

MAFFFL-FIN-AERA-1465

12th July 2021

The Director (P&S, Tariff),
Airports Economic Regulatory Authority of India,
AERA Administrative Complex,
Safdarjung Airport
New Delhi- 110003

Sub: Submission of counter comments on Stakeholder comments on Consultation Paper No. 05/2021-22 (file no. AERA/20010/MYTP/MAFFFL/FF/CP-III/2021-26) in the matter of determination of Fuel Infrastructure Charges in respect of Mumbai Aviation Fuel Farm Facility Pvt Ltd (MAFFFL) at CSMI Airport, Mumbai for the Third Control period (01.04.2021-31.03.2026)

Dear Sir,

This has reference to CP No 05/2021-22 dated 28.05.2021 and comments of following stakeholders forwarded to us for our counter comments :

1. Mumbai International Airport Ltd. (MIAL)
2. Delhi Aviation Fuel Farm Pvt. Ltd. (DAFFPL)
3. Bharat Star Services Pvt Ltd. (BSSPL)
4. Hindustan Petroleum Corporation Limited (HPCL)
5. Bharat Petroleum Corporation Ltd. (BPCL)
6. Indian Oil Corporation Ltd (OCL)
7. Reliance Industries Limited (RIL)
8. Shell MRPL Aviation Fuel and Services Limited
9. Indian Oil Skytanking Limited (IOSL)

We hereby submit our written counter comments on the comments of the above stakeholders.

We wish to bring to your kind attention that the CP was initially published with the reference CP no. 05/2020-21 dated 28.05.2021 which has been changed by Authority to CP no. 05/2021-22 in subsequent communication. We request you to read the reference in our submission MAFFFL-FIN-AERA-1463 dated 2nd July 2021 as CP no. 05/2021-22 instead of CP no. 05/2020-21.

Thanking you,

Yours Sincerely,

For Mumbai Aviation Fuel Farm Pvt Ltd



Debasish Goswami
Chief Executive Officer

Response to CP 05/2021-22 issued on 28th May 2021

Name of Stakeholder	Point Raised	MAFFFL's Response
MIAL	<p>1. Proposal to adopt Price-Cap regulation on Single-Till basis for MAFFFL (Para 2.15.1 on Pg. no. 10 of this CP):</p> <p>a. The Authority in its Order no. 30/2017-18 dated 18.12.2017 for determination of charges for the 2nd Control period (SCP) adopted Price-Cap approach <u>with Hybrid till</u> was shown as a row "Less: 30% of Other income and Interest income" on Table 16 "Revised ARR and Annual FIC for the second control period". There has been no change in working of MAFFFL since 2017, when also MAFFFL was rendering same set of services as today. Other Income was earlier not considered an aeronautical service. The Authority has not provided any cogent reason for now adopting single till methodology and treating Other Income as aeronautical income.</p> <p>b. By deviating from its stand in the SCP and switching over to Single-Till approach, the Authority has not been consistent with its earlier approach and also not in line with National Civil Aviation Policy 2016 which specifically prescribed adoption of Hybrid Till in para 3.10. Contention of the Authority that "the application of 'Single till' methodology will be more appropriate and reasonable, as MAFFFL is in the sole business of providing infrastructure for storage and supply of fuel to the aircrafts and their entire activity comprises of aeronautical services" is not correct since the Authority has treated the other Income comprising of interest income which has nothing to do with aeronautical services.</p>	<p>We agree with the views of MIAL.</p> <p>We request Authority to treat interest income as non aeronautical revenue and determine the FIC charges under Price Cap Approach with Hybrid Till.</p>
	<p>2. True-up for the SCP relating to depreciation rates (Para 3.12 and 3.14 on Pg. no. 15 of this CP):</p> <p>a. MAFFFL has rightly considered the useful life of buildings up to May 2036 i.e., till the validity of its License Agreement with MIAL. MAFFFL is well within its rights to consider the lower useful life which is in line with its contractual/License agreement. The higher useful life of 60 years considered by the Authority has resulted in lower depreciation and in reduced FIC for the TCP.</p> <p>b. MAFFFL has considered residual value of 10% for all its key assets including Buildings, Roads, Plant & Machinery etc. in fact the entire cost of such assets should have been allowed to depreciate over the concession period. <i>Note no. 4 to Annexure-1 of Order no 35/2017-18 on determination of useful life of Airport Assets specifically mentions "where assets are developed/ constructed/ put to use, they should be depreciated over available lease period or the useful life prescribed, whichever is less".</i></p>	<p>We agree with the views of MIAL.</p>



Richard Jones

	<p>3. Penalty for delay in completion of capex proposed (Para 4.1.10 on Pg. no. 23 of CP):</p> <p>a. Authority has proposed to levy a penalty through reduction in RAB by 1% of the cost of the delayed capex, during true up process for the next control period, if MAFFFL delays the execution of the capex proposed during TCP. Such a proposal is unreasonable especially when all infrastructure companies are facing severe challenges / restrictions in mobilizing resources (vendors/manpower) in executing projects in these pandemic times possibility of delay cannot be ruled out in these unprecedented times, due to any subsequent wave(s) and new variant(s) of Covid-19.</p> <p>b. Excess collection during TCP, if any, due to higher tariff based on capex which would not be completed in time, anyway shall be clawed back along with carrying cost. Proposal of the Authority to levy such additional penalty is surely not justified MAFFFL cannot be penalized twice.</p>	<p>We agree with the views of MIAL and request the authority to consider the same favourably.</p>
	<p>4. Fair Rate of Return (FRoR) [Para 5.6 on Pg. no. 29 of this CP]: The Authority has considered Cost of Equity @14% for computing FRoR. However, in latest consultation papers for Bengaluru, Cochin and Chandigarh airports, the Authority has considered higher Cost of Equity. Considering the risks involved, CoE of at least 16% as requested by MAFFFL should be allowed by the Authority.</p>	<p>We agree with the views of MIAL and request authority to consider the COE as suggested by MIAL.</p>
	<p>5. License fees (Para 6.4 on Pg. no. 32 of this CP):</p> <p>MAFFFL has proposed license fees as per the licensing agreement in its MYTP as addition to RAB (on account of IND AS 116), the Authority has neither considered the license fee as addition to RAB nor allowed correct amount of license fees under O&M expense as submitted by MAFFFL for the TCP. The Authority should in any case have either allowed the License fee as O&M expense or 'Return on RAB and depreciation'.</p>	<p>We agree with the views of MIAL.</p> <p>The authority is requested to consider the license fees as addition to RAB as per IND AS 116. Alternatively, same may please be considered in Opex.</p>
	<p>6. Fuel Throughput volume for TCP (Para 7.3 on Pg. no. 35 of this CP):</p> <p>a. Volumes considered by the Authority for the TCP are on a higher side, which need to be reconsidered due to following reasons:</p> <p>Due to serious situation of Covid-19 with strict restrictions in Maharashtra, passengers have been reluctant in travelling to/ from Maharashtra. Besides most of the organizations are conducting virtual business meetings leading to decline in business/work related travel.</p> <p>Recovery of ATMs at CSMIA Mumbai in FY21 was dismally low being only 38% of FY20. With International operations slated not</p>	<p>We agree with the views of MIAL.</p> <p>We have brought out these factors in details in our response. We request Authority to consider the volumes projected by us while calculating FIC.</p>



	<p>to start till 31st July, 2021, situation is not expected to improve in FY22 also. It is worth noting that oil throughput per ATM in case of international operations is much more than domestic operations.</p> <p>b. Basing the oil throughput on the ATM traffic, considered by the Authority in Order no. 64/2020-21 in respect of CSMI Airport, estimated prior to the onset of second wave of Covid-19 pandemic, would not be proper. In current scenario, when both domestic and international traffic have taken great hit, the traffic for ISPs at CSMI Airport needs to be reviewed and ATMs considered for FY22 to FY24 should be appropriately reduced to a more realistic scenario.</p>	
DAFFFL	<p>3.28.1 The Authority proposes to consider the depreciation from the 2nd Control period as per Table no. 8.</p> <p>DAFFFL's Response</p> <p>The Authority has proposed that the depreciation rate adopted in respect of buildings to be taken as 60 years.</p> <p>At the end of concession period MAFFPL needs to transfer all the assets at Nil cost. Accordingly, the useful life of any asset of MAFFPL would be maximum up to the end of concession period. As per depreciation schedule of Companies Act 2013, depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Further, the useful life of an asset is the period over which an asset is expected to be available for use by an entity.</p> <p>Furthermore, it may also be noted that Authority in its Order No. 35/2017-18, in matter of determination of useful life of Airports Assets, the Authority has considered life of Building as 30 years or 60 years, as determined by the Operator. In MAFFPL's case, where MAFFPL have considered a shorter life, at least the shorter life, i.e., 30 years should have been considered by the Authority for 3rd Control period.</p> <p>Therefore, Considering the depreciation rate as suggested by the Authority, the balance assets will either be written off or will be completely charged off in the last control period in the form of tariff which will significantly impact the tariff in the last control period, and it may pinch the Users as well as the Operator, as they may have significant shortfall or over recovery depending upon the traffic situation in the last control period.</p> <p>View above, we request the Authority to review depreciation rates in this proposal and allow depreciation as per companies' act (i.e., as per useful life or concession period, whichever is earlier).</p>	We agree with the views of DAFFFL.
	<p>1. 4.2.7.3 The Authority proposes to rework the RAB of the MAFFFL, Mumbai for the third Control Period, by reducing the RAB by 1%</p>	We agree with the views of DAFFFL.



	<p>of the delayed cost of the projects, if the MAFFFL, Mumbai fails to commission and capitalize the projects by March 2022.</p> <p>DAFFPL Response -</p> <p>The Authority has proposed to rework the RAB of the Operator for the third Control Period, by reducing the RAB by 1% of the delayed cost of the projects if the Operator fails to commission and capitalize the projects by March 2022.</p> <p>A penalty of 1% is penalizing the Operator which is in addition to loss of return and depreciation. It is in beneficial for the Operator to complete the project as per schedule to start monetizing, though delays can occur due to various uncertainties like shortage of manpower, funds, and internal accruals, especially due to the covid-19 pandemic where the situation is beyond anyone's control.</p> <p>We request the Authority to reconsider this proposal.</p>	<p>The same has also been reiterated in the views expressed by other stakeholders, as well.</p> <p>Authority is requested to consider the request for non levy of such penalty.</p>
	<p>2. 5.6.1 The Authority proposes to maintain the cost of equity at 14% for the third Control Period.</p> <p>DAFFPL Response -</p> <p>The Authority has proposed the Operator to maintain cost of equity at 14%.</p> <p>However, the recommendation to MIAL and DIAL, which are significantly bigger companies in terms of size and sources of revenue, were to maintain cost of equity at 15.13% and 15.41% respectively. Furthermore, in subsequent Consultation Paper No. 08/ 2020-21 issued by the Authority in matter of Cochin International Airport, the Authority has proposed to consider a Cost of Equity of 15.16%.</p> <p>Moreover, as operator is dealing with hydrocarbons, they are subjected to tighter regulations by statutory bodies like PESO etc. and carry a higher risk associated with handling of hydrocarbons. Considering the additional risk to the Operator due to the relatively higher beta and industry average, we request the authority to allow the Operator to maintain a higher cost of equity compared to that of MIAL, DIAL and Cochin Int. Airport.</p> <p>We request the Authority to reconsider this proposal.</p>	<p>We agree with the views of DAFFPL.</p> <p>Authority is requested to consider MAFFFL's request for COE as proposed.</p>
	<p>3. 6.10.1 The Authority proposes to consider the Operation and Maintenance expenditure as per Table no .28.</p> <p>Table No. 28. Operation and Maintenance Expenditure proposed to be considered by the Authority for the 3rd Control Period</p>	<p>We agree with the observations of DAFFPL and request the authority to consider the annual increase in operating cost</p>



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Particulars in lakhs	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	Total	atleast to 8% as proposed by MAFFFL.
Employee's expense	265.07	283.62	303.48	324.72	347.45	1524.34	
Utilities and Outsourced expenses	1694.1	1787.83	1887.27	1992.78	2104.77	9466.75	
Repair and Maintenance Expenses	37.33	38.58	39.89	41.27	42.71	199.78	
Administration and General Expenses	1439.83	1210.62	393.5	414.99	437.68	3896.62	
Other O&M Expenses	21	22	23.05	24.15	25.31	115.51	
Sub Total	3457.33	3342.65	2647.19	2797.91	2957.92	15203	
CSR	65.16	30.29	0	39.89	117.6	252.94	
Total	3522.49	3372.94	2647.19	2837.8	3075.52	15455.94	
<p>DAFFPL Response -</p> <p>The Authority has proposed a growth of 7% in staff cost, though in our experience the industry norm of escalation of such expenses is 10%. The same is required to retain good and talent resources, which are required in fuel industry. As the same is categorized as a hazardous, due to inflammable nature of product which is handled by these people on daily basis.</p> <p>Therefore, we request the Authority to reconsider its proposal.</p>							

4. 7.6.1 The Authority proposes to consider the projected Fuel Throughput (Volume) for determination of tariff for the third Control Period as per Table no. 33	We agree with the views of DAFFPL and request Authority to consider the volumes as projected by us.
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	2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26
Volume proposed by Authority (In TKL)	771	1483	1616	1780	1854

<p>DAFFPL Response -</p> <p>Typically, the fuel offtake is more by International ATM traffic, as compared to Domestic ATM traffic. Currently we are witnessing unprecedented time due of COVID outbreak and expect the International ATM traffic to recover to pre COVID levels beyond</p>					
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	<p>FY2025, due ongoing restrictions laid by various Government s on travel, and which is very unlikely to change that easily in the years to come.</p> <p>Further, considering the 2nd wave of COVID and anticipation of a 3rd wave considering daily changing variants of COVID virus, the fuel offtake should also move in the same effect and pre COVID levels should be achieved beyond FY2025, instead of FY2023 as considered by the Authority.</p> <p>We request the Authority to reconsider the volume provided by the Operator as part of their submission.</p>	
	<p>4. 3.19 IndAS Adoption ignored by the Authority - Lease</p> <p>We have noted that Authority has ignored IndAS reporting as per Audited Financial Statements.</p> <p>Pursuant to Ministry of Corporate Affairs Notification dated 30th March 2019, IndAS 116 "Leases" app li cable, w.e.f., 1st April 2019, and the same had to be is adopted by the Operator, wherein, at the date of initial implementation, the Lease Liability is measured at the present value (PV) of remaining lease payments and Lease asset has been recognized at an amount equal to Lease Liability. Lease asset is depreciated over lease term on Straight Line Method (SLM) basis over lease term (which is equal to concession period) and Interest on Lease Liability is charged to Statement of Profit and Loss as Finance cost.</p> <p>The Authority may kindly note that, Actual lease rent payable by the operator is paid towards lease liability (which includes Principal + Interest cost) and at the end of the lease term, Lease asset and Lease liability will become NIL resulting company end up paying actual lease rent only.</p> <p>Since, MAFFPL is required to prepare it's Financials in compliance with INDAS, and Companies Act, 2013 and as per the Direction 4 and Direction 5 of AERA, MYTP has to be prepared based on Audited Financials of the Company. Therefore, in the MYTP submission, MAFFPL has considered depreciation and Fair Rate of Return (FROR) on the above -mentioned lease asset also as a part of Regulatory Asset Base (RAB).</p> <p>Prima facia as per MYTP submission, it seems operator would be getting benefit in the 3rd control period after recognizing lease asset. However, Regulator should look at the Tariff rationale in subsequent Control period. From 4th control period onward, lease asset depreciated value in RAB will be less resulting lower FROR whereas actual lease rent payable will be high due to yearly escalation as mentioned above compensating each other.</p>	<p>We agree with the response of DAFFPL.</p> <p>This is requirement as per IND AS. DAFFPL has rightly stated that it does not have an impact on the overall consideration of Lease amount.</p> <p>Authority is requested to consider the same .</p>



	<p>Which will result to rationalized tariff in both (3rd and 4th) control period. considering above, there is only timing gap due to IND AS treatment of Lease, which would result in Rational Tariff Rate in all the controlling period.</p> <p>It may be noted that going forward, Financial Statements would be prepared using the aforementioned notifications only and keeping track of balance using IGAAP Financial [erstwhile reporting method] may not be practically possible.</p> <p>Therefore, we request the Authority to reconsider the approach of considering Financials as per IndAS for Lease asset s.</p> <p>Notwithstanding above, in any case, if Lease Ind -AS adjustment is not considered by the Authority, then it may be noted that equity base will get increased and resultant WACC will also get increased which will have impact on our return on RAB. Therefore, a separate point to be incorporated on this.</p> <p><i>Nevertheless, to say, considering the uncertainties in prediction of volume and business operation continuity of the Fuel Farm Operator, we request authority to take a liberal view considering cash flow / Financial situation of the company. In any case, any unexpected surge in volume in 4th and 5th year (which is more unlikely) will be subject to true-up in the next controlling period. This will help Operator to stay afloat and help to serve its planned debt repayment & approved capex plan and refinancing of debt (if required) at the proposed cost of debt level in those periods may also be smoother, as the credit rating agencies would only consider the immediate cash/flows for the Operator, instead of long term cashflows.</i></p>	
BSSPL	<p>1. The Authority proposes to rework the RAB for the third Control Period, by reducing the RAB by 1% of the delayed cost of the projects.</p> <p>Comment from BSSPL: BSSPL is of the view that in the Country is facing unprecedented Pandemic situation and given that several more waves of COVID are likely to hit the human population, there is no visibility of the future. Hence, imposing penalties for not incurring capex as projected on account of reasons not within one's control may not be a viable solution, particularly when considering that any delay in commissioning and capitalizing the project, implies denial of return. on such asset</p>	<p>We agree with the views of BSSPL.</p> <p>The same has been reiterated by other stake holders as well.</p> <p>Authority is requested to consider the same.</p>
	<p>2. The Authority proposes to consider the projected Fuel Throughput (Volume) for determination of tariff for the third Control Period as per table no. 30</p>	<p>We agree with the views of BSPPL. Similar views have been expressed by other stakeholders as well.</p>



	<p>Comment from BSSPL:</p> <p>It appears that the Authority has taken an optimistic view that the ATMs shall start recovery by year 2021-22, and fully recover by year 2022-23 in respect of domestic and international traffic. However, in view of the surge in the COVID-19 pandemic with new variants affecting population across the globe, the extent of effectiveness of vaccines still under study and considering that a third wave is likely to hit, which may be worse than the first and second one, such an optimistic view may be misplaced. Moreover, it cannot be ignored that travel and movement restrictions did provide impetus to new-age communication technology which will considerably reduce business travel in the post Covid scenario. View above, authority may take a considered view as far as fuel throughput volumes are considered.</p>	
HPCL	1. It is necessary that the Fuel Infrastructure charges (FIC) is fixed with volumes which take into effect the present volumes at the Mumbai airport and the long-term effects of Covid epidemic on the future growth in air traffic.	We agree with the views of HPCL.
	2. FIC tariffs are a "Pass Through" in the pricing mechanism for us. The new tariff shall be applied on prospective basis only.	Noted
BPCL	1. AERA has proposed 'Price Cap Approach' on 'Single Till' basis for determination of Fuel Infrastructure Charges to MAFFFL, however the FIC charges proposed are much less than the calculations submitted by MAFFFL on 14.01.2021 and thus it is requested that the FIC workings are relooked at so that MAFFFL is able to provide satisfactory level of service and follow the required parameters of Safety and Quality	We agree with the views of BPCL.
	<p>2. We have already witnessed the devastating impact of the second wave of Covid-19 and further waves are feared due to the newer and more deadly variants of coronavirus emerging, hence both Domestic and International traffic is not likely to reach Pre-Covid numbers. Further since 2/3rd of ATF volumes at CSMI, Mumbai come from International traffic and the International Traffic particularly is likely to continue to be hit even more harder as such waves come at different times at different countries and flight restrictions are imposed even if one among a pair of countries is affected the be much lower than projected in the 3rd Control Period.</p> <p>It is thus requested that the revenues for MAFFFL are reworked keeping the low Traffic and ATF volumes expected during the 3rd Control Period to ensure smooth & efficient operations at all times.</p>	We agree with the views of BPCL. Similar views have been expressed by other stakeholders as well.
IOCL	1. Due to the continuing pandemic situation in the country and reduction in both domestic and international flight operations, the	We agree with the views of IOCL.



	<p>ATF volume has come down by around 60% at Mumbai Airport. This low ATF volume trend is expected to continue for another 2-3 years and are also affecting the financial condition of the companies. It is very important for the Fuel Farm operator or any operator for that matter to be economically viable to provide the required service levels meeting the requirements of all stakeholders.</p> <p>Hence, AERA may take a balanced view in matter of determination of Fuel Infrastructure Charges for M/s Mumbai Aviation Fuel Farm Facility Pvt Ltd (MAFFFL) at CSMI Airport, Mumbai for the 3rd Control Period (01-04-2021 to 31-03-2026) considering the reduced ATF volume at Mumbai airport, which is expected to continue for some more years.</p>	<p>The authority is requested to take a balanced view as reiterated by our stakeholders .</p>
	<p>2. Further it is requested that any increase in tariff should be on prospective basis, as it would not be possible to recover past dues from the airlines</p>	<p>We agree with the views of IOCL</p>
<p>Reliance Industries Limited</p>	<p>With reference to the above subject, we would like to bring to your attention the paragraph No. 1.2 of the Consultation Paper, wherein it has been expressly stated that MAFFFL was incorporated for the purpose of creating an integrated aviation fuel facility on an "open access" model.</p> <p>However, despite innumerable requests over letters and meetings for the last five years the facility has not been opened to all interested suppliers other than IOCL, BPCL and HPCL for supplying ATF to airline customers till date, thereby depriving airline customers of a truly competitive market at CSMI Airport, Mumbai.</p> <p>As stated under paragraph No. 1.6 of the Consultation Paper, we understand that MAFFFL will finally implement the much-awaited open access model by July 2021. We also believe that the onus is on the Authority to ensure implementation of true open access model in which all authorized and intending suppliers get an equal footing and an unhindered access to supply ATF to their respective airline customers from the aviation fuel farm facility at the said Airport.</p> <p>It is submitted that once the coveted open access model is implemented at the first place, then only all the intending suppliers / suppliers will become informed stakeholders in the real sense without which they will not be in a position to contribute real value to the tariff determination process.</p> <p>Any tariff determined overlooking the implementation of open access model would only be perceived as an undue reward to vested interest aiding private benefit, to the detriment of true competition at the second biggest airport in the country.</p>	<p>Construction of the facilities required for open access system are in advanced stages and shall be commissioned within the present quarter, barring unforeseen circumstances. However, we would like to state that the same has no bearing on determining the FIC as the facility does not change the cost structure of MAFFFL or the total volume handled.</p> <p>The Authority, in the previous control period(s) had adopted and for the current (Third Control Period) proposes to adopt "Price Cap Approach" for Tariff determination of MAFFFL. We take serious objection to the comment "<u>Any tariff determined would only be perceived as an undue reward to vested interest aiding private benefit,.....</u>". Since the authority has adopted a transparent and a</p>



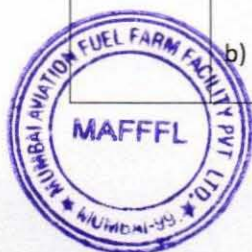
Subhash Sonawane

	<p>Therefore, it is submitted that in the prevailing circumstances when the open access system is yet to be implemented, any exercise of tariff determination by the Authority preceding the implementation of open access model is premature and therefore the tariff determination may be deferred till such time the <u>open access</u> model is implemented at the said Airport.</p>	<p>consultative process strictly in line with CGF guidelines, 2011 for determination of tariff, we request Authority not to take cognisance of such un-substantiated statements.</p>
<p>Shell MRPL Aviation Fuel and Services Limited</p>	<p>This has reference to the aforementioned subject under reference cited above, we would like to convey that the current arrangement is conducive to present suppliers only and not in line with what was envisioned in terms of an "Open Access Model" as mentioned in para 1.2. Not having the open access model restricts the choice of suppliers to the airlines and hampers the achievement of important overall structural goal of providing a level playing field which ensures a competitive landscape by driving allocative efficiency throughout the supply chain resulting in reduction of costs to the benefit of the airlines and ultimately to the customers.</p> <p>In view of this, we request and submit that the determination of the Fuel Infrastructure Charges be deferred till such time the "Open Access Model" is implemented in true letter and spirit.</p> <p>Further on with respect to the Tariff calculation, we would like to draw your kind attention to the following :</p> <ol style="list-style-type: none"> 1. Risk of rising exchange rates i.e. Rs. vs US\$ may be captured and sensitivity analysis on the capex to be considered. 2. Definition of the term "Major airport" needs more explanation. 3. Rather than linking the tariffs to just fuel uplift, passenger footfalls can be included as finally all the passenger are footing the bills. 4. The battery limits of the term "open access" needs to be defined for clarity. 5. The scenario of POL goods coming under GST can alter the working model. This needs to be captured and the definition of the "end user" needs to be clarified if GST gets implemented. <p>Impact on MAFFFL volumes if the proposed Navi Mumbai airport goes onstream to be captured.</p> <p>In conclusion, we would like to reiterate and submit that the basic objective of driving cost effectiveness would be achieved only through an Open Access Model and the same should be a</p>	<p>Open access system shall be commissioned within the present quarter, barring unforeseen circumstances. However, we would like to state that the same has no bearing on determining the FIC as the facility does not change the cost structure of MAFFFL or the total volume handled.</p> <p>Our response to the other points are as follows:</p> <ol style="list-style-type: none"> 1. For our capex program, there are no material/ services yet to be received which involve foreign currency. So there is no impact of exchange rates on our capex. 2. Not applicable for this exercise. 3. It is not clear how the number of passengers would have different relation to the ATM numbers considered in determination of FIC. Based on the past historical data, PAX and ATM numbers have move in consonance at CSMIA. 4. Prior to commissioning of open access system, MAFFFL will host the modalities, standard agreements etc. on its



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	<p>necessary condition before any proposal for tariff determination. This will be viewed as fair and non-discriminatory and safeguard all the stakeholders.</p>	<p>website sufficiently in advance for the benefit of prospective suppliers of ATF.</p> <p>5. The scenario of inclusion of POL products under GST is hypothetical at this stage. Services provided by MAFFFL are already under GST.</p>
Indian Oil Sky tanking Limited (IOSL)	<p>1) Chapter 4: Regulatory Asset Base (RAB) and Depreciation:</p> <p>Clause 4.2.7.3 The Authority proposes to rework the RAB of the MAFFFL, Mumbai for the third Control Period, by reducing the RAB by 1% of the delayed cost of the projects, if the MAFFFL, Mumbai fails to commission and capitalize the projects by March 2022.</p> <p>IOSL's response: Clause 9.2.6.(c) on Rolling Forward RAB has a provision for incentivising timely investment as a form of encouragement. However, the guideline is silent about levying penalty for delay in planned investments. Furthermore, the pandemic has presented unprecedented circumstances with restrictions being imposed from time-to-time basis emerging situations and these are beyond the control of MAFFFL. There also looms large uncertainties in the future in respect to the recovery of sector and that too at a pace which cannot be determined currently.</p> <p>Lastly this is applicable where the service is 'material but not competitive' and where the Authority is not assured of the reasonableness of the exiting user agreements. In case of MAFFFL the service though 'material but not competitive' satisfy the reasonableness of the existing user agreements criteria.</p> <p>Thus, the above proposal is against the guideline, punitive in nature and is unfair.</p>	<p>We agree with the views of IOSL.</p>
	<p>2) Chapter 5: Fuel Throughput (volumes) for the third control period</p> <p>IOSL's response: The volume proposed by the Authority needs to be revisited considering the following aspects:</p> <p>a) The earlier studies conduct by various agencies had not envisaged the second wave of the pandemic and next waves that are being predicted.</p> <p>b) The vaccination program within India has not reached its targeted levels due to various constraints and would thus pose</p>	<p>We agree with the views of IOSL</p>



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serious challenges in recovery of passenger traffic, particularly with state governments imposing travel restrictions which are in variance apart from creating a high level of uncertainty. Due to high number of COVID-19 cases in Maharashtra, the State Government has imposed stricter restrictions as compared to other states and Mumbai has been the worst hit. Such situations impede the revival of the sector.

- c) The uncertainties that loom large in the current circumstances.
- d) India's opposing stand to vaccine passport could also delay the resumption of long haul international scheduled services.
- e) There are two ITP Service providers at Mumbai Airport namely IOSPL and BSSPL. The total ITP Volumes of both ITP Service providers equal to the Fuel Farm volumes with the exception of some minor operational losses at the Fuel Farm. However, if we total the volumes proposed by the authority for IOSPL and BSSPL, large discrepancies are observed between the total of IOSPL and BSSPL volumes compared with the volumes forecasted for MAFFPL. Such discrepancies appear to be a typographical error and should be corrected. This is shown in the table below.

In KL	FY22	FY23	FY24	FY25 (A)
Volume FC MAFFPL	7,71,000	14,83,000	16,16,000	17,80,000
Volume FC IOSL	5,92,000	9,56,000	10,51,000	11,46,667
Volume FC BSSPL	3,31,254	5,27,327	5,83,889	6,32,792
Total IOSL + BSSPL	9,23,254	14,83,327	16,34,889	17,79,459
Differential	1,52,254	327	18,889	-541

From the table above, it can be observed that there are significant differences in the totals in FY22 and FY24, while the differences are marginal in FY23 and FY25.

- f) At the current trend, the recovery in ATF Volume and ATMs at CSMIA for the period Apr-Jun 2021 is expected to be 43% and 42% only. It is very unlikely that 52% as proposed by the Authority for the year FY 2021-22 would be achieved. The recovery of ATF Volume and ATMs for domestic is expected by FY 2022-23 and International by FY 2023-24. By prorating our share of volume of approximately 60% at the airport, our projections for recovery in throughput volume for the Third Control Period would be –



Deborah Gorman

Base Year FY 2019-20 1483 TKL	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Volume (TKL)	667	1186	1483	1572	1631
As % of Base year	45%	80%	95%	104%	106%



Autograph