

फा. सं. ऐरा/20010/एमवाईटीपी/एलआईएल/लखनऊ/2020-21

File No: AERA/20010/MYTP/LIAL/ LUCKNOW/2020-21

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

आदेश संख्या 08/2022-23

Order No. 08 /2022-23

ऐरा भवन/AERA Building  
प्रशासनिक कॉम्प्लेक्स/Administrative Complex  
सफदरजंग हवाईअड्डा/Safdarjung Airport  
नई दिल्ली/New Delhi – 110003

जारी करने की तारीख: 16 जून, 2022/Date of Issue: 16<sup>th</sup> June, 2022

सेवा/Service : एकीकृत ईंधन स्टोरेज और इंटो प्लेन सेवाएं/  
Integrated Fuel Storage and Into Plane Services  
सेवा प्रदाता/Service Provider : लखनऊ इंटरनेशनल एयरपोर्ट लिमिटेड/  
Lucknow International Airport Ltd  
हवाईअड्डा/Airport : चौधरी चरण सिंह अंतरराष्ट्रीय हवाईअड्डा, लखनऊ/  
Chaudhary Charan Singh International Airport, Lucknow  
हवाईअड्डा प्रचालक/Airport Operator: लखनऊ इंटरनेशनल एयरपोर्ट लिमिटेड (एलआईएलआई)/  
Lucknow International Airport Ltd (LIAL)

लखनऊ इंटरनेशनल एयरपोर्ट लिमिटेड द्वारा चौधरी चरण सिंह अंतरराष्ट्रीय हवाईअड्डा (सीसीएसआईए), लखनऊ में प्रदान की जाने वाली एकीकृत ईंधन स्टोरेज और इंटो प्लेन (आईटीपी) सेवाओं के लिए 1.07.2022 से 31.03.2023 तक की अवधि के लिए तदर्थ टैरिफ निर्धारित करने के मामले में

**In the matter of Determination of Ad-hoc Tariff for Integrated Fuel Storage and Into Plane (ITP) Services to be provided at Chaudhary Charan Singh International Airport (CCSIA), Lucknow by Lucknow International Airport Ltd for the period from 01.07.2022 to 31.03.2023.**

**LIAL Submission:**

1. Lucknow International Airport Ltd (LIAL) vide its letter no. LIAL/CO/AERA-IT/2022/1 dated 22<sup>nd</sup> February 2022 proposed to provide **Integrated Fuel Storage and Into Plane Services** at CCSIA, Lucknow w.e.f. 15.05.2022 and requested the Authority to allow it to levy the ad-hoc Fuel Infrastructure charges (FIC) of INR 2200/- per KL.

In continuation to its earlier letter dated 22<sup>nd</sup> February 2022, LIAL vide letter no. LIAL/CO/AERA-IT/2022/3 dated 1<sup>st</sup> March 2022 and LIAL/CO/AERA-IT/2022/4 dated 04<sup>th</sup> March 2022 submitted milestones for commencement of proposed services at CCSIA, Lucknow and also furnished the details of CAPEX and OPEX pertaining to proposed services.





LIAL has further submitted:

- (i) That as per clause 19.3 of the Concession Agreement executed between LIAL and Airports Authority of India, LIAL is under obligation to provide Infrastructure required for fuel storage and into plane services (aircraft fueling and defueling) on equal /open access basis to all fuel suppliers at Airport in a transparent and non- discriminatory manner.
- (ii) That currently various Oil Marketing Companies (OMCs) namely IOCL, HPCL, BPCL and RIL are operating at CCSIA, Lucknow. These OMCs have Aviation Turbine Fuel (ATF) selling contracts with various airlines and OMCs sell ATF along with fuel storage and Into Plane Services from their own static Storage Facilities & refueling bowsers. The cost of these operations is inbuilt in the price of ATF.
- (iii) That after open access, OMCs will continue be the fuel suppliers to the Aircrafts but would avail Open Access Storage and ITP Services from LIAL.
- (iv) That as a long-term plan for open access, LIAL is developing a greenfield integrated fuel farm along with hydrant system, which will come up subsequently in due course. In the interim, LIAL intends to start early open access facility for fuel storage and into- plane services in order to bring overall efficiency and provide fueling services in a timely and cost-efficient manner.
- (v) That LIAL has already signed Memorandum of Understanding (MoU) with IOCL and RIL for taking over their static assets located in the Airport. Upon execution of transfer agreement & payment of consideration to OMCs, Airport operator will be the owner of the aforesaid facilities. LIAL is also making arrangements for obtaining the mobile bowsers on lease from IOCL and RIL till the time LIAL purchases its own fleet.
- (vi) That LIAL will charge to OMCs for using the storage facilities & for supplying fuel from storage facilities to Airlines. These OMCs in turn levy blended charges to Airlines for supply of Fuel, including amount charged by LIAL to OMCs for storage facilities and supply of Fuel from storage facilities to Airlines.
- (vii) That the timeline of start of open access facility as provided vide letter dated 1<sup>st</sup> March, 2022, is as follows:

<b>Milestone</b>	<b>Timelines</b>
Signing of MoU with IOCL	21 <sup>st</sup> Jan 2022
Signing of MoU with Reliance	9 <sup>th</sup> Feb 2022
Signing Services Agreement with all OMCs for fuel supply and use of open access facility and Agreement with IOCL and RIL for leasing of mobile bowsers	30 <sup>th</sup> April 2022
Obtaining all regulatory and statutory approvals	10 <sup>th</sup> May 2022
Signing of Transfer Agreement and payment of	10 <sup>th</sup> May 2022
Commencement of operations from open access facility	15 <sup>th</sup> May 2022





- (viii) That LIAL has submitted the revised Multi-Year Tariff Proposal (MYTP) for determination of Tariff for Aeronautical Services, including Fuel Infrastructure Charge for CCSIA, Lucknow for Third Control Period (TCP) on 10<sup>th</sup> January 2022.
- (ix) That LIAL has proposed to develop greenfield integrated fuel farm with a projected Capex of Rs. 100.8 crores. The greenfield fuel farm facility is projected to be completed by FY 2023-24. After the commissioning of integrated fuel farm facility, the fuel storage capacity will be enhanced from 1000 KL to 5000 KL.
- (x) That, as the final determination of Tariff shall take time, in the interim, the LIAL has requested the Authority to allow LIAL to levy of FIC at the rate of INR 2200 per KL w.e.f. 15<sup>th</sup> May 2022 on Ad-hoc basis till the time regular Tariff for the Third Control Period approved. Subsequently, LIAL has submitted the revised timeline for commencement of services i.e. 16<sup>th</sup> June, 2022.

**Authority's Examination on the request of LIAL:**

2. Upon initial scrutiny of the request of the LIAL, the Authority notes that it has signed the Concession Agreement with the Airports Authority of India (AAI) on 14.02.2020 for Operation, Management and Development of Chaudhary Charan Singh International Airport, Lucknow for 50 years. The Authority further observes as under:
- (i) LIAL is to provide infrastructure required for operation of fueling services on equal access basis at CCSIA, Lucknow, as per the clause 19.3 of the Concession Agreement entered into with AAI which has been reproduced below:
- "The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fueling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."*
- (ii) As per the documents submitted by LIAL, the Authority notes that LIAL has signed the Memorandum of Understanding with Oil Marketing Companies namely Indian Oil Corporation Limited (IOCL) and Reliance Industries limited (RIL) for taking over of necessary facilities relating to Fuel Storage and Into Plane Services. After implementation of open access, OMCs will continue to be the fuel suppliers to the Aircrafts against the levy of blended charges to Airlines. However, OMCs will avail Open Access Storage and ITP Services from LIAL for which OMCs will pay LIAL the proposed Fuel Infrastructure Charge.
- (iii) The Authority notes that the Multi-Year Tariff Proposal (MYTP) for determination of Tariff for Aeronautical Services, including Fuel Infrastructure Charges for CCSIA, Lucknow for Third Control Period (TCP) was submitted by LIAL on 10<sup>th</sup> January, 2022. Subsequently, LIAL submitted a separate request for approval of ad-hoc tariff for Integrated Fuel Storage & Into Plane Services vide letter dated 22<sup>nd</sup> February, 2022.





3. The Authority, upon examination, asked the break-up of proposed Fuel Infrastructure Charges (FIC) of INR 2200/KL from LIAL. In response, LIAL has provided the below mentioned revised Rate Chart bifurcating the proposed charge into FIC and ITP service charge with associated terms and conditions vide email dated 6<sup>th</sup> April 2022.

Fuel Infrastructure Charge (FIC)	Aircraft Refueling	Aircraft Defueling	Refueling of Aircraft with Defueled Product	
			Within 24 hours	Beyond 24 hours
INR 1650 per KL	INR 550 per KL	INR 300 per KL	INR 350 per KL	INR 400 per KL

**Other Terms and conditions**

- Rate are excluding applicable GST
- The payment terms and delayed payment terms will be as per the supplier/service agreement between LIAL and Oil Suppliers.

4. On the directions of the Authority, the LIAL has provided the following revised timelines for various activities for commencement of operations from open access facility:

Milestone	Timelines/Status
Signing of MoU with IOCL	Complied.
Signing of MoU with Reliance	Complied.
Signing Services Agreement with all OMCs for fuel supply and use of open access facility	Draft agreement is ready. Once the tariff approval is received from AERA it will be signed accordingly as proposed security deposit will depend on the tariff.
Agreement with IOCL and RIL for leasing of mobile bowzers	LoA has been issued to both RIL and IOCL.
Obtaining all regulatory and statutory approvals	Approval from BCAS and DGCA is under process and the same is expected to be received shortly.
Signing of Transfer Agreement and payment of consideration	The MoU is already signed and closed with IOCL and Reliance. Signing of transfer agreement and payment consideration is a consequential activity and will not be a constraint in commencing operations.
Commencement of operations from open access facility	16 <sup>th</sup> June 2022, subject to receipt of regulatory approvals.

5. Regarding the cost at which the old assets of OMCs will be taken over by LIAL, LIAL has clarified vide email dated 26.03.2022 that the assets from OMCs will be taken over at replacement cost after taking into effect of depreciation.





6. The Authority notes that proposal of LIAL for ad-hoc rates (FIC of Rs. 2200/- per KL) takes into consideration the CAPEX proposed by the LIAL for the starting of Open Access Facility for the Integrated Fuel Storage & Into Plane (ITP) Services. However, the Authority feels that as the greenfield integrated fuel farm is projected to be completed by FY 2023-24, it would not be justified, at this stage, to consider the CAPEX of the future facilities for determination of ad-hoc Tariff rates. The Authority will examine the same in a holistic manner, at the time of determination of regular Tariff for Aeronautical Services, taking into consideration the capacity creation, efficiency of the CAPEX, actual usage of the facility within the available capacity & historical trends of Aircraft Traffic Volumes at CCSIA, Lucknow.
7. As per the Authority's above analysis, the ad hoc tariff rates of INR 2200 per KL for Integrated Fuel Storage & Into Plane (ITP) services proposed by LIAL is not justified in view of the current facility available at the airport. The Authority is also conscious of the fact that LIAL is taking over the depreciated assets from OMCs and has factored the Capex of the greenfield facility which will come up in FY 2023-24 only.  
The Authority notes that LIAL has confirmed to obtain the required regulatory approvals from DGCA and BCAS for its proposed services shortly. Therefore, the Authority decides to consider ad-hoc tariff for proposed services w.e.f. 01.07.2022.
8. In view of the above, as an interim measure, the Authority based on approved Tariff for similar facilities operated by other Independent Services Providers/ Airport Operators at other major airports, decides to allow LIAL to levy the Ad-hoc tariff as per **Annexure-I, w.e.f. 01.07.2022 till 31.03.2023**, or, till the determination of regular Aeronautical Tariffs for CCSIA, Lucknow for the Third Control Period, whichever is earlier.  
The revenue collected by LIAL, on ad-hoc basis in the interim period, shall be accounted for by the Authority during the tariff determination exercise of LIAL.

## **ORDER**

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

- (i) The Lucknow International Airport Limited (LIAL), is allowed to levy and collect the Tariff for **Integrated Fuel Storage and Into Plane (ITP) Services**, on an Ad-hoc basis as per **Annexure-I, w.e.f. 01.07.2022 to 31.03.2023**, or, till the determination of regular Aeronautical Tariff for the Third Control Period, whichever is earlier.
- (ii) This order shall be made effective subject to receipt of all the requisite regulatory and statutory approvals before the commencement of proposed Integrated Fuel Storage and Into Plane (ITP) services at CCSIA, Lucknow.
- (iii) Tariff determined, as above, is the maximum Tariff(s) to be charged from the Users and no other charges are to be levied over and above the approved Tariff.



(iv) The Tariff approved, as above, is excluding of all applicable Govt. taxes, if any.

By the Order of and in the Name of the Authority



(Col Manu Sooden)  
Secretary

To

**Shri Manoj Chanduka,**  
**Lucknow International Airport Ltd.,**  
First Floor, Terminal 1, Chaudhary Charan Singh International Airport,  
Lucknow-226009, Uttar Pradesh, India.

Copy to:

- (i) Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport New Delhi-110003.
- (ii) Shri Balvir Singh Bhatia, Chief Airport Officer, Lucknow International Airport Ltd., First Floor, Terminal 1, Chaudhary Charan Singh International Airport, Lucknow-226009, Uttar Pradesh, India.

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**Annexure – I**

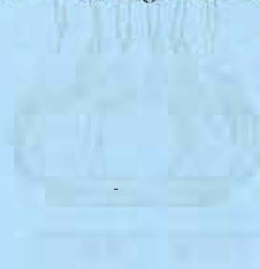
**Approved Ad-hoc Tariff Rates for Integrated Fuel Storage and Into Plane (ITP) Services  
provided by Lucknow International Airport Limited  
at Chaudhary Charan Singh International Airport, Lucknow**

(Applicable for the period from 01.07.2022 to 31.03.2023)

(Amount in INR per KL)

Fuel Infrastructure Charges	Aircraft Refuelling	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
470	200	200	300	250	300

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



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