

4089/का-चिप(एरि)
15/10/18

Ref: KIAL/FIN/25/2018-19

Date: 11 October 2018

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

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी न०

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15/10/2018

Dear Madam,

Sub: Response to Consultation Paper No. 16 / 2018-19 dated 14th September 2018 issued in the matter of determination of Aeronautical Tariffs in respect of Kannur International Airport Limited (KIAL) for the first control period (1st April 2018 – 31st March 2019)

We thank the Authority for issuing the aforementioned Consultation Paper. Our responses to the Consultation Paper and updated tariff proposals taking into consideration the Authority's comments in the consultation paper and our responses thereto are enclosed herewith. We request the Authority to consider these at the time of issue of Order.

Yours truly,

For KANNUR INTERNATIONAL AIRPORT LIMITED



S JAYAKRISHNAN
Chief Financial Officer

Sr.mgr (R).

KANNUR INTERNATIONAL AIRPORT LIMITED

CIN: U63033KL2009SGC025103

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Kannur Interantional Airport Limited
Proposed Annual Tariff Plan

Tariff	Unit	ATP 2018-19 Tariff w.e.f commencement of Airport Operations	ATP 2019-20 Tariff w.e.f 01.04.2019	ATP 2020-21 Tariff w.e.f 01.04.2020	ATP 2021-22 Tariff w.e.f 01.04.2021	ATP 2022-23 Tariff w.e.f 01.04.2022
1 Landing charges						
International						
Upto 100 MT	INR per MT	369	387	406	426	448
Above 100 MT	INR per MT	36900 + 495 in excess of 100 MT	38700 + 520 in excess of 100 MT	40600 + 546 in excess of 100 MT	42600 + 573 in excess of 100 MT	44800 + 602 in excess of 100 MT
Other than international						
Upto 100 MT	INR per MT	268	281	295	310	325
Above 100 MT	INR per MT	26800 + 358 in excess of 100 MT	28100 + 376 in excess of 100 MT	29500 + 395 in excess of 100 MT	31000 + 415 in excess of 100 MT	32500 + 436 in excess of 100 MT
Notes		Charges shall be calculated on the basis of nearest MT (ie. 1000 Kgs.)	Charges shall be calculated on the basis of nearest MT (ie. 1000 Kgs.)	Charges shall be calculated on the basis of nearest MT (ie. 1000 Kgs.)	Charges shall be calculated on the basis of nearest MT (ie. 1000 Kgs.)	Charges shall be calculated on the basis of nearest MT (ie. 1000 Kgs.)
1a		A minimum fee of Rs. 2000/- shall be charged per single landing	A minimum fee of Rs. 2000/- shall be charged per single landing	A minimum fee of Rs. 2000/- shall be charged per single landing	A minimum fee of Rs. 2000/- shall be charged per single landing	A minimum fee of Rs. 2000/- shall be charged per single landing
1b		Domestic aircrafts with an all up weight of 21 MT. and below will be charged @Rs. 162/- per MT.	Domestic aircrafts with an all up weight of 21 MT and below will be charged @Rs. 170/- per MT.	Domestic aircrafts with an all up weight of 21 MT and below will be charged @Rs. 179/- per per MT.	Domestic aircrafts with an all up weight of 21 MT and below will be charged @Rs. 179/- per per MT.	Domestic aircrafts with an all up weight of 21 MT and below will be charged @Rs. 179/- per per MT.
1c		For flight operations with Aircraft registered in India, the flight is classified Domestic or International based on the immediate previous station, irrespective of the flight number assigned to such flights.				
1d		All flight operations with Aircraft not having India as state of registry will be considered International for calculation of airside user charges irrespective of immediate previous station.				
1e		All domestic legs of international routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.				
1f		No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types.				
1g		Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)				
1h		Flight operating under Regional Connectivity Scheme will be completely exempted from landing charges from the date the scheme is operationalized by GOI.				
2 Housing charges						
Upto 100 MT	INR per hour per MT	12	13	14	15	16
Above 100 MT	INR per hour per MT	1200 + 17 in excess of 100 MT	1300 + 18 in excess of 100 MT	1400 + 19 in excess of 100 MT	1500 + 20 in excess of 100 MT	1600 + 21 in excess of 100 MT
3 Parking charges						
Upto 100 MT	INR per hour per MT	6.00	6.50	7.00	7.5	8
Above 100 MT	INR per hour per MT	600 + 8.0 in excess of 100 MT	650 + 8.5 in excess of 100 MT	700 + 9.0 in excess of 100 MT	750 + 9.5 in excess of 100 MT	800 + 10.0 in excess of 10 MT
Note		When an aircraft is parked in the open, only the housing charges specified above shall be levied, provided that no parking charges shall be levied for the first two hours	When an aircraft is parked in the open, only the housing charges specified above shall be levied, provided that no parking charges shall be levied for the first two hours	When an aircraft is parked in the open, only the housing charges specified above shall be levied, provided that no parking charges shall be levied for the first two hours	When an aircraft is parked in the open, only the housing charges specified above shall be levied, provided that no parking charges shall be levied for the first two hours	When an aircraft is parked in the open, only the housing charges specified above shall be levied, provided that no parking charges shall be levied for the first two hours
3a		For calculating chargeable parking time, part of an hour shall be rounded off to the next hour	For calculating chargeable parking time, part of an hour shall be rounded off to the next hour	For calculating chargeable parking time, part of an hour shall be rounded off to the next hour	For calculating chargeable parking time, part of an hour shall be rounded off to the next hour	For calculating chargeable parking time, part of an hour shall be rounded off to the next hour
3b		Charges shall be calculated on the basis of nearest MT.	Charges shall be calculated on the basis of nearest MT.	Charges shall be calculated on the basis of nearest MT.	Charges shall be calculated on the basis of nearest MT.	Charges shall be calculated on the basis of nearest MT.
3c		Charges for each period of parking shall be rounded off to nearest Rupee.	Charges for each period of parking shall be rounded off to nearest Rupee.	Charges for each period of parking shall be rounded off to nearest Rupee.	Charges for each period of parking shall be rounded off to nearest Rupee.	Charges for each period of parking shall be rounded off to nearest Rupee.
3d		At the in- contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges	At the in- contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges	At the in- contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges	At the in- contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges	At the in- contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges
3e						

Tariff	Unit	ATP 2018-19	ATP 2019-20	ATP 2020-21	ATP 2021-22	ATP 2022-23
		Tariff w.e.f commencement of Airport Operations	Tariff w.e.f 01.04.2019	Tariff w.e.f 01.04.2020	Tariff w.e.f 01.04.2021	Tariff w.e.f 01.04.2022
3f		No landing charges will be levied in respect of Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc. Military aircrafts as mentioned above are also exempted from payment of parking charges.	No landing charges will be levied in respect of Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc. Military aircrafts as mentioned above are also exempted from payment of parking charges.	No landing charges will be levied in respect of Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc. Military aircrafts as mentioned above are also exempted from payment of parking charges.	No landing charges will be levied in respect of Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc. Military aircrafts as mentioned above are also exempted from payment of parking charges.	No landing charges will be levied in respect of Military Aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc. Military aircrafts as mentioned above are also exempted from payment of parking charges.
4	Night parking charges (Night parking charges between 2200 hours to 0600 hours)					
	Upto 100 MT INR per hour per MT	3	3.5	4	4.5	5
	Above 100 MT INR per hour per MT	300 + 4.0 in excess of 100 MT	350 + 4.5 in excess of 100 MT	400 + 5.0 in excess of 100 MT	450 + 5.5 in excess of 100 MT	500 + 6.0 in excess of 100 MT
5	Passenger service fees					
	Total INR per dep pax	200	200	200	200	200
	SC INR per dep pax	130	130	130	130	130
	FC INR per dep pax	70	70	70	70	70
5a	PSF SC Rates as determined/revised by Ministry of Civil Aviation will be made applicable from time to time.					
5b	Exemption to Infant (Under 2 Years age), Transit /Transfer passengers					
5c	Exemption to Airlines from paying PSF for Sky Marshals.					
5d	Crew on duty exempted from paying PSF.					
6	Aerobridge charges					
	International					
	Single Aerobridge used by an Aircraft					
	Upto 90 minutes INR	4440	4440	4440	4440	4440
	For every 30 min beyond 90 min. INR	1430	1480	1480	1480	1480
	Two Aerobridges used by an Aircraft					
	Upto 90 minutes INR	6660	6660	6660	6660	6660
	For every 30 min beyond 90 min. INR	2220	2220	2220	2220	2220
	Domestic					
	Upto 90 minutes INR	2500	2500	2500	2500	2500
	For every 30 min beyond 90 min INR	1000	1000	1000	1000	1000
6a	Aerobridge charges are payable by Airline Operators to Kannur International Airport Limited					
6b	The Aerobridge charges are payable based on the time of usage.					
6c	Usage charges will be billed on the basis of the data recorded by the Aerobridge operator.					
6d	No Exemptions.					
7	Inline X ray charges					
	International					
	Aircraft capacity					
	1-100 INR	11100	11100	11100	11100	11100
	101-150 INR	13320	13320	13320	13320	13320
	151-180 INR	16280	16280	16280	16280	16280
	181-300 INR	18500	18500	18500	18500	18500
	Above 300 INR	22200	22200	22200	22200	22200
	Domestic					
	Aircraft capacity					

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Status update on the Airport

Physical project of Airport Construction has been completed and testing and inspection works carried out. DGCA final inspection has been carried out and we have received the Aerodrome license on 4 October 2018.

Publication of aerodrome data and procedure design in AIP has been done with effective date as 6 December 2018.

Airport is scheduled to be commissioned and operational from 9 December 2018.

Regulatory Building Blocks – Our submissions

General

We request the Authority to consider true-up of all regulatory building blocks based on actuals at the end of the current control period.

Regulatory Asset Base and Depreciation

1. The Authority has proposed to remove Land cost from Regulatory Asset base. The Authority has proposed to exclude cost of land from RAB until a decision on the treatment of land cost is finalized pursuant to Consultation Paper No. 04/2018-19 "In the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators of India" dated 23.04.2018.

KIAL submits that the land was acquired at market rates and transferred to KIAL at cost and no subsidy was provided. This was considered as equity contribution by the Government. If land is removed from RAB, KIAL will earn no return on land cost capitalised in books. KIAL requests the Authority to consider land cost as part of RAB and provide return on the same.

2. The Authority has proposed to exclude Rs. 490 crores pertaining to Runway extension as the incurrence of cost is not certain yet.

KIAL submits that the Runway extension from 3.05 KM to 3.40 KM was planned and approved by the Board of KIAL. KIAL requests that the Authority may include the cost relating to Runway expansion as part of true up at the end of the control period.

3. The Authority has proposed to true up Average RAB and depreciation based on the actual date of capitalisation.

KIAL accepts the same and also requests Authority to true up the cost also based on actuals.

Operation and Maintenance Expenses

4. The Authority has proposed to exclude expenses relating to the staff of CISF.

KIAL submits that CISF has proposed to deploy around 613 personnel in KIAL for security purposes. The PSF Security Component of Rs. 130 proposed to be collected from passengers would not be

sufficient to fund the CISF expenditure. KIAL would take up the matter with MoCA and request for increase in rates for PSF Security Component.

Non Aeronautical Revenues

5. The Authority has proposed to exclude lease rental revenue from Aircraft Maintenance Centre, Logistics and Redistribution Centre and Fuel Farm and consider it as part of revenue from Aeronautical services.

KIAL submits that the Authority may uniformly consider this across airports as it was noted that this was not a uniform treatment across other airports. KIAL requests the Authority to list down the activities and revenues that would be considered as "Aeronautical" and discuss the same with stakeholders.

Taxation

6. The Authority has proposed to consider tax estimate considering the actual revenues.
KIAL accepts the same and requests the Authority to true up the same based on actuals.

Aeronautical Revenues

7. The Authority has proposed to accept the Aeronautical Tariff Proposal submitted by KIAL. The Authority has proposed to true up Revenue based on actuals during the first control period. The Authority has opined that the PSF (F) and Aerobridge charges may be merged with UDF. Further, the Authority has also opined that except PSF (S) other charges (such as CUTE charges, Aerobridge charges, Inline X ray charges) may be expressed in INR.

KIAL requests the Authority that KIAL shortfall between actual revenues and eligible ARR be permitted to be carried forward to the next control period.

KIAL submits that the charges proposed to be levied by the Airport, considering the views expressed by the Authority is as per the revised ATP shared herewith. While Authority has opined that Aerobridge charges may be merged with UDF, KIAL requests that Aerobridge charge is an avenue of revenue to the Airport, where the existing charges do not compensate the eligible revenue requirement and hence may be considered separately.

In order to keep the charges competitive and attract the Airlines and Passengers, KIAL Management and Board may approve certain discounts to the tariff submitted herewith. KIAL requests that the Authority approve for any discounts given by KIAL on the Aeronautical charges to be trued up at the time of review and true up of the first control period results.

KIAL submits that if UDF is charged by KIAL, PSF will be added and merged with UDF and if UDF is not charged, PSF will be charged at the rate detailed therein.