

184/3162/2021
03/05/2021

भारत स्टार्स सर्विसेज
प्राइवेट लिमिटेड



**BHARAT STARS SERVICES
PRIVATE LIMITED**

(A JV of BPCL & ST - Airport Services, Singapore)

सचिव
14

The Chairman

Airports Economic Regulatory Authority (AERA)

AERA Building, Administrative Complex.

Safdarjung Airport, New Delhi-110003

Date: 30 April 2021

Subject: Stakeholder Comments to CP 01 / 2020-21 dated 08th April 2021 in the matter of determination of aeronautical tariff for M/s Indian Oil Skytanking Private Limited (IOSPL) providing into plane services (ITP) at CSI Airport, Mumbai for the 3rd control period (FY 2021-22 to FY 2025-26).

Dear Sir,

With reference to the consultation paper 01/2020-21, we would like to submit our comments as stated below:

1. IOSL is providing Into Plane Services at Mumbai Airport along with BSSPL being the other ITP operator at the airport.
2. Both IOSL and BSSPL were selected through a competitive bidding process conducted by Mumbai Aviation Fuel Farm Facility (MAFFFPL) and have been awarded the sub-concession at Mumbai on the concept of match the lowest bidder concept for ITP rates. The tariff determination rightfully should be considered under light touch approach.
3. In case the Authority decides to approve the tariff of IOSL to an extent to match it with that of BSSPL, we would have no objections to the same.

Best Regards,

Authorized Signatory

निदेशक (नि० एवं सां०)

Bharat Stars Services Private Limited (BSSPL)

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रजिस्टर्ड ऑफिस : एविएशन फ्यूलिंग स्टेशन, शाहबाद मोहम्मदपुर, न्यू दिल्ली - 110061
Registered Office : Aviation Fuelling Stn., Shahbad Mohammadpur, New Delhi - 110061

CIN: U11100DL2007PTC168158

Ref : MAFFFL/AERA/CP01/1449

Date : 03/05/2021

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

Subject: Stakeholder Comments to CP No. 01/2020-21 dated 08th April 2021 for determination of Aeronautical Tariff for M/s IndianOil Skytanking Private Limited providing Into-Plane Services at CSMI Airport, Mumbai for 3rd control period.

Dear Madam/Sir,

We, Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL), would like to submit our comments with reference to CP No. 01/2020-21 as follows:

1. The selection of Into-Plane Services (ITP) service providers at Mumbai International Airport (MIAL) was done through a competitive bidding process. The winning bidder was M/s Bharat Stars Services Private Limited (BSSPL) which provided the lowest ITP Services fee. M/s IndianOil Skytanking Private Limited (IOSL) was required to match the same rate in order to be the 2nd operator to be selected.
2. We request the authority for having same ITP Service Fee for both IOSL and BSSPL, with competition being on service delivery and quality parameters.
3. As per the Sub-Concession agreement executed between MAFFFL and IOSL dated 31st October 2014, the relevant provisions are as follows:
 - A. Clause 1.1 :

'Effective Date' Shall mean October 31, 2014.

'LOA' means the Letter of Award issued by MAFFFL to the Sub-Concessionaire vide letter bearing no. MAFFFL/ITP/IOSL/1 dated October 29, 2014.

'Term' has the meaning ascribed to it in Clause 18.1.1

- B. Clause 3.3.4 : *Parties acknowledge and agree that in order to ensure competition at the airport, MAFFFL has granted sub-concession to 2 (two) different service providers, selected through competitive bidding process to undertake and provide the services to Users at the Airport, for a period of 10 years from the effective date.*

- C. Clause 13.5 : Fair Dealing

13.5.1 Neither the Sub-Concessionaire nor any of the subcontractors shall:

- (i) adopt, in relation to the activities performed by it under this Agreement or other activities carried on by it at the Airport, any trade practice, or any pricing policy, which unreasonably discriminates against any class of users of the Airport or any particular user or which unfairly exploits its bargaining position relative to users of the Airport generally or

Mumbai Aviation Fuel Farm Facility Private Limited

Page 1 of 3

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CIN: U63000MH2010PTC200463



which directly causes the adoption by any other entity of a practice which has a similar effect;

- (ii) adopt, in relation to the granting of sub-concessions/ any subcontracts, any practice which:
 - (a) unreasonably discriminates against entities granted any class of such rights, or any particular grantee of such a right, or unfairly exploits its bargaining position relative to the grantees of such rights generally; or
 - (b) unreasonably discriminates against any class of entities applying for such rights or any particular applicant, or unreasonably limits the number of such rights that are granted in the case of any particular services or facilities; or
 - (c) which directly causes the adoption by any other entity of a practice, which has a similar effect.

D. Clause 18.1 TERM AND TERMINATION

18.1.1 The Sub-Concession shall take effect from the Effective Date and subsist till the date of expiration of the 10th anniversary of the LOA ('Term'). The Agreement may be terminated upon expiration of the Term or earlier, upon termination of the Agreement in terms hereof. The Agreement may be renewed in accordance with this Agreement.

18.1.2 MAFFFL shall have the right to extend the Term, at its sole discretion for a further period of maximum 5 (five) years.

18.1.3 MAFFFL may terminate the Agreement before date of expiration of the Term in the manner provided herein.

4. As we are still in the midst of Second wave of Covid-19, the full adverse impact on Aviation Sector in particular is difficult to comprehend at this stage. Based on the limited visibility on date, the following ATF volume projections of MAFFFL for CSMIA are submitted for 3rd control period for consideration of Authority:

Year	Recovery % on Base FY 2019-20		ATM Numbers (In '000)			% Fuel Efficiency Saving		ATF Volume (In '000 KL)		
	Dom	Intl	Dom	Intl	Total	Dom	Intl	Dom	Intl	Total
2019-20*	Base	Base	229	76	305	Base	Base	473	1010	1483
2020-21	Actual	Actual	92	24	116	Actual	Actual	203	403	606
2021-22	70	50	160	38	198	0	0	331	505	836
2022-23	100	75	229	57	286	3	3	459	734	1193
2023-24	(102)^3	100	243	76	319	5	5	477	959	1436
2024-25	(102)^4	(102)^4	248	82	330	6	6	481	1027	1508
2025-26	(102)^5	(102)^5	252	84	336	7	7	486	1036	1522

*Note : Figures for FY 2019-20 considered as base year for projection.

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5. Expected Market share, based on long term historical data, of IOSL for Third Control Period (till expiry of Term of Sub-concession) out of projected ATF volumes of CSMIA:

Year	ATM Numbers (In '000)						IOSL ATF Volume (In '000 KL)					
	Dom		Intl		Total		Dom		Intl		Total	
2021-22	125	78%	25	67%	150	76%	258	78%	303	60%	561	67%
2022-23	179	78%	38	67%	217	76%	358	78%	440	60%	798	67%
2023-24	189	78%	51	67%	240	75%	372	78%	575	60%	947	66%
2024-25*	113	78%	32	67%	145	75%	219	78%	360	60%	579	66%
TOTAL	606		146		752		1207		1678		2885	

*Note : For FY 2024-25 period from April to October (Seven months) is considered as term expires on 29th October 2024.

6. MAFFFL has no objections to re-adjustment of ITP tariff for IOSL as per the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011.

Thanking you and assuring you our best attention at all times,

Debasish Goswami

Debasish Goswami
(Authorised Signatory)
Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL)

Debasish Goswami
Chief Executive Officer
Mumbai Aviation Fuel Farm Facility Private Limited,
Opp. ITC Maratha Hotel, Sahar Police Station Road,
CSI Airport, Sahar, Andheri (East), Mum.- 400099.



विपणन प्रभाग
Marketing Division

इंडियन ऑयल कॉर्पोरेशन लिमिटेड

प्रधान कार्यालय
इंडियन ऑयल भवन, जी-9, अली यावर जंग मार्ग,
बांद्रा (पूर्व), मुंबई - 400 051.

Indian Oil Corporation Limited

Head Office
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Phone : (022) 2644 7000



Date: 05 May 2021

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

Subject: Stakeholder Comments to CP 01 / 2021-22 dated 08th April 2021 in the matter of determination of aeronautical tariff for M/s IndianOil Skytanking Private Limited (IOSPL) providing Into plane services (ITP) at CSI Airport, Mumbai for the 3rd control period (FY 2021-22 to FY 2025-26).

Dear Sir,

With reference to the subject consultation paper 01/2021-22, we would like to submit our comments as below:

1. Due to pandemic situation, the ATF volume handling at Airport has come down by around 60% at Mumbai. This low ATF volume trend is expected to continue for another 2-3 years. This is affecting the financial condition of the companies. It is very important for the ITP operator or any operator for that matter to be economically viable so that the service quality of the operator does not get adversely affected.

Hence, AERA may take a balance view in finalizing the ITP charges considering the reduced ATF volume at Mumbai airport, which is expected to continue for some more years.

2. Notwithstanding the above, it is suggested that ITP charges at a particular airport may be kept same for all the ITP service provider. This will ensure a healthy competition between the ITP service providers on the quality of service.
3. 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.

Best Regards,

S.Princy Ragila
DGM (Aviation), Head Office
For IndianOil Corporation Ltd



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड

(भारत सरकार उपक्रम) रजिस्टर्ड ऑफिस : 17, जमशेदजी टाटा रोड, मुंबई - 400 020.

HINDUSTAN PETROLEUM CORPORATION LIMITED

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The Secretary

Date: 07TH May 2021

Airports Economic Regulatory Authority (AERA)

AVN/RM/AERA

AERA Administrative Complex.

Safdarjung Airport, New Delhi-110003

Subject: Stakeholder Comments to CP 01 / 2021-22 and 02/2021-22 dated 08th April 2021 in the matter of determination of aeronautical tariff for M/s IndianOil Skytanking Private Limited (IOSPL) and Bharat Stars Service Private Limited for providing into plane services (ITP) at CSI Airport, Mumbai for the 3rd control period

Dear Sir,

With reference to the consultation paper 01 /2021-22 and 02/2021-22, we would like to submit our comments as stated below:

HPCL uses the services of both IOSL and BSSPL at the airports where common user fuel farm & ITP Services are present which are Delhi, Mumbai and Bangalore. In case the tariffs for BSSPL and IOSL are different, HPCL's end customers would end up paying different rates at the same airport based on the choice of either IOSL or BSSPL which would be inappropriate and discriminatory.

The business to the service providers is awarded by HPCL based on service quality and other operational reasons. These parameters are evaluated on a regular basis and allocation of volumes to the ITP service providers takes place accordingly.

We therefore would request the authority to keep rates of IOSL and BSSPL at par. Further any tariff increases should be on a prospective basis only.

Best Regards,


Ranjeet Mundayur

Deputy General Manager-Aviation

Hindustan Petroleum Corporation Limited

MIAL/VPR/2021-22/01

7th May, 2021

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

Sir,

Sub: Feedback/ Suggestions on determination of Aeronautical Tariff for M/s Indian Oil Skytanking Private Ltd. (IOSL) and Bharat Star Skytanking Private Ltd. (BSSPL) for 3rd Control Period

**Ref : 1. Consultation Paper No. 01 / 2021-22 dated 8th April, 2021
2. Consultation Paper No. 02 / 2021-22 dated 8th April, 2021**

With reference of above we give below our feedback / suggestions for determination of aeronautical tariff for the 3rd control period:

1. Proposal to adopt "Price Cap Approach" on 'Single Till' basis

The Authority while determining the aeronautical tariff in respect of the two ITP service providers had adopted the Light Touch Approach in the previous Control Periods, while disregarding its earlier stand it has now proposed to adopt Price Cap approach that too on Single Till basis.

- a. The two ITP operators had been selected through an Open Tender process and accordingly their charges were established through competitive bidding. The Authority had earlier considered both of them as competitive but have now considered them to have no competition in real terms. We wish to state that all the airlines are free to avail Into Plane (ITP) services from any of the two service providers as per their choice. In earlier control period they were considered competitive and were assessed under Light Touch approach and it is unwarranted to now presume that there is no competition in real terms.
- b. There is no justification for applying Single Till methodology for determination of aeronautical tariff in respect of IOSPL and BSSPL, even National Civil Aviation Policy 2016 (NCAP 2016) in Para 12(c) states *"tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bld out in future. 30%*



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of non-aeronautical revenue will be used to cross-subsidise.” Supply of ATF is also covered under NCAP, 2016. In view of above there is no justification to apply the Single Till methodology to ITP service providers’ tariff determination.

- c. The Authority, even though there is no change in status of operations in the earlier control period, has against its own stand now proposed to adopt Price Cap Methodology with Single Till. The Authority should have been consistent in its approach, particularly when there is no factual change in operations of the ITP Service Providers.
2. The Authority has proposed that Interest Income earned shall be treated as aeronautical revenue. It should be noted that interest is earned on deposit which are not part of regular business of ITP services and should not be considered as revenue for determination of the aeronautical charges. Such proposal disincentives the Operator to keep the profits invested in the business and shall result in transfer of funds through payment of dividend or otherwise.
3. The proposal of AERA to reduce the RAB by 1% of the cost of capex proposed / allowed by AERA, is unwarranted, particularly in view of impact of Covid-19 and the ensuing second wave where uncertainty has engulfed the entire business operations throughout India and airports are no exception. The Authority should also consider the possibility of expected 3rd and 4th wave of the Covid-19, which surely cannot be ruled out which would have impact on completion of the proposed capex. In view of above said there is no justification for proposing the 1% reduction from RAB in respect of the cost of capex projected in the true-up regime.
4. Considering the second wave of COVID 19 pandemic the operations at CSMI Airport are extremely precarious with huge uncertainty prevailing over scheduled international operations commencing in the near future and in particular the long haul flights to USA & Europe which have either been discontinued or scaled down to a minimum. Furthermore, we are uncertain about the next wave of the pandemic and its impact. The domestic scheduled operations have also gone down due to reduced passenger movement. MIAL had to again close down operations at Terminal 1 after a month long operations because of fall in passenger movement and consequential fall in ATMs. Though Government has allowed 80% of domestic scheduled routes, the actual coverage could be less than that because of decreasing passenger traffic. In view of above, the ATM (in thousand) forecast for MIAL and consequently the oil



throughput in KL considered by the Authority for the ITP service providers needs to be scaled down.

We request the Authority to kindly consider the above points while finalising the charges for the two ITP service providers.

Thanking you,

Yours Sincerely

For Mumbai International Airport Ltd.

A handwritten signature in black ink, appearing to read 'Sanjiv Bhargava'.

(Sanjiv Bhargava)

Vice President (Regulatory)

