years for dispensers, refuellers, chassis and aviation modules. The Authority considered the depreciation rate as proposed by BSSDPL.

5.2.4 The Authority also observed that BSSDPL has considered the depreciation of automation hardware under the head of office equipment. The Authority sought clarification. BSSDPL, Delhi vide email dated 27.12.2021 submitted that as per agreement with i6 systems limited, the hardware installation will work up to a period of 60 months. Hence, the Authority proposed to consider the depreciation on automation hardware as proposed by BSSDPL, Delhi.

5.2.5 In view of the above, the Authority proposed the depreciation for the Third Control Period as given below:

Table 21: Depreciation on the CAPEX proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Plant & Machinery	135.12	128.19	121.79	122.26	127.45	634.82
Jeep & vehicle	5.74	5.74	5.61	5.33	4.46	26.87
Furniture & Fixture	0.65	0.90	1.18	1.18	0.94	4.85
Office Equipment	1.97	2.01	0.59	0.54	0.58	5.70
Antomation Hardware	0.00	5.05	11.21	12.70	13.48	42.44
Computer & Software	0.64	0.52	0.48	0.57	0.83	3.04
Buildings	0.00	0.00	4.64	9.28	9.28	23.20
Total	144.12	142.40	145.50	151.88	157.03	740.93

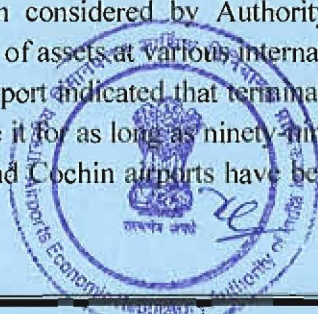
5.3 Stakeholders' comments regarding Depreciation for the Third Control Period:

BSSDPL's comments on Depreciation for the Third Control Period:

5.3.1 BSSDPL has submitted that BSSDPL is unable to understand the calculation and basis AERA has adopted for computing the depreciation of Plant & Machinery for FY 2025-26 as the depreciation for Plant & Machinery for FY 2025-26 does not match with the re-computation of depreciation for Plant and Machinery head done by BSSDPL based on AERA's projections to the tune of Rs. 6 lakhs and requests AERA to recalculate the depreciation for all heads including plant and machinery for all the years of the third control period after considering the submissions made by BSSDPL in respect of capital expenditure.

SpiceJet's comments on Depreciation for the Third Control Period:

5.3.2 SpiceJet has referred para 5.3 and 5.6 and Table 17 of consultation paper and requests the Authority to clarify the rate of depreciation considered by Authority on Building. SpiceJet has further submitted that review of useful life of assets at various international airports like London Heathrow, Sydney airport and Amsterdam airport indicated that terminal buildings have useful life of as long as sixty (60) years and aprons have it for as long as ninety-nine (99) years. Similarly, the useful life of terminal building for Kannur and Cochin airports have been considered sixty (60) years by the



Authority. and accordingly, the useful life for 'Building' including 'Terminal Building must be considered as 60 years as practiced by some of the developed aviation ecosystem.

5.4 BSSDPL's response to Stakeholders' comments regarding Depreciation for the Third Control Period:

- 5.4.1 In response to the SpiceJet's comment regarding useful life of Building, BSSDPL has submitted that the useful life of ITP Depot is considered as 30 years and accordingly, depreciation has been calculated which is in line with the AERA guideline.

5.5 Authority's analysis on Stakeholders' comments regarding Depreciation for the Third Control Period:

- 5.5.1 The Authority carefully analyzed the comments raised by SpiceJet regarding useful life of Building and response of BSSDPL thereon. The Authority noted that since, the policy allows the Airport Operators to choose the 'useful life' of terminal buildings/ Building, and, BSSDPL has considered the useful life in accordance with the Useful Life Policy issued by AERA, therefore, the Authority decides to accept proposal of considering Useful life of ITP depot as 30 years.
- 5.5.2 The Authority has carefully examined the BSSDPL's comment relating to depreciation on Plant and Machinery and notes that assets under "Plant and Machinery" consist of mainly dispenser, refuellers, chassis and aviation modules. While computing the depreciation on Plant and Machinery, the Authority has referred CGF guidelines, dated 10th January, 2011 on regulatory building blocks and AERA Order No. 35/2017-18 on Useful life of airport assets. Though the AERA order provides 8 years as useful life for such equipment, AERA has taken the useful life of these assets as 10 years while calculating the depreciation taking into the consideration the BSSDPL's proposal in its submission. Further, the Delhi-RTO norms also prescribe useful life of such equipment as 10 years.
- 5.5.3 The Authority notes that other Stakeholders has not commented regarding Depreciation proposed at consultation stage. Considering the above, the Authority decides to consider the Depreciation for the Third Control Period as proposed at Consultation Stage.

5.6 Authority's decisions regarding Depreciation for the Third Control Period:

Based on the material before it and based on its analysis, the Authority has decided the following regarding Depreciation for BSSDPL for the Third Control Period:

- 5.6.1 To consider Depreciation for the Third Control Period as per Table 21.
- 5.6.2 To True up the Depreciation based on actuals at the time of tariff determination for Next Control Period.

CHAPTER 6. REGULATORY ASSET BASE (RAB).

6.1 BSSDPL's submission on Regulatory Asset Base (RAB) for the Third Control Period as part of MYTP

- 6.1.1 As per clause 9.2 of the CGF Guidelines, dated 10th January, 2011, RAB assets shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions therein as may be determined by the Authority.
- 6.1.2 The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, in its discretion.
- 6.1.3 The projected Regulatory Asset Base (RAB) for the Third Control Period submitted by BSSDPL is given below:

Table 22: Regulatory Asset Base (RAB) as projected by BSSDPL for the Third Control Period.

Particulars	Amount (Rs. in Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Opening RAB (A)	753.26	1,074.10	1,666.26	1,883.70	1,913.15	
Addition (B)	424.00	630.60	421.53	283.64	29.17	1788.94
Disposals/Transfers (C)						
Depreciation (D)	149.70	163.05	190.62	227.03	242.06	972.46
Closing RAB (E) = (A)+(B)-(C)-(D)	1027.55	1495.10	1726.01	1782.63	1569.74	
Average RAB (F)=(A+E)/2	890.40	1261.33	1610.56	1754.32	1676.18	

- 6.1.4 The Regulatory Asset Base (RAB) for the Second Control Period submitted by BSSDPL, Delhi as given below:

Table 23: RAB as per BSSDPL submission for the Second Control Period.

Particulars	Amount (Rs. in Lakhs)					Total
	2016-17	2017-18	2018-19	2019-20	2020-21	
Opening RAB (A)	605.53	578.75	550.42	431.42	386.44	
Addition (B)	15.4	14.43	41.74	121.61	564.92	758.10
Disposals/Transfers (C)	8.29					8.29
Depreciation (D)	41.2	42.76	160.74	166.59	198.11	609.40
Depreciation on deletion (E)	7.31					7.31
Closing RAB (F) = (A)+(B)-(C)-(D)+(E)	578.75	550.42	431.42	386.44	753.26	
Average RAB (G)=(A+F)/2	592.14	564.58	490.92	408.93	569.85	

- 6.1.5 The historical Regulatory Asset Base (RAB) as per the ACS of BSSDPL for the Second Control Period is as below:



Table 24: RAB as per ACS for the Second Control Period of BSSDPL.

Particulars	Amount (Rs. in Lakhs)					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Opening RAB (A)	606.05	579.07	550.64	594.84	588.46	
Addition (B)	15.40	14.43	161.49	121.61	564.92	877.85
Disposals/Transfers (C)	1.07					1.07
Depreciation (D)	41.31	42.85	117.3	128	161.57	491.03
Closing RAB (E) = (A)+(B)-(C)-(D)	579.07	550.64	594.84	588.46	991.81	
Average RAB (F)=(A+E)/2	592.56	564.86	572.74	591.65	790.14	

6.2 Authority's Examination regarding Regulatory Asset Base (RAB) for the Third control period at Consultation Stage:

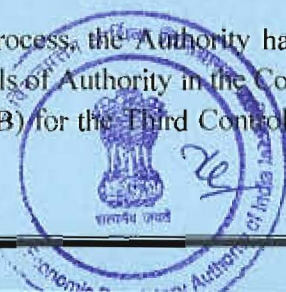
- 6.2.1 The Authority examined the closing block as on 31.03.2021 submitted by BSSDPL and observed that there is a variance in the closing block as per the MYTP/ATP and ACS. Accordingly, the Authority sought clarification from BSSDPL, Delhi. In response, BSSDPL submitted the following:
- The actual capex in FY 2018-19 is Rs. 41.74 lakhs. Certain Capital work in progress has been wrongly considered as CAPEX in annual accounts and the same was reflected in the ACS.
 - Considered the useful life as per Order 35/2017-18 (except for dispenser, refueller and aviation parts- useful life 10 years) w.e.f. 1st April 2018 in MYTP submission and if the revised life has already expired, then the WDV of assets as on 1st April 2018 has been considered for full depreciation in FY 2018-19.
 - The asset on the account of 'right to use' has not been considered by BSSDPL as a part of RAB and shown as a part of opex.
- 6.2.2 In view of the above, the Authority proposed RAB to be considered for the determination of ARR, is given below:

Table 25: RAB proposed by the Authority for BSSDPL for Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Opening RAB (A)	753.26	914.64	1011.21	1192.37	1045.96	
Addition (B) (Refer Table 17)	305.50	242.31	323.84	5.13	137.76	1014.53
Disposal (C)						
Depreciation (D) (Refer Table 20)	144.12	142.40	145.50	151.88	157.03	740.93
Closing RAB (E = A+B-C-D)	914.64	1014.54	1192.88	1046.13	1026.86	
Average RAB (F=(A+E)/2)	833.95	964.59	1103.71	1119.51	1036.50	

6.3 Stakeholders' comments regarding Regulatory Asset Base (RAB) for the Third Control Period:

- 6.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper No. 32/2021-22 with respect to Regulatory Asset Base (RAB) for the Third Control Period except BSSDPL's comments



which are already addressed by the Authority in Capital Expenditure chapter.

6.4 Authority's analysis on Stakeholders' comments regarding Regulatory Asset Base (RAB) for the Third Control Period:

- 6.4.1 The Authority received no comments from the Stakeholders regarding Regulatory Asset Base (RAB) proposed for the Third Control Period. The Authority decides to consider the RAB for the Third Control Period as proposed at Consultation Stage.

6.5 Authority's decisions regarding Regulatory Asset Base (RAB) for the Third Control Period:

Based on the material before it and its analysis, the Authority has decided the following regarding Regulatory Asset Base (RAB) for BSSDPL for the Third Control Period:

- 6.5.1 To consider Regulatory Asset Base (RAB) for the Third Control Period as per Table 25.
- 6.5.2 To true up the RAB based on actuals, at the time of determination of Tariff for the Fourth Control Period.

CHAPTER 7. FAIR RATE OF RETURN (FRoR).

7.1 BSSDPL's submission on Fair Rate of Return (FRoR) for the Third Control Period as part of MYTP.

- 7.1.1 BSSDPL submitted that as per Audited Accounts of FY 20-21, there is a loan of Rs. 6 Crores taken from Holding Company, Bharat Stars Services Private Limited at an interest rate of 9.90% p.a. There is no repayment schedule and the loan is payable on demand. BSSDPL, Delhi has projected further loan in the FY 2021-22 and FY 22-23 from the holding Company, Bharat Stars Services Limited, and has proposed repayment based on their projected cash flow is as below:

Table 26: Debt schedule as projected by BSSDPL.

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Opening Debt	600.00	1700.00	2300.00	2230.07	1730.70
Additions	1100.00	600.00			
Repayment			(345.64)	(561.26)	(1034.77)
Closing Debt	1700.00	2300.00	1954.36	1393.09	358.32
Average Debt	1150.00	2000.00	2127.18	1673.72	875.71

- 7.1.2 The computation of FRoR as submitted by BSSDPL under price cap model vide email dated 25.1.2022, Delhi is as below:

Table 27: FRoR as projected by BSSDPL for the Third Control Period.

Fair Rate of Return	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
Average Debt	1150.00	2000.00	2127.18	1673.72	875.71
Average Equity	538.77	113.03	314.97	885.54	1514.28
Debt + Equity	1688.77	2113.03	2442.14	2559.26	2389.99
Cost of Debt	14.25%	14.25%	14.25%	14.25%	14.25%
Cost of Equity	14.25%	14.25%	14.25%	14.25%	14.25%
Individual Year Gearing	68.10%	94.65%	87.10%	65.40%	36.64%
Weighted Average Gearing	69.92%				
Weighted Average Cost of Debt	14.25%				
Cost of Equity	14.25%				
FRoR	14.25%				

7.2 Authority's Examination regarding Fair Rate of Return (FRoR) for the Third Control period at Consultation Stage:

- 7.2.1 The Authority noted that BSSDPL has proposed capitalization of its regulatory assets with the mix of debt and equity.
- 7.2.2 The Authority, further noted that BSSDPL has submitted the board resolution of BSSPL dated 27.03.2020 wherein it was agreed that BSSPL will give loan upto Rs. 8 crores @interest rate of Rs. 9.90% (I-Base of 8.75% + 1.15%=9.90%), to its subsidiary company i.e. BSSDPL as per requirement from time to time.
- 7.2.3 The Authority, further noted that the cost of debt considered by BSSDPL is 14.25%. The Authority sought clarification from BSSDPL. In response, it is clarified that as composition of funds of BSSPL consists entirely from internally managed funds, and hence, the entire funding has been



treated as equity. The Authority obtained the base rate from Reserve Bank of India which is 7.25%-8.80% (on 17.02.2022) and accordingly proposed to consider cost of debt @ 8.00% considering the fact that cost of debt is generally high for the small players. The Authority also proposed to consider cost of equity @ 14%, as considered for other Airport Operators/Service Providers, during the Third Control Period.

- 7.2.4 The Authority proposed to recalculate FRoR on the basis of the Average Debt and Average Equity in the light of capex proposed by Authority maintaining the individual gearing as proposed by BSSDPL. The Authority proposed Fair rate of return for the Third Control Period as given below:

Table 28: FRoR proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

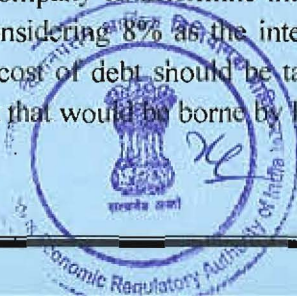
Fair Rate of Return	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
Debt	1069.30	1520.33	1600.66	1096.26	591.96
Equity	500.96	85.92	237.01	580.01	1023.62
Debt + Equity	1570.27	1606.25	1837.67	1676.27	1615.58
Cost of Debt	8.00%	8.00%	8.00%	8.00%	8.00%
Cost of Equity	14.00%	14.00%	14.00%	14.00%	14.00%
Individual Year Gearing	68.10%	94.65%	87.10%	65.40%	36.64%
Weighted Average Gearing	70.77%				
Weighted Average Cost of Debt	8.00%				
Cost of Equity	14.00%				
FRoR	9.75%				

- 7.2.5 The Authority, therefore, proposed to consider FRoR @ 9.75% for determination of ARR of BSSDPL for the Third Control Period.

7.3 Stakeholders' comments regarding Fair Rate of Return (FRoR) for the Third Control Period:

BSSDPL's comments on Fair Rate of Return for the Third Control Period:

- 7.3.1 BSSDPL has quoted para 7.5, 7.8.2 and 7.8.3 of the consultation paper and submitted that cash available in BSSPL is out of internally generated funds of the company. This does not have any borrowed/external funds. Hence, BSSDPL is of the view, as stated earlier that the funds taken/proposed to be taken from BSSPL may be treated as quasi equity. As a result, BSSDPL submits that the cost of equity of 14.25% may be adopted for the funds received from BSSPL.
- 7.3.2 BSSDPL has also submitted that BSSDPL proposed to obtain loan of up to Rs. 8 crores to fund the capital expenditure requirement for the third control period with funding from Holding Company, Bharat Stars Services Private Limited. In line with the requirements of the Companies' Act 2013 and Ind AS, a resolution was passed that loan by BSSPL to BSSDPL will be at an interest rate of 9.90% (Base of 8.75% + 1.15% = 9.90%). This loan is repayable on demand. This interest rate ought to be on an arm's length basis and also to be in line with the market rates. Hence, BSSDPL has submitted that the Management consulted with its bankers to obtain the interest rate at which the bankers would extend loan facilities to the Company to determine interest rate of 9.90% p.a. BSSDPL is unable to understand the basis of considering 8% as the interest rate proposed by the Authority. Thus, based on the above facts, the cost of debt should be taken as 9.9% instead of 8%, thereby being at least equal to the interest cost that would be borne by BSSDPL in the repayment of the loan



to its holding company.

- 7.3.3 BSSDPL has quoted table 24 of the consultation paper and submitted that considering the loss of Rs. 411.74 lakhs as projected by the Authority in the Consultation Paper for the first year of Third Control Period and the average equity of Rs.500.96 lakhs, the opening equity turns out to be Rs. 706.84 lakhs for FY 20-21. However, as per audited annual accounts of BSSDPL, the closing equity of FY 19-20 is Rs. 904.80 Lakhs. Thus, BSSDPL has submitted that the opening equity for the first year of Third Control Period as considered by the Authority does not seem to match with audited annual accounts of BSSDPL. The basis on which the opening equity has been taken by AERA has not been explained. Also, the amount of debt as per the Authority's proposals does not match with the capex funding requirement/ the debt proposed by BSSDPL. BSSDPL also submitted that basis on which the amount of debt has been projected by the Authority has not been explained in the consultation paper and hence requests the Authority to consider all the projections as mentioned by BSSDPL in its comments to consultation paper and recompute the equity and debt accordingly after considering the opening.

SpiceJet's comments on Fair Rate of Return for the Third Control Period:

- 7.3.4 SpiceJet has referred para 7.7 of consultation paper and submitted that providing such fixed/ assured return of 9.75% favours the service provider as due to such fixed/assured returns, service provider like BSSDPL have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs as they are fully covered for all costs plus their hefty returns. Such kind of scenario breeds inefficiencies and higher costs, which are ultimately borne by airlines which are already suffering from huge losses and bear the adverse financial impact through higher tariffs. SpiceJet has further submitted that in the present scenario any assured return on investment to any services providers like BSSDPL, in excess of three (3) % i.e. being at par with bank fixed deposits, will be onerous for the airlines.

Without prejudice to the above, in case the Authority is unable to accept the recommendation mentioned above, SpiceJet requests the Authority to conduct an independent study for determination of FRoR to be provided in favour of BSSDPL. Such independent study can be exercised by the Authority in terms of powers conferred under the Airports Economic Regulatory Authority of India Act, 2008, as amended, and in line with studies being conducted by Authority in case of certain major airport operators.

7.4 BSSDPL's response to Stakeholders' comments regarding Fair Rate of Return for the Third Control Period:

- 7.4.1 With respect to SpiceJet's comments on Fair Rate of Return for the Third Control Period, BSSDPL has submitted that it is justifiable to go with the Industry practice as no industry would work on the Bank fixed deposit rate that too with the past accumulated losses in last 2 years.

7.5 Authority's analysis on Stakeholders' comments regarding Fair Rate of Return for the Third Control Period:

- 7.5.1 The Authority notes the comment of SpiceJet regarding fixed/assured return and response of BSSDPL thereon. The Authority is of view that the investment made by any Service Provider on Capital Assets, particularly for Aeronautical Assets, has a long gestation period and on such long-term investments the Service Provider needs appropriate Return on Equity. Therefore, the Authority feels that it is not practically feasible to cap the FRoR @ 3%.



- 7.5.2 The Authority further notes the BSSDPL's comment regarding considering loan from BSSPL as quasi equity and considering the cost of these quasi equity funds @ 14.25%. In this regard, the Authority is of the view that since BSSDPL and BSSPL are two different corporate identities and hence the loan from BSSPL cannot be considered as quasi capital.
- 7.5.3 The Authority also examined the BSSDPL's comment regarding return on funds borrowed from BSSPL at least be equal to the interest cost that would be borne by BSSDPL in the repayment of the loan to its holding company i.e. 9.9%. In this regard, the Authority obtained the base rate from Reserve Bank of India which is 7.25%-8.80% (as on 17.02.2022, which is same as on 11.05.2022) and accordingly decides to consider cost of debt @ 8.00% considering the fact that cost of debt is generally high for the small players. The Authority also decides to consider cost of equity @ 14%, as considered for other Airport Operators/Service Providers, during the Third Control Period.
- 7.5.4 The Authority has further examined the BSSDPL's comment regarding the basis on which the equity and debt considered by AERA. The methodology adopted by the Authority for calculation of Fair Rate of Return (FRoR) is given in the para 7.2.4 and table 30 of this order and same is in line as per Clause 9.4 of the CGF Guidelines dated 10th January, 2011, which may be read as under:

9. Regulatory Building Blocks

9.1. Fair Rate of Return (FRoR)

- 9.1.1. The Authority shall determine the Fair Rate of Return (FRoR) for a Control Period as its estimate of the weighted average cost of capital for a Service Provider as under :

$$FRoR = (g \times R_d) + ((1 - g) \times R_e)$$

Where:

g is gearing (i.e. debt / debt + equity)

R_d is the pre-tax cost of debt

R_e is the post-tax cost of equity

It can be observed from above that the fair rate of return is a function of gearing ratio, cost of equity and cost of debt. The Authority has considered gearing for individual years as submitted by BSSDPL.

- 7.5.5 The Authority also notes SpiceJet's comment to conduct an independent study for determination of FRoR for BSSDPL. In this regard, the Authority believes that in future, the independent study may be undertaken wherever it is deemed necessary.
- 7.5.6 The Authority therefore, decides to consider the FRoR for the Third Control Period as proposed at Consultation Stage.

7.6 Authority's decisions regarding Fair Rate of Return (FRoR) for the Third Control Period:

Based on the material before it and based on its analysis, the Authority has decided the following regarding Fair Rate of Return (FRoR) for BSSDPL for the Third Control Period:

- 7.6.1 To consider the cost of equity at 14%.
- 7.6.2 To consider the cost of debt at 8%.
- 7.6.3 To consider Fair Rate of Return (FRoR) for the Third Control Period as per Table 28.
- 7.6.4 To true up the FRoR during the tariff determination for the next Control Period.



CHAPTER 8. OTHER INCOME

8.1 BSSDPL's submission on other Income

BSSDPL has projected interest arising out of fair valuing the security deposit as Other Income during the balance period of the Third Control Period however, the same has been removed across all the years as this interest is only arising out of fair valuing the security deposit under Ind AS. Hence, BSSDPL has projected Nil other income for the Third Control Period as under:

Table 29: Other income as projected by BSSDPL for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Other Income	1.52	1.52	1.52	1.52	1.52	7.58
Less:	(1.52)	(1.52)	1.52)	(1.52)	(1.52)	(7.58)
Total	0.00	0.00	0.00	0.00	0.00	0.00

8.2 Authority's Examination regarding Other Income at Consultation Stage:

- 8.2.1 The Authority observed from the audited accounts of FY 2020-21, that the source of other income is mainly interest income, HQ rental Sharing and profit on sale of property and equipment.
- 8.2.2 The Authority observed that M/s BSSDPL has not projected any other income /interest for Third Control Period. Upon enquiry, BSSDPL has submitted the following;
- BSSDPL has taken loan and the chances of opening fixed deposit is remote.
 - Regarding HQ rental sharing income, BPCL raised monthly invoice for rental on BSSDPL as BSSDPL's HQ office is located in Noida in BPCL building. BSSDPL creates right to use asset and lease liability in the books as per 100% value invoice so as to comply with IND AS 116 and in turn raises 75% of the value of invoice on the parent company i.e BSSPL. However, HQ rental sharing income has been considered in the rental expense to the tune of 25%.
- 8.2.3 The Authority proposed to agree with BSSDPL, Delhi regarding other income as its nature is non-recurring and uncertain.

8.3 Stakeholders' comments regarding Other Income for the Third Control Period:

- 8.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper with respect to other income for the Third control period.

8.4 Authority's decisions regarding Other Income for the Third Control Period:

Based on the material before it and based on its analysis, the Authority decides the following regarding other income for the Third Control Period.

- 8.4.1 To consider "Other Income" as Nil.
- 8.4.2 To True-up "Other Income" based on the actual during the Third Control Period.



CHAPTER 9. OPERATION AND MAINTENANCE EXPENDITURE

9.1 BSSDPL's submission on Operation and Maintenance Expenditure for the Third Control Period as part of MYTP.

9.1.1 As provided in Clause 9.4 of the CGF Guidelines dated 10th January, 2011, the operational and maintenance expenditure incurred by the Service provider(s) include all expenditures incurred on security, operating costs, other mandated operating costs and statutory operating costs.

9.1.2 Operation and Maintenance (O&M) expenditure submitted by BSSDPL is segregated into the following categories:

- Employee Benefit Expenses
- Operational Expenses
- Concession Fees
- Rental Expenses
- Administrative Expenses
- Automation Expenses
- Apportionment of HQ Cost

9.1.3 The summary of growth rates projected by BSSDPL for the operation and maintenance expenses for the Third Control Period is as below:

Table 30: CAGR as projected by BSSDPL for O&M for the Third Control Period.

Particulars	CAGR
Employee Benefit Expenses	12%
Operational Expenses	14%
Rental Expenses	13%
Administrative Expenses	9%
Automation-Revenue Expenses	23%*
Apportionment of HQ Cost	7%

*4-year CAGR (as in FY 2021-22 it is Nil)

9.1.4 Percentage share of each category of expenditure in the total Operation and Maintenance Expenditure projected by BSSDPL for the Third Control Period as given below:

Table 31: Head wise percentage share of each category of expenditure in the total Operation & Maintenance Expenditure as projected BSSDPL for the Third Control Period.

Category of Operation and Maintenance Expenditure	% Share of total Expenditure
Employee Benefit Expenses	36.84%
Operational Expenses	9.08%
Rental Expenses	33.85%
Administrative Expenses	4.17%
Concession Fee	9.61%
Automation Expenses	2.06%
Apportionment of HQ Cost	4.38%
Total	100.00



9.1.5 The details and assumption for projection of O & M expenditure for the Third Control Period as per BSSDPL submission as given under:

Table 32: Detail and Assumption made by BSSDPL are as under: -

Particulars	Details/Assumptions						
Employee Benefit Expenses	The number of employees projected by BSSDPL during the Third Control Period as given below:						
	Table 32.1 Number of employees as projected by BSSDPL during the Third Control Period						
	Headcount	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Deputation (GM)	1*	1	1	1	1	1
	Supervisory	16	16	16	16	16	16
	Accounts/HR	2	2	2	2	2	2
	Operations	48	45	45	51	57	61
	HQ Employees	3	3	3	3	3	3
	Total	69	66	66	72	78	82
<i>For April 2019 there were two GM on deputation.</i>							
Rental Expenses	As per BSSDPL's submission, the rental cost is as under:						
	Table 32.2 The rental cost as projected by BSSDPL for the Third Control Period.						
	Particulars (In Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
	Rent for Shift Office (D39)*	37.42	40.23	-	-	-	77.65
	Rent for Parking Area-D43*	71.45	78.59	-	-	-	150.04
	Rent for Parking Area - T2*	24.20	26.62	-	-	-	50.82
	Rent for T2 Office*	13.19	14.18	-	-	-	27.38
	Rent for Fuel Facility Area	5.31	5.71	6.14	6.60	7.10	30.86
	Rent of Noida Office-@25%	5.34	5.74	6.17	6.63	7.13	31.01
	New Office space at T3	40.71	87.52	94.08	101.14	108.73	432.18
	Land Space at T3	160.05	352.11	387.32	426.05	468.66	1,794.19
	Total	357.67	610.70	493.72	540.43	591.61	2,594.13
<i>*Rent for FY 2023-24 not considered as once the ITP depot will be ready in T3 space; these spaces will also get shifted to the ITP depot.</i>							

9.1.6 BSSDPL, based on the above assumptions, submitted the projected Operation and Maintenance Expenditure for the Third Control Period as given below:

Table 33: Operation & Maintenance Expenditure as projected by BSSDPL for the Third Control Period.

Particulars	Amount (Rs. In Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Operational Expenses*	100.72	115.01	149.93	161.31	168.70	695.77

Employee Benefit Expenses	435.75	498.79	569.23	635.89	683.84	2823.5
Concession Fee	40.53	121.11	173.16	190.91	210.48	736.19
Rental Expenses	357.67	610.70	493.72	540.43	591.61	2594.13
Administrative Expenses	54.63	57.11	62.73	69.31	76.15	319.93
Automation –Expenses	0.00	25.96	36.28	47.21	48.62	158.07
Apportionment of HQ Cost	58.25	62.39	66.82	71.60	76.76	335.82
TOTAL OPEX	1047.55	1491.17	1551.86	1716.65	1856.16	7663.40

*Includes utility, repair and maintenance expenses.

9.1.7 The break-up of Operation and Maintenance expenditures as per the submission of BSSDPL for the Second Control Period is shown below:

Table 34: Actual Operation and Maintenance Expenditure & CAGR as per BSSDPL's Submission for the Second Control Period.

Particulars	Amount (Rs. in Lakhs)					CAGR 4 years
	2016-17	2017-18	2018-19	2019-20	2020-21*	
Employee Benefit Expenses	348.14	421.26	519.49	476.47	370.36	11%
Operational expenses	125.36	102.18	106.26	109.32	85.04	-4%
Concession fee	48.35	54.73	60.99	54.97	25.74	4%
Rental expenses	66.19	77.29	97.73	89.25	100.91*	10%
Administrative expenses	64.65	116.74	58.60	62.13	41.18	-1%
HQ costs				61.31	61.83	
Total OPEX	652.69	772.20	843.07	853.45	685.06	

* As per Annual Accounts the Rental Expenses is Rs. 95.95 lakhs. BSSDPL, Delhi submitted that due to Ind AS 116, in Annual accounts, Rent for HQ of Rs. 4.97 lakhs shown under Right to use and amortized accordingly.

9.2 Authority's Examination regarding Operation and Maintenance (O&M) Expenditure for the Third Control period at Consultation Stage:

9.2.1 The Authority observed that there is a difference in the OPEX as per BSSDPL submission vis-a-vis ACS submitted by BSSDPL. Clarification has been sought from BSSDPL. In response, it was clarified by the BSSDPL that the difference is due to reclassification of various items in the Expenses as per IND AS requirements. The figures in the MYTP model are as per the IGAAP standard of Financial Statements. BSSDPL has also submitted vide email 29.12.2021 that it was sharing manpower with the parent company at Terminal-I of Delhi Airport based on work requirements and has incurred Rs. 10.10 lakhs (shown in income as well in audited accounts of FY 2019-20).

9.2.2 The Authority noted that opex for FY 2021-22 as projected by BSSDPL is higher than the actual opex for the FY 2020-21. The Authority sought clarification. In response, BSSDPL submitted that in FY 2020-21 the opex is low because of austerity measures taken due to covid-19 relating to the salary deduction, low operations, and online training. However, in FY 2021-22 operations are recovering. The Authority also analyzed the actual OPEX of FY 2019-20 and projected OPEX of FY 2021-22 and found that the costing of the operating expenses and administrative expenses are almost similar.



Hence, the Authority proposed to consider the submission of BSSDPL for operating expenses and administrative expenses for the FY 2021-22. However, the Authority noted that employee benefit expenses of FY 2019-20 include Rs.43.71 lakhs for the HQ Cost allocation and salary of 2 General Managers (in April month). The Authority also noted that in the FY 2019-20 BSSDPL was sharing manpower with the parent company at Terminal 1 of Delhi Airport and has incurred Rs. 10.10 lakhs which were reimbursed by parent company.

The Authority also noted that number of employees has been reduced to 66 in FY 2021-22 against the 69 in FY 2019-20. Hence, The Authority proposed that for the employee benefit expenses for FY 2021-22, the cost of FY 2019-20 is to be considered as base after following adjustment:

- Reimbursement by the parent company
- Allocation of HQ cost
- Reduction in number of employees,
- 1 month salary of General Manager.

9.2.3 The Authority, based on its examination on projected O&M expenditure, rate of increase in each category of expenditure and after taking into account the effect of COVID -19, causing slowdown in the aviation sector and sustenance of the operations, proposed to revise each category of O&M expenditure as given below:

9.2.3.1 **Employee Benefit Expenses:** The Authority noted that CAGR of projected employee benefit Expenses for the Third Control Period is 12% whereas the CAGR of actual employee benefit expenses for the Second Control Period (FY 2016-17 to FY 2019-20) was 11%. The Authority further noted that BSSDPL, Delhi has projected an increase in employee numbers from 66 to 82 during the Third Control Period, to handle increased operation and also considered an increment of 4%-10% for employees. The Authority is however, of the view that due to COVID -19 pandemic, the increase in the payroll costs should be lower than what is generally considered during normal years and also the requirement of additional manpower may not be justifiable at this stage and also observed that the employee cost of the BSSDPL is disproportionate to their market share. Hence, the Authority is of the view that BSSDPL should adopt cost control measures on such expenses so as to improve efficiency in its Operating Costs. Hence, the Authority proposed to moderate the YoY increase of 3% in the employee benefit expenses.

9.2.3.2 **Operational Expenses:** The Authority noted that the BSSDPL has projected operational Expenses increase @ 14% CAGR during the Third Control Period. The Authority observed that the 4 Year CAGR (FY 2016-17 to FY 2019-20) is -4%. The Authority further observed that BSSDPL has taken some items like consumable of store, repair maintenance cost, safety and protection expenses etc. on a higher side during the Third Control Period. The Authority observed that the operational cost of the BSSDPL is disproportionate to their market share. Hence, the Authority is of the view that BSSDPL should adopt aggressive cost control measures on such expenses to maintain the efficiency in its operations. Hence, the Authority proposed to consider a moderate YoY increase of 3% in the operational expenses.

9.2.3.3 **Administrative Expenses:** The Authority noted that the BSSDPL has projected Administrative Expenses increase @ 9% CAGR during the Third Control Period. The Authority observed that the 4 Year CAGR (FY 2016-17 to FY 2019-20) is -1%. The

Authority further observed that the administrative cost of the BSSDPL is disproportionate to their market share. Hence, the Authority is of the view that BSSDPL requires to adopt cost controlling measures on such expenses to maintain the efficiency in its operations. Hence, the Authority proposed to consider a moderate YoY increase of 3% in the operational expenses after adjusting cost of consultant of Rs. 3.00 lakhs for the FY 2022-23 and onwards.

9.2.3.4 Revenue sharing/ Concession fee: The Authority noted that BSSDPL has taken Revenue sharing/ Concession fee @ 7% of the Aeronautical revenue however, the Authority has proposed to consider the revenue share/Concession fee @ 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5th April 2018 on Capping the amount of Royalty, license Fee/Revenue Share payable to Airport Operator as a “pass through” expenditure for the Independent service Providers providing Cargo Facility, Ground handling, Supply of Fuel to Aircrafts at Major Airports. The Authority based on its order, proposed Airport Operator Fees @ 5% of the aeronautical revenue for the Third Control Period.

9.2.3.5 Rental: The Authority noted that BSSDPL, Delhi has projected the rent for HQ Noida office rental (25% to BSSDPL, Delhi) and Fuel facility rental with DAFFPL for the Third Control Period. The rental agreements with DAFFPL were valid till 31st March 2021 which is in process for renewal. Therefore, the Authority considered the rental expenses as proposed by BSSDPL.

The Authority also noted that the “New Office Space at T3” and “Land Space at T3” has still not been allotted to BSSDPL, Delhi by DIAL. Hence, the Authority sought clarification. In response to that BSSDPL, Delhi vide email dated 27.12.2021 has submitted that they recently have approached to DIAL for the suitable land option at any other place of airport. They have finalized only 2000 Sq mtr land and the Rental for land would be charged hopefully from 1st Dec 2021 however, the matter is still in discussion. Also, the BSSDPL, Delhi has not proposed any rental for the “New Office Space at T3” vide email dated 27.12.2021. The Authority proposed not to consider Rentals “Land Space at T3” in the FY 2021-22 as it is still in discussion process. However, The Authority accepted the Rental for the “Land Space at T3” for 2000 sqm as proposed by the BSSDPL, Delhi for FY 2022-23 and onwards.

9.2.3.6 Automation Expenses: The Authority noted that the BSSDPL has projected Automation Revenue expenditure for the Automation of its Refuellers and Dispensers with cost of Rs. 15000/- per month per vehicle for 24 vehicles with escalation of 3% p.a. during the Third Control Period. However, The Authority noted as per agreement the monthly cost will be Rs. 13950/- per vehicle and hence recalculated Automation charges on the Refuellers and Dispensers.

Table 35: Automation Revenue Expenditure proposed by Authority for the Third Control Period.
Amount (Rs. in Lakhs)

Particulars	2022-23	2023-24	2024-25	2025-26	Total
Software charges Per vehicle	1.72	1.78	1.83	1.88	
Escalation as proposed by BSSDPL	3%	3%	3%	3%	
No. of vehicles	14	17	18	19	
Total Cost	24.14	30.19	32.93	35.80	123.05

9.2.3.7 **HQ Cost:** The Authority observed that BSSDPL has projected Rs. 58.25 lakhs as HQ Cost allocation in the FY 2021-22. The Authority sought clarification in this regard. In response, BSSDPL, Delhi has submitted that as per their policy, 25% of the total HQ cost has been allocated to BSSDPL, Delhi and rest 75% is allocated to other offices of BSSPL on the basis of turnover of the previous Financial Year. The Authority further noted that in the annual audited account of BSSDPL, Delhi for the FY 2020-21, there was also an allocation of HQ cost to the tune of Rs. 61.83 lakhs. Hence, The Authority proposed to consider the HQ expenses for FY 2021-22 as projected by the BSSDPL, Delhi based on their policy. However, the Authority is of the view that YoY increase proposed by BSSDPL is on higher side. Hence, the Authority proposed to consider a moderate YoY increase of 3% in the HQ cost allocated to BSSDPL.

9.2.4 Based on above considerations, the Authority proposed the following growth rates in Operation and Maintenance expenses, as compared to the previous year's actuals/ projections, so as to not burden the stakeholders considering the present dire situation arising from the catastrophic impact of COVID:

Table 36: Percentage (%) Increase in OPEX proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

Particulars	2022-23*	2023-24	2024-25	2024-25
Employee Benefit Expenses	3%	3%	3%	3%
Operational Expenses	3%	3%	3%	3%
Administrative expenses	3%	3%	3%	3%
HQ Cost	3%	3%	3%	3%

*over FY 2021-22

9.2.5 The Authority after considering the above growth rates, proposed to revise the Operating and Maintenance Expenditure given below:

Table 37: Operating and Maintenance Expenditure proposed by the Authority for the Third Control Period at Consultation stage.

Particulars	Amount (Rs. in Lakhs)							Total*
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
Employee Benefit Expenses	422.66	370.36	405.25	417.40	429.93	442.82	456.11	2151.51
Operational expenses	109.32	85.04	100.72	103.74	106.85	110.06	113.36	534.74
Concession fee	54.97	25.74	31.25	42.15	61.14	81.03	85.93	301.50
Rental expenses	89.25	100.91	156.91	405.81	270.53	297.27	326.67	1457.19
Administrative expenses	62.13	41.18	54.63	53.18	54.77	56.42	58.11	277.11
Automation expenses	0.00	0.00	0.00	24.14	30.19	32.93	35.80	123.05
Apportionment of HQ Cost	43.71	61.83	58.25	60.00	61.80	63.65	65.56	309.26
Total OPEX	782.04	685.06	807.01	1106.43	1015.21	1084.18	1141.54	5154.36

*Total has been taken for the figures of FY 2021-22 to FY 2025-26.



9.3 Stakeholders' comments regarding Operating and Maintenance Expenditure for the Third Control Period:

BSSDPL's Comments on Operating and Maintenance for the Third Control Period

- 9.3.1 BSSDPL has submitted that it is unable to arithmetically derive the operating expenses that AERA has projected for FY 2021-22 as the basis on which the amounts for the first year of TCP in respect of operating and maintenance expenses have been projected is not clear and requests the Authority to explain all the basis, assumptions and workings based on which the employee benefit expenses, operational expenses, administrative expenses, and HQ costs have been projected for FY 2021-22.
- 9.3.2 BSSDPL has further quoted the clause 9.10.1, 9.10.2, 9.10.3 and 9.10.7 along with table 33 of Consultation Paper and submitted that Y-o-Y increase of 3% as allowed by the Authority in respect of Employee Benefit expenses, operational expenses, administrative expenses, and HQ Costs is not in line with the inflationary increases and no clear justification has been provided by the Authority.
- BSSDPL has further submitted that the Authority has allowed an inflationary increase of 4.9% for operational & maintenance expenditure, keeping in view the inflationary rate as per RBI rate for Indian Oil Skytanking Delhi Private Limited (IOSDPL), another ISP for into plane services in DIAL airport itself, in the Consultation Paper No. 33/2021-22 issued on the same day as that of BSSDPL. Hence, BSSDPL submitted that there is no uniformity in the parameters adopted by the Authority for similar service providers in the same airport.
- 9.3.3 BSSDPL further re-iterated that most of the operating and maintenance expenses are not directly proportional to the volume of business as stated by the Authority in the consultation paper. Most of these expenses are fixed in nature and BSSDPL has made a detailed-bottom up-computation while projecting the costs for the third control period after taken into account the nature of expense, inflationary increases and the volume of business. The disallowance of costs and restricting it to only a 3% increase Y-o-Y will severely affect the cashflows of the Company and the very functioning of operations on day-to-day basis and accordingly requests the Authority to provide a Y-o-Y increase in operating and maintenance expenditure as submitted in its MYTP by BSSDPL.
- 9.3.4 In regards to the Authority's view on considering the revenue sharing @ 5% in place of 7%, BSSDPL submitted that Royalty capping order is only applicable for Price Cap approach and as per extant guidelines, the tariff is to be determined based on light touch approach only. BSSDPL further submitted that revenue share is on the basis of competitive tendering process of DIAL and any revenue share earned by DIAL will cross subsidies the Aeronautical charges levied and collected by the Airport operator from airlines and passengers. Hence, the users are not put to any disadvantage. Accordingly, BSSDPL requests the Authority to allow the entire revenue share as a pass through, instead of capping the pass through to 5% as reduction of in these legitimate contracted costs puts BSSDPL in a disadvantageous position.
- 9.3.5 In regards to the Authority's view on rental cost, BSSDPL has quoted Para 9.10.5 of Consultation paper and submitted that BSSDPL is unable to understand the basis on which the amounts from FY 2022-23 to FY 2025-26 is projected by AERA and also unable to arithmetically derive the rental costs that the Authority has projected for the Third control period from FY 2022-23 to FY 2025-26. As per clause 6.2 of the Concession Agreement, BSSDPL will have to pay rental cost during the third control period.

BSSDPL has further submitted that BSSDPL commenced paying the rental for New ITP depot



w.e.f. 27th January 2022. The total rental paid in FY 2021-22 is Rs. 37.41 Lakhs. The new ITP depot is expected to be completed and commissioned in FY 2023-24. Hence, BSSDPL would require to continue having the existing space till FY 2023-24. In view of this, BSSDPL has submitted the following revised projections for rental costs for consideration of the Authority:

Revised Rental as submitted by BSSDPL for the Third Control Period.

Particulars (Rs in lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26
New ITP Depot	37.41	234.74	258.21	284.03	312.43
Old Space	156.91	171.07	186.52	13.23	14.23
Total Rental Costs	194.32	405.81	444.73	297.26	326.66

- 9.3.6 In regards to the Authority's proposal to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period to the maximum ceiling of 10%, in case the market share of BSSDPL does not increase up to 35% during the Third Control Period, BSSDPL has submitted that business of ITP is dependent on supplier and ITP is not directly involved in the refueling business of Airlines. It is the supplier who contracts with the Airlines. Currently BSSDPL is doing 25 % of the Airport volume and historically this percentage hovered around 23.64%. Table showing historic market share is as under:

Historic market share of BSSDPL as submitted by BSSDPL.

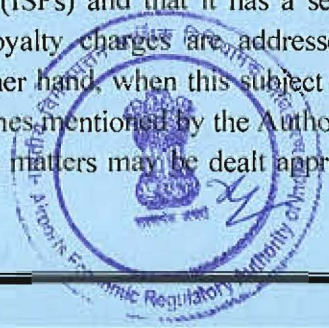
Particulars	2017-18	2018-19	2019-20	2020-21	2021-Jan 22
Market share	27.11%	26%	23.30%	20.90%	20.90%

Therefore, BSSDPL has submitted that even with lot of efforts to get new business, getting to an average of around 35% market share will be a tough task during the Third Control Period With the constant swings in the aviation business due to the pandemic, getting to this average an even bigger task. Accordingly, BSSDPL requests the Authority to allow the entire true up of costs at the time of determination of the tariff for the next control period and not restrict it to 10% deviation.

SpiceJet's Comments on Operating and Maintenance for the Third Control Period

- 9.3.7 SpiceJet has requested the Authority to abolish the royalty and submitted that Any attempt to award the contracts by the airport operator on highest revenue share basis should be discouraged as it breeds inefficiencies and tends to disproportionately increase the cost. It is general perception service providers has no incentive to reduce its expenses as any such increase will be passed on to the airlines through tariff determination mechanism process and indirectly airlines will be forced to bear these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the Airport Operator. royalty is in the nature of market access fee, charged (by any name or description) by the Airport Operator under various headings without any underlying services. These charges are passed on to the airlines by the airport operator or other services providers.

SpiceJet has further submitted that on requesting abolishment of Royalty Charges / Concession Fees, sometimes it is mentioned by the Authority during the determination of Aeronautical Tariff of various airports that it would take the suggestions into account while determining the tariff for the Independent Service Providers (ISPs) and that it has a separate tariff determination process for service providers where the royalty charges are addressed alongside a rigorous stakeholder's consultation process. On the other hand, when this subject is broached during tariff determination process of the ISPs, it is sometimes mentioned by the Authority that the determination of Royalty is a non-regulatory issue and such matters may be dealt appropriately between stakeholders and the

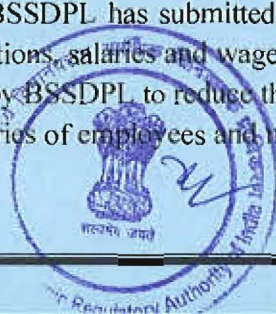


concerned service providers. It appears that the Authority or airline has little say in this matter. Hence, SpiceJet requests the Authority to take a fair view on the amount of concession fee to be built into the building blocks, if any, for the computation of the ARR, including the determination process where light touch approach is adopted as Authority is not bound to be governed by the agreement between the Independent Service Providers and the Airport Operator.

- 9.3.8 SpiceJet has further submitted whether BSSDPL has taken cost cutting measures including re-negotiations of all the cost items on its profit and loss account. It is to be noted that cost incurred by BSSDPL impacts the airlines, as such cost is passed through or borne by the airlines. Hence SpiceJet requests the Authority to advise BSSDPL to review its spending on operational expenditure by re-negotiate all the operational expenditure costs/ fees in a significant manner as across various industries, instead of cost escalations, all the costs have been renegotiated downwards substantially. Accordingly, BSSDPL needs to significantly reduce all such costs by at least 35% and further no escalation in operational and maintenance expenditure should be permitted.
- 9.3.9 SpiceJet has further submitted that instead of a significant reduction in cost items of operating expenses, the Authority has proposed a Y-O-Y percentage increase of 3% on Payroll, Utility, Upkeep Cost, Administration and General Expenses escalation without any rationale. While the aviation sector, including airlines have incurred huge losses, BSSDPL on the other hand seems to have paid/will pay incremental salaries which may not appear prudent. It appears that BSSDPL wants to recover its full employee cost from the airlines, which are facing significant challenges to meet its operating expenses. There should not be any increase in manpower till the existing manpower is effectively utilized and also BSSDPL should considerably restructure its employee benefit expenses and other expenses by reviewing existing manpower/ contract manpower and hence Y-O-Y increase should be avoided. SpiceJet further submitted that existing manpower can be reviewed and any additional costs due to contract manpower or otherwise should be reduced and there should not be any increase in manpower to put on hold till the existing manpower is effectively utilized as it will take another two (2) - three (3) years to recover. SpiceJet also submitted that 3% Y-o-Y increase as proposed for Utility & Upkeep Cost should be avoided as activity level has gone down drastically.
- 9.3.10 SpiceJet has further referred para 4.17 and Table 12 of the Consultation paper and submitted that i6 system would be newly installed during 2022-2025 and under warranty, and hence the Repair & Maintenance of the i-6 system should be zero. Hence, SpiceJet requests the Authority to hold on such hefty investments in the Third Control Period or quantify the overall savings that will be generated in the Third Control Period due to its implementation and such savings should be transparently passed on Airlines forthwith. BSSDPL's Comments on Operating and Maintenance for the Third Control Period

9.4 BSSDPL's response to Stakeholders' comments regarding Operation and Maintenance Expenditure for the Third Control Period:

- 9.4.1 In response to SpiceJet comment regarding abolishment of Royalty charges, BSSDPL has submitted that BSSDPL is actually paying higher percentage to DIAL and absorbing loss as the Authority had allowed only 5% as passthrough due to capping.
- 9.4.2 In response to SpiceJet comment, BSSDPL has submitted that the operating costs on account of lease rentals, electricity, communications, salaries and wages, continues to go up with each passing year. All the efforts has been taken by BSSDPL to reduce the expenses which includes reduction in No. of employees, deduction in salaries of employees and no increment from last 2 years to any of



the employees, which is also leading to shortage of required manpower which is required as per our specifications, apart from other savings, the operations continue to be abysmally low with ITP agents incurring heavy losses, as optimum level of equipment and manpower is being sustained even on low volumes keeping in view that Airlines may resume their operations at short notice once the pandemic subsides. It is pertinent to mention that more than 80% of operating cost is generally fixed in nature irrespective of the volume of business and also paying significantly high rentals subsequent to Delhi ITP tender from 2021-22 which are non-controllable cost for BSSDPL. BSSDPL has further submitted that their business is labour intensive and they have already optimizing all their cost in such a way that further reduction is not possible now.

9.5 Authority's analysis on Stakeholders' comments regarding Operation and Maintenance (O&M) Expenditure for the Third Control Period:

- 9.5.1 The Authority notes the comments of BSSDPL and SpiceJet on Royalty Charges/ Concession Fee and response of ISP thereon. The Concession Fee paid by the ISP to the Airport Operator is in accordance with the Concession Agreement executed between the Service Provider and the Airport Operator. The Authority considers that bidding process, based on which the Royalty Charges/ Concession Fee is levied on to the ISPs, is a non-regulatory issue and such matters may be dealt appropriately between Stakeholders and the concerned Service Providers. The Authority has considered Concession Fee @ 5% as per the AERA Order No 01/2018-19 dated 05th April, 2018 in place of 7% as proposed by the BSSDPL.

The Authority further states that since such revenues are considered aeronautical by the Authority in the tariff determination process of the Airport Operator, they lead to reduction in Tariff thus benefitting the Airport Users.

- 9.5.2 The Authority has also examined the SpiceJet's comment regarding operational expenditure to be reduced by at least 35% and the response of the ITP service provider thereon. The Authority has observed that the operational and maintenance cost of the BSSDPL is disproportionate to their market share and on the higher side as compared to other ITP service provider at IGIA, Delhi. The Authority has also noted BSSDPL's response that operating cost is generally fixed in nature irrespective of the volume of business and BSSDPL is also paying the rental for New ITP depot w.e.f. 27th January 2022. However, the Authority is of the view that BSSDPL should adopt aggressive cost control measures on all expenses to improve the efficiency in its operations.

- 9.5.3 The Authority notes the comments of SpiceJet and BSSDPL regarding Y-O-Y percentage increase allowed for Employee Benefit expenses, operational expenses, administrative expenses, and HQ Costs and the response of the ITP service provider thereon. The Authority feels that to put on hold any Y-O-Y increase in operating cost as requested by SpiceJet may affect the cashflow of the Company and not practically feasible due to factors like annual increments and further statutory increase in wages, etc.

The Authority also notes BSSDPL's comment regarding no uniformity in the parameters adopted by the Authority for Y-O-Y increase for similar service providers in the same airport. In this regard, the Authority reiterates its view that the operational and maintenance cost of the BSSDPL is disproportionate to their market share and cost of most of the operating parameters is much higher compared to its competitor's cost. BSSDPL should adopt aggressive cost control measures on such expenses to maintain the efficiency in its operations and should review its cost structure and also the employee structure, not to burden the stakeholders particularly, considering the present dire situation arising from the catastrophic impact of COVID. However, the Authority feels that general inflation



impacts all the service providers and keeping in view the inflation rate of 4.9% as per RBI, decides to consider Y-O-Y increase in employee benefit expenses, operational expenses, administrative expenses, and HQ Costs for the period FY 2022-23 to FY 2025-26 as under:

Table 38: Percentage (%) Increase in OPEX decided by the Authority for BSSDPL for the Third Control Period.

Particulars	2022-23*	2023-24	2024-25	2024-25
Employee Benefit Expenses	4.9%	4.9%	4.9%	4.9%
Operational Expenses	4.9%	4.9%	4.9%	4.9%
Administrative expenses	4.9%	4.9%	4.9%	4.9%
HQ Cost	4.9%	4.9%	4.9%	4.9%

*over FY 2021-22

- 9.5.4 The Authority further notes the comments of SpiceJet regarding nil cost of R&M for i6 system as it will be newly installed and quantification of overall savings that will be generated in the Third Control Period due to its implementation or deferment of installation of i6 system. The Authority has noted that no counter comment has been submitted by BSSDPL on this matter. The Authority is of the view that the agreement executed between i6 systems Limited (UK) and BSSDPL for a period of 24 months has been considered while projecting the automation cost in the consultation paper. However, The Authority expects BSSDPL to make the efforts for the cost saving in this aspect also.
- 9.5.5 The Authority has noted the comment of BSSDPL regarding the explanation of all the basis, assumptions and workings based on which the employee benefit expenses, operational expenses, administrative expenses, and HQ costs have been projected for FY 2021-22 by the Authority. The Authority feels that all the basis for Operating and Maintenance expenses for FY 2021-22 are well explained with reason under chapter 9 in the consultation paper. However, on the request of BSSDPL, same are reiterated as under:

Table 39: Basis considered by the Authority for projection of Operating and Maintenance expenses for FY 2021-22 in Consultation paper.

Expense Head	Basis
Employee Benefit Expenses	Actual cost of FY 2019-20 considered, after excluding Rs.43.71 lakhs for the HQ Cost allocation, Rs. 10.10 lakhs for Reimbursement by the parent company for manpower, Rs. 14.25 lakhs on account of reduction of 3 employees and Rs. 3.17 lakhs approx. for one month one General Manager Salary.
Concession fee	Restricted at 5% of the Aeronautical revenue based on AERA Order No. 01/2018-19 dated 5 th April 2018
Rental expenses	As submitted by BSSDPL via email dated 27.12.2021 after excluding the rent for Land space at T3 for FY 2021-22.
Operational expenses	As submitted by BSSDPL
Administrative expenses	
Apportionment of HQ Cost	

- 9.5.6 The Authority also notes the BSSDPL's comment regarding the payment of Rs. 37.41 lakhs on account of rental for new ITP depot w.e.f. 27th January 2022 and accordingly has decided to consider the rental for the land for new ITP depot for the Third Control Period as provided by the

BSSDPL. The Authority has also noted that BSSDPL while submitting the revised rental expenses has considered the rental of existing areas (to be surrendered after commissioning of ITP depot) for all the twelve months of FY 2023-24. In this regard, the Authority decides to consider only half year's rental for the FY 2023-24 for these areas, as entire operations would be shifted to proposed ITP depot building proposed to be commissioned in FY 2023-24 by BSSDPL. The revised rental cost as decided by the Authority is as under:

Table 40: Revised Rental Expenses as decided by the Authority for the Third Control Period.

Particulars (Rs in lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
New ITP Depot	37.41	234.74	258.21	284.03	312.43	1126.82
Old Space	156.91	171.07	99.42	13.23*	14.23*	454.87
Total Rental Costs	194.32	405.81	357.64	297.26	326.66	1581.69

* Rental for Noida office @25% and fuel facility.

9.5.7 The Authority has also noted BSSDPL's request to allow the entire true up of costs at the time of determination of the tariff for the next control period and not restrict it to 10% deviation. In this regard, the Authority is of the view that it is not material that whether ITP service provider itself brings the business or through its suppliers, it is ultimately the BSSDPL's responsibility to increase its market share. The Authority expects that BSSDPL should bring more efficiency in its working to optimize the operational and maintenance expenses and should make all the endeavour to increase its market share to have economy of scale to its operations during the Third Control Period and should increase its market share atleast to 35% during the Third Control Period.

9.5.8 As regard to comment of BSSDPL relating to bid award cost of Rs. 25 lakhs paid to Airport Operator, the Authority has examined the concession agreement and extract of clause 1.3.1 of concession agreement is reproduced as below:

"The Concession under this Concession Agreement shall only become exercisable upon the Concessionaire/Selected Bidder having complied with the following conditions precedent.....

f) Payment of a sum of INR 25,00,000/- {Indian Rupees Twenty Five Lakhs only), as Bid

Award Cost to DIAL in the manner provided in RFP.

....."

The Authority considering the fact that payment of Bid Award cost to Airport Operator is precedent condition in the concession agreement to provide ITP services, decides to allow bid award cost of Rs. 25 lakhs as administrative expenses for the FY 2021-22.

9.5.9 Based on the above analysis, the Authority therefore, decides to revise the Operating and Maintenance Expenditure as given below

Table 41: Operating and Maintenance Expenditure considered by the Authority for the Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Employee Benefit Expenses	405.25	425.10	445.93	467.79	490.71	2234.78
Operational expenses	100.72	105.66	110.83	116.26	121.96	555.43
Concession fee	36.79	56.19	67.04	75.25	84.37	319.62
Rental expenses	194.32	405.81	357.64	297.26	326.66	1581.69

Administrative expenses	79.63*	54.16	56.81	59.60	62.52	312.72
Automation-Reven	0.00	24.14	30.19	32.93	35.80	123.05
Apportionment of HQ Cost	58.25	61.10	64.10	67.24	70.53	321.23
Total Opex	874.96	1132.15	1132.54	1116.32	1192.55	5448.52

* Rs. 79.63 Lakhs (Rs. 51.63 lakhs +25 lakhs +3 lakhs) The y-o-y growth for FY 2022-23 has been computed for administrative expenses excluding one-time expenses i.e. Bid Award Cost and Consultant Fee for preparation of MYTP.

9.6 Authority's decision regarding Operation and Maintenance Expenditure for the Third Control Period

Based on the material before it and based on its analysis, the Authority has decided the following regarding Operation and Maintenance Expenditure for BSSDPL for the Third Control Period:

- 9.6.1 To consider the Operational and Maintenance Expenditure as per Table 41.
- 9.6.2 To true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period to the maximum ceiling of 10%, in case the market share of BSSDPL does not increase upto 35% during the Third Control Period.



CHAPTER 10. TAXATION

10.1 BSSDPL's submission on Taxation for the Third Control Period as part of MYTP.

10.1.1 As per clause 9.5 of CGF Guidelines dated 10th January, 2011, taxation represents payments by the Service Provider in respect of corporate tax on income from assets and services taken into consideration for determination of Aggregate Revenue Requirement. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

10.1.2 BSSDPL projected income tax @ 24.48% (Basic rate 22% rate of tax + 7% Surcharge + 4% Cess) on regulatory profits.

10.1.3 The tax projections submitted by BSSDPL for the Third Control Period is given as below:

Table 42: Taxation as projected by BSSDPL for Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from Operations	579.04	1,730.18	2,473.70	2,727.25	3,006.80	10,516.97
Other Income	1.52	1.52	1.52	1.52	1.52	7.58
Less: Ind AS Adjustment (interest on security deposit)	(1.52)	(1.52)	(1.52)	(1.52)	(1.52)	(7.58)
Revenue with revised tariff	579.04	1,730.18	2,473.70	2,727.25	3,006.80	10,516.97
Aeronautical OPEX	1,047.55	1,491.17	1,551.86	1,716.65	1,856.16	7,663.40
Depreciation	149.70	163.05	190.62	227.03	242.06	972.45
Net Finance Cost (F)	113.85	195.36	207.95	165.70	86.70	769.56
Profit before tax	(732.07)	(119.40)	523.27	617.88	821.88	1111.56
Set off of accumulated Loss**	-	-	(523.27)	(617.88)	(77.33)	(1,218.48)
PBT for tax computation	(732.07)	(119.40)	-	-	744.55	(106.92)
Tax Rate	24.48%	24.48%	24.48%	24.48%	24.48%	
TAX					182.28	182.28

** Computation of set off of accumulated losses as submitted by BSSDPL, Delhi

Particulars (In Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Opening Unabsorbed Loss	(367.01)	(1,099.08)	(1,218.48)	(695.21)	(77.33)	
Addition	(732.07)	(119.40)	-	-	-	(851.46)
Set off	-	-	523.27	617.88	77.33	1,218.48
Closing Unabsorbed Loss	(1,099.08)	(1,218.48)	(695.21)	(77.33)	-	

10.2 Authority's examination regarding Taxation for the Third Control Period at Consultation Stage:

10.2.1 The Authority noted that BSSDPL has considered opening Unabsorbed Loss as on 31.03.2021 of Rs. 367.01 lakhs.

10.2.2 The Authority re-computed the taxes based on the revised regulatory blocks for the Third Control Period proposed in the consultation paper and opening unabsorbed loss as projected by BSSDPL. The following table summarizes the Aeronautical taxes proposed by the Authority for the Third Control Period.



Table 43: Tax proposed by the Authority for the Third Control Period at Consultation Stage

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Aeronautical Revenues with revised tariffs (Refer Table 54)	624.93	843.01	1222.86	1620.57	1718.62	6029.99
Aeronautical OPEX (Refer Table 37)	807.01	1106.43	1015.21	1084.18	1141.54	5154.36
Depreciation (Refer Table 21)	144.12	142.40	145.50	151.88	157.03	740.93
Net Finance cost*	85.54	121.36	128.05	87.70	47.36	470.28
Profit before tax	(411.75)	(527.25)	(65.90)	296.82	372.70	(335.58)
Set-off of prior period tax losses**				(296.82)	(372.70)	(669.51)
PBT after set-off of prior period tax losses	(411.75)	(527.25)	(65.90)	0.00	0.00	(1005.10)
Tax rate (%)	24.48%	24.48%	24.48%	24.48%	24.48%	
Tax	0.00	0.00	0.00	0.00	0.00	0.00
PAT	(411.75)	(527.25)	(65.90)	296.82	372.70	(335.58)

*calculated @8% p.a.

** Computation of set off of losses as proposed by Authority for the Third Control Period.

Particulars (In Lakhs)	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Opening Unabsorbed Loss	(367.01)	(778.76)	(1306.21)	(1372.11)	(1075.29)	
Addition	(411.75)	(527.45)	(65.90)			(1005.10)
Set off	0.00	0.00	0.00	296.82	372.70	669.51
Closing Unabsorbed Loss	(778.76)	(1306.21)	(1372.11)	(1075.29)	(702.60)	

10.3 Stakeholders' comments regarding Taxation for the Third Control Period:

10.3.1 During the stakeholder consultation process, the Authority has received no comments/views from stakeholders in response to the proposals of Authority in the Consultation Paper no. 32/2021-22 with respect to Taxation for the Third control period.

10.4 Authority's analysis on Stakeholders' comments regarding Taxation for the Third Control Period:

10.4.1 Based on its analysis of other regulatory building blocks, the Authority has re-computed taxation for the Third Control Period and the same is presented in the table below:

Table 44: Taxation considered by the Authority for the Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Aeronautical Revenues with revised tariffs (Refer Table 56)	735.75	1123.37	1340.72	1504.97	1687.49	6392.31
Aeronautical OPEX (Refer Table 41)	874.96	1132.15	1132.54	1116.32	1192.55	5448.52
Depreciation (Refer Table 21)	144.12	142.40	145.50	151.88	157.03	740.93
Net Finance cost	85.54	121.63	128.05	87.70	47.36	470.28
Profit before tax	-368.88	-272.80	-65.38	149.07	290.56	-267.42
Set-off of prior period tax losses**				-149.07	-290.56	-439.64
PBT after set-off of prior period tax losses	-368.88	-272.80	-65.38	0.00	0.00	-707.06
Tax rate (%)	24.48%	24.48%	24.48%	24.48%	24.48%	
Tax	0.00	0.00	0.00	0.00	0.00	0.00
PAT	-368.88	-272.80	-65.38	149.07	290.56	-267.42



10.5 Authority's decisions regarding Taxation for the Third Control Period

Based on the material before it and its analysis, the Authority has decided the following regarding provision for taxation for BSSDPL for the Third Control Period:

- 10.5.1 To consider Tax expenses for determination of ARR of BSSDPL as per Table 44.
- 10.5.2 To true up the Tax expenses in the next Control Period based on the actual tax liability during the Third Control Period.



CHAPTER 11. AGGREGATE REVENUE REQUIREMENT (ARR).

11.1 BSSDPL's submission on Aggregate Revenue Requirement for the Third Control Period as part of MYTP under Price Cap Model.

11.1.1 BSSDPL has submitted Aggregate Revenue Requirement (ARR) for the Third Control Period. The summary of ARR has been presented below:

Table 45: Aggregate Revenue Requirement (ARR) as projected by BSSDPL for the Third Control Period.

Amount (Rs. in Lakhs)						
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
RAB	890.40	1,261.33	1,610.56	1,754.32	1,676.18	
FRoR	14.25%	14.25%	14.25%	14.25%	14.25%	
Return on RAB	126.88	179.74	229.50	249.99	238.86	
Depreciation	149.70	163.05	190.62	227.03	242.06	972.46
Operational Expenses	1,007.02	1,370.06	1,378.70	1,525.74	1,645.69	6927.21
Concession Fee	40.53	121.11	173.16	190.91	210.48	736.19
Tax	-	-	-	-	182.28	182.28
Interest on Security Deposit	29.70	29.70	32.40	35.55	39.00	166.35
ARR	1,353.84	1,863.65	2,004.39	2,229.21	2,558.36	10009.45
Discount Factor	1.00	0.88	0.77	0.67	0.59	
PV of ARR	1,353.84	1,631.21	1,535.57	1,494.80	1,501.54	7516.96
Fuel Throughput Volume (Lakhs KL)	2.90	3.99	5.43	5.70	5.99	24.01
Rate per KL	199.67	433.90	455.60	478.37	502.29	2069.83
Revenue	579.04	1,730.18	2,473.70	2,727.25	3,006.80	10516.97
PV of Revenue	579.04	1,514.38	1,895.11	1,828.76	1,764.73	7582.02
Excess/(Shortfall)	(774.80)	(116.83)	359.54	333.96	263.20	65.07
Cumulative Excess/(Shortfall)	65.07					

11.1.2 In its submission, BSSDPL proposed Return @ 9.9% on Interest free Security Deposit of Rs. 3.00 deposited with DIAL for the Third Control Period as given below:

Table 46: Security Deposit and return on security deposit as projected by BSSDPL for Third Control Period.

Amount (Rs. in Lakhs)					
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Security Deposit	300.00	300.00	327.28	359.05	393.93
Return on SD @ 9.9%	29.70	29.70	32.40	35.55	39.00



11.2 Authority's examination regarding Aggregate Revenue Requirement at Consultation Stage:

11.2.1 The Authority, examined the submissions made by BSSDPL regarding ARR, proposed to determine ARR as per its own philosophy and guiding principles based on its analysis of building blocks/ RAB as discussed in prior Chapters of the Consultation Paper.

11.2.2 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR. With respect to each element of the regulatory building blocks considered by BSSDPL in computation of ARR in Table above, the Authority proposed as below:

- To consider the average RAB in accordance with Table 25
- To consider the FRoR in accordance with Table 28
- To consider the O&M expenses as per Table 37
- To consider the Depreciation as per Table 21
- To consider the Nil liability of Tax as per Table 43
- To consider the Non-Aeronautical Revenue/ Other Income Nil
- To consider the Total Fuel Throughput Volume in accordance Table 6

11.2.3 The Authority noted that the BSSDPL has considered Interest on security deposit in computation of ARR. The Authority observed that as per clause no. 6.7 of the concession agreement it is mentioned that the Selected Bidder has deposited Security Deposit equivalent to INR 3,00,00,000/- (INR Three Crores only) with DIAL as an interest free, refundable Security Deposit. At the end of every Financial Year, the Concessionaire shall reset the Security Deposit amount, which shall be higher of the following:

- A. An amount equivalent to the Revenue Share Amount paid during the preceding six (06) months and License Fee of last 6 months of License Fee for the Location; and
- B. INR 3,00,00,000/- (Indian Rupees Three Crores only).

The Authority proposed 5% return on security deposit in respect of the BSSDPL which is consistent with the Authority's decision in case of other ISP's/Airport Operators. Accordingly, the Authority re-calculated the Security Deposit (SD) and return on Security deposit based on the relevant provisions of the Concession Agreement as given below:

Table 47: Return on security deposit proposed by the Authority for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. in Lakhs)				
	2021-22	2022-23	2023-24	2024-25	2025-26
Security deposit	300.00	300.00	300.00	300.00	300.00
Return on security deposit@5%	15.00	15.00	15.00	15.00	15.00

11.2.4 After considering the above, the Authority proposed the following ARR as presented below:

Table 48: Aggregate Revenue Requirement (ARR) proposed by the Authority for BSSDPL for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. In Lakhs)					Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
Average RAB (Refer Table 25)	833.95	964.59	1103.71	1119.51	1036.50	
Fair Rate of Return (Refer Table 28)	9.75%	9.75%	9.75%	9.75%	9.75%	

Return on RAB	81.31	94.05	107.61	109.15	101.06	493.18
O&M (Refer Table 37)	807.01	1106.43	1015.21	1084.18	1141.54	5154.36
Depreciation (Refer Table 21)	144.12	142.40	145.50	151.88	157.03	740.93
Tax (Refer Table 43)	0.00	0.00	0.00	0.00	0.00	0.00
Return on Security Deposit @5% (Refer Table 47)	15.00	15.00	15.00	15.00	15.00	75.00
ARR	1047.44	1357.88	1283.32	1360.21	1414.62	6463.47
Discount Rate	9.75%	9.75%	9.75%	9.75%	9.75%	
PV Discount Factor	1.00	0.91	0.83	0.76	0.69	
PV of ARR	1047.44	1237.24	1065.44	1028.94	975.04	5354.10

11.2.5 Based on the detailed analysis and approach on each building block, the Authority had calculated ARR as per Table 48 which results in a one-time increase of 18.62% on the existing tariff to meet the ARR. However, in order to reduce the impact of drastic increase in the tariff, particularly considering the prevailing pandemic situation, the Authority proposed to carry forward certain portion of ARR to the next Control Period and thereafter proposed one-time increase of 4.57% to meet the balance ARR.

However, the Authority further proposed to stagger this one-time increase over the entire Third Control Period. The year wise increases in tariff rates over the existing tariff proposed by Authority for the Third Control Period is given below:

Table 49: Percentage YoY increase in tariff proposed by Authority at Consultation Stage.

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
% YoY increase in tariff	0.00%	2.00%	2.00%	1.05%	1.00%

11.3 Stakeholders' comments regarding Aggregate Revenue Requirement for the Third Control Period:

BSSDPL's Comments regarding Aggregate Revenue Requirement for the Third Control Period:

11.3.1 BSSDPL has quoted the clause 11.5 of Consultation paper and submitted that though the clause 6.7 of concession agreement has been mentioned by the Authority in the Consultation Paper yet considered only Rs. 3 crores as security deposit throughout the control period. As per this clause of concession agreement, the Security Deposit would be higher than Rs. 3 crores in the last two years of Third control period (FY 2024-25 to 2025-26) based on the projections made by the Authority.

BSSDPL also submitted that the interest rate on the deposit has been considered at the rate of 5% in line with the assumptions taken in other ISP orders. However, in order to pay this deposit to DIAL, in the absence of available cash flows, BSSDPL would only have to use the borrowed funds. Hence, BSSDPL states that atleast a return equal to the cost of debt of 9.90% may be provided by the Authority.

BSSDPL therefore requests AERA to recompute the exact security deposit amount after considering all the submissions made by BSSDPL in the comments in addition to the submissions in MYTP and provide a return on the same equal to that of the cost of debt at least of 9.90%.



SpiceJet's Comments regarding Aggregate Revenue Requirement for the Third Control Period:

11.3.2 SpiceJet has referred the clause 11.5 of consultation paper and requests the Authority to provide clarity for the purpose behind provision of 5% return on Security deposit when no return of Security deposit is prescribed under the AERA (Terms & Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011 and accordingly requests the Authority to abolish such return on Security Deposits.

11.4 BSSDPL's response to Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the Third Control Period:

11.4.1 No counter comment has been submitted by the BSSDPL on account of Stakeholders' Comments regarding Aggregate Revenue Requirement (ARR) for the Third Control Period.

11.5 Authority's analysis on Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the Third Control Period:

11.5.1 The Authority notes the comment of BSSDPL regarding the higher amount of Security Deposit in last two tariff year of the third control period. In this regard, the Authority, based on the revised Rentals as considered by the Authority for the Third Control Period, has recalculated the security amount and found that in all the tariff year of the Third Control Period, the security amount is not crossing INR 3,00,00,000/- (Indian Rupees Three Crores only).

11.5.1 The Authority has also examined the SpiceJet's comment regarding abolishment on return on security deposit. The Authority notes that BSSDPL is required to pay interest free security deposit as per the Concession agreement between Airport Operator and ISP's. The Authority is of the view that ISP's generally deposit interest free refundable security with the Airport Operator, which is a cost for the ISP's. To compensate such cost a nominal return of 5% on account of inflation is provided on Security Deposit, which appears to be adequate.

11.5.2 The Authority also notes BSSDPL comment regarding return on security to be allowed @9.9% p.a. as in order to pay this deposit to DIAL, in the absence of available cash flows, BSSDPL have to use the borrowed funds. In this regard, the Authority feels that arranging necessary funds is internal matter of BSSDPL and the burden of higher interest rate cannot be passed on to the Users.

11.5.3 Based on its analysis and decisions of the other regulatory building blocks, the Authority has recomputed the ARR and the same is presented in the table below:

Table 50: Aggregate Revenue Requirement (ARR) as decided by the Authority for BSSDPL for the Third Control Period:

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Average RAB (Refer Table 25)	833.95	964.59	1103.71	1119.51	1036.50	
Fair Rate of Return (Refer Table 28)	9.75%	9.75%	9.75%	9.75%	9.75%	
Return on RAB	81.31	94.05	107.61	109.15	101.06	493.18
O&M (Refer Table 41)	874.96	1112.15	1132.54	1116.32	1192.55	5448.52

Depreciation (Refer Table 21)	144.12	142.40	145.50	151.88	157.03	740.93
Tax (Refer Table 44)	0.00	0.00	0.00	0.00	0.00	0.00
Return on Security Deposit @5% (Refer Table 47)	15.00	15.00	15.00	15.00	15.00	75.00
ARR	1115.39	1383.60	1400.65	1392.35	1465.63	6757.62
Discount Rate	9.75%	9.75%	9.75%	9.75%	9.75%	
PV Discount Factor	1.00	0.91	0.83	0.76	0.69	
PV of ARR	1115.39	1260.68	1162.85	1053.26	1010.20	5602.37

11.5.4 Based on the detailed analysis and approach on each building block, The Authority notes that re-computation of ARR as per Table 50 results in a one-time increase of 25.60% on the existing tariff to meet the ARR. However, in order to reduce the impact of steep increase in the tariff, particularly considering the prevailing pandemic situation, the Authority decides to carry forward a portion of ARR to the next Control Period.

11.6 Authority's decision regarding Aggregate Revenue Requirement (ARR) for Third Control Period.

Based on the material before it and detailed analysis and approach on each regulatory building block, the Authority has decided the following regarding Aggregate Revenue Requirement (ARR) for BSSDPL for the Third Control Period.

11.6.1 To consider the ARR for BSSDPL for the Third Control Period as per Table 50.

11.6.2 To true up the ARR based on actuals at the time of tariff determination for next Control Period.



CHAPTER 12. AERONAUTICAL REVENUE

12.1 BSSDPL's submission on Aeronautical Revenue for the Third Control Period as part of MYTP.

12.1.1 As per BSSDPL's submission, the projected Aeronautical Revenue for the Third Control Period is given below:

Table 51: Projected Aeronautical Revenue (Revenue from ITP services) as proposed by BSSDPL for Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue from ITP services	579.04	1730.18	2473.70	2727.25	3006.80	10516.97

12.1.2 BSSDPL has submitted Multi Year Tariff Proposal (MYTP) for Into Plane Services at Indira Gandhi International Airport, Delhi for the Third Control Period and proposed tariff rates as given below:

Table 52: Tariff rates as proposed by BSSDPL for the Third Control Period

Period	Fuelling of Aircraft	Amount (Rs. per KL)			
		Defueling of Aircraft		Refuelling of Defueled Product	
		Within 6 hours	Beyond 6 hours	Within 6 hours	beyond 6 hours
FY 2021-22	199.67	199.67	300.18	249.26	300.18
FY 2022-23	433.90	433.90	520.68	477.29	520.68
FY 2023-24	455.60	455.60	546.72	501.16	546.72
FY 2024-25	478.37	478.37	574.04	526.21	574.04
FY 2025-26	502.29	502.29	602.75	552.52	602.75

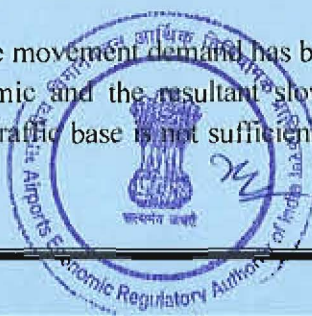
12.1.3 The Authority noted that Year on Year (%) Increase in Tariff proposed by BSSDPL for the Third Control Period is as under: -

Table 53: Year on Year (%) Increase in Tariff as proposed by BSSDPL for the Third Control Period.

Period	% Increase in Tariff Over Previous Year				
	Fuelling of Aircraft	Defueling of Aircraft		Refuelling of Defueled Product	
		Within 6 hours	Beyond 6 hours	Within 6 hours	beyond 6 hours
FY 2021-22	-	-	-	-	-
FY 2022-23	117.31	117.31	73.46	91.48	73.46
FY 2023-24	5.00	5.00	5.00	5.00	5.00
FY 2024-25	5.00	5.00	5.00	5.00	5.00
FY 2025-26	5.00	5.00	5.00	5.00	5.00

12.2 Authority's examination regarding Aeronautical Revenue for the Third Control Period at Consultation Stage:

12.2.1 The Authority noted that air traffic movement demand has been widely impacted due to challenges posed by the COVID-19 pandemic and the resultant slowdown in the economy. Further, the Authority noted that the existing traffic base is not sufficient for complete recovery of ARR in the



Third Control Period and that this would require a significant increase in tariffs.

- 12.2.2 The Authority is cognizant of the situation and is of the view that keeping the tariff at the current level for the entire Control Period and postponing the full recovery of shortfalls to the next Control Period will create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period. The Authority, however, is of the view that targeting a full recovery at this time may also not be fair to all the stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority notes that due to the application of "Cost Plus" method, ISP has the provision of the true up of any shortfalls in revenue recovery in the Fourth Control Period.
- 12.2.3 Based on the above analysis, the Authority proposed not to increase the ITP charges in the current financial year 2021-22 and proposed to revise the ITP charges from 01 April 2022.
- 12.2.4 Further, the Authority proposed to carry forward ₹ 535.35 Lakhs of the ARR of the Third Control Period to the Fourth Control Period in order to reduce the burden on users during the Third Control Period on account of lower aircraft traffic movement.
- 12.2.5 After considering the above, the Authority proposed the Aeronautical Revenue based on the staggered increase in Aeronautical charges as follows:

Table 54: Aeronautical Revenues and Shortfall proposed by the Authority for the Third Control Period at Consultation Stage.

Particulars	Amount (Rs. In Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
PV of ARR (Refer Table 48)	5354.10					
Present tariff rate (Rs/KL)	199.67					
Fuel Throughput (Lakhs KL) (Refer Table 6)	3.13	4.14	5.89	7.72	8.11	28.98
Revenue as per existing Tariff	624.93	826.48	1175.38	1541.46	1618.53	5786.77
PV Revenue as per existing Tariff	624.93	753.05	975.82	1166.05	1115.59	4635.44
Proposed Tariff Increase (Refer Table 49)	0.00%	2.00%	2.00%	1.05%	1.00%	
Proposed Tariff Rates (Rs/KL)	199.67	203.66	207.74	209.92	212.02	
Revised Revenue at proposed Tariff Rates	624.93	843.01	1222.86	1620.57	1718.62	6029.99
PV Revenue at proposed Tariff Rates	624.93	768.11	1015.24	1225.90	1184.57	4818.75
Shortfall proposed to be carried forward to next Control Period in NPV terms as on 31.03.2022	(535.35)					



12.3 Stakeholders' comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

BSSDPL's Comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

- 12.3.1 BSSDPL has submitted that there has been no increase in the tariff for the past 4 years. This was fixed at Rs. 199.67 per KL for the second control period. Without increase in tariff and with disallowances of capital spend and operating expenses, it becomes additionally difficult to maintain the quality of service in the airports. Further, the cashflows are already strained considering the pandemic scenario and such disallowances would only further hinder the growth and would even render the day-to-day operations difficult. While BSSDPL had appealed to AERA vide letter dated 21st September 2018 to keep the rates in line with that of its competitor in DIAL, BSSDPL submits that considering the different business dynamics, maturity levels of business, volumes handled, etc. there is a possible need for differential pricing between the players in the same airport and customers would now be able to weigh both the quality of service as well as the tariff while choosing their preferred input service provider for into plane services. Hence, BSSDPL requests the Authority to consider the tariff rates as submitted by BSSDPL in its MYTP.
- 12.3.2 BSSDPL has further submitted that the Authority has staggered the increase in the tariff rate increase over the 4 tariff years of the third control period and this would severely impact the cash flows of the company and thus requests the Authority to allow the increase in the rates in year 2 of the third control period itself.
- 12.3.3 BSSDPL has also submitted that BSSDPL also submits that AERA may consider bringing parity/uniformity in the assumptions of expenses, tariff, etc. between the competitors in the same airport based on key parameters such as volumes handled, size of the company, etc. to ensure that a level playing field is established in the airport for all the competitors.

BPCL's Comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

- 12.3.4 BPCL has submitted that different tariffs have been proposed in all the tariff years for IOSDPL and BSSDPL. Since the level of service is same and both ITP service providers necessarily need to follow the same parameter of Safety and Quality at the time of execution of work and there are well defined service parameters benchmarked to international standards, the ITP Tariffs may be kept at par for both the service providers at IGI Airport, Delhi.

SpiceJet's Comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

- 12.3.5 SpiceJet has referred clause 11.7, 12.9.3, Table 41 and 45 along with Annexure I of consultation paper and submitted that the Authority proposed an increase in the Aircraft Fuelling and Aircraft De-Fuelling charges. However, SpiceJet is of the view that there should be a reduction in the existing charges so that airlines can bring the tariff levels down further in the interest of all stakeholders to reduce tariffs in order to encourage middle class people to travel by air, which will help in sharp post-COVID-19 recovery of aviation sector. It will help in achieving the affordability and sustainability of the aviation sector including airline, which is also outlined as key objective in the National Civil Aviation Policy, 2016.

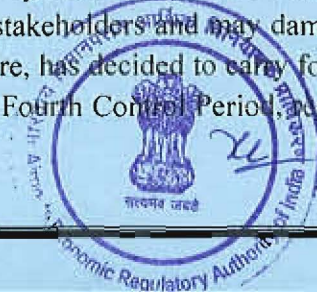


12.4 BSSDPL's response to Stakeholders' comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

- 12.4.1 In response to BPCL comment for the similar Tariff for both the service providers at IGI Airport, Delhi BSSDPL has submitted that it is not appropriate to have similar tariff as BSSDPL has significantly lesser percentage of volume in total airport volume.
- 12.4.2 BSSDPL has further submitted that BSSPL is a very small player in the entire aviation fuel supply chain, with ITP service fee as the only source of revenue. BSSPL has been under tremendous financial crunch due to revenue loss imposed by low volume throughput since the beginning of the pandemic and hence will not be able to sustain further losses which may even threaten the very existence of the company.

12.5 Authority's analysis on Stakeholders' comments regarding Aeronautical Revenue and Annual Tariff Proposal for the Third Control Period:

- 12.5.1 The Authority notes the comments of the BPCL regarding same tariff for both the ITP service providers and the response of BSSDPL thereon. The Authority determines the tariff as per CGF Guidelines and the tariff determination exercise is based on individual service provider's Regulatory Building blocks, including traffic volume, investment, Operating Expenditure, revenue requirement for efficient and viable operations.
- 12.5.2 The Authority is of the view that determining the same tariff for different service providers rendering same service is practically not feasible, as each service provider has its unique level of investments, traffic volume and operating parameters, which requires ISP specific tariff, based on extant regulatory guidelines and determining the same tariff for competitive firms would mean preventing competing firms from further improving their efficiency and become more cost effective.
- 12.5.3 The Authority notes the comment of SpiceJet regarding reduction in the existing charges. In this regard, the Authority has determined tariff as per their CGF guidelines and takes into consideration the set procedure and various factors which impact tariff. Also, reducing the existing tariff will create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period. Hence, the same is not a viable option.
- 12.5.4 The Authority also notes the BSSDPL's comment regarding allowing the whole increase in the second tariff year of Third Control Period. In this regard, The Authority is of the view that allowing one-time increase in single year will lead to steep tariff increase and keeping in view the current economic condition of the aviation sector, such steep increase should be avoided in the interest of all stakeholder. The Authority, therefore has decided to stagger the tariff increase during the Third Control Period instead of giving one time tariff increase.
- 12.5.5 The Authority also notes the comment of BSSDPL regarding the tariff increase may be allowed as per the MYTP submission. The Authority, while determining the tariff has followed the set of procedures as per regulatory guidelines and computed ARR for Third Control Period based on review and analysis of each regulatory building blocks. The ARR computed has resulted in one-time increase in tariff by 25.60% in FY 2022-23 to meet the Aggregate Revenue Requirement (ARR) of BSSDPL. The Authority, however, is of the view that targeting a full recovery at this time may not be fair to all the stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority, therefore, has decided to carry forward Rs. 428.39 lakhs of the ARR of the Third Control Period to the Fourth Control Period, resulting in one time increase of 13.51%



in tariff.

However, considering the adverse impact of pandemic on aviation sector and low market share of BSSDPL, the Authority decides to stagger the increase in tariff for the Third Control Period, to reduce the burden on users, which is as under:

Table 55: Percentage YoY increase in tariff decided by Authority for Third Control Period.

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
% YoY increase in tariff	0.00%	5.00%	5.00%	5.00%	5.00%

12.5.6 The Authority further computed the Aeronautical Revenue for two and half months (April 2022 to 15th June 2022) at existing rate i.e Rs. 199.67 and for next nine and half months at increased rates in FY 2022-23 because the proposed Tariff Rates are to be made effective from 16th June, 2022.

12.5.7 In view of the above, the Authority has computed Aeronautical Revenue and shortfall as given below:

Table 56: Aeronautical Revenues and Shortfall decided by the Authority for the Third Control Period.

Particulars	Amount (Rs. in Lakhs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
PV of ARR (Refer Table 50)	5602.37					
Present tariff rate (Rs/KL)	199.67					
Fuel Throughput (Lakhs KL) (Refer Table 10)	3.68	5.41	6.09	6.51	6.95	28.65
Revenue as per existing Tariff	735.75	1080.60	1216.07	1300.05	1388.30	5720.78
PV Revenue as per existing Tariff	735.75	984.60	1009.60	983.44	956.90	4670.29
Proposed Tariff Increase (Refer Table 55)	0.00%	5.00%	5.00%	5.00%	5.00%	
Proposed Tariff Rates (Rs/KL)*	199.67	210	220	231	243	
Revised Revenue at proposed Tariff Rates	735.75	1123.37	1340.72	1504.97	1687.49	6392.31
PV Revenue at proposed Tariff Rates	735.75	1023.57	1113.09	1138.45	1163.12	5173.98
Shortfall proposed to be carried forward to next Control Period in NPV terms as on 31.03.2022	(428.39)					

*Proposed tariff rates are rounded off to the nearest rupee.

12.6 Authority's decision regarding Aeronautical Revenue for the Third Control Period:

Based on the material before it and based on its analysis, the Authority has decided the following for the Aeronautical Revenue (Revenue from Into Plane Services) and tariff for the Third Control Period:

12.6.1 To consider Aeronautical Revenue (Revenue from Into Plane Services) for the Third Control Period for BSSDPL as per Table 56.



- 12.6.2 To true up the Aeronautical Revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.
- 12.6.3 To carry forward the shortfall of ARR amounting to Rs. 428.39 to the Next Control Period and to true up at the time of determination of tariff for the Fourth Control Period.
- 12.6.4 To consider the Tariff Rate for BSSDPL for the Third Control Period as per **Annexure-1**.



CHAPTER 13. SUMMARY OF AUTHORITY'S DECISIONS

The summary of the Authority's decisions (given under each chapter) regarding the tariff determination of BSSDPL for the Third Control Period is as under:

Chapter and Para		Summary of Authority's Decisions	Page No.
Chapter No 2	2.6.1	The Authority decides to adopt "Price Cap Approach" on 'Single Till' basis for Tariff determination for BSSDPL for the Third Control Period.	16
Chapter No 3	3.5.1	The Authority decides to consider Fuel Throughput Volume Forecast for the Third Control Period for BSSDPL as per Table 10.	22
	3.5.2	The Authority decides to true-up the Fuel Throughput Volume on the basis of actual Fuel off take in Third Control Period at the time of determination of tariff for the next Control Period.	22
Chapter No 4.	4.6.1	The Authority decides to consider Capital Expenditure for BSSDPL as per Table 18.	34
	4.6.2	The Authority decides to reduce 1% of the non-capitalized CAPEX from the projected ARR/Target Revenue for the next Control Period during True Up, in case CAPEX targets are not achieved as per the Capitalization schedule.	34
	4.6.3	The Authority decides to true up the Capital Expenditure based on actual at the time of tariff determination for next Control Period.	34
Chapter No 5.	5.6.1	The Authority decides to consider Depreciation for the Third Control Period as per Table 21.	37
	5.6.2	The Authority decides to True up the Depreciation based on actuals at the time of tariff determination for Next Control Period.	37
Chapter No 6.	6.5.1	The Authority decides to consider Regulatory Asset Base (RAB) for the Third Control Period as per Table 25.	40
	6.5.2	The Authority decides to true up the RAB based on actuals, at the time of determination of Tariff for the Fourth Control Period.	40
Chapter No 7.	7.6.1	The Authority decides to consider the cost of equity at 14%.	45
	7.6.2	The Authority decides to consider the cost of debt at 8%.	45
	7.6.3	The Authority decides to consider Fair Rate of Return (FRoR) for the Third Control Period as per Table 28.	45
	7.6.4	The Authority decides to true up the FRoR during the tariff determination for the next Control Period.	45
Chapter No 8.	8.4.1	The Authority decides to consider "Other Income" as Nil.	46



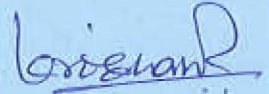
	8.4.2	The Authority decides to True-up "Other Income" based on the actual during the Third Control Period.	46
Chapter No 9.	9.6.1	The Authority decides to consider the Operational and Maintenance Expenditure as per Table 41.	59
	9.6.2	The Authority decides to true up the Operation and Maintenance Expenditure based on actuals at the time of tariff determination for next Control Period to the maximum ceiling of 10%, in case the market share of BSSDPL does not increase upto 35% during the Third Control Period.	59
Chapter No 10.	10.5.1	The Authority decides to consider Tax expenses for determination of ARR of BSSDPL as per Table 44.	62
	10.5.2	The Authority decides to true up the Tax expenses in the next Control Period based on the actual tax liability during the Third Control Period.	62
Chapter No 11.	11.6.1	The Authority decides to consider the ARR for BSSDPL for the Third Control Period as per Table 50.	67
	11.6.2	The Authority decides to true up the ARR based on actuals at the time of tariff determination for next Control Period.	67
Chapter No 12.	12.6.1	The Authority decides to consider Aeronautical Revenue (Revenue from Into Plane Services) for the Third Control Period for BSSDPL as per Table 56.	72
	12.6.2	The Authority decides to true up the Aeronautical Revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.	73
	12.6.3	The Authority decides to carry forward the shortfall of ARR amounting to Rs. 428.39 to the Next Control Period and to true up at the time of determination of tariff for the Fourth Control Period.	73
	12.6.4	The Authority decides to consider the Tariff Rate for BSSDPL for the Third Control Period as per Annexure-1 .	73

CHAPTER 14. ORDER

Upon careful consideration of the material available on records, the Authority, in exercise of powers conferred by Section 13(1) (a) of the Airport Economic Regulatory Authority of India Act, 2008, hereby orders that:

- (i) BSSDPL is permitted to levy the tariff for Into Plane Services for the Third Control Period (FY 2021-22 to FY 2025-26) as per **Annexure-1** .
- (ii) The levy of revised tariffs shall be made **effective from 16th June, 2022**.
- (iii) The tariff rates approved herein are ceiling rates, excluding of applicable taxes, if any.
- (iv) The Airport Operator shall ensure compliance of the Order.

By the Order of and in the name of the Authority



(Ram Krishan)
Director (P&S)

To,

Mr. Prashanth M Kamath
Chief Executive Officer,
Bharat Stars Services (Delhi) Private Ltd.
Plot no. A-5&6, 1st floor,
BPCL Building, Sector-1 Noida-201301

Copy to,

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi-110003.
2. Shri. K. Narayana Rao, Director, Delhi International Airport Limited, New Udaan Bhavan, Opp. Terminal 3, IGI Airport, New Delhi – 110 037



ANNEXURE-1**AERA APPROVED MAXIMUM TARIFF RATE**

For Bharat Stars Service (Delhi) Private Limited (BSSDPL) providing Into Plane Services at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period.

(Amount Rs. per KL)

Tariff Year	Aircraft Fuelling	Aircraft De-fuelling		Aircraft Re-fuelling of De-fuelled Product into an Aircraft	
		Within 6 hours	Beyond 6 hours	Within 6 hours	Beyond 6 hours
Applicable w.e.f. 16.06.2022 to 31.03.2023	210	210	315	262	315
01.04.2023 to 31.03.2024	220	220	331	275	331
01.04.2024 to 31.03.2025	231	231	347	289	347
01.04.2025 to 31.03.2026	243	243	365	303	365

**Tariff rates are rounded off to the nearest rupee.*

NOTE: The rates approved herein are ceiling rates, excluding of all applicable taxes, if any.

