



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड

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

HINDUSTAN PETROLEUM CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE), REGISTERED OFFICE : 17, JAMSHEDJI TATA ROAD, MUMBAI - 400 020.

विमानन एअरबीयू, हिन्दुस्तान भवन, 8, शूरजी वल्लभदास मार्ग, मुंबई - 400 001. दूरभाष : +91-22-2263 7000 फॅक्स : +91-22-2261 1776

Aviation SBU : Hindustan Bhavan, 8, Shoorji Vallabhdas Marg, Mumbai - 400 001. Tel.: 91-22-2263 7000 Fax : 91-22-2261 1776

CIN L23201MH1952GOI008858 www.hindustanpetroleum.com

AVN:AERA:HQO

26th Jun, 2014

Sh.Alok Shekhar
Secretary,
Airports Economic Regulatory Authority of India
AERA Building,
Administrative Complex,
Safdurjung Airport, New Delhi- 110003

Subject: Comments on determination of Tariffs for Aeronautical services in respect of Cochin International Airport, Cochin for the first control period (01.04.2011-31.03.2016).

Dear Sir,

We are in receipt of your letter no. AERA/20010/MYTP/CIAL/I2011-12/Vol- I /5934 dated 9th June, 2014 on the subject seeking our comments on the proposal contained in the Consultation Paper 03/2014-15 issued on 05.06.2014.

We have perused the above Consultation Paper and noted that Fuel Throughput Charges, were fixed at Rs.5 per kilo litre based on a Memorandum of Understanding between CIAL and BPCL dated 19.05.1997. As per the MOU, upon cessation of administered pricing mechanism of ATF, the rate of payment of this royalty will be reviewed between parties thereto and refixed according to market conditions. Accordingly the rates were revised w.e.f. 01.04.2009 at the rate of Rs.70 per Kilo litre for a period of one year with effect from 01.04.2009 to 31.03.2010 and as agreed between CIAL and BPCL the royalty (Fuel Throughput Charges) payable to CIAL by BPCL escalated cumulatively by 20% every year for a further period of five years. The parties had also agreed that the rate of royalty with effect from 01.04.2015 will be discussed and finalized during the month of March 2015.

HPCL is of the opinion that since AERA is the statutory authority for regulating tariff and other charges for aeronautical services rendered at airports, Fuel Throughput Charges agreed between CIAL and BPCL has no relevance. AERA vide its order no 07/2010-11 dated 4th Nov 2010, had granted approval for Fuel Throughput Charges at major airports in India, with effect from 01-04-2010.As



HP Aviation

per the order the rate approved on adhoc basis for Cochin airport is Rs. 84 per per kilo litre. The final determination of Fuel Throughput charges for Cochin airport approved on adhoc basis has not been issued by authority after that. Hence agreed Fuel Throughput Charges between CIAL and BPCL above Rs 84 per kilo litre is in contravention of Authority's order no 07/2010-11 dated 4th Nov 2010.

Despite there is no firm order from the authority, CIAL has pressurised HPCL/IOCL to pay with higher rate as per agreement with BPCL which we protested and approached to your good office vide our joint letter dated 3rd April 2014. (Copy attached for your ready reference).

It may please be noted that Fuel Throughput Charges are a pass through item for us and in the absence of any approval by AERA, we have not recovered the same from the airlines. Hence any revision in Fuel Throughput Charges on retrospective basis as suggested in the consultation paper will result in financial loss to HPCL.

In view of above, HPCL do not agree for any upward revision in Fuel Throughput Charges for previous period and request to be kept at the same levels as approved in the AERA order no. 07/2010-11 dated 4th Nov 2010 i.e. Rs.84 per per kilo litre till the revised order issued on prospective basis.

If AERA feel that CIAL has suffered any losses on account of non-revision of charges for previous period, authority may decide and factor it appropriately by upward revision for the future period i.e. on prospective basis so that we can recover the same from the airlines customers and there is no financial loss to us as well as to CIAL.

Thanking you,

Very truly yours,



R K Rai

Chief Manger -Aviation