

Reference No: IOSL-CO/AERA-CP/MAFFFL.BOM

Date: 29<sup>th</sup> June 2021

The Chairman,  
Airports Economic Regulatory Authority (AERA),  
AERA Building,  
Administrative Complex.  
Safdarjung Airport, New Delhi-110003

**Subject: Stakeholder Comments to Consultation Paper 05 / 2021-22 dated 28<sup>th</sup> May 2021 in the matter of determination of Fuel Infrastructure charges in respect of Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL) at CSMI Airport, Mumbai for the Third Control Period (01.04.2021 – 31.03.2026)**

Dear Sir,

Reference to the subject, we submit our comments as under:

**1) Chapter 4: Regulatory Asset Base (RAB) and Depreciation:**

**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.**

**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.

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.

Thus, the above proposal is against the guideline, punitive in nature and is unfair.



## 2) Chapter 5: Fuel Throughput (volumes) for the third control period

**Authority's examination of Projected volumes and their proposed volume as indicated in Table 30.**

Particulars (In TKL)	FY 2019-20 (Base Year) *	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
As projected by MAFFFL	1483*	840	916	1364	1556	1616
As % of Base year	100%	57%	62%	92%	105%	109%
<b>Volume proposed by Authority</b>		<b>771</b>	<b>1483</b>	<b>1616</b>	<b>1780</b>	<b>1854</b>
As % of Base year		52%	100%	109%	120%	125%

**IOSL's response:** The volume proposed by the Authority needs to be revisited considering the following aspects:

- The earlier studies conduct by various agencies had not envisaged the second wave of the pandemic and next waves that are being predicted.
- The vaccination program within India has not reached its targeted levels due to various constraints and would thus pose 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.
- The uncertainties that loom large in the current circumstances.
- India's opposing stand to vaccine passport could also delay the resumption of long haul international scheduled services.
- 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 –

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%

Thanking You.

For IndianOil Skytanking Private Limited.



(T.S. Dupare)  
Chief Executive Officer