



APAO/ AERA- CP 09/2015-16

26 November 2015

OSD-II to Secretary
Airport Economic Regulatory Authority of India
AERA Building
Administrative Complex
Sadfarjung Airport
New Delhi – 110003

Subject : APAO Response to AERA Consultation Paper No-09/2015-16 dated 4 Nov 2015 on Determination of Development Fee in respect of the Metro Connectivity Project for Chhatrapati Shivaji International Airport, Mumbai –

Dear Madam

A kind reference is invited to AERA Consultation Paper Consultation Paper No-09/2015-16 dated 4 Nov 2015 on Determination of Development Fee in respect of the Metro Connectivity Project for Chhatrapati Shivaji International Airport, Mumbai

The comments of Association of Private Airport Operators (APAO) on the various issues highlighted in the AERA Consultation paper are as follow:

- 1) APAO welcomes the proposal for making available two metro stations which would be Public assets / Public Utilities at the CSIA Airport that would go a long way in enhancing the facilities & convenience for the passengers and other users of the Airport. More importantly for a city like Mumbai where the present road connectivity to CSIA is already choked especially during peak hours ,it is critical to develop an alternate mode of transport / access to CSIA . The metro connectivity will become the life line access to CSIA in the years to come.
- 2) It is extremely difficult for MIAL to meet the funding gap through additional debt, as the Second Control period envisages significant additional Capex expenditure (which includes the cost of 2 Metro Stations) and funding for this additional Capex is also to be met out of debt & Internal accruals.
- 3) MIAL is already highly leveraged and there is no scope of raising further debt to fund Rs. 518 Crores towards cost of Metro Project. Hence, funding the Metro stations project through Development Fee is the last resort. The levy of Development Fee is also a less expensive option for financing the project and will be very small additions on the passengers.
- 4) APAO feels that cost of Metro stations may be funded through DF since it will lead to lowering of aeronautical charges in future at the Airport. The cost of metro stations is not added to the RAB and neither depreciation nor return shall accrue on such assets which otherwise will increase the tariff. More importantly, there shall be no unjust enrichment to MIAL if funding of such public project is allowed through Development Fee.

- 5) APAO has noted that MoCA has also agreed to allow MIAL to levy and collect additional DF to the tune of Rs. 518 crs to fund 2 metro stations in CSIA area.
- 6) MIAL is currently levying Development (Rs.100 for Domestic and Rs.600 for international embarking passengers) . Development Fee for metro connectivity (**Rs.15 and Rs.75**) will only lead to nominal increase in the DF per passengers and can co terminus with the collection of existing DF period.
- 7) The Authority should try not to leave Annual deficits in collection of Development Fee. Too low rates for collection of Development Fee would result in deficits and would be extra burden on passengers, due to interest on securitization of DF. Therefore, as far as possible, the need to securitize the future Development Fee collection should be avoided.
- 8) The actual rate of interest for securitization of Development Fee should be allowed by AERA.
- 9) The estimates given by MIAL for domestic and international passenger ratio and billable passengers may be accepted.
- 10) A single consolidated DF is required merging with the existing DF collection. Separate accounting can be maintained.

We look forward to your kind consideration of our submission on the Consultation Paper. We will be more than happy to provide any further information / clarification on the above, if required, by the Authority.

Thanks and Regards

For Association of Private Airport Operators



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Secretary General

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