

Letter No. - DIAL/AERA/2021-22/844

Date – 22nd Mar'2022

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

Subject: Determination of Tariff for In-to Plane Services in respect of M/S BHARAT STARS SERVICES (DELHI) PRIVATE LIMITED (BSSDPL), New Delhi

Reference: Consultation Paper No. 32/2021-22 dtd. 23rd Feb'2022

Dear Sir,

We write with reference to the abovementioned consultation paper. We as Airport Operator have following comment:

Tariff approach:

Authority in its consultation paper no. 32/2021-22 dtd. 23rd Feb'2022 proposed to adopt price cap approach under "Single Till" methodology on the basis that the BSSDPL provides services to its own promoter hence in real term there is no competition.

In this regard we would like to submit that fuel suppliers who also have agreement with ITP service provider has the overall responsibility of transfer of fuel into the Aircraft. At Delhi Airport there are four fuel suppliers i.e. HPCL, BPCL, IOSL & Reliance apart from Airlines sourcing themselves. BSSDPL has agreement with all these fuel suppliers and they are free to use the services of any ITP service provider at the Airport. Accordingly, there is inbuilt competition in the system. *Further, Airlines users can also sign direct user agreement with the ITP service provider.*

In accordance with the clause 3.2 (ii) of the ISP tariff guidelines issued by AERA, in case the service is 'material but competitive' than the tariff for the said service should be determined under light touch approach. There is ample evidence of more than one service provider for the In-to plane service and also such service providers are open for all users at the rate decided by AERA. The decision of utilizing the services of the available service provider rests with the user and hence the categorization of user cannot undermine the competition already available. Accordingly, we request authority to consider the provisions of its own tariff guidelines (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines 2011 and adopt light touch approach in case of ITP service provider BSSDPL, Delhi.

Further, as per clause 3.2 (iii) of the tariff guidelines issued for Independent Service Providers (ISP) dtd. 10th January'2011, in case of the service provided is material and not competitive but if the service provider has entered in to user agreements on prices as well as service level then such agreement should be respected by the Authority and a light touch approach should be adopted. Following is the extract of the provision:

"material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) for Service Provider(s) based on a light touch approach for the duration of the Control Period, according to the, provisions of Chapter V;"

Further, under clause 6 of the same guidelines Authority has further explained the reasonableness of the User Agreements. According to this provision, the test of reasonableness is positive, if the user agreement clearly indicates the tariff agreed between the service provider and the users and the users have not raised any reasonable objection or concern over user agreements which are not addressed by the service provider.

BSSDPL apart from valid competition also has agreement with users and complies with the user agreement condition which comply with the condition of adoption of light touch approach in tariff determination.

We would also like to bring Authority's attention that as per section 13(1)(a)(vi) of the AERA Act, Authority has to ensure viable operation of the regulated entity. The ITP service provider are mainly labor intensive business and requires higher liquidity.

Accordingly, we request AERA to consider light touch approach while determining tariff for ITP services at Delhi Airport.

Thanking you.

For Delhi International Airport Ltd.



K Narayana Rao
Director