

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

आदेश संख्या 16/2022-23

Order No. 16 /2022-23

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

जारी करने की तारीख: 01 अगस्त, 2022/

Date of Issue: 01st August, 2022

सेवा/Service	: एकीकृत ईंधन स्टोरेज और इंटो प्लेन सेवाएं/ Integrated Fuel Storage and Into Plane Services
सेवा प्रदाता/Service Provider	: अहमदाबाद इंटरनेशनल एयरपोर्ट लिमिटेड/ Ahmedabad International Airport Ltd.
हवाईअड्डा/Airport	: सरदार वल्लभभाई पटेल अंतरराष्ट्रीय हवाईअड्डा, अहमदाबाद/ Sardar Vallabhbhai Patel International Airport, Ahmedabad
हवाईअड्डा प्रचालक/ Airport Operator	: अहमदाबाद इंटरनेशनल एयरपोर्ट लिमिटेड/ Ahmedabad International Airport Ltd.

अहमदाबाद इंटरनेशनल एयरपोर्ट लिमिटेड (एआईएएल) द्वारा सरदार वल्लभभाई पटेल अंतरराष्ट्रीय हवाईअड्डा (एसवीपीआई), अहमदाबाद में प्रदान की जाने वाली एकीकृत ईंधन स्टोरेज और इंटो प्लेन (आईटीपी) सेवाओं के लिए 16.8 2022 से 31.3. 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 by Ahmedabad International Airport Limited (AIAL) at Sardar Vallabhbhai Patel International Airport (SVPIA), Ahmedabad for the period from 16.08.2022 to 31.03.2023.

AIAL Submission:

1. AIAL, vide letter no. AIAL/CO/AERA-IT/2022/3 dated 03rd May, 2022 informed the Authority about their proposal to commence **Integrated Fuel Storage and Into Plane Services** at SVPIA,



Ahmedabad and requested for approval of ad-hoc Fuel Infrastructure charges (FIC) of ₹1,455/- per KL.

AIAL vide aforesaid letter further submitted:

- (i) That as per clause 19.3 of the Concession Agreement executed between AIAL and Airports Authority of India (AAI), AIAL 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 Oil Marketing Companies (OMCs) namely IOCL, BPCL and RIL are operating at SVPIA, Ahmedabad. 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 bowzers. The cost of these operations is inbuilt in the price of ATF.
- (iii) That after open access, OMCs will continue to be the fuel suppliers to the Aircrafts but would avail Open Access Storage and ITP Services from AIAL.
- (iv) That as a long-term plan for Open Access, AIAL is developing a greenfield integrated fuel farm along with hydrant system, which will come up subsequently in due course.

In the interim, AIAL 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. In this regard, AIAL proposes to incur CAPEX of ₹ 32.40 crores for acquiring existing assets of OMCs (at ₹ 13 crores approx.) and purchase of equipment (₹ 19.40 crores) during FY 2022-23.

- (v) That AIAL also proposes a CAPEX of ₹ 75.90 crores for a new greenfield fuel storage facility and ₹ 56.20 crores for Hydrant refueling system, as per their business plan for Ahmedabad airport relating to Fuel Storage & Into Plane Services. The greenfield fuel farm facility is expected to be commissioned by FY 2023-24 & Hydrant refueling system by FY 2025-26. After the completion of greenfield fuel farm facility, the fuel storage capacity will be enhanced from 5000 KL to 8000 KL.
- (vi) That AIAL has already signed Memorandum of Understanding (MoU) with IOCL and RIL for taking over their static assets located in the Airport. The discussion with the BPCL is at advanced stage. Upon execution of transfer agreement & payment of consideration to OMCs, Airport Operator will be the owner of the aforesaid facilities. AIAL is also making arrangements for mobile bowzers as combination of self-owned or leased basis, as per availability in the market, till the time AIAL purchases its own fleet of mobile bowzers.
- (vii) AIAL, vide email dated 12.07.2022 has informed that requisite regulatory approvals for commencement of proposed services are expected to be received from concerned authorities by end of July, 2022 and they propose to start Integrated Fuel Storage and Into Plane Services at SVPIA, Ahmedabad with effect from **16th August, 2022**.

Further, the AIAL vide email dated 15.07.2022 submitted the breakup of proposed ad-hoc charges (₹ 1455/-) in respect of proposed Fuel Storage & ITP services at Ahmedabad airport as under:



Proposed Tariff for Integrated Fuel Storage & ITP services w.e.f. 16.08.2022

Fuel Infrastructure Cost (FIC)	Aircraft Refueling	Aircraft Defueling	Re-fueling of defueled product	
			Within 24 hrs	Beyond 24 hrs
₹ 1,100 per KL	₹ 355 per KL	₹ 300 per KL	₹ 350 per KL	₹ 400 per KL

Rate are excluding applicable GST

- (viii) That, as the final determination of Tariff for the proposed services shall take time, in the interim, the Authority is requested to allow AIAL to levy charges for Fuel storage and Into Plane services, on Ad-hoc basis, till the time regular Tariff for the Third Control Period is approved.

Authority's Examination on the request of AIAL:

2. The Authority notes that AIAL has signed the Concession Agreement with the Airports Authority of India (AAI) on 14.02.2020 for Operation, Management and Development of Sardar Vallabhbhai Patel International Airport, Ahmedabad for 50 years. The Authority further observes as under:
 - (i) AIAL is to provide infrastructure required for operation of fueling services on equal access basis at SVPIA, Ahmedabad, 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 AIAL, the Authority notes that AIAL has already signed the Memorandum of Understandings (MoUs) with two Oil Marketing Companies operating at Ahmedabad Airport, 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. Further, as per the Airport Operator, the execution of similar MoU with BPCL for taking over of its assets located at Ahmedabad Airport is at advanced stage of negotiation.
3. The Authority notes that after implementation of open access system by AIAL, OMCs will continue to be the fuel suppliers to the Aircrafts and levy blended charges to Airlines for supply of fuel and ITP Services. However, OMCs will be required to avail Open Access Storage and ITP Services from AIAL and pay for these services to the Airport Operator as per the approved Tariff.
4. As regard to the cost of old assets of OMCs at Ahmedabad airport proposed to be taken over by AIAL, the Airport Operator vide email dated 12.07.2022 informed that the assets will be taken over at their replacement costs less depreciation.
5. The Authority, while review of CAPEX & OPEX submitted by the AIAL relating to proposed Services, notes that the Airport Operator has considered the CAPEX for the commencement of Open Access Facility for the Integrated Fuel Storage & Into Plane (ITP) Services, including CAPEX relating to new greenfield fuel farm facility projected to be completed by FY 2023-24. However, the Authority feels that as the new greenfield facility is projected to be commissioned in 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 projected capacity creation, efficiency of the CAPEX, actual usage of the existing facility vis-à-vis available capacity & historical trends of Aircraft Traffic Volumes at SVPIA, Ahmedabad.

6. As per the Authority's above analysis, the Ad-hoc Tariff rate of ₹ 1455/ KL proposed by the Airport Operator for Integrated Fuel Storage & Into-Plane (ITP) services is not justified vis-à-vis the current facilities available at the airport. The Authority is also conscious of the fact that AIAL is taking over the depreciated assets from OMCs and has factored the CAPEX of the greenfield facilities which will come up in FY 2023-24/ FY2025-26 only.
7. The Authority notes that the Multi-Year Tariff Proposal (MYTP) for determination of Tariff for Aeronautical Services, including Fuel Storage & Into Plane Services, for the Third Control Period in respect of SVPIA, Ahmedabad has been submitted by Airport Operator on 7th February, 2022. The MYTP submitted by the Airport Operator is under review/scrutiny as various details / additional information relating to the MYTP are still being submitted by the service provider. Subsequently, Airport Operator has also submitted a separate request for approval of Ad-hoc Tariff for Integrated Fuel Storage & Into-Plane Services vide letter their dated 3rd May, 2022.
8. The Authority notes that completion of regulatory process for determination of regular Tariffs for Aeronautical Services for the Third Control Period in respect of SVPIA, Ahmedabad, including issuance of Consultation Paper & Tariff Order, will take some time. The Authority has taken note of the approved Tariff for similar services provided by Airport Operators/ ISPs at other Major Airports, including Lucknow International Airport Ltd. (LIAL). As an interim measure, the Authority decides to allow AIAL to levy Ad-hoc Tariff at SVPIA, Ahmedabad, as per **Annexure-I**, w.e.f. **16.08.2022 till 31.03.2023**, or, till the determination of regular Aeronautical Tariffs for SVPIA, Ahmedabad for the Third Control Period, whichever is earlier.
9. The revenue collected by AIAL, on ad hoc basis in the interim period, shall be accounted for by the Authority during the Tariff determination exercise for Aeronautical Services for the Third Control Period for SVPIA, Ahmedabad.

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 Ahmedabad International Airport Limited (AIAL), 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. **16.08.2022 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 requisite regulatory and statutory approvals before the commencement of proposed Integrated Fuel Storage and Into Plane (ITP) services at SVPIA, Ahmedabad.



- (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

**Chief Airport Officer,
Ahmedabad International Airport Ltd.,
Sardar Vallabhbhai Patel International Airport,
Ahmedabad, Gujrat-382475.**

Copy for information to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport New Delhi-110003.
2. Shri Manoj Chanduka, Authorized Signatory, Ahmedabad International Airport Ltd., Terminal-1, First Floor, Sardar Vallabhbhai Patel International Airport, Ahmedabad, Gujrat-382475.



Annexure – I

Approved Ad-hoc Tariff Rates for Integrated Fuel Storage and Into Plane (ITP) Services to be provided by Ahmedabad International Airport Limited at Sardar Vallabhbhai Patel International Airport, Ahmedabad

(Applicable for the period from 16.08.2022 to 31.03.2023)

(Amount in ₹/ 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 per KL	₹ 200 per KL	₹ 200 per KL	₹ 300 per KL	₹ 250 per KL	₹ 300 per KL

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

