



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

No. AAI/JVC/Ahmedabad /2022-23

02/12/2022

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport
New Delhi-110003

Sub:- Submission of AAI's Counter Comments on Stakeholders' Comments in response to Consultation Paper No.10/2022-23 dated 20/10/2022 in the matter of Determination of Aeronautical Tariff for Sardar Vallabhbhai Patel International Airport,Ahmedabad).

Sir,

This has reference to Consultation Paper No.10/2022-23 in the matter of Determination of Aeronautical Tariff for Sardar Vallabhbhai Patel International Airport,Ahmedabad for the Control period (01.04.2021 to 31.03.2026)

The AAI's counter comments are enclosed.

This issues with the approval of Competent Authority.

Thanking you,

Yours faithfully,

(V. Vidya)

Executive Director-JVC/Tariff

Enclosures: - As above.



SARDAR VALLABHBHAI PATEL INTERNATIONAL AIRPORT (SVPIA)

Response to Stakeholder comments to Airports Economic Regulatory Authority of India's (AERA)
Consultation Paper No. 10/2022-23 dated 20th October 2022

Determination of Aeronautical Tariff for Sardar Vallabhbhai Patel International Airport, Ahmedabad for the
Third Control Period (01.04.2021 - 31.03.2026)

Contents

1	Comments from Association of Private Airport Operators (APAO)	3
1.1	Regarding restricting R&M expenses	3
2	Comments from Federation of International Airlines (FIA)	4
2.1	Regarding Revenue from Air Navigation Services	4
2.2	Regarding Fair Rate of Return	4
2.3	Regarding Adjustment of RAB	5
3.	Comments from Bangalore International Airport Limited (BIAL)	
3.1	Deferment of ARR to next control period	6

1 Comments from Association of Private Airport Operators (APAO)

1.1 Regarding restricting R&M expenses

"AERA has restricted the R&M expenses to lower of 6% of opening RAB or submission of airport operator. This approach is against the spirit of AERA Act. As per section 13 of the AERA Act, Authority has to ensure economic and viable operation of the airports. Further, cost for improving the efficiency has also to be considered for determination of tariff of aeronautical services.

Relevant extract from AERA Act is as follows: -

13. Functions of Authority – (1) The Authority shall perform the following functions in respect of major airports, namely: -

(a) to determine the tariff for the aeronautical services taking into consideration-

(i) the capital expenditure incurred and timely investment in improvement of airport facilities;

(ii) the service provided, its quality and other relevant factors;

(iii) the cost for improving efficiency;

(iv) economic and viable operations of major airports

APAO's Submission

By restricting these expenses, we humbly submit that the Authority is acting in contravention to the mandate of the AERA Act.

Further AERA guidelines which provide for the detailed framework of how the Authority will determine the tariff also does not provide any capping of R&M expenses to 6%. Restricting the expenses will compromise the operations as Airport operator as they will not be able to incur more than what has been allowed by Authority.

Interestingly, in this case two Airport operators are involved Pre-COD and Post-COD. Both understand the intricacies and needs of repair and maintenance which an airport requires and have accordingly provided for the same for safe and efficient running of the airport. Linking the same to plain mathematical formula (% of net RAB) might result in over projection or under projection of these expenses with no linkage of the same to actual R&M needs of each individual airport.

R&M needs of each airport operator depends on various factors which are unique to them, by using the same standard template of projecting these expenses for different airports is not an appropriate approach.

AAI's Submission

AAI has noted that such restriction has been carried out during the second control period also and AAI is also of the view that there should not be capping on actual expenditure. Refer para 4.9.9 of the CP.

AAI submits that:

- Every station of AAI is subject to C&AG audit on a yearly basis. Hence, the costs captured by the airports in their respective trial balances are based on the actual spend. To determine the costs, there are detailed tendering mechanisms for every contract. Hence, no costs in addition to what is incurred is accounted for in stations.

AAI requests the Authority to consider the actual costs incurred for the second control period without restricting it to 6% on opening RAB. Terminal Buildings were built more than 20 years back and AAI submits that with ageing of the building and associated equipment, the R&M will only increase over the years. Moreover, applying a ratio on the depreciated WDV will further reduce the cost whereas the reality is that the costs will only increase over the years to make good the wear and tear over the years.

2 Comments from Federation of International Airlines (FIA)

2.1 Regarding Revenue from Air Navigation Services

"It is submitted that as per section 2 of Airport Economic Regulatory Authority of India Act, 2008 (AERA Act), under sub-section (a), "aeronautical services means any services provided -

(i) For navigation, surveillance and supportive communication thereto for air traffic management..."

Para 3.2 of CP

FIA's Submission

It is submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services, should form part of aeronautical revenues and accordingly AERA should take into account of the corresponding revenue and revise the tariff card.

AAI's Submission

AAI submits that the tariff determination for airports by AERA is done only for the aeronautical charges collected by the AAI major airports.

for airport services of the
Tariff for air navigation charges is separately determined by MoCA.

2.2 Regarding Fair Rate of Return

"Based on the above, the Authority proposes to consider FRoR as per table below for SVPIA for true up for the Second Control Period (till COD)"

Table 25: FRoR proposed by the Authority for true up of Second Control Period (till COD)

Particulars (in %)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (till COD)
Fair Rate of Return (FRoR)	14%	14%	14%	14%	8.44%

Para 4.7 of the CP

FIA's Submission

It is submitted that:

- (a) Fair Rate of Return (FRoR) to airport operators should be provided only at reasonable rates as any high value of fixed/ assured return favours the service provider/airport operators, creates an imbalance against the airlines, which are already suffering from huge losses and bear the adverse financial impact through higher tariffs.
Due to such fixed/assured returns, Airport Operators have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs, as they are fully covered for all costs plus their hefty returns. Such a scenario breeds inefficiencies and higher costs, which are ultimately borne by airlines.
- (b) We observe that Fair Rate of Return of 14% provided to Airport Authority of India ("AAI") is higher than comparison to the same being given to the present Airport Operator i.e. AIAL@ 12.21% (Refer 8.2.10 of the CP). Without prejudice to (a) above, there appears no rationale to provide higher return to AAI in comparison to AIAL and accordingly AERA may reduce the FROR suitably.

AAI's Submission

FIA has compared the future FRoR of the Airport Operator (AO) with FRoR of AAI, however FRoR may not be comparable due to the change in the composition of funding of the new operator. It has already been well established in the second control period order that the FRoR of AAI would be 14%. Hence, revisiting this stand due to a change in operator, in AAI's opinion, is not in order. To reiterate, had AAI continued operations in SVPIA, 14% return would have been continued for the subsequent control periods also.

Further, AAI noted that discount factored considered by the Authority post 31st Mar 2021 up to 31st Mar 2022 (as per table 47 of the CP) is at rate of 12.21% i.e. FRoR of the new operator. However, AAI submits that as per the concession agreement, the return of RAB until settled will be paid by the operator. Considering that AAI's asset is yet to be settled, during the COD to Settlement period, FRoR of AAI should be adopted by AERA.

2.3 Regarding Adjustment of RAB

"As per Clause 28.11.4 of the Concession Agreement,

"Pursuant to the payment of the Estimated Deemed Initial RAB, and upon reconciliation, true up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("Adjusted Deemed Initial RAB"):

- c) Reduced to the extent of over-recoveries, if any, of aeronautical revenues by the Authority until COD, that the Regulator would provide for as a downward adjustment while determining aeronautical charges for the next Control Period; or*
- d) Increased to the extent of under-recoveries, if any, of aeronautical revenues by the Authority until COD, that the Regulator would provide for as an upward adjustment while determining aeronautical charges for the next Control Period"*

Para 4.14.1 – 4.14.8 of CP

FIA's Submission

We recommend that no adjustment of RAB should be provided in favour of AAI for period after the COD i.e. 6th November, 2020, post which the operational control of the Ahmedabad Airport is transferred to AIAL.

AAI's Submission

AAI submits that there is nothing that favors AAI before or after the COD, and adjustments to the RAB are as per the Direction 05/2011-12 and concession agreement. The settlement process between AAI and the new operator is as per the concession agreement clause 28.11.4, abstract of the same is as follows:

"Pursuant to the Payment of the Estimated Deemed Initial RAB and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed initial RAB shall be adjusted as a part of the Balancing payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("Adjusted Deemed Initial RAB"):

(a) reduced to the extent of over-recoveries, if any, of the Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next control Period: or

(b) increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next control Period.

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB."

AAI is of the view that sufficient justification for the above comment has not been given by FIA in its submission for AAI to have a view on the same.

3 Comments from Bangalore International Airport Limited (BIAL)

3.1 Deferment of ARR to next control period:

We do not agree with the approach adopted by AERA regarding the deferment of ARR to the next control period. Nevertheless, we request Authority to consider the cash flow requirements of the Ahmedabad Airport while making a decision on the deferment of ARR, as such deferment might affect the capacity of the Airport Operator to meet the capex requirements of the Airport.

We also request the Authority to publish the cash flow impact on the airport operator, on account of the decision to defer a portion of ARR, as an addendum to the Consultation paper along with the assumptions used therein.

Further, we request Authority to take the consent of the Airport Operator on the deferment and not proceed on the same in a unilateral manner. Deferment of ARR may not be in the interest of airport users as well as they will have to pay for the same along with carrying costs, in next Control Period.

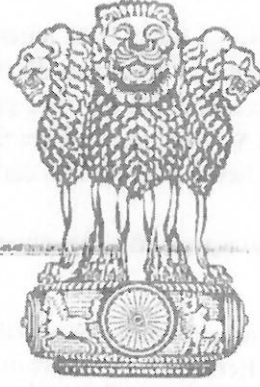
AAI Submission:

AAI agrees with the comments of BIAL regarding the deferment of ARR to next control period but whatever is implemented by AERA may be applicable uniformly for all airports.

AERA has carried forward substantial amount of Shortfall in respect of Chennai, Kolkata, Calicut & Goa Airports to the next control period . The extract from Consultation Paper in respect of above airports are enclosed here with .For a meaningful discussions similar exercise may be carried in respect of Ahmedabad airport for the benefit of stakeholders

F. No. AERA/20010/MYTP/AAI-Chennai/CP-III/2021-26

CONSULTATION PAPER NO. 16/2021-22



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AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

IN THE MATTER OF

DETERMINATION OF AERONAUTICAL TARIFF FOR

CHENNAI INTERNATIONAL AIRPORT, CHENNAI (MAA)

FOR THE THIRD CONTROL PERIOD

(01.04.2021 – 31.03.2026)

DATE OF ISSUE: 07 September, 2021

AERA BUILDING

ADMINISTRATIVE COMPLEX

SAFDARJUNG AIRPORT

NEW DELHI 110003

AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

14.2.10. M/s Spicejet vide letter dated 19.02.2021 has submitted that AAI had not exempted the landing charges for aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators during the currency of 1st control period order of AERA. M/s Spicejet stated that AAI has billed Rs.29:50 Cr. on Spicejet for operating aircraft at Chennai with a maximum certified capacity of less than 80 seats. Now M/s Spicejet has requested AAI to accord necessary credit for excess billing during 1st control period.

14.2.11. In this regard, Airports Authority of India vide letter dated 18.08.2021 submitted that it will consider the request of M/s Spicejet and accord credit if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1st control period and suitably compensate AAI for amount of credit to be accorded. The Authority proposes to elicit the views of stakeholders before taking final decision on this matter.

14.2.12. The Authority has determined the aeronautical revenues with the proposed aeronautical charges as follows (Ref Annexure-II):

Table 112: Aeronautical revenues and shortfall proposed to be considered in the Third Control Period by the Authority

Particulars (in Rs. Cr.)	2022	2023	2024	2025	2026	Total
Total PV of ARR including true-up (A)	3,105.64					3,105.64
Landing charges:						
Domestic	14.19	63.56	95.34	121.98	166.89	461.97
International	6.43	60.78	116.05	146.98	185.14	515.38
Subtotal (landing charges) (B)	20.62	124.35	211.39	268.96	352.04	977.35
Parking charges:						
Domestic	1.86	8.32	12.49	15.98	21.86	60.50
International	0.06	0.54	1.03	1.31	1.65	4.59
Subtotal (P&H charges) (C)	1.92	8.87	13.52	17.28	23.51	65.09
Other revenues						
Land leases	29.03	31.21	33.55	36.07	38.77	168.64
Revenue from ground handling	24.42	41.39	45.36	49.38	56.68	217.24
CUTE charges (royalty)	10.18	17.58	19.42	21.14	24.19	92.50
Revenue from AAICLAS	56.01	61.62	67.78	74.55	82.01	341.97
Subtotal (other revenues) (D)	119.65	151.80	166.11	181.14	201.65	820.36
UDF						
Domestic UDF	38.64	167.06	245.06	347.48	460.00	1,258.25
International UDF	4.63	60.08	116.05	169.28	201.90	551.92
Subtotal (UDF) (E)	43.27	227.14	361.11	516.76	661.90	1,810.17
Total revenue [F = B + C + D + E]	185.46	512.15	752.13	984.15	1,239.09	3,672.97
PV factor (G)	1.00	0.89	0.80	0.71	0.64	
PV of total revenue [H = F*G]	185.46	457.46	600.08	701.35	788.75	2,733.09
Total PV of revenue [I = Σ(H)]	2,733.09					2,733.09
(Surplus) / Shortfall [A - H]	372.55					372.55

14.2.13. The Authority proposes to carry-forward the shortfall of Rs. 372.55 Cr. (as per Table 112) to the Fourth Control Period, with a view to not burden the airlines further which are already suffering with the Covid-19 pandemic's impact, as also the other Users, with excessive tariff at this

**F. No. AERA/20010/MYTP/AAI-Kolkata/CP-III/2021-26
CONSULTATION PAPER NO. 25/2021-22**



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AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
NETAJI SUBHAS CHANDRA BOSE INTERNATIONAL AIRPORT
KOLKATA (CCU)
FOR THE THIRD CONTROL PERIOD
(01.04.2021 – 31.03.2026)**

DATE OF ISSUE: 29 December 2021

AERA BUILDING

ADMINISTRATIVE COMPLEX

SAFDARJUNG AIRPORT

NEW DELHI 110003

AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

14.2.9. AERA while issuing the aeronautical tariff order for NSCBIA, Kolkata for 1st control period (01.04.2011 to 31.03.2016) did not mention this clause in its Order No.35/2012-13 dated 24.01.2013.

14.2.10. M/s Spicejet vide letter dated 19.02.2021 has submitted that AAI had not exempted the landing charges for aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators during the currency of 1st control period order of AERA. M/s SpiceJet stated that AAI has billed Rs.2.80 Cr. on SpiceJet for operating aircraft at Kolkata with a maximum certified capacity of less than 80 seats. Now M/s SpiceJet has requested AAI to accord necessary credit for excess billing during 1st control period.

14.2.11. In this regard, Airports Authority of India vide letter dated 18.08.2021 submitted that it will consider the request of M/s Spicejet and accord credit if AERA allows exemption from landing charge in respect of aircraft with a maximum certified capacity of less than 80 seats in 1st control period and suitably compensate AAI for amount of credit to be accorded. The Authority proposes to compensate AAI the mutually agreeable principal amount (if any) pertaining to the landing charges that were levied on aircrafts operated by SpiceJet with a certified capacity of less than 80 seats.

14.2.12. The Authority has determined the aeronautical revenues with the proposed aeronautical charges as follows (Ref Annexure-II):

Table 103: Aeronautical revenues and shortfall proposed to be considered in the Third Control Period by the Authority

Particulars (in Rs. Cr.)	2022	2023	2024	2025	2026	Total
Total PV of ARR including true-up (A)	5,758.45					5,758.45
Landing charges:						
Domestic	189.96	300.10	321.66	359.01	442.81	1,613.53
International	29.52	98.48	134.34	148.44	168.56	579.33
Subtotal (landing charges) (B)	219.48	398.58	455.99	507.44	611.36	2,192.85
Parking charges:						
Domestic and International	15.60	26.10	28.78	32.08	39.16	141.73
Subtotal (P&H charges) (C)	15.60	26.10	28.78	32.08	39.16	141.73
Other revenues						
Land leases	36.44	38.26	40.18	42.19	44.30	201.36
Revenue from ground handling	17.28	28.25	30.45	33.18	38.31	147.46
CUTE charges (royalty)	9.80	15.96	17.17	18.71	21.61	83.25
Revenue from AAICLAS	17.02	18.72	20.59	22.65	24.92	103.89
Aerobridge Charges (Dom and Int.)	12.44	21.86	24.65	27.45	33.24	119.63
Subtotal (other revenues) (D)	92.97	123.05	133.04	144.17	162.37	655.61
UDF						
Domestic UDF	378.24	597.48	640.51	714.76	820.95	3,151.93
International UDF	47.62	158.21	215.64	238.38	252.24	912.09
Subtotal (UDF) (E)	425.86	755.69	856.14	953.15	1073.19	4,064.02
Total revenue [F = B + C + D + E]	753.91	1,303.42	1,473.96	1,636.84	1,886.08	7,054.21
PV factor (G)	1.00	0.88	0.78	0.69	0.61	
PV of total revenue [H = F*G]	753.91	1,149.56	1,146.52	1,122.92	1,141.17	5,314.09
Total PV of revenue [I = Σ(H)]	5,314.09					5,314.09
(Surplus) / Shortfall [A – H]	444.37					444.37

14.2.13. The Authority proposes to carry-forward the shortfall of Rs. 444.37 Cr. (as per Table 103) to the Fourth Control Period, with a view to not burden the airlines further which are already suffering

F. No. AERA/20010/MYTP/AAI-CALICUT/CP-III/2021-26

Consultation Paper No. 17/2021-22



AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
CALICUT INTERNATIONAL AIRPORT (CCJ)**

FOR THE THIRD CONTROL PERIOD

(01.04.2021 - 31.03.2026)

Date of issue: 07.10.2021

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New Delhi – 110003**

this time may not be fair to all stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority notes that the airport operator has the provision of the true up of any shortfalls in revenue recovery in the Fourth Control Period.

- 15.2.3 Based on the above analysis, the Authority proposes not to increase any Aeronautical tariff both for domestic and international traffic in the current financial year 2021-22 and proposes to revise the Landing and Parking charges and UDF from 01 April 2022. The Authority proposes to allow a one-time increase of 45% in the Domestic and International Landing, Parking charges in the FY 2022-23, an increase of 20% in the FY 2023-24 and of 15% in the FY 2024-25. Thereafter an increase of 5% for the first 9 months (April to Dec) of the FY 2025-26 and a decrease of 20% in the landing and parking charges for the last 3 months (Jan to March) of the FY 2025-26.
- 15.2.4 The Authority proposes to allow Domestic UDF of ₹ 440 and International UDF of ₹ 740, with effect from April 1, 2022 till December 31, 2025. For the period January 1, 2026 to March 31, 2026, the Authority proposes to allow Domestic UDF of ₹ 375 and International UDF of ₹ 580 Also, the Authority proposes not to consider increasing UDF by 4% for each tariff year up to FY 2025-26, as proposed by AAI.
- 15.2.5 The Authority has determined the Aeronautical revenue based with the proposed Aeronautical charges as follows:

Table 57: Aeronautical revenues and Shortfall proposed to be considered by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Total PV of ARR including true up (₹ in Crores) (a)	821.29					
Landing charges:						
Domestic (₹ in Crores)	3.66	6.48	8.94	12	13.97	45.05
International (₹ in Crores)	18.64	40.55	71.04	86.03	90.36	306.62
Parking and housing charges:						
Domestic (₹ in Crores)	0.06	0.10	0.14	0.19	0.23	0.72
International (₹ in Crores)	0.19	0.41	0.72	0.87	0.91	3.10
Land Lease - Oil Companies (₹ in Crores)	0.73	0.78	0.84	0.91	0.97	4.24
Ground handling charges (₹ in Crores)	5.02	6.99	9.49	10.30	11.20	43.00
CUTE charges (₹ in Crores)	1.30	2.10	3.03	3.19	3.35	12.97
Cargo Revenue (₹ in Crores)	0.47	0.51	0.57	0.62	0.68	2.85
Total Aeronautical Revenue, before UDF (₹ in Crores) (b)	30.07	57.93	94.77	114.10	121.68	418.55
PV factor	1	0.8772	0.7695	0.675	0.5921	
PV of Aeronautical revenue (before UDF) (₹ in Crores)	30.07	50.82	72.93	77.02	72.05	302.88
∑ PV Aero Revenue (before UDF) (c)	302.88					

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Shortfall before UDF (c) - (a) =(d)	-518.41					
UDF/ PSF (F)						
Domestic (₹ in Crores)	3.42	11.67	14.59	16.38	17.72	63.78
International (₹ in Crores)	27.15	67.52	101.28	104.73	102.44	403.12
Total UDF (e)	30.57	79.19	115.87	121.11	120.16	466.90
Total Revenue (b + e)	60.64	137.12	210.64	235.21	241.84	885.45
PV of UDF	30.57	69.47	89.16	81.75	71.15	342.09
∑ PV of UDF (f)	342.09					
∑ PV Projected Aero Revenue including UDF (c) + (f) = (g)	644.97					
Surplus/ (Shortfall) Proposed to be carried forward for Next Control Period (g) – (a) (derived as on 31 March 2022)	-176.32					

- 15.2.6 As can be observed from the above table, as per the Authority's proposals, AAI is entitled to recover an ARR of ₹ 821.29 Crores. The present value of total projected Aeronautical revenues based on the Authority's proposed Landing, Parking and UDF charges is ₹ 644.97 Crores, thus resulting in a net shortfall of ₹ 176.32 Crores.
- 15.2.7 The Authority proposes to carry-forward the shortfall of ₹ 176.32 Cr. (as per Table 57) to the Fourth Control Period, with a view to not burden the airlines further which are already suffering with the Covid-19 pandemic's impact, as also the other Users, with excessive tariff at this juncture. However, the Authority proposes to adjust the above shortfall based on the Aeronautical revenue achieved by Calicut International Airport in line with the actual traffic data of the Third Control Period.

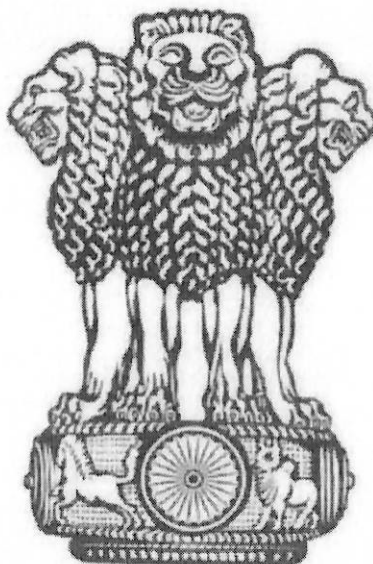
15.3 Authority's proposal regarding Aeronautical Revenue for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Aeronautical Revenue for the Third Control Period.

- 15.3.1 The Authority proposes to consider Aeronautical revenue for the Third Control Period for Calicut Airport as per Table 57.
- 15.3.2 To true up Aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.

F. No. AERA/20010/MYTP/Goa/CP-III/2021-26

Consultation Paper No. 29/2021-22



AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
GOA INTERNATIONAL AIRPORT
FOR THE THIRD CONTROL PERIOD**

(01.04.2021 - 31.03.2026)

Date of issue: 27.01.2022

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New Delhi – 110003**

AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

for the entire control period and postponing the full recovery of shortfalls to the next control period will create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period. Besides, it would also adversely impact the cash flows of the airport operator in the Third Control Period. The Authority, however, is of the view that targeting a full recovery at this time may not be fair to all stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority notes that the Airport Operator has the provision of the true up of any shortfalls in revenue recovery in the Fourth Control Period.

- 15.2.3 Based on the above analysis, the Authority proposes not to increase any Aeronautical tariff both for domestic and international traffic in the current FY 2021-22 and proposes to revise the Parking charges and UDF from July 1, 2022. The Authority proposes to allow a one-time increase of 15% in the Domestic and International Parking charges in the FY 2022-23 (w.e.f. July 1, 2022) and an increase by 5% thereafter year-on-year till FY 2025-26.
- 15.2.4 The Authority proposes to allow the following tariff towards UDF for the Third Control Period for Goa Airport.

Table 58: UDF charges proposed by the Authority for Goa Airport for the Third Control Period

Passenger	FY 2021-22 (existing rates)	FY 2022-23 (01.04.2022 to 30.06.2022)	FY 2022-23 (01.07.2022 to 31.03.2023)	FY 2023-24	FY 2024-25	FY 2025-26
Domestic (in ₹)	301.00	301.00	350.00	375.00	400.00	425.00
International (in ₹)	604.00	604.00	650.00	675.00	700.00	725.00

- 15.2.5 The Authority has determined the Aeronautical revenue based with the proposed Aeronautical charges as follows:

Table 59: Aeronautical revenues and Shortfall proposed to be considered by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Total PV of ARR including true up (₹ in Crores) (a) (as per Table 55)	923.04					
Parking and housing charges:						
Parking Charges (₹ in Crores)	0.28	0.40	0.52	0.63	0.76	2.60
Land Lease - Oil Companies (₹ in Crores)	1.44	1.52	1.59	1.67	1.76	7.98
Ground handling charges (₹ in Crores)	4.58	5.89	7.15	8.24	9.43	35.30
CUTE charges (₹ in Crores)	4.20	5.44	6.87	8.02	9.26	33.79
Royalty from AAICLAS (₹ in Crores)	0.33	0.37	0.40	0.44	0.49	2.04
Total Aeronautical Revenue, before UDF (₹ in Crores) (b)	10.84	13.62	16.55	19.01	21.69	81.70

AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

Particulars	FY	FY	FY	FY	FY	Total
	2021-22	2022-23	2023-24	2024-25	2025-26	
PV factor	1.00	0.89	0.78	0.69	0.62	
PV of Aeronautical revenue (before UDF) (₹ in Crores)	10.84	12.16	12.98	13.21	13.34	62.53
∑ PV Aero Revenue (before UDF) (c)	62.53					
Shortfall before UDF (c) - (a) = (d)	(860.51)					
UDF/ PSF (F)						
Domestic (₹ in Crores)	72.93	104.75	145.38	177.41	215.64	716.12
International (₹ in Crores)	1.81	4.79	9.11	17.01	23.78	56.50
Total UDF (e)	74.74	109.54	154.50	194.42	239.42	772.62
Total Revenue (b + e)	85.58	123.16	171.04	213.43	261.11	854.32
PV of UDF	74.74	97.85	121.19	135.06	147.31	576.15
∑ PV of UDF (f)	576.15					
∑ PV Projected Aero Revenue including UDF (c) + (f) = (g)	638.68					
Surplus/ (Shortfall)						
Proposed to be carried forward for Next Control Period (g) - (a) (derived as on March 31, 2022)	(284.36)					

15.2.6 As can be observed from the above table, as per the Authority's proposals, AAI is entitled to recover an ARR of ₹ 923.04 Crores. The present value of total projected Aeronautical revenues based on the Authority's proposed Parking and UDF charges is ₹ 638.68 Crores, thus resulting in a net shortfall of ₹ 284.36 Crores.

15.2.7 The Authority took cognisance of the fact the AAI has reduced the traffic forecast for FY 2022-23 by 20% by giving credence to the possible impact on passenger traffic and ATM on account of operationalisation of the new Greenfield Airport at MoPA, Goa. However, the Authority notes that the following:

- The Capital expenditure and Operational and Maintenance expenses submitted by AAI for the Third Control Period for Goa International Airport have not been rationalised for the fact that the above Greenfield Airport is likely to become operational at Goa from FY 2022-23. This has resulted in higher ARR of Goa Airport.
- Goa International Airport is a Civil Enclave airport, which has limitations on the timing of operations. This consequently impacts the growth of passenger traffic and ATM, which is further expected to deteriorate with the operationalisation of new Greenfield Airport, MoPA Goa. This may result in lower Aeronautical revenues due to which the ARR of Goa Airport for the Third Control Period may not be fully recovered.
- However, with a view to not burden the airlines further, which are already suffering with the COVID-19 pandemic's impact on the Aviation sector, as also the other Users with excessive tariff at this juncture, the Authority proposes to levy Parking and UDF charges in a progressive manner and carry-forward the shortfall of ₹ 284.36 crores (as per Table 59) to the subsequent