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भारत पेट्रोलियम कॉर्पोरेशन लिमिटेड

(भारत सरकार का उपक्रम)
विमानन व्यवसाय इकाई



BHARAT PETROLEUM CORPORATION LTD.

(A GOVT. OF INDIA ENTERPRISE)

Aviation Business Unit

AV.HO.AERA

27th August, 2012

Capt. Kapil Choudhry
Secretary,
Airport Economic Regulatory Authority of India
AERA Building, Admin. Complex,
Safdarjung Airport, New Delhi- 110 003

21077/A-1
31/9/12

AGM (R)

Sir,

Sub: BPCL's Comments on Annual Tariff Proposal (ATP) submitted by M/s Indian Oil Skytanking Limited (IOSL) for providing Into Plane Services (ITP) at Bangalore International Airport, Bangalore).

for consideration
of comments &
issue of
final Order

We have following comments towards Consultation Paper No. 15/2012-13 on the above subject:-

AD
03/9/12

The service provider has proposed that ITP Fee at Bangalore International Airport, Bangalore will be revised retrospectively with effect from 01.04.2012.

We have always had a view that any change in fee for the collection from the Airlines should be from a prospective date. The matter had been taken up on industry basis when representatives of Oil companies had discussions with you in the meeting presided by Chairman AERA on 8th May 2012. The reasons and logic remains same in this case also. Copy of the joint letter is enclosed as Annexure-1.

With effect from 1st June 2011, Oil companies are recovering ITP agency fee from airlines at BIAL, Bangalore at the rate of Rs.220/50 per K.L, as approved by Authority vide its Order No. 19/2011-12 and 20/2011-12. Hence, if Authority approves Rs.231.53 per K.L w.e.f 01.06.2012, it will lead to under recovery as we will be forced to pay for the past period.

Further, annual increase of fee by 5% is not justified. The fixed and variable cost of operations has largely remained same as on the start of the airport. The ATF volumes at BIAL Bangalore has increased for the ITP Agent, thereby increasing its revenues and profits hence, unilateral year on year increase of 5% on the basis of Agreement with BIAL needs to be reviewed by Authority.

Kindly consider our above submission before passing Order for any revision with retrospective effect.

Thanking you,
Yours truly,
For Bharat Petroleum Corporation Ltd.

OSD-II
कालिका
31/08/12

A D Jadhav
Chief Manager Aviation

Encl : As above; रजिस्टर्ड ऑफिस : भारत भवन, 4 एवं 6 करीमभाँय रोड, बेलार्ड इस्टेट, मुम्बई - 400 001 भारत
Registered Office : Bharat Bhavan, 4 & 6, Currimbhoy Road, Ballard Estate, Mumbai - 400 001, India

IndianOil Corpn. Ltd. G-9 IndianOil Bhawan Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051	Bharat Petroleum Corpn. Ltd. A 5 & 6, Sector 1 Noida 201301	Hindustan Petroleum Corpn. Ltd. Hindustan Bhawan - Gr. Floor 8 Shoorji Vallabhdas Marg Ballard Estate, Mumbai - 400 001
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AV.HO.AERA

22nd May, 2012

Capt. Kapil Chaudhary,
Secretary,
Airport Economic Regulatory Authority of India
AERA Building, Admin. Complex,
Safdarjung Airport, New Delhi- 110 003

Madam,

Sub : ORDER NO.3/2012-13-AERONAUTICAL TARIFF IN RESPECT OF IGI DELHI AIRPORT FOR 1st CONTROL PERIOD

1. Reference may kindly be made to the discussions held during the meeting with Oil PSUs on 8th May 2012 at AERA office, which was presided by Chairman, AERA. Oil PSUs had submitted to the Authority the impact on Oil PSUs of the retrospective applicability of Fuel Throughput Charges (FTC) at Delhi airport, as per the subject order.
2. During the discussions, it was also submitted that all the three marketing Oil PSUs - IOCL, BPCL and HPCL, in their response to Consultation Paper No.32 with respect to determination of aeronautical tariff of IGI Delhi Airport for 1st control period, had requested the Authority to approve the proposed increase in FTC on prospective basis so that the same can be collected from the Airlines from the date of the order, prospectively. The reason for this submission, as was clarified during the meeting, is that the FTC is a pass through item for the Oil companies, who have been collecting the FTC from the Airlines only at the rate approved by the Authority on ad hoc basis, as per Authority's Order No. 7/2010-11 dated 4th November 2010 up to April 2012.
3. It was further stated that Oil PSUs do not agree with DIAL's view point, that "*Fuel Throughput Fee is a profit sharing mechanism between DIAL and Oil Suppliers*" (Clause 21.6.16 of the subject Order). This is a misleading statement made by DIAL, which unfortunately appears to have been accepted by the Authority, while issuing the subject order. We reiterate that the FTC collected from Airlines by Oil PSUs is directly passed on to Airport Operators and there is no such profit sharing mechanism between Oil PSUs and DIAL or any other airport operator.
4. We also confirm that we have been collecting FTC at all regulated airports only as per the rates approved by the Authority vide its order no. 7/2010-11 dated 4th November, 2010. In the instant case, at IGI Delhi Airport, Oil PSUs have collected FTC at the rate of Rs.561.75 per K.L w.e.f 1.04.2010 in line with Order No. 7/2010-11 dated 4th November 2010 and the same has been paid to DIAL. As per Order No. 3/2012-13 we shall now have to pay at the rate of Rs. 601.07/K.L and Rs.643.15/K.L w.e.f 01.04.11 and 01.04.12 respectively, whereas collection of FTC from the Airlines has been made at the rate of Rs.561.75 per K.L upto April 2012.
5. As Oil PSUs' contracts with the airlines are valid only up to certain period, it is difficult to recover these charges w.e.f April 2011 at this stage, and there will be corresponding under recovery, if Oil PSUS are forced to pay on retrospective basis.



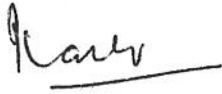
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Annexure 1
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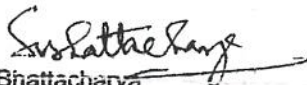
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6. In view of the above stated facts, we request the Authority to kindly issue necessary amendment of Order No. 3/2012-13 to make the FTC effective on prospective basis. As, suggested by Chairman AERA during the discussions on 8th May, 2012, the option of adjusting the FTC quantum for the past period in some different aeronautical charge may be considered.
7. We would also like to request the Authority, that while proposing approvals in future for FTC and other tariffs related to fueling at other airports, the same may also kindly be considered on prospective basis

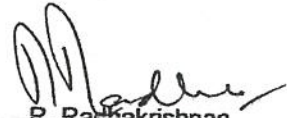
Thanking you and assuring you of co-operation at all times.



for R. Sareen
ED - Aviation
IndianOil Corp. Ltd.



S. Bhattacharya
ED - Aviation
Bharat Petroleum Corp.Ltd.



R. Radhakrishnan
GM - Aviation
Hindustan Petroleum Corp.Ltd.