

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
सफदरजंग एयरपोर्ट, नई दिल्ली-110003  
प्राप्त  
आयरी नं०: 2732  
तारीख: 3/7/14

1182/सांचली  
4/7/14

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इंडियन ऑयल कॉर्पोरेशन लिमिटेड

प्रधान कार्यालय  
इंडियन ऑयल भवन, जी-9, अली यावर जंग मार्ग,  
बांद्रा (पूर्व), मुंबई -400 051.

**Indian Oil Corporation Limited**

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Phone : 2644 7000  
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विपणन प्रभाग

Marketing Division

AV/BD/AERA/CIAL

Date: 27.06.2014

Sri Alok Shekhar, IAS  
Secretary,  
Airports Economic Regulatory Authority of India  
AERA Building,  
Administrative Complex,  
Safdurjung Airport, New Delhi - 110 003

**Subject: In the matter determination of tariffs for Aeronautical Services in respect of Cochin International Airport, Cochin for the first Control Period (01.04.2011 to 31.03.2016)**

Dear Sir,

Reference may please be made to the DO letter no. AERA/20010/MYTP/CIAL/2011-12/Vol-1/5933 dated 09.06.2014 addressed to Sri R Sitharthan, General Manager (Aviation), seeking comments/ views in respect of the proposal contained in the Consultation Paper no. 03/2014-15 dated 5<sup>th</sup> June 2014.

With regard to proposed approval of the Fuel Throughput Charges (FTC) for Cochin International Airport Ltd (CIAL), we would like to make the following submissions, which are further to the discussion on the subject during the stakeholder meeting on 17.06.2014.

1. As per Authority's communication dated 24<sup>th</sup> June, 2010, addressed to CIAL, the Authority had advised that '...change in rate of any existing fuel throughput charges at all major airports would require prior approval of the Authority'. Exactly similar communications were issued to airport operators of all other major airports.
2. As per Authority's Order no. 7 dated 4<sup>th</sup> Nov, 2010, an ad hoc rate of Rs. 84 per KL, towards FTC has been approved by the Authority w.e.f 1.4.2010. As on date, no other rate has been approved by the Authority for CIAL yet.
3. The above referred Order no. 7 mentioned the ad hoc rates for other major airports also. While all other airport operators have abided by the FTC rates mentioned in the above referred Order, CIAL had chosen to demand higher FTC from Oil companies, through BPCL, without any approval from AERA. This was protested by IndianOil and HPCL, however, this unfortunately met with the threats of withdrawal of Airport Entry Passes of our employees. CIAL had even conveyed to the airlines customers of IndianOil and HPCL that the Airport Entry Passes of IndianOil and HPCL would be withdrawn due to non payment of the higher FTC demanded by CIAL. Copies of communications received from some of the airlines are placed as **Annexure-1**.
4. In wake of CIAL's unrelenting posture, a joint appeal was made by IndianOil and HPCL, vide letter dated 3<sup>rd</sup> April 2014 (**Annexure-2**) to the Authority for its intervention. However, in order to protect the interests of our airlines customers, inspite of our protests, we were forced to release the payments under protest for higher amounts demanded by CIAL.
5. We would like to submit to the Authority that such actions of CIAL are in contravention to the Orders of the Authority, and the same if unchecked, would set precedence for other airports also for demanding higher tariffs without approval of the Authority.

4/7  
OSD-II  
Dy. M. (R)  
352/OSD-II  
30/07/14  
OSD-II is on  
leave  
Amal

5. With regard to Consultation Paper no. 03/2014-15 dated 5<sup>th</sup> June 2014, our comments are as under:

- a) In table no. 13 on page 21 and also another table on page 43, of the Consultation Paper, comparison of various charges at Cochin airport and other major airports has been made. It is suggested that with regard to FTC, comparison with charges at airports of equivalent size like Calicut and Trivandrum would be more appropriate, rather than comparing with the country's largest airports like Delhi, Mumbai, Chennai etc. As mentioned at para 8.2 of the Consultation Paper, FTC at Calicut and Trivandrum are less than that being demanded by CIAL.
- b) Also, in the above mentioned tables and at a few more places in the Consultation Paper, Rs. 145 per KL has been mentioned as the "Current" FTC. This is factually not correct, as the current fee is Rs. 84 only, which has been approved by AERA vide Order no. 07 dated 4<sup>th</sup> November, 2010.
- c) Further, as per the Consultation Paper, CIAL has an agreement with BPCL, pertaining to handling of fuel facilities. Although the agreement between CIAL and BPCL is dated 19.05.1997, which was prior to enactment of AERA, the escalation of 20% in FTC was decided amongst BPCL and CIAL as per their MOM dated 06.11.2009. As such, the agreement between CIAL and BPC for annual escalation of 20% in FTC has been finalised between these parties on 6.11.2009, i.e. after notification of Chapter-III of AERA Act (1.09.2009). Therefore, this may please not be treated as "Agreements existing prior to enactment of AERA".

We would also like to submit that although the agreement for operation of fuel facilities at Cochin airport is executed between CIAL and BPCL, IndianOil and HPCL are also using these facilities and therefore are affected by the FTC applicable at the airport.

- d) As mentioned at para 2 and para 5 (b) above, the FTC for CIAL approved by the Authority as on date is Rs. 84 per KL, which was approved on ad hoc basis with effect from 1.04.2010, vide Order no. 7 dated 4<sup>th</sup> Nov, 2010. No other rate has been approved by the Authority yet.

Also, vide Order No. 15/2010-11 dated 24.03.2011, the Authority has ordered that "..... the concerned airport operators be permitted to continue charging the tariffs/charges for all aeronautical services provided by them, at the existing approved rates (as on 28.2.2011), in the interim period i.e. from 1.4.2011 up to date the new tariffs as may be approved by the Authority become effective."

As per para 12.12 of the Consultation paper, the Authority has proposed that the tariffs, as existing in CIAL as per its previous Order No. 15/2010-11 dated 24.03.2011, may be continued for the current control period...

In view of the foregoing, the existing approved FTC rate is Rs. 84 per KL, and the same may please be continued.

- e) However, in case the Authority proposes to increase the FTC rate from the existing Rs. 84 per KL, the increase may please be made only on prospective basis, and till that time, the rate of Rs. 84 per KL may only be approved.
- f) It is further submitted that in case, the suggested implementation of increased FTC on prospective basis is expected to result into losses for CIAL, the shortfall on account of previous period can be added to future charges.

Thanking you,

Yours Faithfully,  
For Indian Oil Corporation Ltd  
  
Krishna Prakash  
For General Manager (Aviation)

**From:** Airport Manager COK [mailto:AirportManagerCOK@etihad.ae]  
**Sent:** Friday, March 28, 2014 11:49 AM  
**To:** Moorthy, J  
**Cc:** Duty Manager COK  
**Subject:** FW: MESSAGE FROM AIRPORT DIRECTOR

Dear Mr Moorthy

We have received intimation from APD through AOC that PIC of IOC and certain other fuelling personnel are likely to be withdrawn due to pending financial issues.  
Please let us know if flight handling would be effected as a result of this.

Regards,

Airport Manager

Etihad Airways  
Room No 36  
International Departure Terminal  
Cochin International Airport  
Nedumbassery, Kochi  
P.O: 683111, Kerala, India  
Tel: + 91 484 3272182  
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The National Airline of the United Arab Emirates

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Etihad Airways

From: Anoop Kumar - ASM - Cochin <[anoop.kumar@emirates.com](mailto:anoop.kumar@emirates.com)>  
Date: Fri, 28 Mar 2014 13:44:32 +0800  
To: [Patrick.Xavier@airindia.in](mailto:Patrick.Xavier@airindia.in)<[Patrick.Xavier@airindia.in](mailto:Patrick.Xavier@airindia.in)>; Basker Paul Vijayan <[paul.vijayanbasker@malaysiaairlines.com](mailto:paul.vijayanbasker@malaysiaairlines.com)>;  
'nithin@TIGERAIRWAYS.COM' <'nithin@TIGERAIRWAYS.COM'>; 'Anjum@etihad.ae' <'Anjum@etihad.ae'>;  
'rafeek.th@goair.in' <'rafeek.th@goair.in'>; 'snadar@saudiairlines.com' <'snadar@saudiairlines.com'>;  
'airportmanagercok@etihad.ae' <'airportmanagercok@etihad.ae'>;  
'COK.ASM@omanair.com' <'COK.ASM@omanair.com'>;  
'Anil\_George@Singaporeair.com.sg' <'Anil\_George@Singaporeair.com.sg'>;  
'ushak@srilankan.aero' <'ushak@srilankan.aero'>;  
'vineethshah@airasia.com' <'vineethshah@airasia.com'>;  
'cokkzku@kuwaitairways.com' <'cokkzku@kuwaitairways.com'>;  
'shamon@spicejet.com' <'shamon@spicejet.com'>; 'Roby.john@goindigo.in' <'Roby.john@goindigo.in'>;  
'dushyant.kaushal@birdwfs.in' <'dushyant.kaushal@birdwfs.in'>;  
'sbhatt@saudiairlines.com' <'sbhatt@saudiairlines.com'>;  
[APMCOK@airarabia.com](mailto:APMCOK@airarabia.com)<[APMCOK@airarabia.com](mailto:APMCOK@airarabia.com)>; [Pa.Umadevi@airindia.in](mailto:Pa.Umadevi@airindia.in)<[Pa.Umadevi@airindia.in](mailto:Pa.Umadevi@airindia.in)>;  
[vinod.abraham@gulfair.com](mailto:vinod.abraham@gulfair.com)<[vinod.abraham@gulfair.com](mailto:vinod.abraham@gulfair.com)>;  
[cokkzqr@in.qatarairways.com](mailto:cokkzqr@in.qatarairways.com)<[cokkzqr@in.qatarairways.com](mailto:cokkzqr@in.qatarairways.com)>;  
[nnaseer@jetairways.com](mailto:nnaseer@jetairways.com)<[nnaseer@jetairways.com](mailto:nnaseer@jetairways.com)>; [cokdm@jetairways.com](mailto:cokdm@jetairways.com)<[cokdm@jetairways.com](mailto:cokdm@jetairways.com)>  
Subject: MESSAGE FROM AIRPORT DIRECTOR

Dear all,

I have been asked by the airport director to inform all those airlines uplifting fuel from HPCL and IOC that CIAL may be forced to withdraw the AEP of these fueling company personnel soon due to some pending financial issue. I have also been told that CIAL has given them two days time to resolve the matter . This information is just to give you a heads-up and for any further clarification you may contact APD.  
regards

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"The message and any files attached is intended solely for the use of the person to whom it is addressed and may contain information that is confidential and privileged under applicable laws. If you are not the intended recipient, you are hereby notified that any use, review, disclosure, copying, printing, distribution or dissemination of this message is prohibited. We take no responsibility of any reliance that you may place on this message and we further take no responsibility for any viruses or other damaging elements that may be contained in this email together with any of its attachments. If you have received this message in error, please notify us by return email and arrangements will be made to retrieve the same from you."

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The Website address of HPCL is [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com)

**From:** ANKLESARIA, FARSHOGAR B [<mailto:falklesaria@saudiairlines.com>]  
**Sent:** Friday, March 28, 2014 12:56 PM  
**To:** Moorthy, J  
**Cc:** VISHNU, SOHONI A; NADAR, SELVARAJ T; BHATT, SIDDHARTH  
**Subject:**

Dear Mr. Moorthy,

Have been given to understand that due to some pending financial issues that IOC has with C.I.A.L., the Airport Director may be withdrawing the AEP of IOC personnel soon (within 2 days time).

Please advise soonest how you plan to continue delivery of fuel to Saudi Arabian Airlines.

Sincere regards

Farshogar Anklesaria  
Supervisor Aircraft Maintenance,  
Technical Services  
Saudi Arabian Airlines  
Cochin International Airport Ltd.  
Cochin - 683111  
COKMYSV,  
Tel, Telefax : 0091 484 2611508 / 9  
Mobile : 0091 9388484653  
E-Mail ID : [falklesaria@saudiairlines.com](mailto:falklesaria@saudiairlines.com)

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IndianOil Corpn. Ltd. IndianOil Bhawan G-9 Ali Yavar Jung Marg, Bandra (East), Mumbai – 400 051	Hindustan Petroleum Corpn. Ltd. Hindustan Bhawan – Gr. Floor 8 Shoorji Vallabhdas Marg Ballard Estate, Mumbai – 400 001
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Dated : 3<sup>rd</sup> April, 2014

To,

The Secretary,  
Airports Economic Regulatory Authority of India  
AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi-110 003

**Subject : Demand of Higher Throughput Fees at Cochin Airport**

Dear Sir,

The Authority, vide its Order no. 07/ 2010-11 dated 4<sup>th</sup> November, 2010, had granted approval for the Throughput Charges at major airports in India, with effect from 1.04.2010. As per the Order, the rate approved on ad hoc basis for Cochin Airport is Rs. 84 per KL. The final determination of the throughput charges for Cochin Airport, approved on an ad-hoc basis, has not been issued by the Authority yet.

Cochin International Airport Ltd (CIAL), which is the airport operator at Cochin Airport, has an agreement with M/s Bharat Petroleum Corporation Ltd. (BPCL) for operation of the Aviation Turbine Fuel (ATF) facilities at Cochin airport. Indian Oil Corporation Ltd. (IOCL) and Hindustan Petroleum Corporation Ltd. (HPCL) are the other two ATF suppliers at Cochin airport. As per the present arrangement, based on the total ATF supplied through the facility, CIAL demands the Throughput Fees from BPCL. In turn BPCL collects the throughput charges from IOCL and HPCL for the ATF supplied by IOCL and HPCL at the airport.

In line with above mentioned Order no. 07/ 2010-11 dated 4<sup>th</sup> November, 2010, IOCL and HPCL have released the payments to BPCL for the throughput charges at the rate of Rs. 84 per KL for the year 2010-11. Vide letter ref. CIAL/ OPS/12 dated January 8, 2010 (**Annexure-I**), CIAL had advised the throughput rate of Rs. 101 per KL for 2011-12 and Rs. 121 per KL for 2012-13, being 20% annual increase over Rs. 84 per kl (the rate for 2010-11, which was also approved by the Authority, on ad-hoc basis, vide above mentioned order no. 07/2010-11). In absence of any approved escalation in throughput charges for subsequent years, IOCL and HPCL have continued the payments only at ad-hoc approved rate of Rs. 84 per KL for the years 2011-12 and 2012-13.

Now, CIAL has demanded payment of differential Throughput Charges for the year 2011-12 and 2012-13, towards the difference between the rate demanded by CIAL and that approved by AERA. CIAL has made the demand from BPCL vide their letter no. CIAL/ FIN/BPCL/2013-14 dated 10-12-2013 (**Annexure-II**). In turn BPCL has demanded the differential payment from IOCL and HPCL. It has been informed by IOCL and HPCL to BPCL that in absence of approvals from AERA, the payment for higher throughput Fees cannot be released.

As a consequence of IOCL and HPCL not paying the differential throughput payments, CIAL authorities are restricting the issue of Airport Entry Permits (AEPs) to the field staff of IOCL and HPCL responsible for carrying out the operations of ATF supply to the aircraft at Cochin Airport. CIAL authorities have also informed that in case the differential payments are not released by 5<sup>th</sup> of April, the Airport Entry Passes of all the personnel of IOCL and HPCL at Cochin Airport shall be withdrawn. The same intimation has been given to the airlines customers of IOCL and HPCL at Cochin airport, with an advice to make alternate arrangements for fuelling of aircraft. Copies of e-mail messages from the airlines customers on the same are attached as **Annexure-III**, for kind reference.

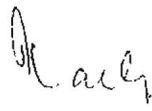
We would like to submit to the Authority that the demand of differential payments by CIAL, when the higher throughput charges are not approved by the Authority, is in contravention of Authority's Order no. 07/2010-11 dated 4<sup>th</sup> November, 2010. The Throughput Charges payable to CIAL are a pass through item for the Oil companies, and in absence of any approval by the Authority for enhanced throughput charges at Cochin Airport, IOCL and HPCL have not recovered the same from the airlines. Forcing IOCL and HPCL to release the payments at enhanced rates, without approval of AERA is improper, and would result in financial losses to IOCL and HPCL.

In view of the above, the Authority is requested to kindly issue necessary direction to Cochin International Airport Ltd. for withdrawing their demand for differential throughput charges from IOCL and HPCL, till AERA gives the final order. CIAL may also be directed to desist from taking such coercive actions like withdrawing Airport Entry Passes from the employees of IOCL and HPCL at Cochin airport, which will severely impact the airline operations at Cochin airport. As the deadline given by CIAL is on hand, the necessary direction may kindly be issued before 5<sup>th</sup> of April, 2014.


We would also like to request the Authority to finalise the determination of Throughput Charges at Cochin Airport at the earliest.

Thanking you,

Yours Faithfully,



R. Sitharthan 3/4/2014  
for ED - Aviation  
Indian Oil Corp. Ltd.



R. K. Rai 3/4/2014  
for GM - Aviation  
Hindustan Petroleum Corp. Ltd.

Cc: Airport Director, Cochin International Airport Ltd.