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Bengaluru International Airport Limited
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Bengaluru- 560 300, India.
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CIN: U45203KA2001PLC028418



29th January 2020

Ref: AERA/Finance/2019-20/07

The Chairman,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport, New Delhi -110 003.

Dear Sir,

Sub: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all Airports in India -reg.

Ref: AERA letter- AERA/20015/ft/2010-11/VOL.II dated 15.01.2020

We are in receipt of your aforesaid letter, advising the immediate implementation of directions issued in letter of Ministry of Civil Aviation ('MoCA') F.No. AV-13030/216/2016-ER (Pt.2) dated 08.01.2020, in connection with immediate discontinuation of levy of airport operator charge/fuel throughput charge ('FTC') in any manifestation, at all airports, airstrips and heliports across India.

In this regard, we would like to point out the following issues:

- The directions have been issued by MoCA & AERA notwithstanding the fact that the classification and treatment of FTC, which has a direct bearing & goes to the root of the subject matter of MoCA's decision & subsequent AERA's direction and therefore the jurisdiction and power of MoCA and AERA to issue the same, is pending adjudication before the Hon'ble Supreme Court & Telecom Disputes Settlement and Appellate Tribunal ('TDSAT'), a fact which the MoCA's letter itself takes note of.
- This action by MoCA and AERA has sought to classify FTC as an aeronautical charge without awaiting the decisions of the Hon'ble Supreme Court or TDSAT
- Without prejudice to the aforesaid, MoCA cannot issue a direction to AERA, as it cannot decide, even in the case of Aeronautical Service, what can or cannot be charged by an airport operator at an airport, as it is not within the ambit of its powers and functions. AERA is the entity which has the statutory powers to decide on these matters. These powers and functions of AERA cannot be interfered with by the Central Government i.e. MoCA, otherwise the whole purpose of establishing AERA as an independent body would be rendered redundant.

It is pertinent to note the fact that AERA has never conducted any stakeholder discussions, as mandated in the AERA Act, on the issue of discontinuation of the FTC charges in any manifestation, till date.

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भारतीय विमानपत्तन प्राधिकारिक विनिर्मायक प्रा. सं. सं.
सफदरजंग एयरपोर्ट, नई दिल्ली-110003
प्राप्त
डावरी नं० 15176
तारीख 29/01/20

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Notwithstanding the above and the fact that the direction of MoCA is ultra vires to the provisions of the AERA Act and violates the fundamental tenet of the agreements entered into between BIAL and MoCA, we wish to bring to your kind attention the impact of MoCA letter on BIAL's revenues in the balance 15 months of the 2nd control period.

As you are aware, BIAL has appealed to Hon'ble TDSAT regarding treatment of Fuel by AERA and the information we submit below is without prejudice to BIAL's rights, contentions and the grounds mentioned in the said Appeals.

The Fuel related revenues considered by AERA in the Tariff Order no 18/2018-19 dated 31st August 2018 for 2nd control period are given below:

Particulars - Rs Crs	FY 2020 (Est)	FY 2021 (Proj)
Revenues from Fuel Throughput	103.30	115.30
Revenues from Fuel Into-Plane	1.50	1.80
Total Yearly Revenues	104.80	117.10
Revenue Loss to be compensated to BIAL	21.80*	117.10
Total Compensation due to BIAL		140

*Prorated for 2.5 months (15th Jan 2020-31st Mar 2020)

The loss in Fuel Revenues to BIAL on account of MoCA's direction works out to Rs 140 crs approximately and the same needs to be recovered in the next year i.e. FY 2020-21 through additional compensation.

This additional Rs 140 crs compensation would need to be recovered from the airlines in the form of revised landing charges. The calculations and the proposed landing charges is annexed along with this letter.

As you are aware, KIA is undergoing major expansion of its facilities and it cannot afford any changes to the approved tariff order or delay in any compensation arising out of any governmental direction.

We look forward to working with AERA on revising the Schedule of Airport Charges containing the rate card for Aeronautical services, so as to be effective from 1st April 2020.

Best Regards,
Yours Truly,

A handwritten signature in black ink, appearing to read "Bhaskar", is written over the typed name.

Bhaskar Anand Rao
Chief Financial Officer

Encl: Annexure 1

Annexure 1 - Calculations & Proposed Landing Charges

Fuel Revenues for BIAL		2019-20	2020-21
A	Revenue - (Fuel throughput)		
	Fuel requirement per ATM	KL per ATM	3.89
	ATMs	#Num	248830
	Total Fuel Throughput	million KL	0.97
	Revenue Share to BIAL for Thru'put	Rs. per KL	1067
	Revenues from Fuel Throughput	Rs. Crore	103.3
	Revenue to be compensated	Rs. Crore	21.5
B	Revenue Fuel Into-Plane		
	Fuel requirement per ATM	KL per ATM	3.89
	ATMs	#Num	248830
	Total Fuel Throughput	million KL	0.97
	Revenue Share to BIAL for Into - Plane	Rs. per KL	15.8
	Revenues from Fuel Into-Plane	Rs. Crore	1.5
	Revenue to be compensated	Rs. Crore	0.3
A+B	Total	Rs. Crore	21.8
	Carrying cost of u/r of 2020 at FROR rate	11.93%	0.5
C	Total trsfr		22.4
	Total Compensation Amount to BIAL		139.5

Proposed Landing Charges (w.e.f 1st April 2020)

Details	UoM	Basis	Existing Tariff 2020-21	Proposed Tariff 2020-21
Landing charges - Domestic pax flights	Rs. per MT	Up to 100 MT	142	238
		Above 100 MT	192	238
Landing charges - International pax flights	Rs. per MT	Up to 100 MT	281	469
		Above 100 MT	378	633
Landing charges - Domestic cargo flights	Rs. per MT	Up to 100 MT	142	238
		Above 100 MT	192	322
Landing charges - International cargo flights	Rs. per MT	Up to 100 MT	281	469
		Above 100 MT	378	633
Landing charges - Domestic pax ATRs (<80 seater)	Rs. per ATM	Per landing	-	-

Source: AERA approved BIAL's Business Plan