

AERA/20010/MYTP/AAI-LKO/CP-II/2016-17
Airports Economic Regulatory Authority of India

Date: 24.01.2018

Office Memorandum

**Sub: Minutes of the Stakeholders' Consultation Meeting held on 11.01.2018
at 11 AM.**

Please find enclosed herewith the Minutes of the Stakeholders' Consultation Meeting held on 11.01.2018 in connection with determination of aeronautical tariffs in respect of Chaudhary Charan Singh International Airport, Amausi, Lucknow (CCSIA) and Lokpriya Gopinath Bordoloi International Airport, Guwahati for the Second Control Period (01.04.2016 to 31.03.2021) for information and necessary action.

(Ramendra Pratap Shukla)
Deputy Chief

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**Minutes of the Stakeholders Consultation Meeting held on
11th January, 2018 at 11:00 AM**

- 1. CONSULTATION PAPER NO.31/2017-18 DATED 22.12.2017 IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFFS IN RESPECT OF CHAUDHARY CHARAN SINGH INTERNATIONAL AIRPORT, AMAUSI, LUCKNOW (CCSIA) FOR THE SECOND CONTROL PERIOD (01.04.2016 – 31.03.2021)**
- 2. CONSULTATION PAPER NO.32/2017-18 DATED 22.10.2017 IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFFS IN RESPECT OF LOKPRIYA GOPINATH BORDOLOI INTERNATIONAL AIRPORT, GUWAHATI FOR THE SECOND CONTROL PERIOD (01.04.2016 – 31.03.2021).**

1. A Meeting was convened by the Authority on 11.01.2018 at 11.00 AM in the Conference Room, first floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the Consultation Papers nos. 31/2017-18 and 32/2017-18 dated 22.12.2017 issued by the Authority to determine aeronautical tariffs for the period FY 2016-17 to FY 2020-21 in respect of Chaudhary Charan Singh International Airport, Amausi, Lucknow (CCSIA) and Lokpriya Gopinath Bordoloi International Airport, Guwahati respectively . The list of participants is enclosed at **Annexure-I**.

2. The Chairman, AERA and Ms. Puja Jindal, Secretary, AERA welcomed all the participants and requested the stakeholders to give their views and also submit written comments/ views on or before 15th January 2018.

CHAUDHARY CHARAN SINGH INTERNATIONAL AIRPORT, AMAUSI, LUCKNOW (CCSIA)

3. Mr. A.K. Sharma, Airport Director, Lucknow gave a presentation of the facilities available at the airport, traffic, past ASQ ratings, proposed capital expenditure and tariffs at the airport during the second control period. AAI requested the Authority to consider the following points for determining the tariff for second control period.

- a. Inclusion of new terminal building cost: AAI submitted that it is expected to receive the approval of PIB by January, 2018 for the proposed terminal building and is confident of operationalizing the phase I by March, 2020 and Phase II by March, 2021. Hence, AAI requested AERA to include cost of phase –I in RAB for determination of tariff for second control period. Further, AAI submitted that if the terminal building is excluded from second control period and

considered in the third control period then it will lead to huge fluctuation in the tariffs between 2nd and 3rd control period.

- b. AAI submitted that the cost of culvert and drainage Rs. 5.9 crore may be excluded from the cost of additional 8 nos. parking bay and the link taxi track while applying normative approach.
- c. The parallel taxi track an estimated cost of INR 80.0 crore: AAI submitted that the Authority has considered the cost of culvert (INR 3.99 crore), drainage (INR 9.38 crore), electrical work (INR 7.87 crore) as part of normative approach and accordingly reduced the total cost to Rs. 43.4 crore. AAI requested AERA to allow these costs of Rs. 21.24 crore as additional items.
- d. Revision of Upkeep Expenses – AAI informed the Authority that it has recently recommended for award of Mechanized Environmental Support Services (MESS), Environmental Support Services (ESS) contract (for upkeep of the airport) with effect from March 2018 for 3 years amounting to INR 12.97 crore. Hence, requested the Authority to consider Rs. 12.97 crore as upkeep expenses instead of Rs. 4.14 crore considered in the consultation paper.
- e. Tariff Card: AAI in their tariff card stated that the incentive scheme on landing charges for domestic and international flights is proposed to be withdrawn.

On the issue of allowing the cost of proposed terminal building under phase –I in the capital expenditure, Chairman, AERA indicated that the Authority would examine the same again before issue of the order.

On the issue of inclusion of culvert, drainage and electrical works as additional items in normative approach for determination of capital expenditure, Chairman, AERA stated that the Authority will consider it while issuing the order and added that the Authority has proposed to undertake a study to determine the reasonableness of these assets as per the consultation Paper and capital expenditure for these assets would be trued-up in the next control period.

LOKPRIYA GOPINATH BORDOLOI INTERNATIONAL AIRPORT, GUWAHATI

4. Shri B. K. Tailong, Airport Director (Guwahati) gave a brief presentation on the Multi Year Tariff Proposal submitted to AERA for determination of aeronautical charges. He gave an overview of the facilities available at the Airport, Traffic, past ASQ ratings, proposed capital expenditure and proposed tariffs at the airport. AAI submitted the following for the consideration of the Authority:

- a. Inclusion of new terminal building cost: AAI submitted that it is expecting the PIB approval by January, 2018 and is confident of operationalizing the terminal building in the 2nd control period.

- b. Tariff Card: AAI in their tariff card stated that the incentive scheme on landing charges for domestic and international flights is proposed to be withdrawn

On the issue of allowing the cost for terminal building in the capital expenditure, Chairman AERA, stated that the Authority would re-consider its proposal given in CP in this regard.

Jet Airways:-

Shri Mukesh Trehan, GM (Finance) stated that the collection charges on UDF are not paid within 15 days to the airlines by AAI however airlines needs to pay the UDF amount within 15 days.

He also pointed out that the passenger traffic at Guwahati Airport has grown by more than 25% in FY 2015-16 and FY 2016-17. However, the Authority has considered passenger traffic growth rate of 10% which is lower than the traffic growth in the past few years.

Regarding collection charges the Chairman AERA, indicated that the Authority would look into the matter. He also directed AAI to provide the actual traffic growth rates upto Dec, 2017.

Regarding traffic growth rates AAI submitted that Guwahati Airport may not be able to sustain the high traffic growth rates going forward and hence, it has considered passenger traffic growth rate of 8% for 2nd control period.

FIA: -

Shri Ujjawal Dey, (Associate Director) stated that they would submit their comments on the Consultation Paper in writing.

IATA: -

Shri Eric Antia, (Campaign Manager) stated that they would submit their comments on the Conclusion Paper in writing.

Air Travellers Association:-

Shri Y.K. Tomer, (Executive Director) submitted the following points:

- a. AAI should ensure that there are enough immigration counters and staff in the proposed new terminal building. ATA further added that this is necessary for convenience of the passengers.
- b. In the terminal building, there should be ample space for passenger movement and shops and other non-aeronautical facilities should not become an obstruction for passenger movement.

- c. Adequate sitting space should be provided at the terminal building for passenger convenience in the proposed terminal building.
- d. Seamless connectivity between the new and the old terminals should be provided at AAI airports.
- e. Solar power projects should be undertaken by AAI at their airports to reduce the power costs and the benefit must be passed on to the passengers.

On the issue of space for passenger movement, Chairman, AERA asked AAI whether there are any IATA norms for usage of terminal building for non-aeronautical activities. In this regard, AAI clarified that as per IATA norms less than 20% of the terminal building should be used for non-aeronautical purpose and submitted that AAI airports comply with this requirement.

On the issue of solar power projects, Chairman, AERA clarified that AAI has installed solar power plants at various airports and any reduction in power cost would be passed on to the airport users. He appreciated the other points made by ATA and assured them that the Authority would consider them while evaluating service quality of the other airports.

Chairperson AERA thanked all the stakeholders for their participation and requested them to furnish their comments /views on the Consultation Paper within the stated timelines.

The Meeting ended with a vote of thanks to the chair.

Annexure- I

List of Participants

AERA

1. Shri S. Machendranathan, Chairperson - In Chair
2. Shri Shankar Narayanaswamy, Member
3. Ms. Puja Jindal, Secretary
4. Shri Nirmal Kumar, Sr. Manager (Fin)
5. Shri Jaimon Skaria, Manager (Fin)

Airport Authority of India (AAI)

6. Shri A.K. Sharma, Airport Director, Lucknow
7. Shri B. K. Tailong, Airport Director, Guwahati
8. Shri P.C. Jain, DGM (Finance)
9. Shri R.K. Das, AGM (F&A)
10. Shri R.D. Vishwakarama, GM (Finance)
11. Ms. V. Vidya, GM (Finance)
12. Shri M.K. S. Bordoloi, Jt. GM (Fin), Guwahati
13. Shri S. Jvgani, General Manager
14. Shri D.K. Kamra, RED (NER)
15. Rajesh Bhanda, Ex. ED(F)
16. Ms. Anju Rastogi, Senior Manager
17. Shri Varun Kumar, AGM (Finance)
18. Shri Ravi Kanojia, AM(Fin)

Jet Airways

19. Shri Mukesh Trehan, GM (Finance)

ATA

20. Shri Y.K. Tomer, Executive Director

FIA

21. Ujjwal Dey, Associate Director

MIAL

22. Shri A.C. Bhatt

Spicejet

23. Shri S. Pantra

IATA

24. Shri Eric Antia, Campaign Manager