फा. सं. एईआरए/20010/एमवाईटीपी/बीपीसीएल/एफएफ-आईटीपी/मोपा-गोवा/सीपी-I/2023-28
File No. AERA/20010/MYTP/BPCL/FF-ITP/MOPA-GOA/CP-I/2023-28

आदेश संख्या 18/2025-26

Order No. 18/2025-26

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

भारत पेट्रोलियम कॉर्पोरेशन लिमिटेड के संबंध में मनोहर अंतर्राष्ट्रीय हवाईअड्डा, मोपा, गोवा (GOX) में ईंधन फार्म अवसंरचना और इंटू-प्लेन सेवाओं के लिए प्रथम नियंत्रण अवधि (1 अप्रैल 2023 - 31 मार्च 2028) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF TARIFF FOR FUEL FARM INFRASTRUCTURE AND INTO-PLANE SERVICES IN RESPECT OF BHARAT PETROLEUM CORPORATION LIMITED AT MANOHAR INTERNATIONAL AIRPORT, MOPA, GOA (GOX) FOR THE FIRST CONTROL PERIOD

(1st April 2023 – 31st March 2028)

जारी करने की तारीख : 25.08.2025

एरा कार्यालय/AERA Office
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List of Abbreviations

Abbreviations	Expansion
AAI	Airports Authority of India
ACS	Annual Compliance Statement
AERA / Authority	Airports Economic Regulatory Authority of India
AO	Airport Operator
ARR	Aggregate Revenue Requirement
ATF	Aviation Turbine Fuel
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
BCAS	Bureau of Civil Aviation Security
BPCL	Bharat Petroleum Corporation Limited
BSSPL	Bharat Stars Services Private Limited
CA	Concession Agreement
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CGF	Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DBFOT	Design, Build, Finance, Operate and Transfer
DBFOMT	Design, Build, Finance, Operate, Maintenance and Transfer
EPC	Engineering, Procurement and Construction
FAR	Fixed Assets Register
FHS	Fuel Hydrant System
FIF	Fuel Infrastructure Fee
FRoR	Fair Rate of Return
FY	Financial Year
GGIAL	GMR Goa International Airport Limited
GOI	Government of India
INR or ₹	Indian Rupees
ITC	Input Tax Credit
ITP	Into Plane Services
KL	Kilo Litres
MCLR	Marginal Cost of Fund Based Lending Rate
MoM	Minutes of Meeting
MYTP	Multi Year Tariff Proposal
OMC	Oil Marketing Companies
OPEX	Operating & Maintenance Expenditure
P.A.	Per Annum
PAX	Passenger(s)
PSU	Public Sector Undertaking
RAB	Regulatory Asset Base
SBI	State Bank of India
Sq.m	Square Meter

1. BACKGROUND

1.1 Introduction

1.1.1 Manohar International Airport is a Greenfield airport located at Mopa in Pernem Taluka of North Goa district of Goa. It is built under the Public Private Partnership (PPP) model.

1.1.2 The Govt. of Goa awarded a concession to GMR Airports Limited (GAL) for the development of new greenfield airport at Mopa, Goa and had signed the Concession Agreement (CA) on 8th November 2016 with GMR Goa International Airport Limited (GGIAL), the Special Purpose Vehicle (SPV) formed by GAL for the purpose.

As per the terms of the Concession Agreement referred above, GGIAL was assigned the task of development of the new greenfield airport at Mopa, Goa, including allied facilities for Fuel Farm & Into Plane Services, Ground Handling and Cargo Handling etc., under the Design, Build, Finance, Operate and Transfer (DBFOT) model. The Concession to GGIAL was awarded by Govt. of Goa for a period of 40 (forty) years. The Manohar International Airport, Mopa, Goa commenced its commercial operations from 05th January, 2023 for domestic flights and from July 2023 for International flights.

1.2 Overview of BPCL and GGIAL License Agreement

1.2.1 Pursuant to the terms of the Concession Agreement with Govt of Goa, GGIAL (Airport Operator) sub-licensed the project relating to Designing, Building, Financing, Operation, Maintenance and Transfer (DBFOMT) of the Fuel Farm and Into-Plane Facility at the Mopa, Goa airport to Bharat Petroleum Corporation Limited (BPCL), through a competitive bidding process.

1.2.2 Airport Operator (GGIAL) executed the license agreement with BPCL on 16th November 2021 for provision of the Fuel Farm Facility (including Fuel Hydrant System) and Into-Plane Services at the Mopa Airport on 'open access' basis, for a period of 30 (twenty) years, commencing from the applicable date.

BPCL commenced its commercial operations related to Fuel Farm / ITP services on 05.01.2023 (i.e. from COD of new greenfield airport).

1.2.3 Shareholding pattern of BPCL is given below.

Table 1: Shareholding Pattern of BPCL as on 31.03.2025

Sl. No.	Particulars of the Shareholder	Percentage of Shareholding (%)
1	Central Govt.	52.98%
2	Domestic Institutions	22.24%
3	Foreign Institutions	14.58%

6	Other Public shareholders	0.26%
7	State Govt./ Bodies where Central/ State Govt. is a promoter	0.54%
	Total	100%

1.2.4 The Technical details of Fuel Farm & Into Plane Facilities at Mopa, Goa airport is given in the following table:

Table 2: Technical details of Fuel Farm and Into Plane Facility operated by BPCL at Mopa, Goa

Sl. No.	Particulars	Details
1	ATF Storage Capacity	4250KL (2500 KL x 1+875 KL x 2)
2	Land Area on Lease	24480 Sqm. for Fuel Farm Facility & 180 Sqm. for vehicle parking.
3	No. of Refuellers	3 nos
4	No. of Dispensers	8 nos
5	No. of Aircraft Parking Bays connected with fuel hydrant system	20 bays (as on 07.02.2025)
6	No. of Aircraft Parking Bays not connected with fuel hydrant system	04 bays (as on 07.02.2025)

1.3 Tariff Determination History

1.3.1 The Authority vide Order No. 29/2022-23 dated 30th November 2022 allowed BPCL to levy and collect, on ad hoc basis, tariff of ₹ 700/- KL for Fuel Farm (FF) and ₹ 400/- KL towards Into Plane (ITP) Services w.e.f. COD i.e. 20.09.2022.

Thereafter, the Authority, through various interim orders has extended the validity of ad-hoc tariff in respect of Fuel Farm and ITP Services for BPCL at Mopa, Goa up to 30.09.2025.

1.4 Multi Year Tariff Proposal (MYTP)

1.4.1 BPCL, vide letter No. AVN/HQ/[illegible] dated 19.07.2024 submitted the MYTP in respect of the First Control Period (FY 2023-24 to FY 2027-28) for the determination of regular tariff in respect of the Fuel Farm and ITP Services being provided by it at the Mopa, Goa airport. In its MYTP, BPCL had requested the Authority to consider, inter-alia, the under-recovery amounting to ₹ 8.77 Crores for the period from COD i.e. 05.01.2023 up to 31.03.2023. M/s BPCL had submitted the audited financial statements for a company as a whole for the FY 2022-23 and FY 2023-24.

The Authority obtained clarifications for the information shared by BPCL from time to time, to review the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure, for finalising this Consultation Paper. The sequential timeline of the above events has been presented in the table below:

Table 3: Timelines for submission of MYTP and other information by BPCL

Event	Date
MYTP submitted by BPCL for the First Control Period along with shortfall for the prior period from 01.01.2023 to 31.03.2025	19-Jul-24
Initial Data Requirement - First Set of queries raised by the Authority related to agreement, Opex, Capex & Traffic etc.	13-Aug-24
Partial data shared by BPCL related to agreements, Capex etc.	26-Aug-24
First reminder sent to BPCL on the pending information/clarification on Capex, traffic, ACS etc.	18-Sep-24
Second reminder sent to BPCL on the pending information/clarification on Capex, traffic, ACS etc.	22-Oct-24
Partial data shared by BPCL related to Capex, traffic, ACS etc.	24-Oct-24
Follow-up email sent along with additional queries raised related to Capex, ACS, Stakeholder meeting, Profit margin etc.	14-Nov-24
Partial data shared by BPCL related to Capex, ACS etc. and request for a meeting with AERA on its submissions on Capex, Profit Margin etc.	25-Nov-24
Partial data shared by BPCL related to Capex.	27-Nov-24
Meeting held in AERA office on the queries related to Capex, Opex etc.	29-Nov-24
In reference to aforesaid meeting, Partial data shared by BPCL related to Capex, Opex etc.	16-Dec-24
Partial data shared by BPCL related to Capex, ACS	17-Dec-24
Partial data shared by BPCL related to Capex, OPEX	19-Dec-24
Clarification given by the BPCL on the Fuel Hydrant (FH) and Repair & Maintenance	31-Dec-24
Partial data shared by BPCL related to FH and Repair & Maintenance	07-Jan-25
Clarification given by BPCL on the Fuel Hydrant (FH) and Repair & Maintenance	16-Jan-25
Further, Clarification given by BPCL on the Repair & Maintenance and General Ledger	29-Jan-25
Minutes of Stakeholder Meeting submitted by BPCL	30-Jan-25

Event	Date
Revised copy of Hydrant & Non-Hydrant Report submitted by BPCL	07-Feb-25
Clarification on ITC on REVEX and CAPEX	18-March-25
Submission of Dead Stock Certificate	27-March-25
Minutes of Reconducted Stakeholder Meeting submitted by BPCL	29-May-25

1.4.2 BPCL is the sole service provider in respect of the Fuel Farm and Into Plane Services at Manohar International Airport, Mopa, Goa. Accordingly, in its MYTP, the ISP had proposed a consolidated fee of ₹ 4538.77/KL for both the above-mentioned services (₹ 3817.61/KL for Fuel Farm Facility & ₹ 721.26/KL for ITP Services).

1.4.3 The Authority noted that BPCL conducted the Users Consultation Meeting on 27.01.2025 in respect of its Fuel Farm & ITP Services being provided at Mopa, Goa airport and had forwarded the Minutes of the Meeting (MoM) to AERA. As per the minutes of said meeting, representative of Airlines, Airport Operators, Shell MRPL and Ground Handling Agency had attended the meeting. However, it was noted that the Airlines' Industry bodies viz. FIA & IATA were not invited for the consultation meeting. Further, it was also noted that no details regarding proposed tariff rates & other aspects of MYTP were shared with the users during the meeting.

Accordingly, the ISP was advised to hold user consultation meeting again at Mopa-Goa in hybrid mode, so that maximum stakeholders could participate in the consultation process.

1.4.4 The ISP after being advised by AERA, had reconducted the Users Consultation Meeting on 26.05.2025 at Mopa, Goa and had submitted the Minutes of Meeting (MoM) to AERA. As per the minutes, the representatives of Airlines including Air India, Akasa Air, Air Arabia, IndiGo, Star Air, Spice Jet, Airlines Association (FIA), Shell MRPL and Ground Handling agency attended the meeting.

BPCL made a presentation before the stakeholders present in the consultation meeting, inter-alia, covering the details relating to Fuel Farm infrastructure developed at the airport, Tariff proposed by the ISP for the Fourth Control Period. It was noted that issues raised by various stakeholders during the meeting were duly responded by the BPCL team. Subsequent to the stakeholder's consultation meeting (26.05.2025), Federation of Indian Airlines (FIA) submitted its written comments dated 29.05.2025 to BPCL, Mopa Goa and made some suggestions related to the reduction in the proposed ITP & Infrastructure Charges, deferral of capex on future, direct billing to airlines etc.

1.4.5 The Authority, carefully examined the Multi Year Tariff Proposal (MYTP) submitted by BPCL in respect of Fuel Farm & ITP Services provided at Manohar International Airport, Goa and issued Consultation Paper (CP) No. 10/2025-26 dated 16.06.2025, inviting suggestions/comments from the Stakeholders on various proposals contained in the CP with the following timelines:

- Date for submission of written comments by Stakeholders: 08.07.2025
- Date for submission of Counter comments by ISP: 15.07.2025

1.4.6 The Authority received comments from the Stakeholder namely, M/s BPCL i.e. the Independent Service Provider itself and the same was uploaded on AERA website.

1.4.7 The Authority after examining the comments of the stakeholder i.e. M/s BPCL on the above referred CP and after considering all the relevant aspects of the case, has finalized this Tariff Order.

2. METHODOLOGY FOR TARIFF DETERMINATION

2.1 Principles for Determination of Tariff for the "Aeronautical Services"

2.1.1 The Authority, vide Order No. 12/2010-11 dated 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft (CGF Services) at the major airports. Accordingly, the Authority issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 ("the CGF Guidelines") vide Direction No. 04/2010-11 dated 10.01.2011.

2.1.2 The Tariff for CGF Services is determined by the Authority in accordance with CGF Guidelines, 2011, either under the 'Light Touch' or 'Cost Plus' regulatory approach. The regulatory approach for the determination of tariff for the Independent Service Provider (ISP) is adopted by the Authority, inter-alia, based on the assessment of the materiality, competition etc. pertaining to the regulated service(s) provided by the ISP at a major airport.

2.1.3 In accordance with the above mentioned CGF Guidelines (clause 4.2), the following procedure is adopted for determination of the Materiality Index of Regulated Service:

<u>Materiality Assessment (MI_r)</u>

$$= \frac{\text{Fuel Throughput at a Major Airport}}{\text{Total Fuel Throughput at all major Airports}} \times 100$$

The Materiality Index in respect of service relating to supply of fuel to the aircraft at Mopa, Goa (based on the fuel throughput data for FY 2023-24) is as under:

MI_r = (60300 / 3132298) X 100 = 0.89%

2.1.4 The percentage share of Fuel Throughput at Mopa, Goa in respect of the FY 2023-24 is 0.89%, (4.2.2) is lower than Materiality Index (MI) of 5% for the regulated service (Fuel Farm & ITP Services). Hence, the regulated service is deemed "Not Material" at Mopa, Goa during the First Control Period.

<u>Competition Assessment:</u>

2.1.5 The CGF Guidelines provides that where a regulated service is being provided at a major airport by two or more Service Provider(s), it shall be deemed "competitive" at that airport and if such service is provided by less than two Service Providers, it shall be deemed "not competitive".

The Guidelines also provide that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit and the determination of number of Service Provider(s) at a major airport shall include the Airport Operator, if the Airport Operator is also providing Regulated Service(s) at that major airport.

2.1.6 Fuel Farm services at Mopa, Goa are being provided solely by BPCL. Hence, the service is deemed as 'not competitive'.

2.1.7 The Authority noted that BPCL is the sole operator of the Fuel Farm and ITP Services at Mopa Goa Airport and is operating in a monopolistic environment situation. Considering that the aviation turbine fuel is the main cost driver for the Airlines, the Authority, therefore examined the MYTP submission of the ISP, including various regulatory building blocks, in detail to ensure that only efficient Capex and Operating Expenses are considered while determining tariff for the First Control Period, in respect of the BPCL's Fuel Farm & ITP Services at Mopa, Goa airport.

The Authority, as part of its tariff determination process endeavors to strike a balance between the interest of service provider and users of regulated services.

2.1.8 The Authority noted that ISP itself has submitted its MYTP for the First Control Period under the Cost Plus (Price Cap) Regulatory Approach. Further, the Authority, in the past has adopted the Cost Plus regulatory approach for determining the tariffs for other Fuel Farm Operators at various major airports, considering the monopolistic nature of Fuel Farm Services. Accordingly, the Authority proposed to consider **Cost Plus regulatory approach** for determination of the tariff in respect of the First Control Period.

2.1.9 BPCL has no other business except Fuel Farm and Into Plane Services at Mopa Goa airport. However, other income, if any, will be considered for cross subsidization of the Fuel Infrastructure Fee & ITP Service Charges.

2.1.10 The formula for determining the Aggregate Revenue Requirement (ARR) for the Control Period is as follows:

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

where

't' is the Tariff Year in the Control Period;

ARR_t is the Aggregate Revenue Requirement for year 't';

FRoR is the Fair Rate of Return for the Control Period;

RAB_t is the Regulatory Asset Base for the year 't';

D_t is the Depreciation corresponding to the RAB for the year 't';

O_t is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandated operating costs;

T_t is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits; and NAR_t is the revenue from services other than aeronautical services for the year 't'.

2.1.11 All the figures presented in this Consultation Paper have been rounded off up to two decimal points.

2.1.12 All Cash flows have been assumed on last day of the Financial Year for the purpose of computing PV of Revenues & Expenses.

2.2 Authority's Decision regarding Methodology for the Determination of Tariff in respect of Fuel Farm & ITP Services at Mopa Goa airport for the First Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Methodology for the Determination of Aeronautical Tariff in respect of BPCL's operations at Mopa, Goa airport for the First Control Period:

2.2.1 To adopt "Cost Plus" Regulatory Approach for the Determination of Tariff in respect of the Fuel Farm & ITP Services pertaining to the First Control Period (FY 2023-24 to FY 2027-28).

3. DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE PERIOD FROM 05.01.2023 TO 31.03.2023

3.1 BPCL's submission in respect of Shortfall in ARR Recovery for the period from 05.01.2023 to 31.03.2023

3.1.1 M/s BPCL submitted a Shortfall in ARR recovery amounting to ₹ 8.77 crores pertaining to the period from its COD i.e. 05.01.2023 up to 31.03.2023, as a part of its MYTP submission for the First Control Period.

The BPCL's submission regarding shortfall in target revenue for the period from 05.01.2023 to 31.03.2023 is presented in the table given below:

Table 4: Shortfall in Revenue Recovery for the period from 05.01.2023 to 31.03.2023 submitted by BPCL

(₹ in crores)

Particulars	Reference	Amount
Closing RAB	A	27.57
Fair Rate of Return (FRoR)	B	10%
FRoR on RAB*	C	2.55
O&M Expenses	D	1.46
Depreciation	E	0.01
Taxation	F	-
Revenue Share	G	0.13
Finance Cost on BG	H	0.005
Return on Security Deposit	I	4.33
Aggregate Revenue Requirement (ARR)	J = Sum (C:I)	**7.86**
Income from FF/ITP Services	K	1.11
Under/(Over) Recovery	L = J – K	6.75
PV Factor	M = (1 + B)^t	1.30
PV of Under/(Over) Recovery as on 31st March 2023	N = L * M	8.77

Return on RAB computed on proportionate basis for 87 days from COD to 31.03.2023

3.1.2 The Authority is aware that the services relating to supply of aviation fuel to the aircrafts (Fuel Farm and ITP Services) are integral to airport operations and since the BPCL commissioned its Fuel Farm & ITP Services at Mopa Goa from the same date, the Mopa Airport was operationalized i.e. from 05.01.2023.

In view of the above, the Authority proposed to consider the shortfall in Target Revenue (ARR) for the period from 05.01.2023 (COD) up to 31.03.2023, while determining the tariff for the First Control Period of the BPCL at Mopa Goa airport.

3.1.3 The Authority analysed MYTP submission of BPCL, including regulatory building blocks, for computing the under recovery of ARR for the period from 05.01.2023 to 31.03.2023 and same is discussed in the ensuing paras.

3.2 **Capital Expenditure for the period from 05.01.2023 to 31.03.2023**

3.2.1 The actual capital expenditure incurred on the Fuel Farm & ITP Services at Mopa Goa airport pertaining to the period from 05.01.2023 to 31.03.2023 as submitted by BPCL is given in the table below:

Table 5: BPCL's submission in respect of the actual CAPEX incurred for the period from 05.01.2023 to 31.03.2023

(₹ in crores)

Sl. No.	Particulars of Assets	Amount
1.	Buildings	8.91
2.	Electrical Equipment/Installation	2.38
3.	Fire Fighting Equipment	5.24
4.	Plant & Machinery	40.97
	Total	**57.58**

3.3 **Authority's Examination regarding the Capital expenditure (CAPEX) for the period from 05.01.2023 to 31.03.2023 at Consultation Stage**

3.3.1 The Authority noted that BPCL had incurred a total CAPEX of ₹ 57.58 Crores during the period from 05.01.2023 to 31.03.2023. Out of the above, as per the FAR submitted by BPCL, the Capex amounting to ₹ 50.89 Crores has been incurred by the ISP for Fuel Farm Facilities and 6.69 crores towards Into Plane Services, at Mopa Goa airport. With regard to AERA query regarding Input Tax Credit (ITC), the ISP vide email dated 14.03.2025 replied that "*BPCL has not availed ITC on Revex (Revenue Expenditure) and Capex for Mopa Goa. As majority of the expenditure are towards supply of ATF, which is exempt under GST, hence no Credit is available.*"

It was noted that out of the total CAPEX, major portion i.e. ₹ 40.97 crores (71.15%) had been incurred on Plant & Machinery and ₹ 8.91 Crores (15.47%) was spent on the construction of office building.

<u>Buildings</u>

3.3.2 The Authority noted that BPCL had incurred a capex of ₹ 8.91 crores on the construction of office & administrative buildings etc. The details of assets/ infrastructure under the head 'Buildings' is presented in table given below:

Table 6: List of Assets Capitalized under the head – Buildings

(₹ in crores)

Sl. No.	Particular of Assets	Amount
1.	Office Porta Cabin 10m X 3m	0.10
2.	Security Porta Cabin 2.5m X 2.5m	0.02
3.	Impervious Dyke Floor 83m X 36m	0.27
4.	Admin Building 12m X 10m	1.69
5.	Security Cabin 4m X 4m	0.05
6.	Tank Lorry/ Refueller Parking Area Paver Top	1.12
7.	RCC Driveway	1.05
8.	Compound Wall 3m HT Precast RCC Type with Cabin Con	1.92
9.	TLD Gantry 15m X 6.5m X 4 Bays Incl 2 Tank Bays	1.89
10.	TLD FHS Pump House 20m X 8m	0.08
11.	Engineering Room 15m X 10m	0.81
12.	Control Room 8m X 10m	0.49
13.	Transformer Room 6m X 6m	0.10
14.	MCC Room 15m X 10m	0.81
15.	DG Room 8m X 10m	0.49
16.	FHS Dispatch Manifold 8m X 8m	0.04
	Total	8.91

From the review of assets & other infrastructure included under the 'Buildings', as indicated in the above table, it was seen that these are related to operational requirements of the ISP. hence, the Authority proposes to consider an actual Capex on Buildings amounting to ₹ 8.91 crores with capitalization on 31.03.2023.

<u>Electrical Equipment & Installations</u>

3.3.3 The details of electrical assets/ installations capitalized by IOCL are given in the table below:

Table 7: List of Electrical Assets/ Installation capitalized as on 31.03.2023

(₹ in crores)

Sl. No.	Particulars of Asset(s)	Amount
1.	High Mast Tower 1 With Lights 30m HT (Near Security)	0.09
2.	High Mast Tower 2 With Lights 30m HT (Near ATF Tank)	0.10
3.	High Mast Tower 3 With Lights 30m HT (Near FWPH)	0.08
4.	HT VCB Panel	0.19
5.	Transformer 800 KVA Dry Type	0.37
6.	PCC Panel	0.32

7.	MCC Panel	0.22
8.	MDB Panel	0.19
9.	MLDB Panel	0.17
10.	APFC Panel	0.19
11.	Critical Panel	0.19
12.	FWPH Panel	0.19
	Total	2.36

3.3.8 The Authority, from the above table noted that electrical installations totaling to ₹ 2.36 crores capitalized by the ISP on 31.03.2023 as per FAR, are related to fuel farm infrastructure etc. which are essential for smooth operations. Hence, the Authority proposed to consider actual Capex of ₹ 2.36 crores on electrical/ interior installations as proposed by the ISP.

Plant & Machinery

3.3.9 The details of major Assets/ equipment classified as Plant & Machinery are given in the table below:

Table 8: List of Assets Capitalized under the head - Plant and Machinery

(₹ in crores)

Sl. No.	Particulars of Assets	Quantity	Amount
1.	Fuel Hydrant System with 20 Nos Hydrant Pit Valves		19.09
2.	ATF Tank 0.6x AG CR 10m Dia X 15m HT	3	8.74
3.	Refueller 16 KL	2	2.54
4.	Dispenser without Backflow	4	2.91
5.	FHS PUMP 1 (330 KL/HR, 130m HEAD, 75 KW)	3	1.44
6.	Floating Suction Unit 450NB #150 make Petrocoat	2	0.83
7.	Stripping Cum Pit Cleaning Vehicle 6 KL S4		0.73
8.	Others		4.52
	Total		40.97

3.3.10 The Authority noted that as per the terms and conditions of the ISP's License Agreement with the Airport Operator (clause 11.4), M/s Engineering, Procurement and Construction (EPC) Contractor appointed by GHIAL (Airport Operator) was entrusted the job of construction and development new greenfield airport, including Fuel Hydrant System (FHS) and HPCL was required to reimburse the proportionate cost of FHS amounting to ₹ 19.76 crores (inclusive of GST) to the airport operator. HPCL submitted the copy of invoices raised by AO in respect of FHS along with CA certified Fixed Assets Register (FAR) and details of actual payment (UTR number etc.) made to the AO.

It was noted from the HPCL's submission that the ISP had paid ₹ 18.09 crores towards construction and development cost of FHS to AO. The Authority at Consultation Stage decided that the aspect of balance payment by the ISP to AO [₹ 1.67 (₹ 19.76-₹18.09 Crores)] will be revisited at the time of finalization of Tariff Order.

In this regard, the ISP, vide email dated 07.08.2025, confirmed that the said amount has been paid to the Airport Operator.

3.3.7 It was also noted that BPCL had capitalized an amount of ₹ 33.52 crores on 31.03.2023 in respect of Fuel Farm facility, including ₹ 19.76 crores for FHS. However, from the BPCL submission vide email dated 31.12.2024, the Authority observed that Fuel Farm facility & FHS had actually been commissioned in February 2024.

Considering the essentiality of Fuel Farm infrastructure & FHS for Fuel Farm and ITP services and their commissioning in February 2024, the Authority proposed to shift the capitalization of these assets (amounting to ₹ 33.52 crores) to 29.02.2024, as against capitalization date i.e. 31.03.2023 considered by BPCL.

3.3.8 The Authority noted from the BPCL's MYTP submission that at Mopa, Goa airport, there are total 18 (eighteen) aircraft parking bays. Out of the 18 aircraft parking bays, 2 (two) parking bays are not connected with Fuel Hydrant System. Further, out of 16 (sixteen) aircraft parking stands which are connected with FHS, 3 (three) parking stands are currently under commissioning.

Subsequently, BPCL vide email dated 07.08.2025 conveyed the current status of Aircraft Parking Bays at the Mopa, Goa Airport as under:

- Nos of parking bays connected with FHS - 20
- Nos of parking bays not connected with FHS - 4

It was further noted that Annexure III of the License Agreement between BPCL & GGIAL (AO) provides for the development of project in a phase-wise manner during the License Period and requires Licensee (BPCL) to provide for 08 nos. of Dispensers and 03 nos. of Refuellers in the initial phase (construction phase).

The Authority, in this regard, enquired about the necessity of having 3 nos. of Refuellers, when there is a provision of Fuel Hydrant System at the Mopa, Goa airport. In response to AERA query BPCL vide email dated 18.12.2024 submitted as under:

- **Non-Scheduled Flights:** Goa, as a tourist destination, attracts a high volume of non-scheduled charter and private flights. These flights often park in various bays, including those without hydrant pits, requiring flexible refuelling solutions that only mobile refuellers can provide.
- **Defueling Needs:** Defueling is sometimes required for maintenance or weight adjustments, which cannot be performed using the hydrant system. Refuellers are essential for defueling operations.

- **Operational Flexibility:** Refuellers ensure that aircraft in bays without full hydrant coverage, particularly the remote and single-pit bays, can be serviced without delay, especially during peak periods.

The ISP summarized that the refuellers are critical at Mopa Airport to support non-scheduled flights, handle defueling operations, and provide operational flexibility in bays without adequate hydrant infrastructure.

Considering the justification given by BPCL, the Authority proposed to consider 03 (three) nos. of refuellers as submitted by ISP.

<u>Fire Fighting Equipment</u>

13.9 The Authority noted that BPCL had incurred a Capex of ₹5.34 crores for Fire Fighting Equipment during the Period 05.01.2023 to 31.03.2023. The details of major firefighting equipment as on 31.03.2023 are given in the table below:

Table 9: List of Assets Capitalized under the head - Fire Fighting Equipment

(₹ in crores)

Sl. No.	Particulars of Assets	Quantity	Amount
1.	FW Tank Cap C/R 12m DIA X 15m HT	2	2.37
2.	Fire Water Pump House 20m X 8m	1	0.72
3.	FW Pump 342 KL/hr 102m Head	2	1.19
4.	FW Pipeline with Valves/ Fittings 300 NB #150	1	0.21
5.	FW Pipeline with Valves/ Fittings 450 NB #150	1	0.20
6.	500/750 GPM LL/TM Water Cum Foam Monitors	13	0.18
7.	Others		0.46
	Total		**5.34**

13.10 Considering that the firefighting equipment is an essential requirement for the safety of Fuel Farm Assets and safe operations, the Authority proposed to consider a Capex of ₹ 5.34 crores as proposed by the BPCL.

13.11 BPCL had furnished the CA certified Fixed Assets Register (FAR) and copies of Vendor Invoices for the major Assets etc., as supporting documents towards the assets capitalized in the books of accounts, in respect of its Fuel Farm & ITP facilities at Mopa, Goa airport.

The Authority observed that Capital Expenditure incurred by BPCL is related to the ISP's operational requirements and same is also in line with the concession agreement executed between the ISP & the Airport Operator.

In view of the above, the Authority proposed to consider the assets capitalized for the period from 05.01.2023 to 31.03.2023, after considering the shifting of capitalization in respect of

Fuel Farm facility & FHS from 31.03.2023 to 29.02.2024, as presented in the table given below:

Table 10: Asset Capitalisation proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023 at Construction Stage

(₹ in crores)

Sl. No.	Particulars	As submitted by BPCL	As proposed by AERA
1.	Plant & Machinery*	41.97	7.45
2.	Buildings	8.51	8.91
3.	Fire Fighting Equipment	5.34	5.34
4.	Electrical Equipment	2.36	2.36
	Total	**57.98**	**24.06**

**Capitalisation amounting to ₹ 11.82 crores in respect of Fuel Farm facility & FHS has been shifted to February 2024 based on actual date of commissioning, as against March 2023 considered by BPCL.*

3.4 Depreciation for the period from 05.01.2023 to 31.03.2023

3.4.1 BPCL had submitted the useful life and depreciation rates pertaining to various Assets capitalized on 31.03.2023 as per the table given below:

Table 11: Useful life and Depreciation Rates in respect of various Assets proposed by BPCL for the period from 05.01.2023 to 31.03.2023

Sl. No.	Particulars	Useful life (in years)	Depreciation Rates
1.	Buildings	30	3.33%
2.	Electrical Equipment	10	10.00%
3.	Fire Fighting Equipment	15	6.67%
4.	Plant & Machinery	15	6.67%

3.4.2 BPCL had proposed the depreciation in respect of the assets relating to Fuel Farm & ITP facilities at Mopa Airport, pertaining to the period from 05.01.2023 to 31.03.2023, as per the table given below:

Table 12: Depreciation for the period from 05.01.2023 to 31.03.2023 proposed by BPCL

(Amount in ₹)

Sl. No.	Particulars	Depreciation
1.	Plant & Machinery	14,823.00
2.	Fire Fighting Equipment	9,757.61
3.	Buildings	8,133.87
4.	Electrical Equipment	6,463.92
	Total	**39,180.41**

3.5 Authority's Examination on Depreciation for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

3.5.1 The Authority noted that in its MYTP submission, BPCL had considered Useful Life of Assets as per the AERA Order No. 35/2017-18 dated 12th January 2018, read with Amendment No. 01 to Order No. 35/2017-18 for computing the depreciation for the period 05.01.2023 to 31.03.2023.

3.5.2 It was noted that BPCL had capitalized all the Assets, pertaining to the period from 05.01.2023 to 31.03.2023, at the financial year-end (31.03.2023) and had considered depreciation for one day only.

3.5.3 However, in light of the Authority's proposal to consider depreciation rates as per AERA Order No. 35/2017-18 dated 12th January 2018, read with Amendment No. 01 to Order No. 35/2017-18 and to shift the capitalization date of the Fuel Farm Infrastructure & PHS from 31.03.2023 to 29.02.2024, the depreciation for the Assets under the head Plant & Machinery had been re-computed by the AERA.

The depreciation proposed to be considered by the Authority in respect of the period from 05.01.2023 to 31.03.2023 is presented below:

Table 12: Depreciation proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

(Amount in ₹)

Sl. No.	Particulars of Assets	Depreciation as per BPCL	Depreciation as proposed by AERA
1.	Buildings	8,135.87	8,135.87
2.	Electrical Equipment	9,463.92	9,463.92
3.	Fire Fighting Equipment	9,357.61	9,357.61
4.	Plant & Machinery*	24,823.00	15,410.00
	Total	**55,288.41**	**37,957.41**

**Difference in depreciation as per the Authority & BPCL is on account of shifting of commissioning of PHS from March 2023 to February 2024*

3.6 Regulatory Asset Base (RAB) for the period from 05.01.2023 to 31.03.2023

3.6.1 BPCL had submitted the Regulatory Assets Base (RAB) as on 31.03.2023 as per the table given below:

Table 14: RAB as on 31.03.2023 submitted by BPCL in respect of Fuel Farm & ITP Facilities at Mopa Airport, Goa

(₹ in crores)

Sl. No.	Particulars	Amount
1.	Opening Regulatory Asset Base (RAB)	-
2.	Addition to RAB (A)	57.58
3.	Deletion (B)	-
4.	Depreciation (C)	0.01
5.	**Closing RAB (D) = (A-B-C)**	**57.57**
	Average RAB	**57.57**

3.7 **Authority's Examination of the Regulatory Asset Base (RAB) as on 31.03.2023 at Consultation Stage**

3.7.1 The Authority noted that the BPCL had considered the Closing RAB and Average RAB as same (as on 31.03.2023), as there was Nil Opening RAB on 05.01.2023 (COD). Further, it was noted that the capitalization of all the assets, pertaining to period from 05.01.2023 to 31.03.2023, was done on 31.03.2023 by BPCL.

After making the adjustment to the capitalized value of Plant & Machinery due to shifting capitalization date of Fuel Farm & ITP from 31.03.2023 to 29.02.2024 and depreciation thereof, the Authority had re-computed the RAB as on 31.03.2023, as presented in the table given below:

Table 15: RAB proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

(₹ in crores)

Sl. No.	Particulars	Amount
1.	Opening RAB	-
2.	Addition (A)	24.06
3.	Deletion (B)	-
4.	Depreciation (C)	0.0038
5.	**Closing RAB (D= (A-B-C)**	**24.06**

3.8 Stakeholders' comments regarding CAPEX, Depreciation and RAB for the period from 05.01.2023 to 31.03.2023

3.8.1 The Authority received BPCL's comment regarding shifting the Capitalisation of ITP from 31.03.2023 to 29.02.2024. As per AERA the same has been discussed in detail along with Authority's view thereon at para 5.7.1 under Capital Expenditure for the First Control Period (Chapter 5).

3.9 Authority's analysis on Stakeholders' comments regarding CAPEX, Depreciation and RAB for the period from 05.01.2023 to 31.03.2023

3.9.1 The Authority has reviewed the comments of BPCL regarding the capitalisation of some of the capital items related to ITP and partially agrees with the ISP as detailed at Para No. 5.8.1 under the Capital Expenditure for the First Control Period (Chapter 5).

3.9.2 The Authority decides to consider the CAPEX, Depreciation and RAB for the period from 05.01.2023 to 31.03.2023 as shown in Table 15.

3.10 Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023

3.10.1 The Authority noted that BPCL, in its MYTP submission, had claimed 14% Fair Rate of Return (FRoR) on the RAB for the period from 05.01.2023 to 31.03.2023. BPCL had not factored in any debt for the period under reference. Hence, based on the cost of equity (14%) and nil debt, the FRoR for the period from 05.01.2023 to 31.03.2023 had been considered at 14% by the BPCL.

3.11 Authority's Examination regarding Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

3.11.1 The Authority noted from the BPCL's submission that capex on Fuel Farm & ITP Facilities at Mopa Goa airport had been funded entirely through equity and company had not availed any debt for this project.

3.11.2 In response to AERA query on non-availing of debt for the project financing in respect of their Mopa, Goa operations, BPCL vide email dated 20.06.2024 informed that "*As per Capital Budget Guidelines of BPCL, projects below ₹ 100 Crores are funded through internal accruals and no additional debt is specifically planned for such projects. As our Investments for Mopa Goa fuel farm is less than ₹ 100 Crores, we have not taken any debt into our calculation.*"

3.11.3 As regard to project financing, the Authority took cognizance of the recommendations made by the Public Investment Board (PIB) in the Minutes of Meeting dated February 20, 2024 (No. 27 (02)/PFC-II/2024) in the context of AAI's major airport development projects, wherein, the PIB noted that AERA should consider other factors while assessing fair rate of return, in cases where there is a low level of gearing, with the underlying objective of protecting the reasonable interests of Users. FIB recommendation emphasizes the need to balance the financial considerations while determining tariff, with a view to protect the Airport Users' interests.

BPCL being a Central Public Sector Enterprise and also operates in Civil Aviation Sector, like AAI, therefore, the recommendations of FIB relating to AAI also hold good in case of BPCL's Mopa Goa Operations.

Further, as per the Authority, the Fuel Farm Operations are basically the sub-set of the Airport Operator's functions and the Authority endeavors to balance the interest of all airport users and service providers, just as it does in case of the airport operators.

3.11.4 The Authority, generally considers the notional Debt-Equity ratio of 48:52 (Debt: Equity) for Airport Operators, so as to encourage efficient capital structure of the airport operators, which is in the interest of all the stakeholders.

3.11.5 For the purpose of application of notional debt-equity ratio indicated above, the Authority proposed to consider the notional Cost of Debt @ 9%, based on one-year Marginal Cost of Fund based Lending Rate (MCLR) of State Bank of India (prevailing as on 15.5.2025), as was recently considered by AERA for Vizianagaram airport.

3.11.6 As regard to Cost of Equity, the Authority proposed to consider Cost of Equity @ 15.18% which is generally considered by the Authority for airports, including AAI.

3.11.7 Considering that there was nil opening RAB as on COD and entire capitalization from the COD (05.01.2023) upto 31.03.2023 had been done on 31.03.2023, the Authority proposed to compute FRoR for the period 05.01.2023 to 31.03.2023, considering closing RAB as on 31.03.2023, which is also in line with approach followed by the Authority in respect of the Mopa Goa Airport.

3.11.8 Based on the above, Authority proposed to consider FRoR in respect of BPCL for the period from 05.01.2023 to 31.03.2023 as per the table given below:

Table 16: FRoR proposed to be considered by the Authority for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

Sl. No.	Particulars	%
1.	Weighted Average notional Equity (A)	52%
2.	Weighted Average notional Debt (B)	48%
3.	Cost of Equity (C)	15.18%
4.	Notional Cost of Debt (D)	9.00%
5.	FRoR (E=A*C+(1-A)*D)	12.21%

3.12 Stakeholders' comments and the Authority's decision regarding Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023

3.12.1 The Authority received no comments from the Stakeholders regarding Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023.

3.12.2 Hence, the Authority decides to consider Fair Rate of Return (FRoR) for the period from 05.01.2023 to 31.03.2023 as proposed at the Consultation Stage, as per Table 16.

3.13 Operation & Maintenance Expenses for the period from 05.01.2023 to 31.03.2023

3.13.1 BPCL had submitted the Operating & Maintenance expenses for the Period from 05.01.2023 to 31.03.2023 as per table given below;

Table 17: Actual Operation and Maintenance Expenses submitted by BPCL for the Period from 05.01.2023 to 31.03.2023

(₹ in crores)

Sl. No.	Particulars of Expenses	Amount
1.	Manpower Expenses	0.47
2.	Administrative Expenses	0.06
3.	Rental Expenses	0.24
4.	Repairs & Maintenance Expenses	0.56
5.	Utility Expenses	0.13
	Total	1.46

3.14 Authority's Examination on Operation & Maintenance expenses for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

3.14.1 BPCL had submitted details of ₹ 1.46 Crores towards O&M Expenditure for the period from 05.01.2023 to 31.03.2023, out of which, a major portion i.e. ₹ 0.56 crore of O&M expenses is related to Repair & Maintenance and ₹ 0.47 crore for the manpower expenses.

3.14.2 In response to AERA letter regarding proportionately higher expenses under repair & maintenance head, BPCL vide mail dated 31.12.2024 submitted that "*the expenses of ₹ 56 lakhs under Repair and Maintenance shown for the period 5th January to 31st January 2023 were incurred on the operations [illegible] through deployment of Containerized tanks and refueller vehicles from other JV(s) as Fuel Farm facility was still under construction. The same were utilized till the Fuel Farm was commissioned and subsequently the EBS*"

Further, vide email dated 24.01.2025, BPCL submitted that out of the total Repair & Maintenance expenses (₹ 0.56 crore) for the period 05.01.2023 to 31.03.2023, ₹ 0.26 crore were related to repair & maintenance job items such as changing of filters, tyre replacements, equipment calibration, painting etc.) in respect of the 08 nos. of Refuellers shifted from the other locations of BPCL on temporary basis and remaining ₹ 0.22 crore is towards routine R&M expenses.

Considering the above, the Authority proposed to consider ₹ 0.30 crore under the Repair and Maintenance expenses as proposed by the ISP.

3.14.3 The Authority noted from the BPCL submission that as per its license agreement with the DIAL (AO), 15% of Revenue from the Fuel Farm Services and 5% of Revenue from ITP services is payable by BPCL to the Airport Operator as Revenue Share.

3.14.4 Based on the review of BPCL's submission as per the above, the Authority considered the actual O&M Expenditure of ₹ 1.46 crores for the period from 05.01.2023 to 31.03.2023 as reasonable. Accordingly, the Authority proposed to consider the O&M expenses amounting to ₹ 1.46 crores for the period from 05.01.2023 to 31.03.2023, as proposed by the ISP.

3.15 Stakeholders' comments and the Authority's decision regarding Operation & Maintenance expenses for the period from 05.01.2023 to 31.03.2023

3.15.1 The Authority received no comments from the Stakeholders regarding Operation & Maintenance expenses for the period from 05.01.2023 to 31.03.2023.

3.15.2 Hence, the Authority decides to consider the Operation & Maintenance expenses for the period from 05.01.2023 to 31.03.2023 as proposed at the Consultation Stage, as per Table 17.

3.16 Taxation for the Period from 05.01.2023 to 31.03.2023

3.16.1 BPCL had submitted taxation calculation for the period prior to the First Control Period as follows:

Table 18: Aeronautical Taxation for the Period from 05.01.2023 to 31.03.2023 submitted by BPCL

(₹ in crores)

Particulars	Ref	Amount
Profit Before Tax (PBT)	A	-0.48
Add: Book Depreciation	B	0.01
Less: IT Depreciation	C	[illegible]
Adjusted Profit	D = A + B - C	-4.58
Opening Losses	E	-
Set Off	F	-4.58
Carry Forward of Accumulated Losses	G = E - F	-4.58
Taxable Income	H = D - F	-
Tax as per IT ACT	I = H * 25.17%	-

3.17 **Authority's Examination of Taxation for the period from 05.01.2023 to 31.03.2023 at Consultation Stage**

3.17.1 The Authority noted that there was nil taxable income of BPCL for its Fuel Farm & ITP services at Mopa, Goa airport, as the ISP had incurred losses for the period from 05.01.2023 to 31.03.2023. The ISP, in its MYTP submission had carried forward the losses amounting to ₹ 4.58 Crores for the period from 05.01.2023 to 31.03.2023 to the First Control Period.

Table 19: Aeronautical Taxation proposed to be considered by the Authority for the Period from 05.01.2023 to 31.03.2023 at Consultation Stage

(₹ in crores)

Particulars	Ref.	Amount
Aeronautical Revenue	A	1.13
Operating Expenditure	B	1.46
IT Depreciation	C	1.59
Profit / (Loss) Before Tax	D = A - (B+C)	-1.93
Taxable Income	E	Nil
Tax as per IT ACT	F=E*25.17%	Nil
Carry Forward of Losses to First Control Period	G	-1.93

Based on the above, the Authority proposed to consider the Aeronautical Tax as NIL for the period 05.01.2023 to 31.03.2023, as per the above table.

3.18 **Stakeholders' comments and the Authority's decision regarding Taxation for the period from 05.01.2023 to 31.03.2023**

3.18.1 The Authority received no comments from the Stakeholders regarding Taxation for the period from 05.01.2023 to 31.03.2023.

3.18.2 Hence, the Authority decides to consider the Taxation for the period from 05.01.2023 to 31.03.2023 as proposed at the Consultation Stage, as shown in Table 19.

3.19 **Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023**

3.19.1 BPCL had submitted ARR for the period from 05.01.2023 to 31.03.2023 as per the table given below:

Table 29: Aggregate Revenue Requirement submitted by BPCL for the period from 05.01.2023 to 31.03.2023

(₹ in crores)

Particulars	Reference	Amount
Closing RAB	A	57.57
Fair Rate of Return (FRoR)	B	14.18%
Return on RAB	**C = A * B * 2.87 ÷ 12**	**1.95**
O&M Expenses	D	1.46
Depreciation	E	0.01
Taxation	F	-
Revenue Share	G	0.13
Finance Cost on BG	H	0.003
Return on Security Deposit	I	4.33
Aggregate Revenue Requirement (ARR)	**J = Sum (C:I)**	**7.86**
Income from Fuel Infrastructure Fee (FIF)	K	1.13
Under Recovery	**L = J – K**	**6.73**
PV Factor	M = (1 + B)^t	1.30
PV of Under Recovery as on 31st March 2025	**N = L * M**	**8.77**

3.19.2 BPCL had proposed to carry forward the under recovery of ARR pertaining to the period from COD (i.e. 05.01.2023) to 31.03.2023 amounting to ₹ 8.77 crore to the First Control Period.

3.20 Authority's Examination on Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

Return on Security Deposit

3.20.1 The Authority noted that as per the license agreement, BPCL had to pay ₹ 38 crores as a Security Deposit (SD) to GOAL in two equal instalments of ₹ 19 crores, first instalment during the signing of Concession Agreement and second instalment before the Commercial Operations Date. From the review of documents submitted by BPCL (including snapshot of bank statement indicating RTGS/UTR No.), it was noted that the ISP had paid the first installment of SD amounting to ₹19 Crores on 18.11.2021 and second installment of ₹ 19 Crores on 05.01.2023 to the Airport Operator.

BPCL claimed a Return on Security Deposit (@ 14% from the date of payment of SD to AO) considering Cost of Equity @ 14% proposed by the ISP and had accordingly considered Return on SD in the ARR computation, for the period from 05.01.2023 to 31.03.2023.

However, the Authority proposes to consider the Return on SD @ 7% per annum, from the Commercial Operations Date (COD), in line with the approach generally followed by Authority in this regard for the ISPs.

1.20.2 Based on the review of regulatory building blocks and after considering the relevant factors, the Authority had re-computed the ARR for the period from 05.01.2023 to 31.03.2023, as per table given below:

Table 21: Aggregate Revenue Requirement proposed by the Authority for the period from 05.01.2023 to 31.03.2023 at Consultation Stage

(₹ in crores)

Particulars	Reference	Amount
Closing RAB	A	24.06
Fair Rate of Return (FRoR)	B	12.21%
Return on RAB	**C = A * B * (87 ÷ 365)**	**0.70**
O&M Expenses	D	1.46
Depreciation	E	0.0038
Return on Security Deposit @5%	F	0.45
Taxation	G	-
Revenue Share	H	0.15
Aggregate Revenue Requirement (ARR)	**I = Sum (C:H)**	**2.75**
PF Revenue	J	1.11
Under Recovery	**K = I-J**	**1.64**
PV Factor	L = (1 + B)^	1.12
PV of Under Recovery as on 31st March 2024	**M = L * K**	**1.84**

1.20.3 The Authority had determined the PV of Under Recovery amounting to ₹ 1.84 crores, as on 31.03.2024, as against PV of Under Recovery claimed by the BPCL, amounting to ₹ 8.77 crores. The major reasons of variance in the Under Recovery as proposed by the Authority and as claimed by the BPCL, are as under:

i. Reduction in the Average RAB by ₹ 33.51 crores (₹ 57.57 crores − ₹ 24.06 crores) due to shifting of the capitalisation of Fuel Farm Infrastructure & ITP from 31.03.2023 to 19.02.2024.

ii. Determination of FRoR by the Authority @12.21% as against 14.09% claimed by BPCL, resulting in reduction of Return on RAB amounting to ₹ 1.23 crores.

iii. Proposed 5% Return on Security Deposit in place of 14% Return considered by the BPCL, resulting in reduction of Return on Security Deposit by ₹ 4.06 crores.

1.20.4 Based on the calculations as per the above table, the Authority proposed to consider ARR for the period from 05.01.2023 to 31.03.2023 amounting to ₹ 2.75 crores, whereas the actual revenue earned from Fuel Farm & ITP services during the same period amounted to ₹ 1.11 crores, thus resulting in an under recovery of ₹ 1.64 crores (₹ 1.84 crores in PV terms).

3.21 Stakeholders' comments regarding ARR for the period from 05.01.2023 to 31.03.2023

3.21.1 The Authority received BPCL's comment regarding the Return on Security Deposit and the same has been discussed in detail along with Authority's view thereon at Para No. 9.3.1 under Aggregate Revenue Requirement (ARR) for the First Control Period.

3.22 Authority's analysis on Stakeholders' comments regarding ARR for the period from 05.01.2023 to 31.03.2023

3.22.1 The Authority has reviewed the comments of BPCL regarding the Return on Security Deposit and has detailed its view at Para No. 9.4.1 under the Aggregate Revenue Requirement (ARR) for the First Control Period.

3.22.2 Accordingly, the Authority decides to consider the Aggregate Revenue Requirement for the period from 05.01.2023 to 31.03.2023 as proposed at the Consultation Stage, as per Table 21.

3.23 Authority's Decisions regarding ARR for the period from 05.01.2023 to 31.03.2023

Based on the material before it and its analysis, the Authority with respect to ARR for the period from 05.01.2023 to 31.03.2023 decides:

3.23.1 To consider Capital Additions as per Table 10.

3.23.2 To consider Aeronautical Depreciation as per Table 11.

3.23.3 To consider RAB as per Table 13.

3.23.4 To consider FRoR as per Table 16.

3.23.5 To consider the O&M Expenses as detailed in Table 17.

3.23.6 To consider ARR and Under-Recovery as per Table 21 and to adjust this shortfall in the ARR of the First Control Period.

First Control Period
(FY 2023-24 to FY 2027-28)

4. FUEL THROUGHPUT (VOLUME) FOR THE FIRST CONTROL PERIOD

4.1 BPCL's submission regarding the projection of Fuel throughput for the First Control Period for Mopa, Goa

4.1.1. BPCL had submitted the actual fuel throughput for the first tariff year (FY 2023-2024) and projections for the remaining tariff years of the First Control Period, along with growth rates assumed for fuel throughput on Y-o-Y basis, as shown in the table given below:

Table 22: Fuel Throughput Projection submitted by BPCL for the First Control Period

Particular	FY 2023-24 (Actual)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Fuel Throughput in KL	86,561	1,12,440	1,31,277	1,49,616	1,57,096	6,37,098
Growth %	-	28.90%	16.94%	13.88%	5.00%	

4.1.2. BPCL had projected the Fuel Throughput for the First Control Period considering the following assumptions:

- The study on ATM/PSM of Dabolim for pre-covid period and the current trend in ATF sales for both Dabolim and MoPA including the seasonal variance in the traffic.
- The shifting of the domestic operations from the Dabolim airport to Mopa airport has not happened as originally estimated. Also, there was a delay in the anticipated shifting of the international traffic from Dabolim airport to Mopa airport, which is expected to happen in phases in the next 2 to 3 years. Meanwhile, both Domestic and International flights will continue to operate out of Dabolim airport.
- The Government of India has [illegible] giving [illegible] rights to international carriers.
- There was a significant increase in VAT from 8% to 18% for the ATF from FY 2024-25 in the state of Goa. This has resulted in a 20% - 25% reduction in domestic fuel upliftment at both the airports in Goa.

4.2 Authority's Examination regarding Fuel Throughput Projection for the First Control Period at Consultation Stage

4.2.1. The Authority noted that BPCL had submitted the actual fuel throughput for FY 2023-24 along with the projections for the remaining Financial Years of the First Control Period.

4.2.2 The Authority noted that there is not much historical data available for projecting fuel throughput volumes, as the Mopa, Goa airport commenced its commercial operations on 05.01.2023.

The Authority noted that considering the assumptions indicated at para 4.1.3, BPCL had projected 30%, 17% and 14% growth in the fuel throughput volume for the FY 2024-25, FY 2025-26 and FY 2026-27 respectively. Whereas, the ISP had considered only 5% growth for ATF upliftment in FY 2027-28 as compared to FY 2026-27.

In this regard, the Authority vide e-mail dated 14.08.2024 sought the clarification from BPCL for justifying the minimal growth in ATF upliftment for the FY 2027-28.

In response thereto, BPCL vide email dated 23.10.2024 submitted that "*the shifting of the domestic civil operation from Navy's Dabolim Goa Airport, a Civil Enclave, to GMR's Manohar International Airport, at Mopa Goa, an open access civil airport, is yet to be completed. Same is the case with the international operation too. Based on market information, it is assumed that foreign carriers will shift completely and significant portion of domestic will also shift from FY 2024-25 in two consecutive years. Moreover, Mopa Airport being a greenfield new airport, (in FY 2023-24, additional flights is expected to start operations in coming two years. The above points are the reasons of higher growth in sales projection in initial years by 2026-27, the shifting of operation will be completed, therefore the growth of sales in 2027-28 will be due to the natural air traffic and passenger demand based on present GDP and other parameters.*"

4.2.3 Considering that the Mopa, Goa, is a greenfield airport and ATF volume projected by the ISP for the First Control Period appeared reasonable, the Authority proposed to consider Fuel Throughput projection for BPCL in respect its First Control Period as given in the Table 22 above.

4.3 Stakeholders' comments regarding Fuel Throughput (Volume) for the First Control Period

4.3.1 BPCL as part of Stakeholders' comments has submitted the revised projections for Fuel Throughput (Volume) for the First Control Period and stated as under:

"*The Operator respectfully submits that the actual fuel throughput for FY 2024-25 was 85,221 KL, as against the originally projected volume of 1,12,444 KL submitted in the MYTP. Furthermore, based on actuals volumes up to Q1 of FY 2025-26, the revised fuel throughput projections for the remaining years of the First Control Period are as follows:*

Particulars (in KL)	*FY 24*	*FY 25*	*FY 26*	*FY 27*	*FY 28*
As per MYTP Submission	*81,561*	*1,12,444*	*1,31,177*	*1,49,015*	*1,57,000*
Based on Actuals up to Q1 FY 2025-26	*81,561*	*85,221*	*92,490*	*1,08,993*	*1,65,051*

In light of the significant variance between the projected and actual volumes, and to ensure accurate and fair tariff determination, the Operator requests that the Authority consider the revised fuel throughput figures presented above for the purpose of finalizing the tariff for the First Control Period.

Details of Actual Fuel Throughput for the first 3 months of FY 25-26 are as given below:

Particulars	*April 2025*	*May 2025*	*June 2025*
Fuel Throughput (KL)	*6263*	*7248*	*6481*

4.4 Authority's analysis on Stakeholders' comments regarding Fuel Throughput (Volume) for the First Control Period

4.4.1 The Authority notes the comments of BPCL regarding Fuel Throughput forecast for the First Control Period. It is observed that the actual Fuel Throughput (Volume) for the FY 2024-25 i.e. 85,221 KL has decreased drastically from the earlier projected figures of 1,12,444 KL by 27,223 KL.

4.4.2 The ISP vide its email dated 20.03.2025, informed the Authority that the decline in Fuel Throughput Volumes is primarily due to a recent change in VAT regulations. According to the ISP, this change has led airlines to procure fuel from other airports.

4.4.3 Based on the ISP's submission, the Authority decides to consider the actual Fuel Throughput (Volume) for the FY 2024-25 as a basis for projecting Fuel Throughput for the remaining Tariff Years of the First Control Period and apply the same growth rates as were considered at the Consultation Stage.

4.4.4 Based on above factors, the Authority has recomputed the Fuel Throughput Projections as given in the table below:

Table 23: Fuel Throughput Projections decided by the Authority for the First Control Period

(in KL)

Particular	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Fuel Throughput (at Order Stage) (A)	84,561*	85,221*	99,572	1,13,395	1,19,062	5,01,811
Fuel Throughput Projections (at CP Stage) (B)	84,561	1,12,444	1,31,377	1,49,618	1,57,099	6,35,099
Variance (A-B)	-	(27,223)	(31,805)	(36,223)	(38,037)	(1,33,288)

*Actuals

4.5 Authority's Decision regarding Fuel Throughput for the First Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to the Fuel Throughput forecast for the First Control Period:

4.5.1 To consider the Fuel Throughput Forecast for the First Control Period in respect of BPCL at Mopa, Goa airport as per Table 23.

4.5.2 To true up the Fuel Throughput in respect of the First Control Period, based on actual Fuel Throughput, at the time of tariff determination for the Second Control Period.

5. CAPITAL EXPENDITURE, DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD

As per clause 9.2 of the CGF Guidelines, Regulatory Asset Base (RAB) shall be all fixed assets proposed by the Service Provider(s), after providing for such exclusions therefrom or inclusions thereto as may be determined by the Authority. The assets that substantially provide services not related to or not normally provided as part of Regulated Service(s) may be excluded from the scope of RAB by the Authority, at its discretion.

5.1 BPCL's submission regarding CAPEX for the First Control Period

5.1.1 BPCL, as part of its MYTP, submitted the actual CAPEX incurred for FY 2023-24 and Projections for the remaining Tariff Years of the First Control Period (FY 2024-25 to FY 2027-28) as given in the table below:

Table 24: Capital Expenditure submitted by BPCL for the First Control Period

(₹ in crores)

Particulars of Assets	FY 2023-24 (Actual)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Building	3.84	-	1.72	-	-	5.56
Computers - Servers and Networks	4.30	-	-	-	-	4.30
Deadstock	2.84	-	-	-	-	2.84
Electrical Equipment	4.75	-	-	-	-	4.75
Fire Fighting Equipment	1.65	-	-	-	-	1.65
Furniture & Fixtures	0.16	-	-	-	-	0.16
Office Equipment	0.12	-	-	-	-	0.12
Plant & Machinery	12.80	1.80	-	-	-	14.60
Vehicles	0.18	-	-	-	-	0.18
Total	30.64	1.80	1.72	-	-	34.16

5.1.2 BPCL, in respect of Capex proposed for the First Control Period, submitted that they have considered the Capex which is required to provide the Services as laid down in the license agreement with the airport operator and projects that are getting capitalized and added to the Regulatory Asset Base in the current Control Period.

5.2 Authority's Examination regarding CAPEX projection for the First Control Period at Consultation Stage

5.2.1 The Authority noted that BPCL had submitted total CAPEX of ₹ 31.32 crores for the First Control Period, including ₹ 2.84 crores towards deadstock fuel. Out of the total CAPEX of ₹ 34.16 crores proposed for the Control Period, 89.69% i.e. ₹ 30.64 crores had already been incurred in the first tariff year of the First Control Period i.e. FY 2023-24 and rest of the CAPEX amounting to ₹ 1.80 crores & ₹ 1.72 crores are proposed to be incurred by the ISP in the FY 2024-25 and FY 2025-26 respectively.

5.2.2 The Authority noted that most of the CAPEX proposed by the BPCL during the First Control Period is related to Building, Fuel Hydrant System, ATF Tank etc. and major portion of this proposed capex is towards the additional works/ extra jobs pertaining to the Capital works already incurred by the ISP, in the first tariff year of the Control Period.

5.2.3 In response to AERA query regarding CAPEX incurred in the extra works, BPCL clarified that: *"Capitalisation of the assets were done after the said asset (building/ tank/ pump) was completed/ordered. However, due to financial procedures and DRs, final bill was processed later. This amount is for final bill and GST of the said asset."*

Details of Major CAPEX proposed by BPCL for the First Control Period are discussed below:

<u>**Construction of First Floor of the Administration Building:**</u>

5.2.4 It was noted that BPCL had proposed Capex of ₹ 1.72 crores on the construction of first floor in the Administration Building in the FY 2025-26. As per the BPCL, the present office space is not adequate for the current manpower and lacks basic amenities such as Conference Room, adequate Kitchen / Dining Room, Office spaces for their allied Oil Marketing Companies (OMC) etc.

Considering that Conference Room, office space for the allied OMCs, etc. are the basic amenities requirements for the occupants of administration Building, the Authority proposed to consider the capex for the further construction of the first floor in the current Administration Building, with the proposed capitalization in the FY 2025-26. However, the Authority observed that in the estimated construction cost, the ISP had considered 7% PMC & 10% contingency cost, which considering the small scope of the work and which doesn't entail much complication, seemed to be on the higher side. Therefore, the Authority proposed to rationalize PMC costs at 5% and Project contingency at 3%, which is in line with project cost generally considered by AERA for all other airports.

Based on the above, the Authority proposed to consider capex amounting to ₹ 1.58 crores (rationalized by ₹ 0.14 crores) for the construction of office in the first floor in the

Administration Building with capitalisation in FY 2025-26, as against the estimated cost of ₹ 1.72 crores considered by the ISP.

Electrical Equipment:

5.2.5 BPCL had proposed ₹ 4.74 crores (i.e. 14% of the total CAPEX of ₹ 34.10 Crores) on the purchase/ installation of electrical equipment for the First Control Period, as presented in the table given below.

Table 25: Capital Expenditure on Electrical Equipment submitted by BPCL for the First Control Period

(₹ in crores)

Sl. No	Item Name	Qty	Rate (₹ /Unit)	Amount
1	Extra Job on PCC Panel	1	10,35,558.99	0.10
2	Extra Job on MCC Panel	1	10,35,558.99	0.10
3	Radar Gauge FMT	2	10,28,296.33	0.20
4	Radar Gauge Gox	3	10,86,091.23	0.33
5	Servo Gauge Gox	4	10,86,091.23	0.54
6	Pressure Transmitter Sil 2	1	12,51,276.33	0.13
7	Compound Pressure Transmitter Sil 2	1	10,84,616.33	0.11
8	Dual Redundant Upto 15 Km	-	20,13,287.48	0.20
9	Others			2.97
	Total			4.74

The Authority noted that Capex on the Electrical Equipment had already been incurred in FY 2023-24 and capitalised in the books of accounts. It was noted from the ISP's submission that Capex incurred on electrical equipment is related to set of equipment which is considered essential for the smooth Fuel Farm and ITP Operations at the airport. Considering the operational requirements for smooth functioning of Fuel Farm / ITP services and based on actual capitalisation done in FY 2023-24 as per the FAR, the Authority proposed to consider capex on electrical equipment amounting to ₹ 4.74 crores as submitted by ISP.

Plant & Machinery:

5.2.6 It was noted that BPCL had proposed a Capex of ₹ 14.60 crores towards Plant & Machinery during the First Control Period. Out of the total Capex on Plant & Machinery proposed for the Control Period, major portion (88% i.e. ₹ 12.81 crores) had already been incurred in the first tariff year i.e. FY 2023-24 and remaining Capex of ₹ 1.80 crores is proposed to be incurred in FY 2024-25. Capital Expenditure under the Plant & Machinery proposed for the First Control Period are shown in the table given below:

Table 26: Capital Expenditure on Plant & Machinery submitted by HPCL for the First Control Period

(₹ in crores)

Sl. No.	Item Name	Qty	Rate (₹)/Unit	Amount
1	Hydrant Dispenser with Dashboard Modern	4	93,18,768.00	3.77
2	Hydrant Dispenser with Dashboard Classic	4	14,27,948.18	0.57
3	Mobile Pouring Vessel 5 Kl (with FLP Pump)	1	11,2[illegible],488.00	0.11
4	Add Job on Fuel Hydrant System with 28 Nos. HYD PIT		79,71,141.62	0.80
5	Additional Job on ATF Tank Goa	3	17,42,491.22	0.52
6	Hose Work on ATF Control Pipeline [illegible]		3,33,823.94	0.03
7	Hose Work on ATF Control Pipeline [illegible]		29,86,642.00	0.30
8	Turbine Flow Meter FHS Pump	6	8,31,896.57	0.55
9	Add Job on FHS Pump	4	17,87,202.71	0.68
10	Extension of FHS Pipeline		1,38,80,000.00	1.39
11	Filter Valves		37,23,800.00	0.37
12	Dead Stock		2,84,79,968.39	2.84
13	Others			2.78
	Total			14.68

5.2.7 The Capex incurred/proposed under the Plant & Machinery during the First Control Period is mainly related to the Fuel Hydrant Dispensers, Extension of Fuel Hydrant System (FHS) and Dead Stock and same is discussed as under:

i) **Hydrant Dispensers:** The Authority noted that HPCL had considered a procurement of total eight nos. (08) of Hydrant Dispensers for their Mopa, Goa operations, in line with Annexure-III of the Concession Agreement, which mandates licensee to procure 8 nos. Hydrant Dispensers in the initial project phase.

It was noted that the ISP had already commissioned four nos. (04) Hydrant Dispensers during the period from 05.01.2023 (COD) to 31.03.2023 and additional four (04) Hydrant Dispensers have been commissioned in the FY 2023-24 (first tariff year of the Control Period).

As per the ISP, having 08 nos. hydrant dispensers is crucial from operational efficiency point of view for accommodating current and future operational demands including simultaneous refueling of aircrafts, ensuring timely fueling without delays during peak periods and it allows for the better management of maintenance schedules without compromising fueling capabilities. The ISP further stated that out of 8 nos. of hydrant dispensers, one hydrant dispenser is kept as a backup, for any breakdown of or against the hydrant dispenser out of service due to routine repair/ maintenance etc.

Considering that Capex on four (04) nos. Hydrant Dispensers incurred and capitalized by BPCL in the books of accounts in FY 2023-24 is in accordance with the requirements of its concession agreement with the airport operator and the provision of Hydrant Dispensers is an operational requirement for running the Fuel Farm Infrastructure & ITP facilities in an efficient manner, hence, Authority proposed to consider capex on the four (04) hydrant dispensers at a cost of ₹4.34 crores with capitalization in FY 2023-24, as submitted by BPCL.

b) **Extension of FHS Pipeline:** The Authority noted from the submissions made by BPCL that GGIAL handed over a plot of land at a different location other than the area initially earmarked in the Airport Master Plan for construction of Fuel Farm at Mopa Goa Airport. As a result, BPCL was required to shift the Hydrant line Exchange Pit by approx. 120 meters. This scope change had resulted in incurrence of Capex amounting to ₹ 1.30 crore for additional pipeline work in the FY 2023-24. Considering the necessity of capex for operationalization of Fuel Farm Services, the Authority proposed to consider the additional capex on Hydrant line Exchange Pit amounting to ₹ 1.30 crores with capitalization in FY 2023-24.

c) **Dead Stock:** The Authority noted that BPCL had proposed ₹ 2.84 crores in the CAPEX in respect of the 3.20 lakh liters ATF considered as deadstock in the FY 2023-24. The Authority is cognizant of the fact that certain minimum level of aviation fuel (dead stock) is always required to be stored in fuel storage tanks/ fuel hydrant lines for uninterrupted operations of the fuel farm. In support to the Dead Stock quantity and cost, BPCL vide mail dated 27.03.2025 submitted the blocked stock certificate. As per the certificate, 3.20 lakh liters of Aviation fuel is blocked in Hydrant pipeline, Fuel Farm pipelines, Hydrant Dispensers pipelines etc. and whereas [illegible]. As per BPCL as on 31.03.2024, the per KL rate of Aviation Fuel was Rs 88790 (exclusive of taxes) and deadstock of ATF had been valued at ₹ 2.84 crores accordingly.

The ATF in a normal course of business is a saleable commodity and hence can't be equated with Capital Assets such as Fuel Storage Tanks & Fuel Hydrant System, Plant & Machinery etc. wherein a Fair Rate of Return (FRoR) & Depreciation is allowed to the service provider. However, it was noted that some capital gets blocked in form of dead stock, which can only be realized after the end of concession period.

In order to compensate the ISP on account of erosion in the value of money locked-in as 'dead stock', due to general inflation etc., the Authority proposed to consider a nominal return @ 5% per annum separately on the dead stock amounting to ₹ 2.84 crores and not treat it as a part of RAB while computing ARR for the First Control Period.

5.2.8 **Commissioning of Fuel Farm (FF) Infrastructure & Fuel Hydrant System (FHS):** During the review of MYTP submission made by BPCL, it was observed that the ISP had capitalized FF and FHS amounting to ₹ 53.52 crores on 31.03.2023, though these facilities had actually been commissioned in February, 2024. Considering the actual commissioning of FF and FHS in February, 2024, the Authority proposed to capitalize IT Infrastructure and FHR on 29.02.2024 (as against capitalization done by the ISP on 21.03.2023).

Computer Servers & Network

5.2.8 BPCL had proposed a Capex of ₹ 4.38 crores, which is around 12% of the total Capex proposed for the First Control Period (Refer table 24), towards purchase of Computers – Servers and Networks as given below:

Table 27: Capital Expenditure on Computers Servers and Networks submitted by BPCL for the First Control Period

(₹ in crores)

Sl. No.	Item Name	Amount
1	Hydrant Integrity Testing System (HITS: 1 Pc)	1.40
2	Safety PLC 813	0.50
3	FLP Fixed Camera 2 Nos.	0.20
4	IP Fixed Camera 4 Nos.	0.22
5	IP PTZ Camera 4 Nos.	0.38
6	HC VOC System	0.02
7	Others	1.10
	Total	4.38

The Authority noted that entire Capex related to IT infrastructure – Computers Servers & Networks for the First Control Period amounting to ₹ 4.38 crores had already been executed by the BPCL in the FY 2023-24 (first tariff year). The Capex related to the computer servers & networks is considered essential for the smooth & efficient operations of Fuel Farm & ITP Services. Accordingly, based on the actual capitalization done by the BPCL in FY 2023-24 as per FAR, the Authority proposed to consider capitalization of IT Infrastructure-computer servers & networks amounting to ₹ 4.38 crores during the first tariff year (FY 2023-24) of the Control Period.

5.2.10 It is pertinent to mention that around 90% of the total Capex planned for the First Control Period had already been executed and capitalized in the books of accounts by the BPCL in the first tariff year of the Control Period i.e. FY 2023-24. It is noted that Capex executed during the FY 2023-24 is in line with the requirements of concession agreement & to ensure FF & ITP facilities. Similarly, other miscellaneous capex planned by the BPCL during the FY 2024-25 & FY 2025-26 is also towards the operational requirements.

Further, the ISP had furnished a copy of Fixed Assets Register (FAR) in respect of BPCL's Mopa Goa unit, containing entries towards the assets capitalized in the books of accounts during the FY 2023-24. In addition, the ISP had also submitted copies of vendor invoices etc., as supporting documents towards major Capex executed during the first tariff year (FY 2023-24) of the Control Period.

5.2.11. In view of the above analysis and considering that the Fuel Farm & ITP services are integral to the airport operations and also taking into account the essentiality of the Capex incurred/proposed by the BPCL for supporting the aeronautical operations at the Mopa-Goa airport, the Authority proposes to consider Capital Expenditure for the First Control Period, as given in the table below:

Table 28: Capital Expenditure (Capitalisation) proposed to be considered by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Building	3.84	-	1.58	-	-	5.42
Computers - Servers and Networks	4.28	-	-	-	-	4.28
Electrical Equipment	4.74	-	-	-	-	4.74
Fire Fighting Equipment	1.67	-	-	-	-	1.67
Furniture & Fixtures	0.16	-	-	-	-	0.16
Office Equipment	0.12	-	-	-	-	0.12
Plant & Machinery	46.32	1.80	-	-	-	48.12
Vehicles	0.18	-	-	-	-	0.18
Total	**61.31***	**1.80**	**1.58**	-	-	**64.69**

** Difference in CAPEX in FY 2023-24 between BPCL figures (₹ 66.67 crores) is on account of shifting of date of commissioning of [illegible] from March 2024 to February 2024 (₹ [illegible] crores) and non-consideration of assets of ₹ 2.44 crores as part of [illegible] by the Authority.*

5.3 Depreciation for the First Control Period

5.3.1 M/s BPCL had considered the Useful Life of Assets as per the table below.

Table 29: Useful Life of Assets considered by BPCL for the First Control Period

Particulars	Useful Life	Rate
Building	30	3.33%
Computers - Servers and Networks	6	16.67%
Electrical Equipment	10	10.00%

Particulars	Useful Life	Rate
Fire Fighting Equipment	15	6.67%
Furniture & Fixtures	7	14.29%
Office Equipment	5	20.00%
Plant & Machinery	15	6.67%
Vehicles	8	12.50%

5.3.2 The depreciation projected by the BPCL for the First Control Period had been presented in the table given below:

Table 38: Depreciation projected by BPCL for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Building	0.34	0.42	0.42	0.48	0.48	**2.18**
Computers / Servers and Networks	0.24	0.72	0.72	0.72	0.72	**3.10**
Electrical Equipment	0.67	0.70	0.71	0.71	0.71	**3.51**
Fire Fighting Equipment	0.41	0.46	0.47	0.47	0.47	**2.27**
Furniture & Fixtures	0.01	0.02	0.02	0.02	0.02	**0.10**
Office Equipment	0.01	0.02	0.02	0.02	0.02	**0.11**
Plant & Machinery	3.21	3.64	3.70	3.70	3.70	**17.95**
Vehicles	0.01	0.02	0.02	0.02	0.02	**0.11**
Total	**4.71**	**6.04**	**6.12**	**6.15**	**6.15**	**29.16**

5.4 Authority's Examination on Depreciation for the First Control Period at Consultation Stage

5.4.1 The Authority noted that ISP had not computed the depreciation in respect of First Control Period as per AERA Order No. 35/2017-18 dated 12th January 2018, read with Amendment No. 01 to Order No. 35/2017-18. Accordingly, the Authority had recomputed the depreciation for the First Control Period, considering the above mentioned orders.

5.4.2 It was observed that ISP, in respect of FY 2023-24 (first tariff year), computed depreciation based on actual date of capitalisation of assets.

5.4.3 Further, it was noted that BPCL had considered Deadstock (ATF) as a non-depreciable asset in the RAB proposed for the control period. Accordingly, no depreciation claimed by the BPCL.

5.4.4 Based on the above, the Authority had recomputed depreciation considering depreciation for the First Control Period, after considering AERA Orders regarding 'In the matter of Determination of Useful Life of Airport Assets' and shifting of capitalization related to Fuel Farm Infrastructure & FHS (₹ 33.32 crores) from 31.03.2023 to 29.02.2024.

5.4.5 The depreciation proposed to be considered by the Authority for the First Control Period is presented in the table given below:

Table 31: Depreciation proposed to be considered by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Building	0.34	0.42	0.45	0.44	0.48	2.07
Computers, Server and Networks	0.26	0.72	0.72	0.72	0.72	3.10
Electrical Equipment	0.47	0.71	0.71	0.71	0.71	3.30
Fire Fighting Equipment	0.41	0.47	0.47	0.47	0.47	2.27
Vehicles	0.02	0.02	0.02	0.02	0.02	0.11
Office Equipment	0.01	0.02	0.02	0.02	0.02	0.11
Plant & Machinery	0.76	3.64	3.70	3.70	3.70	15.50
Furniture & Fixtures	0.01	0.02	0.02	0.02	0.02	0.10
Total	**2.26**	**6.05**	**6.12**	**6.14**	**6.14**	**26.69**

Note: reason for variation in depreciation as per AERA and BPCL is wholly on account of shifting of date of commissioning of FHS from March 2023 to February 2024

5.5 Regulatory Asset Base (RAB)

5.5.1 The RAB submitted by the M/s BPCL for the First Control Period has been presented in the below table:

Table 32: Regulatory Asset Base (RAB) submitted by BPCL for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Opening RAB	57.57	83.50	79.27	74.87	68.72	
Addition	30.64	1.80	1.72	-	-	34.16
Deletion	-	-	-	-	-	-
Depreciation	4.71	6.04	6.13	6.15	6.15	29.16
Closing RAB	**83.50**	**79.27**	**74.87**	**68.72**	**62.57**	
Average RAB	**70.53**	**81.38**	**77.07**	**71.79**	**65.64**	

5.6 Authority's Examination on Regulatory Asset Base (RAB) for the First Control Period at Consultation Stage

5.6.1 Considering the changes in the Capex Additions and Depreciation thereof as per Tables 28 & 31 respectively, the Authority proposed to consider RAB & Average RAB for BPCL, in respect of its First Control Period, as shown in the table given below:

Table 33: Regulatory Asset Base (RAB) proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	Ref	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Opening RAB (A)	Table 13	24.06	83.11	78.88	74.24	68.19	
Addition (B)	Table 28	61.31	1.80	1.58	-	-	64.68
Deletion (C)		-	-	-	-	-	-
Depreciation (D)	Table 31	2.26	6.03	6.22	6.05	6.14	26.69
Closing RAB (E) = (A+B-C-D)		83.11	78.88	74.24	68.19	62.05	
Average RAB (G) = (A+E)/2		**53.58**	**80.99**	**76.56**	**71.22**	**65.12**	

5.7 Stakeholders' comments regarding CAPEX, Depreciation and RAB for the First Control Period

5.7.1 BPCL's comments with respect to shifting of Date of Capitalisation for CAPEX amounting to ₹ 31.52 Cr. from 31st March 2022 to 29th February 2024 (as per AERA) is as follows:

"With respect to the shifting of the capitalisation date, the Operator respectfully submits the following:

(i) The said capital expenditure has been incurred in accordance with Schedules A to E of the License/Concession Agreement executed with the Airport Operator, GMR Goa International Airport Limited (GGIAL), and was necessary for enabling operations by the Airport COD.

(ii) The Operator further submits that capital expenditure amounting to Rs. 73.52 crores was duly capitalised as of 31st March 2023, as indicated in the Multi-Year Tariff Proposal (MYTP) submission. In support of this, an Auditor's Certificate evidencing the capitalisation of the assets has been attached for the Authority's reference.

(iii) Of the total capital expenditure of ₹23.22 crores for which the date of capitalisation was shifted on account of the commissioning of the Fuel Hydrant System (FHS) in February 2024, the Operator respectfully submits that only ₹ 8.70 crores relate to the FHS component commissioned in that month. The balance ₹14.52 crores pertain to assets for which the Operator has commissioned and made the necessary applications to the statutory authorities prior to 31st March 2023. The relevant approval letters from the DGCA are enclosed herewith for the Authority's reference.

(iv) With reference to the FHS component, the Operator would like to highlight that while the assets were ready to use by the Airport COD, we were awaiting the statutory approvals before commissioning FHS.

In light of the above, the Operator respectfully requests the Authority to consider the date of capitalisation of assets amounting to ₹73.52 crores as submitted in the MYTP proposal as the same were ready to be put to use. This includes assets amounting to ₹14.52 crores, for which application for statutory approvals was duly submitted prior to 31st March 2023.

The Operator further requests that the Return on RAB and ARR be determined for the period from the Airport COD up to 31st March 2023, in line with the capitalisation reflected in the audited books of account."

5.7.2 HPCL's comments with respect to reduction in cost of constructing the Fuel Farm is as under:

"In relation to the reduction in the cost of constructing the fuel farm from ₹7.72 crores to ₹3.38 crores, it is observed that the Authority has applied Project Management Consultancy (PMC) and Contingency charges at the rate of 2% and 3%, respectively, as against the Operator's submission of 7% and 10%. The Operator respectfully submits that these components form part of the actual project cost incurred in line with standard industry practice and internal cost approval processes.

Accordingly, the Operator requests that the Authority undertake a true-up of the capital expenditure, including PMC and Contingency, based on actual expenditure incurred during the First Control Period, at the time of tariff determination for the next Control Period."

5.7.3 BPCL's comment with respect to exclusion of Deadstock from Regulatory Asset Base and allowing Nominal Return of 5% on Capital Expenditure is as follows:

5.7.4 *"The Operator respectfully submits that the Authority's decision to exclude the cost of Deadstock from the Regulatory Asset Base (RAB) and to allow only a nominal return of 5% on the capital expenditure incurred is inconsistent with the Authority's own precedents and established regulatory treatment in similar cases concerning fuel farm operators at other airports.*

Specifically, in Second Control Period Order No. 12/2017-18 for DAFFPL, the Authority undertook a detailed analysis of the treatment of Deadstock and concluded that Deadstock should be considered as part of the RAB with no depreciation applied. The relevant extracts from the said order are reproduced below for reference:

Para 4.7

"The Authority noted that certain minimum level of fuel ('Deadstock') is to be stored in fuel storage tanks at all times for uninterrupted operation of the fuel farm. There are two possible accounting treatments for the cost of Deadstock as observed in the case of other fuel farms:

4.7.1 Deadstock is treated as a depreciable capital asset: Cost of Deadstock is added to the capital asset (storage tank/pipeline) cost and depreciated at the applicable rate.

4.7.2 Deadstock is treated as a non-depreciable asset: Cost of Deadstock is accounted for as a separate capital asset ('Deadstock') and not depreciated, since its residual value may not fall below 5% of the original cost, in accordance with the provisions of the Companies Act 2013."

Para 4.8

"The Authority, in this regard, has proposed to treat Deadstock as a non-depreciable asset and consider appropriate adjustment in tariff at the time of disposal of such Deadstock in the last control period, based on the concession period of the fuel farm operator."

It is thus evident that AERA has previously acknowledged that Deadstock constitutes a necessary and continuous operational requirement warranting its inclusion in the RAB, albeit without depreciation.

Furthermore, the Operator submits that the cost of procuring and maintaining Deadstock is an upfront capital expenditure borne by the Operator, with the underlying objective of ensuring uninterrupted fuel farm operations. Accordingly, in line with well-established regulatory principles and AERA's past decisions, the Operator should be allowed a return on this investment at the Fair Rate of Return (FRoR), rather than a nominal return. The FRoR is intended to fairly compensate regulated entities for capital investments made and to incentivize continued investment in infrastructure and operational efficiency.

In view of the foregoing, the Operator respectfully requests the Authority to:

- *Consider the cost of Deadstock as part of the Regulatory Asset Base (RAB), consistent with its own decision in Order No. 12/2017-18 and other relevant tariff orders; and*
- *Allow a return on such capital expenditure at the applicable FRoR, rather than a nominal rate of 5% to reflect the actual cost and operational necessity of maintaining Deadstock."*

5.8 Authority's analysis on Stakeholders' comments regarding CAPEX, Depreciation and RAB for the First Control Period

5.8.1 The Authority notes the comment of BPCL with respect to shifting of Date of Capitalization for CAPEX amounting to ₹ 33.52 Cr from 31st March 2025 to 29th February 2024 (as the CP as per AERA).

5.8.2 The Authority notes that there are two components in the CAPEX amounting to ₹ 33.52 crores for which AERA, at Consultation Stage had shifted the capitalization date from 31.03.2025 to February 2024. The two components are:

i) CAPEX of ₹ 14.52 crores for which approvals were received from the regulatory authorities (DGCA) on 16.06.2023.

ii) CAPEX of ₹ 19.00 crores pertaining to Fuel Hydrant System for which regulatory approval (from DGCA) was received in February 2024.

5.8.3 In respect of the assets capitalized under part (i) above amounting to ₹ 14.52 crores, the Authority decides to consider the capitalization date as 16.06.2023 based on the receipt of the requisite regulatory approval from DGCA. However, in respect of CAPEX amounting to ₹19.00 crores under part (ii) above, the Authority decides to maintain the capitalization date as was proposed at the consultation stage, as the regulatory approval in this regard was received in February 2024 only.

5.8.4 The Authority notes the comment of BPCL regarding reduction in cost of constructing the first floor.

In this regard, the Authority is of the view that allowances like PMC & Project Contingencies are considered in the large projects entailing complex design elements or other complexities etc. However, it is observed that in the instant case, the project majorly involves construction/extension in the existing Administrative Building, with much smaller scope of work, which does not justify total 17% PMC inclusive of Project Contingency. Nevertheless, the Authority has considered total PMC & Contingency at 8% of estimated cost which is also in line with the project's soft costs generally considered by AERA for all airports. Hence, considering the above, the Authority decides to maintain the same view as was taken at the Consultation Stage.

5.8.5 As regard to the comment of BPCL with respect to exclusion of Deadstock from Regulatory Asset Base and allowing Nominal Return of 5% on Capital Expenditure.

In this matter, the Authority is of the view that, even if Deadstock is considered as a non-depreciable asset as submitted by BPCL, it cannot be equated with other assets such as Buildings, Plant & Machinery which are used in the provision of Aeronautical Services. However, considering the funds locked in in the form of deadstock, the Authority decides to consider a return of 5% (which is more than the inflationary factor i.e. mean of WPI forecast considered by AERA for AOs) on deadstock to cover up the erosion in value of deadstock due to inflation etc. Accordingly, the Authority has decided to allow a return of 5%, as proposed during the consultation stage, to help offset the impact of inflation.

Considering the revised value of Capital Assets for the FY 2023-24 (capitalization of ₹ 14.53 Crs. On 16.06.2023), the Authority has recomputed the depreciation as per the following table:

Table 34: Depreciation decided by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Building	0.34	0.42	0.45	0.48	0.48	**2.17**
Computers - Servers and Networks	0.36	0.72	0.72	0.72	0.72	**3.40**
Electrical Equipment	0.47	0.71	0.71	0.71	0.71	**3.31**
Fire Fighting Equipment	0.41	0.47	0.47	0.47	0.47	**2.27**
Vehicles	0.03	0.03	0.02	0.02	0.02	**0.10**
Office Equipment	0.03	0.03	0.02	0.02	0.02	**0.11**
Plant & Machinery	1.45	3.64	3.73	3.73	3.73	**16.28**
Furniture & Fixtures	0.01	0.02	0.02	0.02	0.02	**0.10**
Total	**2.94**	**6.03**	**6.12**	**6.14**	**6.14**	**27.38**

Note: reason for variation in depreciation of Order Stage vis-à-vis CP Stage is on account of shifting of date of commissioning of CAPEX amounting to ₹ 14.53 Crores from 29th February 2024 to 16th June 2023.

5.8.6 The Authority has recomputed the Regulatory Asset Base (RAB) for the First Control Period after considering the revised Depreciation as per the following table:

Table 35: Regulatory Asset Base decided by the Authority for the First Control Period

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Opening RAB (A)	Table 25	24.38	82.72	78.19	73.66	67.51	
Addition (B)	Table 26	61.31	1.88	1.58	-	-	**64.60**
Deletion (C)		-	-	-	-	-	-
Depreciation (D)	Table 34	2.96	6.03	6.12	6.14	6.14	**27.38**

Particulars	Ref	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Closing RAB (E) = (A+B-C-D)		82.42	78.19	73.65	67.22	61.16	
Average RAB (G) = (A+E)/2		93.24	80.31	75.92	70.44	64.44	

5.9 Authority's Decisions regarding RAB for the First Control Period

Based on the material before it and its analysis, the Authority with respect to Capex, Depreciation and RAB for the First Control Period decides:

5.9.1 To consider Capital Additions in RAB as per the Table 28.

5.9.2 To consider Depreciation as per Table 34.

5.9.3 To true up the Capital Expenditure based on actuals, at the time of determination of tariff for Second Control Period, subject to cost efficiency and reasonableness of capex incurred.

5.9.4 To consider RAB and Average RAB as per Table 35.

5.9.5 To true up the RAB and Average RAB considering the actual figures, at the time of tariff determination for Second Control Period.

6. FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD

6.1 BPCL's Submission on Fair Return of Return (FRoR) for the First Control Period

6.1.1. BPCL had submitted that they would primarily rely on internally accrued funds for the capital expenditure projected for the First Control Period. ISP had considered Cost of Equity as 14% and based on the same, Fair Rate of Return (FRoR) had been proposed at 14% for the First Control Period.

6.2 Authority's Examination of Fair Rate of Return (FRoR) for the First Control Period at Consultation Stage

6.2.1. The Authority noted from BPCL's submission that the capital expenditure proposed for the First Control Period would be funded through internal accruals. Hence, no debt component was proposed by BPCL in its MYTP submission. BPCL, for the computation of FRoR had considered Cost of Equity at 14%. Considering 0:1 debt and Cost of Equity at 14%, ISP had proposed FRoR for the First Control Period at 14%.

6.2.2. Financing of Capex entirely through equity contribution makes the capital structure of the ISP (in respect of Mopa, Goa location) inefficient and which is not in the interest of all the stakeholders, as it ultimately leads to higher tariff.

6.2.3. The Authority, in line with the approach indicated at para 3.11 for the determination of FRoR, proposed to consider FRoR in respect of BPCL for the First Control Period as per table given below:

Table [illegible]: FRoR proposed to be considered by the Authority for the First Control Period at Consultation Stage

Parameter	%
Weighted Average gearing of Equity (A)	52%
Weighted Average gearing of Debt (B)	48%
Cost of Equity (C)	15.18%
Cost of Debt (D)	9.00%
FRoR (E=A*C+(1-A)*D)	12.21%

In view of the above, Authority proposed to consider FRoR for the First Control Period @12.21% as computed table above.

6.3 Stakeholders' comments regarding Fair Rate of Return (FRoR) for the First Control Period

6.3.1 BPCL's comment regarding application of normative gearing ratio is as under:

"It is observed that the Airports Economic Regulatory Authority of India (AERA) has applied a normative gearing (debt-to-equity) ratio of 48:52 for the determination of tariff for the First Control Period. In this regard, the Operator respectfully submits the following for the Authority's consideration:

(i) Internal Financing Policy of BPCL

Bharat Petroleum Corporation Limited (BPCL), being a publicly listed entity, adheres to its Internal Capital Budget Guidelines which govern the financing of projects undertaken by the company in a financially prudent manner. As per the said guidelines, projects with a capital outlay of less than ₹100 crore are to be financed entirely through internal accruals, with no provision for external borrowings. Given that the Operator's investment in the Mopa (Goa) Fuel Farm falls below the ₹100 crore threshold, no debt has been availed for the said project.

(ii) Inapplicability of Comparative Gearing Ratios

The normative gearing ratio of 48:52 appears to have been derived from a study undertaken by AERA in relation to other airport operators, notably Bangalore International Airport Limited (BIAL) and Cochin International Airport Limited (CIAL). That study referenced benchmarks from foreign airports considered comparable to BIAL and CIAL, in addition to infrastructure companies operating in capital-intensive sectors, in order to arrive at the normative gearing. However, such benchmarks are not appropriate or directly applicable to the Operator, whose business model, capital structure, and scale of capital expenditure differ significantly. Unlike the aforementioned companies, the Operator does not undertake projects of similar capital intensity and accordingly, has no requirement to raise debt of a comparable magnitude. Applying the same gearing ratio to the Operator, therefore, lacks parity and does not reflect the financial realities or prudent financing practices adopted by the Operator. As such, the adoption of a 48:52 gearing ratio in the present case would be neither reasonable nor equitable.

(iii) Precedents of Actual Gearing Considered for Similar Entities

It is further submitted that AERA has, in prior determinations, considered actual gearing ratios for other Independent Service Providers (ISPs) at various airports, irrespective of whether the funding was entirely equity-based or a mix of debt and equity. For instance, AERA considered an actual gearing of 0:100 for the Fuel Farm operator at BIAL during the final two years of the Third Control Period under Table 34 of Order No. 30/2021-22. These determinations indicate a precedent of considering actual capital structure for ISPs.

In view of the above, the Operator respectfully urges the Authority to adopt a consistent and fair approach by considering the actual gearing ratio for the purpose of computing the Fair Rate of Return (FRoR) for the First Control Period.

6.4 Authority's analysis on Stakeholders' comments regarding Fair Rate of Return (FRoR) for the First Control Period

6.4.1. The Authority notes the comments of BPCL regarding application of normative gearing ratio. In this regard, the Authority observes that BPCL has not availed any debt from outside and CAPEX on Fuel Farm & ITP facilities has been funded through equity (Internal accruals).

6.4.2. The stakeholders will appreciate that the Regulator has to balance the interest of all the Stakeholders, including facility users. As per AERA, the absence of debt in project financing is not the efficient way of CAPEX funding and it adversely impacts the users by way of higher tariffs due to higher Cost of Equity vis-à-vis Cost of Debt. Henceforth, the Authority for ISPs may consider applying normative gearing ratio, similar to airports, to encourage efficient Capital Structure and increase efficiency in CAPEX funding.

6.4.3. Considering the above and taking into account the recommendations of NITI Aayog/ PIB during the PIB meeting held recently for few AAI airports wherein PIB observed that financing of airport projects through equity only or with negligible level of debt is not an efficient way of funding CAPEX and hence requires optimization from a regulatory perspective, so as to provide airport services to users in a cost-effective manner, the Authority decides to maintain the same approach as was taken at the Consultation Stage i.e., to apply Normative gearing ratio of 48:52 for the Fuel Farm facilities at Mopa Goa as given in Table 36, so as to maintain a balance in the interests of all stakeholders.

6.5 Authority's Decision regarding Fair Rate of Return (FRoR) for the First Control Period

Based on the material before it and its analysis, the Authority with respect to FRoR for the First Control Period decides:

6.5.1. To consider FRoR as per Table 36.

7. OPERATION AND MAINTENANCE (O&M) EXPENDITURE FOR THE FIRST CONTROL PERIOD

7.1 BPCL's submission regarding Operation and Maintenance (O&M) Expenditure for the First Control Period

7.1.1 Operation and Maintenance (O&M) Expenditure submitted by BPCL for the First Control Period is broadly grouped into the following heads of expenses:

- Employee & Outsourced Manpower Expenses
- Administrative & General Expenses
- Repairs and Maintenance Expenses
- Utility Expenses

7.1.2 Operating & Maintenance expenses submitted by BPCL for Mopa, Goa Airport in respect of the First Control period are presented below:

Table 37: Operation and Maintenance Expenses projected by BPCL for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Employee & Outsourced Manpower Expenses	4.40	5.24	5.77	6.32	6.96	**28.69**
Administrative & General Expenses	1.92	2.39	2.19	2.38	2.57	**11.45**
Repairs & Maintenance Expenses	0.92	1.04	1.07	1.17	1.29	**5.49**
Utility Expenses	0.94	0.76	0.84	0.93	1.02	**4.49**
Total Operation Expenses	**8.18**	**9.43**	**9.86**	**10.80**	**11.82**	**50.08**

7.2 Authority's Examination regarding Operating & Maintenance (O&M) Expenditure for the First Control Period at Consultation Stage

7.2.1 The Authority noted that O&M Expenditure projected for the First Control Period by BPCL includes actual expenses incurred by the ISP for the FY 2023-24 (first tariff year of the Control Period). The submission made by BPCL in respect of the various components of O&M Expenses, including Y-o-Y increase in O&M Expenses considered by the ISP for the First Control Period, had been analysed by the Authority in the following sections:

(A) **Employee & Outsourced Manpower Expenses:**

7.2.2 The Authority noted that Employee & Manpower expenses comprise of payroll related expenses of BPCL employees and expenses related to outsourced employees.

i. **Employee Expenses:**

7.2.3 It was noted that BPCL submitted ₹ 1.75 crores towards employee expenses for the first tariff year (FY 2023-24) of the control period and had considered 10% YoY increase in employee expenses (such as salary, allowances, perks PF etc.) from the second tariff year (FY 2024-25) onward up to fifth tariff year (FY 2027-28), considering the anticipated market growth and inflationary impact.

In response to AERA query, ISP vide email dated 19.12.2024 submitted breakup of BPCL regular employees deployed for Fuel Farm Services at Mopa Goa airport, along with their average annual salaries etc. as indicated in the table below.

Table 30: Designation and salary wise break up of BPCL employees for FY 2023-24 of the First Control Period

Designation of Employee(s)	No. of Employee(s)	Average Annual Salary (₹ in Crores)	Total Annual Salary (₹ in Crores)
Station Manager	1	0.60	0.60
Assistant Manager	3	0.28	0.84
Associate Executive	2	0.14	0.28
Total	6		1.75

7.2.4 BPCL had submitted the CA certified statement in support of actual employee expenses incurred by BPCL amounting to ₹ 1.77 crores in FY 2023-24 at Mopa, Goa.

The Authority is aware that BPCL is a Govt. of India Public Sector company & their pay and perks etc. are governed by the Department of Public Enterprises (DPE). Further, the accounts of BPCL including payroll expenses are audited by the C&AG. Accordingly, the Authority proposed to consider actual expenditure on BPCL & outsourced employees. However, the 10% growth rate proposed by the BPCL for the second tariff year onward seemed to be on higher side. Therefore, the Authority proposed to consider a Y-o-Y increase of 6% in employee expenses for the First Control Period, which takes care of increase in salaries due to annual increments, DA increase etc.

7.2.5 The Authority considered the Employee expenses for FY 2023-24 as a base year for projecting the employee expenses in the First Control Period and had assumed 6% Y-o-Y increase in employees' payroll expenses in place of 10% Y-o-Y increase projected by the ISP. The Employee expenses proposed by the Authority for the First Control Period are as under:

Table 39: Employee Expenses proposed by the Authority for the First Control Period

(₹ in Crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL (A)	1.74	1.92	2.11	2.32	2.55	10.64
As proposed by the Authority (B)	1.74	1.84	1.95	2.07	2.18	9.79
Variance (B-A)	-	**(0.08)**	**(0.16)**	**(0.25)**	**(0.36)**	**(0.85)**

ii. <u>**Outsourced Manpower expenses**</u>

7.2.6 The Authority noted that the BPCL had outsourced major portion of manpower deployed at Mopa, Goa airport from the third party. BPCL has proposed ₹ 13.01 crores towards outsourced manpower expenses and projected 10% Y-o-Y growth rate from the second tariff year onwards (FY 2024-25 to FY 2027-28) of the control period.

In response to AERA's query regarding break up of outsourced manpower, BPCL vide email dated 19.12.2024 submitted that 34 employees have been taken from BSSPL for the operations related to ITP Services and 05 manpower is contracted for routine maintenance activities (03 electrician & 02 housekeeping) in FY 2023-24. Details of Outsourced manpower and their average salary in FY 2023-24 is tabulated in the table below:

Table 40: Break up of BSSPL & Outsourced Employees in FY 2023-24 (First tariff year) of the First Control Period

Employee category	No. of Employees	Average per employee annual salary (₹ In Crs.)	Total Annual salary (₹ In Crs.)
Outsourced manpower from BSSPL for ITP Services	34	0.08	2.56
For Electrical works	03	0.01	0.05
For House keeping	02	0.03	0.06
Total	39		2.67

7.2.7 The Authority noted that out of the total 39 number of outsourced manpower taken from third party, 34 nos. of outsourced manpower are sourced from BSSPL, at an average annual salary of ₹ 0.08 crores, including 10% service management fees charged by the BSSPL on the Cost to Company (CTC) of staff posted at the Mopa, Goa for ITP Services. Remaining 05 no. of contract staff is hired for security and housekeeping jobs, at an average annual salary of ₹ [illegible] crore.

Considering that skilled & trained manpower is required for safe & efficient operations of ITP Services, the Authority proposed to consider manpower cost for FY 2023-24 as submitted by the BPCL.

7.2.8 Y-o-Y increase in number of outsourced employees (sourced from BSSPL & other third party) projected by the BPCL for the First Control Period is presented below:

Table 41: BSSPL & Outsourced Manpower projected by BPCL for the First Control Period

Particulars	No. of Outsourced Manpower				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Outsourced manpower from BSSPL for ITP Services	34	40	42	44	46
For Electrical works	05	05	05	05	05
For House keeping	03	03	03	03	03
Total Manpower	**[illegible]**	**48**	**50**	**52**	**54**

7.2.9 The Authority noted that BPCL had proposed 40 Nos. of BSSPL manpower in FY 2024-25 which is 17.64% higher than the employees' number in FY 2023-24. Thereafter, BPCL had projected around 5% Y-o-Y increase in BSSPL manpower numbers from FY 2025-26 for the First Control Period.

The Y-o-Y increase in manpower number projected by the BPCL seems reasonable, when compared with the projected increase in traffic volume (fuel throughput) to be handled (refer table 22) during the First Control Period, which is significantly higher than the Y-o-Y increase in manpower numbers.

7.2.10 The Authority had considered the actual figures for FY 2023-24 as a base, for projecting the Manpower Expenses for the remaining tariff years of the First Control Period, assuming 6% growth in expenses on Y-o-Y basis in place of 10% Y-o-Y growth projected by the ISP. The Authority proposed one-time increase of 15% in expenses for the FY 2024-25 based on the 30% increase in fuel throughput volume projected for FY 2024-25 by the ISP.

The Outsourced Manpower Expenses proposed by the Authority for the First Control Period is as under:

Table 42: Outsourced Manpower expenses proposed by the Authority for the First Control Period

(₹ In Crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Expenses as per BPCL (A)	2.67	3.33	3.64	4.01	4.41	18.06
As proposed by the Authority (B)	2.67	3.23	3.42	3.63	3.85	16.80

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Variance (B-A)	-	(0.09)	(0.22)	(0.28)	(0.59)	(1.22)

*Variance is mainly on account of 5% increase proposed by the Authority on yearly basis in place of 20% increase considered by BPCL.

ii Administration & General Expenses:

7.2.11 It was noted that the Administrative & General Expenses proposed by the BPCL for the First Control Period mainly comprise of expenses related to Insurance, Rental, Security and Misc. Administrative Expenses. The breakup of Administrative & General Expenses projected by the ISP for the First Control Period is given in table below:

Table 43: Administrative and General Expenses projected by BPCL for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Insurance Expenses	0.22	0.18	0.19	0.22	0.25	1.05
Security Expenses	0.25	0.34	0.46	0.51	0.55	2.11
Rental Expenses	1.03	1.08	1.14	1.21	1.28	5.73
Misc. Administrative Expenses	0.42	0.39	0.40	0.46	0.66	2.53
Total Admin. & General Expenses	**1.92**	**2.08**	**2.19**	**2.38**	**2.57**	**11.45**

The major components of administrative expenses, including Y-o-Y increase considered by the ISP for the First Control Period had been analysed by the Authority as under:

i. Insurance Expenses:

7.2.12 The Authority noted that BPCL has proposed an insurance expense amounting to ₹ 1.05 crores for the First Control Period, which includes the actual expenses amounting to ₹ 0.22 crores for the FY 2023-24. It was noted from the ISP's submission that insurance expenses consist of the premium paid to insurance companies, in respect of insurance coverages taken at the corporate level and at local level. The Authority observed that BPCL had projected annual insurance expense in the range of ₹ 0.18 Crore to 0.25 crore for the different tariff years of the First Control Period.

Further, it was noted that insurance expenses for the FY 2024-25 (second tariff year) are projected to decrease by 18% as compared to FY 2023-24. Thereafter, from the FY 2025-26 onward, BPCL had projected 10% Y-o-Y increase for insurance expenses in respect of insurance taken at corporate level and 20% Y-o-Y increase in expenses for the insurance coverage taken locally at Mopa Goa. The increase in insurance expenses, on Y-o-Y basis (considering 10%/20% increase in insurance expenses at Corporate and level respectively) works out at 6%, 10% & 14% approximately for FY 2025-26, FY 2026-27 & FY 2027-28 respectively.

As per the ISP, insurance expenses had been proposed for the First Control Period considering the value of the assets and inflation factor.

9.2.13. Considering that insurance cover for the Assets & Infrastructure is necessary for safeguarding the financial interests of the service provider against loss & damage to the property etc. from natural disasters & other perils, the Authority proposed to consider insurance expenses for the FY 2023-24 (first tariff year), which are as per actual figures submitted by the ISP.

It was observed that around 90% capitalization pertaining to the First Control Period had been done by the ISP in the first tariff year i.e. FY 2023-24 and there is a [illegible] capex in the next two tariff years and nil capex in the last two tariff years. As such, book value of the assets would decrease due to depreciation in the later part of the First Control Period, which should result in decrease in insurance expenses. Therefore, the Authority proposed to consider 18% decrease in FY 2024-25 & 6% increase in FY 2025-26 as projected by the ISP. In respect of FY 2026-27 & FY 2027-28, Authority proposed to rationalize the Y-o-Y increase in insurance expenses to 6% to factor in increase in the insurance premiums due to normal general inflation, as against Y-o-Y increase of 10% & 14% respectively considered by the BPCL.

The insurance expenses proposed by the Authority for the First Control Period are as under:

Table 44: Insurance expenses proposed by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Insurance Expenses as per BPCL (A)	0.22	0.18	0.19	0.22	0.25	1.06
Insurance Expenses as proposed by the Authority (B)	0.22	0.18	0.19	0.20	0.21	1.01
Variance (B-A)	-	-	-	(0.02)	(0.04)	(0.05)

B. **Lease Rental Expenses:**

9.2.14. The Authority noted that as per Schedule [illegible] of the concession agreement (between BPCL & the airport operator i.e. [illegible]), airport operator is required to provide a land parcel of 24,367 sqm. to BPCL on "as is where is" basis, at a Land License Fee of ₹ 25 per sqm. per month. Further, Land License Fee shall be escalated on Y-o-Y basis based on the notified CPI (IW), from the first anniversary of the Airport COD.

The Authority observed that BPCL, in its MYTP, had considered land license fee @ ₹ 25 per sqm per month for a land area of 24,484 sqm. and @ ₹ 1,300 per sqm. per month for 180 sqm. land area.

In response to AERA query, BPCL vide email dated 25.11.2024 clarified that during the measurement and physical takeover of the land from the airport operator, they have taken over an actual land area of 24484 SQM + 180 SQM, hence the invoice is being raised for an area measuring to 24664 sqm. (24484 sqm. + 180 sqm.). BPCL had attached the copy of Handing Over Taking Over (HOTO) letter, signed by both BPCL and GGIAL.

As per the HOTO letter, airport operator had granted the rights to BPCL in respect of 24484 sqm. of land area for development of fuel farm on monthly land license fee @ ₹ 25 per sqm. and 180 sqm. land area for parking aviation fueling equipment etc. on monthly fee @ ₹ 1200 per sqm.

Accordingly, the Authority had computed the Land License Fee payable by BPCL to the Airport operator, based on the actual land area (24484 sqm. +180 sqm.) received by the ISP from AO.

5.2.15. The Authority further noted that BPCL had paid ₹ 1.03 crore (excluding GST) as land license fee for the FY 2023-24 (first tariff year) to the airport operator. The above license fee amount also considers the impact of annual escalation in license fee rate, based on CPI(IW) index as per the provisions of license agreement. The Authority had considered the actual payment of land license fee by the ISP to AO for the FY 2023-24 as a base, for projecting land license fee for the remaining tariff years of the First Control Period.

It was noted from BPCL submission that for FY 2024-25, ISP has considered annual escalation in license fee @ 5.79% considering an increase in CPI (IW) index. In this regard, the Authority reviewed the CPI (IW) Index released by Ministry of Labour, Govt. of India for the period from April, 2024 to November, 2024 and had noted that there had been 3.66% increase in CPI (IW) Index during the April-November, 2024 period. Accordingly, the Authority proposed to consider 3.66% increase in license fee rate for the FY 2024-25. Further, the Authority proposed to consider the same percentage increase (3.66%) on Y-o-Y basis for computation of the annual increase in the license fee for the remaining tariff years of the First Control Period. However, the Authority would true up the license fee for the First Control Period on the basis of actual CPI(IW) index, at the time tariff determination for the Second Control Period.

Table 48: Land License Fee proposed to be considered by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL (A)	1.03	1.08	1.14	1.21	1.28	5.74
As proposed by the Authority (B)	1.03	1.07	1.11	1.15	1.19	5.54
Variance (B-A)	-	(0.01)	(0.03)	(0.06)	(0.09)	(0.19)

iii. <u>Security expenses</u>

5.2.16 The ISP had projected a total of ₹ 2.12 crores as Security Expenses for the First Control Period, which includes actual expenses incurred by BPCL for the FY 2023-24 amounting to ₹ 0.25 crore. BPCL had considered security expenses for the FY 2024-25 amounting to ₹ 0.34 crore, after considering increase in manpower number from four to seven (applicable from October, 2024) on the basis of the recommendation of BCAS after its inspection of the Fuel Farm facility. The total security expenses i.e. ₹ 0.34 crore proposed for FY 2024-25 is translating into an increase of 36% (10% annual increase & 26% increase due to additional manpower) over the FY 2023-24.

In respect of the FY 2025-26, the ISP had projected total security expenses amounting to ₹ 0.46 crore (i.e. 35% increase over the FY 2024-25), which also factors the full year impact of increase in additional manpower inducted in October, 2024. Thereafter, ISP had projected Y-o-Y increase of 10% for the last two tariff years.

Considering that Security expenses are necessary for the safety of fuel farm facility and the compliance of security norms of BCAS, therefore, the Authority proposed to consider increase in the security expense due to increase in manpower numbers, as proposed by the ISP. However, 10% normal Y-o-Y increase in security expenses considered by the BPCL, seemed to be on the higher side. Therefore, the Authority proposed to rationalize the normal annual Y-o-Y increase to 6% from FY 2024-25 onwards to factor in the impact of annual salary increments/ wage increases in respect of the outsourced employees.

The security expenses proposed to be considered by the Authority for the First Control Period is as under:

Table 46: Security expenses proposed to be considered by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL (A)	0.25	0.34	0.46	0.51	0.56	2.12
As proposed by the Authority (B)	0.25	0.32	0.40	0.42	0.45	1.84
Variance (B-A)	-	(0.02)	(0.06)	(0.09)	(0.11)	(0.28)

iv. <u>Miscellaneous Administrative Expenses</u>

7.2.17. The Authority noted that Misc. Administrative Expenses amounting to ₹ 2.53 crore projected by the BPCL, comprise of several items such as Postal Expenses, Inspection Fees, Professional Fees, Printing & Stationery expenses, Sales Promotion expenses, etc. BPCL had considered an actual misc. expense of ₹ 0.42 Crore for the FY 2023-24, thereafter, the ISP had projected 10% Y-o-Y increase in Misc. Administrative expenses for all years of the First Control Period, except FY 2024-25, where ISP had considered an increase of 88%, which includes one-time expense ₹ 0.22 crore related to inaugural function and 10% normal annual increase.

As most of the misc. administrative expenses are of routine nature and necessary for the smooth office operations, the Misc. Administrative Expenses proposed by BPCL for the First Control Period seemed reasonable. However, the 10% annual Y-o-Y increase in expenses considered by the BPCL appeared to be on the higher side. Therefore, the Authority proposed to rationalize the normal Y-o-Y increase in misc. admin. expenses to 5% for the remaining tariff years of the First Control Period, except for FY 2024-25 & FY 2025-26. In respect of FY 2024-25, the Authority proposed to consider an increase of 57%, which includes one-time expense ₹ 0.22 crore related to inaugural function and 5% normal annual increase in place of 10% increase considered by the ISP. For the FY 2025-26, the Authority proposed to consider misc. admin. expenses amounting to ₹ 0.40 Crore, as proposed by BPCL.

Considering the above, the misc. administrative expenses proposed by the Authority for the First Control Period is as under:

Table 47: Misc. Administrative Expenses proposed by the Authority for the First Control Period

(₹ in crore)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Misc. Admin. Expenses as per BPCL (A)	0.42	0.79	0.40	0.44	0.48	2.53
As proposed by the Authority (B)	0.42	0.66	0.40	0.42	0.44	2.34
Variance (B-A)	-	(0.13)	-	(0.02)	(0.04)	(0.19)

7.2.18. Based on the above analysis, the Authority proposed to considered the total Administrative & General Expenses for the First Control Period as under:

Table 48: Administrative & General Expenses proposed to be considered by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Insurance Expenses	0.22	0.18	0.19	0.20	0.21	1.01
Security Expenses	0.33	0.32	0.40	0.42	0.45	1.94
Lease Rental Expenses	1.02	1.07	1.11	1.15	1.19	5.54
Misc. Administrative Expenses	0.45	0.66	0.40	0.42	0.44	2.34
Total Expenses as per AERA (A)	1.82	2.25	2.10	2.19	2.29	10.73
Total Admn. & General Expenses as per BPCL (B)	1.82	2.29	2.19	2.38	2.57	11.45
Variance (C)= (A-B)	-	(0.16)	(0.09)	(0.19)	(0.28)	(0.72)

C Repairs & Maintenance Expenses

7.2.19 The Authority noted that ISP had projected total Repair & Maintenance Expenses of ₹ 2.98 crores, which includes ₹ 0.29 crore related to the firefighting expenses for the First Control Period.

7.2.20 It was noted that BPCL has incurred ₹ 0.88 crore as actual R&M expenses for the FY 2023-24, which include expenses related to R&M/ Renewal of refuellers, consumables, spares such as filters, tyres, paints etc. in respect of eleven (11) refuellers shifted by BPCL from their other stations to Mopa Goa, for supply of ATF to the aircrafts, during the period when Fuel Farm Facility & Hydrant System was under construction (which later got commissioned & operationalized in February, 2024).

Apart from the above, R&M Expenses in FY 2023-24 include routine repair/ maintenance, consumption of spares, diesel, etc. for the smooth operations of Fuel Farm Facility and ITP Services.

7.2.21 Further, in response to AERA's query on bifurcation of R&M expenses related to refuellers shifted to Mopa, Goa airport on temporary basis, ISP vide email dated 24.01.2024 submitted that in FY 2023-24, an amount of ₹ 0.42 crore was spent on the repair & maintenance of the Refuellers shifted from the other stations and remaining ₹ 0.46 crore is related to the other routine repair & maintenance expenses.

For the FY 2024-25, BPCL had projected 7% increase in repair & maintenance expenses, thereafter 10% Y-o-Y increase had been proposed by the ISP for the remaining tariff years of the First Control Period.

7.2.22 The Authority proposed to consider actual Repair & Maintenance expenses amounting to ₹ 0.88 crores for the FY 2023-24, including R&M Expenditures related to the Refuellers shifted to Goa airport from other stations, as submitted by the ISP.

For the FY 2024-25, the Authority proposed to consider 16% increase in R&M Expenses over previous year (6% normal increase and 10% one-time increase on account of maintenance of Fuel Farm and FHS facilities operationalised from February, 2024), after factoring in the non-recurring expenses ₹ 0.42 incurred in FY 2023-24 on the 11 nos. of refuellers shifted by BPCL from other stations to Mopa airport, Goa.

From FY 2025-26 onward, 6% Y-o-Y normal increase in R&M Expenses had been proposed for the remaining tariff years of the First Control Period.

7.2.23 **Fire Fighting Expenses** – Fire Fighting expenses is another component under the R&M Expenses. The Authority noted that ISP had considered ₹ 0.29 crores as firefighting expenses for the First Control Period which includes ₹ 0.04 crore actual firefighting expenditure incurred in FY 2023-24. BPCL had proposed ₹ 0.10 crore as firefighting expenses for the FY 2024-25, after considering one-time expenditure of ₹ 0.05 crores, based on the recommendations of Inspector of factory after its inspection of the Fuel Farm facility. Thereafter, ISP had proposed 10% Y-o-Y increase in firefighting expenses for the remaining tariff years (FY 2025-26 to FY 2027-28) of the First Control Period.

Considering that firefighting expenses are necessary for the safety of fuel farm operations from fire hazards and compliance of fire safety norms, therefore, the Authority proposed to consider firefighting expenses for the First Control Period as proposed by the ISP. However, 10% normal Y-o-Y increase in firefighting expenses considered by the BPCL seemed to be on the higher side, therefore, the Authority proposed to rationalize the normal Y-o-Y increase at 6% on account of expected increase in prices due to general inflation etc., from FY 2025-26 onward during the First Control Period.

The firefighting expenses proposed to be considered by the Authority for the First Control Period is as under:

Table 49: Fire Fighting expenses proposed by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL (A)	0.04	0.10	0.05	0.05	0.06	**0.29**
As proposed by the Authority (B)	0.04	0.09	0.04	0.04	0.05	**0.26**
Variance (B-A)	-	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.03)**

In view of the above, total Repair & Maintenance Expenses proposed to be considered by the Authority for the First Control Period is as under:

Table 50: Repair & Maintenance Expenses proposed by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL including firefighting expenses (A)	0.92	1.04	1.07	1.17	1.29	5.49
As proposed by the Authority including Firefighting expenses (B)	0.92	0.72	0.71	0.75	0.80	3.92
Variance (B-A)	-	(0.32)	(0.36)	(0.42)	(0.49)	(1.57)

ii **Utility Expenses:**

7.2.24 The Utility Expenses proposed by the BPCL consist of Water Charges, Electricity Charges & Fuel Consumption etc. BPCL had considered ₹ 4.44 crores as utility expenses for the First Control Period, which include actual expenses amounting to ₹ 0.93 crore incurred by the ISP for the FY 2023-24.

BPCL had projected utility expenses for the FY 2024-25 amounting to ₹ 0.76 crore, which was 18% lower than the utility expenditure incurred in FY 2023-24. Thereafter, BPCL had projected 10% Y-o-Y increase in the utility expenditure for the remaining tariff years of the First Control Period, considering anticipating traffic growth and inflation costs.

7.2.25 As per the license agreement, ISP has to pay electricity & water charges to the Airport Operator, as per the rates as applicable to similar utility customers receiving substantially equivalent services.

As the Electricity, Water Supply & consumption of Fuel etc. is an essential operational requirement and utility expenses are payable based on the actual consumption, therefore, the Authority proposed to consider utility expenses as submitted by the ISP for the FY 2023-24. However, the 10% Y-o-Y increase in utility expenses proposed by the BPCL from the FY 2024-25 onward was noted to be on higher side, therefore the Authority proposed to rationalize the Y-o-Y increase in utility expenses to 6% for the remaining tariff years of the First Control Period.

However, the Authority would true-up the utility expenditure for the First Control Period, based on the actual figures relating to consumption of utilities and actual payments thereof.

The Utility Expenses proposed to be considered by the Authority for the First Control Period are as under:

Table 51: Utility expenses proposed to be considered by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
As submitted by BPCL (A)	0.93	0.76	0.84	0.93	1.02	**4.49**
As proposed by the Authority (B)	0.93	0.74	0.79	0.83	0.88	**4.18**
Variance (B-A)	-	**(0.02)**	**(0.05)**	**(0.10)**	**(0.14)**	**(0.31)**

7.2.26 Based on the analysis and rationalization of various components of Operation & Maintenance Expenditure as above, the total Operation and Maintenance (O&M) Expenditure proposed to be considered by the Authority for the First Control Period is detailed in the table given below:

Table 52: Operation and Maintenance (O&M) Expenditure proposed to be considered by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Employee & Outsourced Manpower Expenses	4.41	5.07	5.37	5.70	6.04	**26.59**
Administrative & General Expenses	1.95	2.23	2.30	2.37	2.39	**10.73**
Repairs & Maintenance Expenses	0.93	0.72	0.71	0.75	0.81	**3.92**
Utility Expenses	0.93	0.74	0.79	0.83	0.88	**4.18**
Total Operation & Maintenance Expenses	**8.18**	**8.77**	**8.97**	**9.48**	**10.12**	**45.42**

7.2.27 The major reasons for variance in the O&M Expenses proposed by the Authority and as considered by the BPCL are as under:

i. Proposed yearly increase of 6% on Employee & Outsourced Manpower Expenses in place of 10% increase on Y-o-Y basis considered by the BPCL, resulting in reduction of the Expenses by ₹ 2.11 crores.

ii. Proposed yearly increase of 3% on Administration & General Expenses in place of 10% increase considered by the BPCL, resulting in reduction of Utility Expenses by ₹ 0.72 crores.

iii. Proposed yearly increase of 6% on Utility Expenses in place of 10% increase considered by the BPCL, resulting in reduction of Utility Expenses by ₹ 0.31 crores.

iv. Disallowance of R&M expenses pertaining to Operational Buildings in the FY 2024-25 due to [illegible] of TDS and consideration of 8% increase on Y-o-Y basis instead of 10% proposed by the ISP, resulting in reduction of ₹ 1.33 crores.

7.3 Stakeholders' Comments regarding Operation & Maintenance (O&M) Expenditure for the First Control Period

7.3.1. BPCL's comments with regard to Operation & Maintenance (O&M) Expenditure is as follows: "*The Operator respectfully requests that the Authority undertake a true-up of the Operation and Maintenance (O&M) expenses based on the actual expenditure incurred, at the time of tariff determination for the next Control Period. This would ensure alignment with the principle of cost-reflective tariff determination and maintain regulatory consistency.*"

7.4 Authority's analysis on Stakeholders' comments regarding Operation & Maintenance (O&M) Expenditure for the First Control Period

7.4.1. The Authority notes the comments of the Stakeholders' regarding Operation & Maintenance (O&M) Expenditure. In this regard, the Authority is of the view that the since the Tariff Determination for Fuel Farm & Into Plane Services has been undertaken under the Cost Plus Approach, the regulatory building blocks shall be trued up at the time of determination of tariff for the Second Control Period, subject to reasonableness and cost efficiency.

7.5 Authority's decisions regarding Operation & Maintenance (O&M) Expenditure for the First Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Operation & Maintenance Expenses for the First Control Period:

7.5.1. To consider the Operation & Maintenance (O&M) Expenditure as per Table 32.

7.5.2. To true up the Operation & Maintenance (O&M) Expenditure of the First Control Period at the time of tariff determination for the Second Control Period.

8. TAXATION FOR THE FIRST CONTROL PERIOD

8.1 BPCL's submission regarding Taxation for the First Control Period

8.1.1 BPCL had submitted the computation of income tax based on the Profit Before Tax (PBT) which is arrived at after considering aeronautical revenues, O&M expenses and depreciation computed separately for the purpose of tax. The computation of income tax submitted by BPCL is as follows:

Table 53: Taxation submitted by BPCL for the First Control Period

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Profit Before Tax	A	-4.45	12.13	35.64	41.88	43.72	128.93
Add: Book Depreciation	B	3.71	7.04	6.12	6.15	6.15	29.17
Less: IT Depreciation	C	11.01	10.12	8.88	7.66	6.59	44.28
Adjusted Profit	**D = A + B – C**	**-11.75**	**9.05**	**32.88**	**40.31**	**43.31**	**113.80**
Opening Losses	E	-4.58	-16.33	-7.28	-	-	
Set Off	F	-11.75	9.05	7.28	-	-	16.33
Carry Forward of Accumulated Losses	G = E + F	-16.33	-7.28	-	-	-	
Taxable income	**H = D + F**		-	**25.60**	**40.31**	**43.31**	**109.22**
Tax as per IT ACT	**I = H * 25.17%**	-	-	**6.44**	**10.15**	**10.90**	**27.49**

8.2 Authority's Examination regarding Taxation projected for the First Control Period at Consultation Stage

8.2.1 The Authority noted that BPCL had projected corporate tax for the First Control Period after considering tax @ 25.17% on the projected aeronautical revenues.

8.2.2 The Authority had re-computed the aeronautical tax based on the aeronautical revenues worked out as per the ARR computation proposed for the First Control Period, as given in the chapter 9.

The following table summarizes the Aeronautical tax proposed by the Authority for the First Control Period.

Table 84: Aeronautical Tax proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26 till 15/07/2025	FY 2025-26 w.e.f. 16/07/2025	FY 2026-27	FY 2027-28	Total
Revenue							
Aeronautical Revenue (A) (refer Table 69)	8.32	12.37	4.20	18.23	23.66	28.90	117.28
Expenses (B)							
Operating Expenses (refer Table 32)	8.18	8.77	2.61	6.37	9.40	10.20	45.42
Finance Cost on RSD	0.000	0.003	0.001	0.002	0.003	0.006	0.02
Depreciation (As per Income Tax Act, 1961)	8.00	11.04	2.88	7.00	8.26	6.97	45.42
Revenue Share payable to AAI (refer Table 77)	1.00	1.41	0.48	2.22	4.17	4.30	14.26
Total (B)	16.16	21.81	5.95	15.99	21.90	25.80	105.50
Profit/Loss (C)=(A-B)	(8.64)	(9.45)	(1.75)	2.96	11.77	17.87	11.96
Set off Prior Period losses (D)	(1.93) *	(10.57)	(20.02)	(21.77)	(18.81)	(7.04)	
Profit/ (Loss) after Setoff of Prior Period losses (E)	(10.57)	(20.02)	(21.77)	(18.81)	(7.04)	10.83	
Tax Rate (F)	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax (G)=(E*F)	-	-	-	-	-	2.81	2.81

*As per Table 75

8.3 Stakeholders' Comments regarding Taxation for the First Control Period

8.3.1. No comments were received from the Stakeholders' regarding Taxation for the First Control Period.

8.4 Authority's analysis on Stakeholders' comments regarding Taxation for the First Control Period

8.4.1. The Authority notes that no comments were received from the Stakeholders regarding Taxation for the First Control Period. However, based on the revised Aeronautical Revenue computed by the Authority for the First Control Period as per the revised ARR, determined by the AERA for the First Control Period, the Authority has recomputed the Aeronautical Taxation for the First Control Period. The same has been detailed in the table below:

Table 55: Aeronautical Tax decided by the Authority for the First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26 upto 30/05/2025	FY 2025-26 w.e.f 01/06/2025	FY 2026-27	FY 2027-28	Total
Revenue							
Aeronautical Revenue (A) *(refer Table 48)*	9.52	9.57	5.46	9.88	25.51	29.53	89.31
Expenses (B)							
Operating Expenses *(refer Table 32)*	8.18	8.77	4.36	4.47	9.68	10.02	45.42
Finance Cost (in BK)	0.002	0.003	0.001	0.001	0.003	0.006	0.02
Depreciation (As per Income Tax Act, 1961)	9.68	11.47	5.88	5.85	8.14	6.87	46.19
Revenue Share payable to AAI *(refer Table 38)*	1.48	1.47	0.62	1.18	3.13	3.71	10.82
Total (B)	19.25	21.22	10.86	10.51	20.77	20.68	102.44
Profit/Loss (C)=(A-B)	(9.73)	(11.54)	(4.51)	(0.65)	4.74	8.92	(13.13)
Set off Prior Period losses (D)	(1.73) *	(11.46)	(23.00)	(28.11)	(28.73)	(23.99)	
Profit/ (Loss) after Setoff of Prior Period losses (E)	(11.46)	(23.00)	(28.11)	(28.73)	(23.99)	(15.07)	
Tax Rate (F)	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax (G)=(E*F)					-	-	

*As per Table 49

8.5 Authority's decisions regarding Aeronautical Tax for the First Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to Taxation for the First Control Period:

8.5.1. To consider the Aeronautical Tax for the First Control Period in respect of GGIAL for Mopa, Goa Airport as per Table 55.

8.5.2. To true up the Aeronautical Tax of the First Control Period at the time of tariff determination for the Second Control Period.

9. AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD

9.1 BPCL's submission regarding Aggregate Revenue Requirement (ARR) for the First Control Period for BPCL

9.1.1 The BPCL submitted ARR for the First Control Period as per its projections for the regulatory building blocks as given in the table below:

Table 56: Aggregate Revenue Requirement (ARR) submitted by BPCL for the First Control Period

(₹ in crore)

Particulars	Ref.	FY 2023-24	FY 2024-25		FY 2025-26	FY 2026-27	FY 2027-28	Total
			Apr'24 to Sep'24	Oct'24 to Mar'25				
Average Regulatory Asset Base (RAB)	A	70.50	83.01	79.89	77.07	71.79	65.64	
Fair Rate of Return (FRoR)	B	14.00%	7.00%	7.00%	14.00%	14.00%	14.00%	
Return on RAB	**C = A * B**	**9.87**	**5.81**	**5.59**	**10.79**	**10.05**	**9.19**	**51.30**
O&M Expenses	D	8.18	4.82	4.59	9.86	10.93	11.83	50.00
Depreciation	E	4.71	2.98	3.09	6.12	6.15	6.35	29.39
Taxation	F	-	-	-	6.44	10.14	10.91	27.49
Revenue Share	G	1.09	0.70	3.42	8.00	9.11	9.56	31.87
Finance cost on SD	H	0.00	0.00	0.00	0.00	0.00	0.01	0.02
Return on Security Deposit	I	5.32	2.60	2.66	5.32	5.32	5.22	26.60
Aggregate Revenue Requirement (ARR)	J = Sum (C:I)	29.16	16.92	19.31	46.53	51.58	52.96	216.44

9.1.2 BPCL for the ARR computation in respect of the First Control Period had considered actual figures for the first tariff year i.e. FY 2023-24 and projection for the remaining tariff years.

In addition to ARR as per the above table, BPCL had separately claimed shortfall for the period from 05.01.2022 to 31.03.2023 amounting to ₹ 8.77 crores (NPV as on 31.03.2025). Further, the JM had also made trued-up ARR amounting to ₹ 40.00 crores for the period from 01.04.2023 to 30.09.2024 and has claimed shortfall in Target Revenue amounting to ₹ 25.85 crores (NPV as on 31.03.2025) for this period.

9.2 Authority's examination regarding Aggregate Revenue Requirement (ARR) for the First Control Period at Consultation Stage

9.2.1. The Authority had computed ARR for the First Control Period after detailed review of each regulatory building block and after considering AERA's proposals for various building blocks as discussed in the previous chapters. Apart from the regulatory building blocks, AERA had also considered the following components separately while computing ARR for the First Control Period.

9.2.2. **Return on Security deposit (SD):** It was noted that as per the concession agreement, BPCL paid ₹.38 crores to Airport Operator as security deposit and has claimed 14% return on the Security deposit, in line with the return claimed as Cost of Equity.

The Authority is of the view that 14% return on security deposit claimed by BPCL is on the higher side, as no commercial purpose is served by the deposit of S.D with Airport Operator. However, in the process, substantial sum of the ISP is getting blocked for significantly longer duration due to contractual arrangement between the ISP and the AO. In order to offset the erosion in the value of the funds blocked due to the impact of annual general inflation, the Authority proposed to consider nominal return on security deposit @ 5% per annum (as against 14% proposed by BPCL), which is consistent with the AERA's approach in this regard for the ISPs.

9.2.3. **Revenue Share:** The Authority noted that as per the concession agreement, BPCL is required to pay 13 % of Gross Revenue from Fuel Farm Facilities and 5% of Gross Revenue from the ITP Facility & Services as 'Revenue Share' to the Airport Operator. The Authority observed that revenue share is payable to AO as per the Concession Agreement which is linked to the projected Gross Revenues from the Fuel Farm Facility & ITP Services.

Accordingly, the Authority proposed to consider revenue share, based on projected Revenue for the First Control Period, as rationalised by the Authority under the Chapter 10 (Aeronautical Revenue) of this Consultation Paper.

Table 57: Revenue Share payable to AO estimated by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	Ref	FY 2023-24	FY 2024-25	FY 2025-26 upto 15.07.2025	FY 2025-26 w.e.f. 16.07.2025	FY 2026-27	FY 2027-28	Total
Fuel Farm Services								
Revenue from Fuel Infrastructure Fee	A	8.08	7.87	3.47	12.98	24.05	25.53	83.78

Revenue Share @ 15%	B = A*15 %	0.91	1.18	0.40	1.94	3.70	4.45	12.57
Into Plane Services								
Revenue from ITP Services	C	3.46	4.56	1.53	5.19	8.00	9.41	33.48
Revenue Share @ 5%	D = C*5%	0.17	0.22	0.08	0.28	0.45	0.47	1.67
Total Revenue Share	F = B+D	1.08	1.41	0.48	2.22	4.15	4.98	14.24

*Implementation of revised Tariff rates is considered w.e.f. 16.07.2025

9.2.4. Return on the Dead Stock: The Authority noted that BPCL had considered a Capex amounting to ₹ 2.84 crores in respect of the 2.21 lakh litres ATF stored in the Fuel Storage Tanks & FHS as dead stock in the FY 2023-24. In order to compensate the ISP on account of erosion in the value of money locked as 'dead stock' due to general inflation etc., the Authority proposed to consider a notional interest/return @ 5% per annum separately on the dead stock amounting to ₹ 2.84 crores, while computing ARR for the First Control Period (refer para 5.2.7 (c) for details).

9.2.5. Based on the above, the Authority proposed the provisional ARR for the First Control Period as presented in the table given below:

Table 55: Aggregate Revenue Requirement (ARR) proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26 Upto 15.07.2025	FY 2025-26 w.e.f. 16.07.2025	FY 2026-27	FY 2027-28	Total
Regulatory Asset Base (RAB) (refer Table 35)	A	73.18	81.94	22.03	54.56	71.27	65.32	
Fair Rate of Return (FRoR) (refer Table 38)	B	12.21%	12.21%	12.21%	12.21%	12.21%	12.21%	
Return on RAB	C = A * B	8.84	9.99	2.72	6.66	8.70	7.98	45.46
O&M Expenses (refer Table 43)	D	4.18	4.77	2.61	6.77	9.48	10.82	38.62
Depreciation (refer Table 31)	E	2.26	4.40	1.78	4.34	6.13	6.31	26.09
Taxation (refer Table 54)	F	-	-	-	-	-	2.52	2.52

Prior Period Under Recovery (refer Table 27)	G	1.80	-	-	-	-	-	1.80
Revenue Share (refer Table 3?)	H	1.08	1.41	0.48	2.22	4.15	4.90	14.24
Finance cost on WC	I	0.007	0.010	0.003	0.002	0.003	0.006	0.03
Return on Deadstock (ATF) (refer Para 9.2.4)	J	0.03	0.14	0.04	0.10	0.14	0.14	0.59
Return on Security Deposit (refer Para 9.2.2)	K	1.90	1.90	0.55	1.35	1.90	1.90	9.50
Aggregate Revenue Requirement (ARR)	**L= Sum (C:K)**	**21.82**	**28.13**	**8.17**	**21.02**	**30.52**	**33.59**	**143.25**
Discount factor @12.21%	M	1.00	0.89	0.79	0.79	0.71	0.63	
PV of ARR	N=L*M	**21.82**	**25.06**	**6.49**	**16.60**	**21.68**	**21.19**	112.87
Sum of PV of ARR					112.87			

9.2.6. The Authority had computed the ARR for BPCL in respect of its First Control Period at ₹ 143.25 crores (NPV ₹ 112.87 crores as on 31.03.2024) as against ₹ 216.66 crores proposed by the ISP. The major reasons of variance between ARR proposed by the Authority and as considered by the BPCL are as under:

i. Determination of FRoR by the Authority @ 12.21% as against 16.00% claimed by BPCL, resulting in reduction of Return on RAB amounting to ₹ 8.79 crores.
ii. Proposed 5% Return on Security Deposit in place of 14% Return considered by the BPCL, resulting in reduction of Return on Security Deposit amounting to ₹ 12.10 crores.
iii. Rationalization of O&M expenses like Payroll expenses, Administration & General expenses, R&M Expenses etc. amounting to ₹ 4.66 crores.
iv. Reduction/increase in the consequential items of aeronautical revenue & expenses, based on the ARR proposed by the Authority.
v. BPCL has proposed Deadstock amounting to ₹ 2.84 crores as part of RAB and claimed FRoR thereon @ of 16%, whereas the Authority proposed a return @ 5% per annum.

9.3 Stakeholders' Comments regarding Aggregate Revenue Requirement (ARR) for the First Control Period

9.3.1 BPCL's comments with regard to Return on Security Deposit is as under:

"The Operator respectfully submits the following in relation to the Authority's decision to allow only a notional return of 5% on the Security Deposit placed with the Airport Operator:

(i) *Nature and Treatment of Security Deposit*

The Security Deposit was a mandatory precondition for the award of Fuel Farm operations at Mopa Airport. Accordingly, it represents a blocked capital amount and is unavailable to the Operator for deployment in capital expenditure or operational purposes. Had this amount been utilised towards capital expenditure, the Operator would have earned a return at the rate of the Fair Rate of Return (FRoR) applicable to the project. Even if retained as a fixed deposit, the Operator would have earned a return aligned with prevailing fixed deposit interest rates. Therefore, restricting the return on such a significant locked-in capital to a nominal 2% does not reflect the opportunity cost of funds or the commercial realities faced by the Operator.

(ii) *Precedent in Other AERA Tariff Orders*

It is further submitted that while the Authority has considered only a nominal return for the present case, it has allowed a higher return on refundable security deposits in other airport tariff determinations. Specifically, AERA has treated security deposits as a form of debt capital while computing the weighted average cost of capital (WACC) or return for airport operators, in alignment with the judgment of the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) in the case of Delhi International Airport Limited (DIAL).

Relevant excerpts from past Orders are as follows:

- *DIAL – Third Control Period (Order No. 57/2020-21)*

  Para 1.3.7 (iii)

  "Refundable Security Deposit (RSD) raised by the airport operator to fund the Project cannot be a 'zero-cost debt'. Its cost needs to be ascertained and made available to the airport operator through appropriate fiscal exercise at the time of next tariff redetermination."

  Para 2.5.12

  "Authority proposed to consider return on RSD as equivalent to the cost of debt... consistent with the proposals... regarding true-up of WACC for the First Control Period..."

  Para [illegible]

  "Authority... is of the view that the airport operators benefitted from zero cost financing that DIAL was able to raise from Non-Transfer Assets... Accordingly, the Authority has decided to consider the cost of RSD as equivalent to the actual cost of debt at 8.28% for the Second Control Period."

- *CIAL – Third Control Period (Order No. 08/2021-22)*

  Para 7.2.7

  "Since the RSD of INR 130 crores deposited by the fuel farm operator was utilized by CIAL for the creation of assets, the Authority proposed to provide a return on RSD at the cost of debt in line with the judgment of TDSAT in the case of DIAL."

Para 7.2.5:

"As refundable security deposits are treated as debt, they were effectively included in the notional gearing ratio of 48% and hence did not require any separate treatment."

These provisions affirm the principle that Security Deposits, when locked and not available for use by the operator, warrant a return commensurate with the cost of debt.

In view of the above submissions and consistent with the Authority's past practice and the jurisprudence established by TDSAT, the Operator respectfully requests that the return on the Security Deposit be allowed at the prevailing cost of debt. Specifically, the Operator proposes that such return be determined based on the one-year Marginal Cost of Funds based Lending Rate (MCLR) of the State Bank of India, as has been adopted by the Authority in other tariff orders for computing the notional cost of debt."

9.4 Authority's analysis on Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the First Control Period

9.4.1 The Authority notes the comments of BPCL with respect to Return on Security Deposit @ 5%. In this regard, the Authority is of the view that Refundable Security Deposit (RSD) in case of the Airport Operator (AO) is not similar to ISP's case, as AO had raised resources by getting RSD and using it for aeronautical purposes. Whereas, in case of ISP (BPCL), inherent that Security Deposit has been paid by ISP to AO, and outflow of the funds are not utilised for any aeronautical services' purposes. Notwithstanding the above, AERA has considered return/ interest on SD @ 5% which is close to return on FDs presently given by banks, so as to cover the erosion in the value of funds locked in form of SD due to inflation etc.

Considering the above, AERA maintains the same position with regard to Return on SD, as was proposed at Consultation Stage and decides to consider return on SD @5%.

9.4.2 Based on the changes in the Building Blocks decided by the Authority in the relevant chapters, the Authority has recomputed the Revenue Share payable to the Airport Operator and the Aggregate Revenue Requirement (ARR) for the First Control Period as presented below.

Table 59: Revenue Share payable to AO estimated by the Authority for the First Control Period

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26 Upto 30.09.2025	FY 2025-26 w.e.f. 01.10.2025*	FY 2026-27	FY 2027-28	Total
Fuel Farm Services								
Revenue from Fuel Infrastructure Fee	A	6.06	5.97	3.49	6.99	14.71	22.38	60.01
Revenue Share @ 15%	B = A*15%	0.91	0.89	0.52	1.04	2.21	3.36	9.93
Into Plane Services								
Revenue from ITP Services	C	3.40	3.41	2.00	2.98	6.80	7.3[illegible]	25.78
Revenue Share @ 5%	D = C*5%	0.17	0.17	0.10	0.15	0.34	0.36	1.29
Total Revenue Share	E = B+D	1.08	1.07	0.62	1.18	2.55	3.71	11.22

*Implementation of revised tariff rates is considered w.e.f. 01.10.2025

9.4.3 Based on the revision of various Building Blocks considering the Stakeholders' views/comments post issuance of Consultation Paper, the Authority has re-computed ARR as per the following table:

Table 60: Aggregate Revenue Requirement (ARR) decided by the Authority for the First Control Period

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26 Upto 30.09.2025	FY 2025-26 w.e.f. 01.10.2025	FY 2026-27	FY 2027-28	Total
Regulatory Asset Base (RAB) (refer Table 33)	A	57.21	88.21	38.87	37.86	78.53	61.66	
Fair Rate of Return (FRoR) (refer Table 38)	B	12.21%	12.21%	12.21%	12.21%	12.21%	12.21%	

Return on RAB	C = A * B	6.50	9.81	4.69	4.82	8.62	7.87	42.46
O&M Expenses (refer Table 52)	D	8.18	8.77	4.20	4.47	9.60	10.22	45.42
Depreciation (refer Table 54)	E	2.59	4.10	3.20	3.85	6.14	6.14	25.28
Taxation (refer Table 55)	F	-	-	-	-	-	-	-
Prior Period Under Recovery (refer Table 21)	G	1.84	-	-	-	-	-	1.84
Revenue Share payable to AO (refer Table 58)	H	1.08	3.07	0.62	1.18	3.15	3.71	12.82
Interest cost on BG	I	0.003	0.003	0.001	0.001	0.003	0.006	0.02
Return on Deadstock (ATF) (refer Para 9.2.6)	J	0.01	0.14	0.07	0.07	0.14	0.14	0.58
Return on Security Deposit (refer Para 8.2.2)	K	1.90	1.90	0.95	0.95	1.90	1.90	9.50
Aggregate Revenue Requirement (ARR)	L= Sum (C: K)	22.46	27.72	13.86	14.25	29.40	29.79	137.60
Discount factor @13.25%	M	1.00	0.89	0.79	0.79	0.71	0.63	
PV of ARR	N=L*M	22.46	24.70	11.01	11.40	20.82	18.79	109.18
Sum of PV of ARR					109.18			

Note: Variance in ARR at Order Stage vis-à-vis CP Stage is mainly on account of reduction in Revenue Share payable to AO by Rs.3.42 crores due to drop in projected fuel throughput for the First Control Period by 21% at order stage and increase in Depreciation due to shifting of DoC of commissioning of CAPEX amounting to [illegible] Crores from February 2024 to June 2025.

9.5 **Authority's decision regarding Aggregate Revenue Requirement (ARR) for the First Control Period**

Based on the material before it and its analysis, the Authority decides the following with regard to ARR for the First Control Period:

9.5.1 To consider ARR in respect of [illegible] for the First Control Period as per Table 60.

9.5.2 To true up the ARR of the First Control Period at the time of tariff determination for Second Control Period.

10. AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

10.1 BPCL's submission on Aeronautical Revenue for the First Control Period

10.1.1 As per BPCL submission, the projected Aeronautical Revenue for the First Control Period is given in Table below:

Table 61: Projected Aeronautical Revenue as per BPCL (from FF & ITP services) for First Control Period

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Revenue from FF & ITP services	9.32	31.71	39.83	67.90	71.29	**240.05**

10.1.2 The projected Aeronautical Revenue for the First Control Period amounting to ₹ 240.05 crores by BPCL includes actual revenue i.e. ₹ 9.32 crores for the FY 2023-24 (First tariff year).

10.2 Authority's Examination of Revenue Projected for the First Control Period at Consultation Stage

10.2.1 The Authority noted that BPCL had projected Aeronautical revenue for the First Control Period amounting to ₹ 240.05 crores, after considering the following tariff increase:

Table 62: Tariff rates (FIF & ITP services) proposed by BPCL for First Control Period

(Amount in ₹)

Sl. No.	Particulars of Service	Existing rate per KL	Proposed rate per KL (w.e.f. 01.10.2024)
1	Fuel Infrastructure Fee	700	3817.01
2	Into Plane Charges / Aircraft Refuelling	400	721.26
	Total FF & ITP Service charges	1100	4538.27

10.2.2 It was noted that BPCL had sought one time increase of 445.29% in respect of Fuel Infrastructure Fee and an increase of 80.31% for ITP Charges, which is translating into a combined increase of 312.57% in total charges i.e. ₹ 4538.27/KL (FIF & ITP charges) over the prevailing rate of total charges i.e. ₹ 1100/KL. The ISP in its proposal had considered implementation of revised tariff effective from 01.10.2024.

10.2.3 The Authority, based on its ARR computation for the First Control Period (refer Table 58), proposed the following tariff in respect of FIF & ITP services.

Table 63: FHF & ITP Charges proposed by the Authority for First Control Period at Consultation Stage

(Rates in ₹ per KL)

Sl. No.	Particulars	Existing Rate	FY 2025-26 (w.e.f. 16.07.2025)	FY 2026-27	FY 2027-28
1.	FHF Proposed	700.00	1390.00	1650.00	1800.00
	% increase proposed		98.57%	18.71%	15.94%
2.	ITP Charges	400.00	600.00	600.00	600.00
	% increase proposed		50%	-	-
3.	Combined Charges (FHF & ITP Charges)	1100.00	1990.00	2250.00	2400.00
	Combined % increase		80.91%	13.07%	[illegible]

10.2.4. Based on the above proposed % increase in tariff, the Authority proposed to consider the total revenue from the Aeronautical Services for the First Control Period as shown in the table given below:

Table 64: Aeronautical Revenue proposed by the Authority (from FHF & ITP services) for First Control Period at Consultation Stage

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26 upto 15.07.2025	FY 2025-26 from 16.07.2025	FY 2026-27	FY 2027-28	Total
Aggregate Revenue Requirement (ARR) (Refer table 59)	A	21.82	35.14	8.47	31.81	38.51	33.59	143.25
Discount factor @12.27%	B	1.00	0.89	0.79	0.79	0.71	0.63	
PV of ARR (Refer table 59)	C=A*B	21.82	25.98	6.69	18.69	21.60	21.19	115.87
Current FHF & ITP Charges (in ₹)	D	1100.00	1100.00	1100.00	1100.00	1100.00	1100.00	
Fuel volume (Refer table 22)	E	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FHF Revenue at current Tariff	F=D*E	8.92	13.21	3.28	10.29	14.38	15.38	70.88
Revised FHF & ITP Rates after proposed Tariff increase (in ₹) (Refer table 63)	G	1100.00	1100.00	1100.00	1990.00	2250.00	2400.00	

Revised FIF+ITP Revenue	[illegible]	9.32	12.27	[illegible]	18.35	[illegible]	[illegible]	[illegible]
NPV of Revised Revenue from FIF+ITP Charges	[illegible]	9.32	[illegible]	[illegible]	14.71	[illegible]	[illegible]	[illegible]
Carried forward to next Control period			25.86					

10.2.5 The Authority had proposed Aeronautical revenue (comprising of Fuel Infrastructure Fee and ITP Charges) for the First Control Period as per the above table, after considering Carry Forward of 25% of ARR for the First Control Period (₹ 25.86 Crores in NPV terms as on 31st March 2024) to the next Control Period.

10.3 Stakeholders' Comments regarding Aeronautical Revenue for the First Control Period

10.3.1 No comments received from the Stakeholders' regarding the Aeronautical Revenue for the First Control Period.

10.4 Authority's analysis on Stakeholders' comments regarding Aeronautical Revenue for the First Control Period

10.4.1 Based on the changes in the Building Blocks made by the AERA in the relevant chapters, after considering the Stakeholders comments, the Authority has recomputed the FIF & ITP Charges and the Aeronautical Revenue for the First Control Period accordingly, as per the following table:

Table 68: FIC & ITP Charges decided by the Authority for First Control Period

(Value in ₹ per KL)

Sl. No.	Particulars	Existing Rate	FY 2025-26 (w.e.f. [illegible])	FY 2026-27	FY 2027-28
1.	FIF Proposed	700.00	1390.00	1650.00	[illegible]
	% increase proposed		98.57%	18.71%	[illegible]
2.	ITP Charges	400.00	600.00	600.00	600.00
	% increase proposed		50%	-	-
3.	Combined Charges (FIF & ITP Charges)	1,100.00	1990.00	2250.00	[illegible]
	Combined % increase		80.91%	13.07%	[illegible]

10.4.2. Based on the above % increase in the FIF and ITP Charges, the Authority has decided the Aeronautical Revenue for BPCL in respect of the First Control Period as presented in the table given below:

Table 66: Aeronautical Revenue decided by the Authority (from FIF & ITP services) for First Control Period

(₹ in crores)

Particulars	Ref.	FY 2023-24	FY 2024-25	FY 2025-26 upto 30.09.2025	FY 2025-26 w.e.f. 01.10.2025	FY 2026-27	FY 2027-28	Total
Aggregate Revenue Requirement (ARR) *(Refer table 60)*	A	22.46	27.72	13.86	14.35	28.43	29.79	137.61
Discount factor @12.21%	B	1.00	0.89	0.79	0.79	0.71	0.63	
PV of ARR *(Refer table 61)*	C=A*B	22.46	24.70	11.00	11.48	20.82	18.79	108.19
FIF + ITP Charges at current Rates	D	1100.00	1100.00	1100.00	1100.00	1100.00	1100.00	
Projected Fuel volume *(Refer table 23)*	E	80311	[illegible]	49092.4	106694	113597	119662	563080
Revenue from FIF + ITP Charges at current rates	F=D*E	8.82	9.37	5.49	5.86	12.27	13.18	55.42
Revised Combined FIF+ITP Charges after Tariff increase *(Refer table 65)*	G	1100.00	1100.00	1100.00	1990.00	2100.00	2400.00	
Revised Revenue after Tariff increase	H=E*G	8.82	9.37	5.49	9.81	23.51	28.31	85.31
NPV of revised Revenue	I=H*B	8.82	8.35	4.34	7.81	16.80	18.47	66.77
Carried forward to next Control period		42.42						

10.4.3. The Authority decides to Carry Forward of 30% of ARR of the First Control Period (₹ 42.42 Crores in NPV terms as on 31st March 2028) to the next Control Period, so as to avoid steep increase in the Aeronautical Charges for the users.

10.5 Authority's Decisions regarding Tariff Rates and Projected Aeronautical Revenue for the First Control Period

Based on the material before it and its analysis, the Authority decides the following regarding Tariff Rates and Aeronautical Revenue for the First Control Period:

10.5.1 To consider the Tariff for aeronautical services (TFP & ITP Charges) in respect of BPCL, Mopa, Goa for the First Control Period as per Table 62.

10.5.2 To consider Aeronautical Revenue for BPCL in respect of the First Control Period as per Table [illegible].

10.5.3 To Carry Forward [illegible]% of ARR pertaining to the First Control Period to the Second Control Period.

10.5.4 To consider true up of Aeronautical Revenue of the First Control Period at the time of tariff determination for the Second Control Period.

11. SUMMARY OF AUTHORITY'S DECISIONS

The below mentioned summary provides the Authority's decisions relating to relevant chapters regarding the tariff determination for the First Control Period as reproduced below:

Chapter 2: Methodology for tariff determination

2.2.1 To adopt "Cost Plus" Regulatory Approach for the Determination of Tariff in respect of the Fuel Farm & ITP Services pertaining to the First Control Period (FY 2023-24 to FY 2027-28).

Chapter 3: Determination of Aggregate Revenue Requirement (ARR) for the period from 05.01.2023 to 31.03.2023

3.23.1 To consider Capital Additions as per Table 10.

3.23.2 To consider Accumulated Depreciation as per Table 13.

3.23.3 To consider RAB as per Table 15.

3.23.4 To consider FRoR as per Table 16.

3.23.5 To consider the O&M Expenses as detailed in Table 17.

3.23.6 To consider ARR and Under-Recovery as per Table 21 and to adjust this shortfall in the ARR of the First Control Period.

Chapter 4: Fuel Throughput (Volume) for the First Control Period

4.5.1 To consider the Fuel Throughput Forecast for the First Control Period in respect of BPCL at Mopa, Goa airport as per Table 23.

4.5.2 To true up the Fuel Throughput in respect of the First Control Period, based on the actual Fuel Throughput, at the time of tariff determination for the Second Control Period.

Chapter 5: Capital Expenditure, Depreciation and Regulatory Asset Base (RAB) for the First Control Period

5.9.1 To consider Capital Additions to RAB as per the Table 28.

5.9.2 To consider Depreciation as per Table 34.

5.9.3 To true up the Capital Expenditure based on actuals, at the time of determination of tariff for Second Control Period, subject to cost efficiency and reasonableness of capex incurred.

5.9.4 To consider RAB and Average RAB as per Table 35.

5.9.5 To true up the RAB and Average RAB considering the actual figures, at the time of tariff determination for the Second Control Period.

Chapter 6: Fair Rate of Return (FRoR) for the First Control Period

6.5.1 To consider FRoR as per Table 26.

Chapter 7: Operation and Maintenance (O&M) Expenditure for the First Control Period

7.5.1 To consider the Operation & Maintenance (O&M) Expenditure as per Table 52.

7.5.2 To true up the Operating & Maintenance (O&M) Expenditure for the First Control Period at the time of tariff determination for the Second Control Period.

Chapter 8: Taxation for the First Control Period

8.5.1 To consider the Aeronautical Tax for the First Control Period in respect of BPCL for Mopa, Goa airport as per Table 55.

8.5.2 To true up the Aeronautical Tax of the First Control Period at the time of tariff determination for the Second Control Period.

Chapter 9: Aggregate Revenue Requirement for the First Control Period

9.5.1 To consider ARR in respect of BPCL for the First Control Period, as per Table 60.

9.5.2 To true up the ARR of the First Control Period at the time of tariff determination for Second Control Period.

Chapter 10: Aeronautical Revenue for the First Control Period

10.5.1 To consider the Tariff Rates for aeronautical services (ITP & ITP Charges) in respect of BPCL, Mopa, Goa for the First Control Period as Table 65.

10.5.2 To consider Aeronautical Revenue for BPCL in respect of the First Control Period as per Table 66.

10.5.3 To Carry Forward ITPs of ARR pertaining to First Control Period to the Second Control Period.

10.5.4 To consider true up of Aeronautical Revenue of the First Control Period at the time of tariff determination for the Second Control Period.

12. ORDER

Upon careful consideration of the material before it, the Authority, in exercise of powers conferred by Section 13(1)(a) of the Airport Economic Regulatory Authority of India Act, 2008, hereby orders that:

(i) The Fuel Farm and Into Plane services provided by BPCL at Manohar International Airport, Goa for the First Control Period, is deemed as 'Not Material and Not Competitive'. Accordingly, the Authority has determined Tariff for the First Control Period in respect of BPCL at Manohar International Airport, Goa under the 'Price Cap Approach'.

(ii) BPCL is allowed to levy the revised Tariff for the Fuel Farm and Into Plane Services in respect of the First Control Period (FY 2023-24 to FY 2027-28) with effect from **01.10.2025** as per the Annexure-I.

(iii) Tariff determined hereinunder is the maximum Tariff to be charged to Users. No other charge(s) is to be levied over and above the approved Tariff rates.

(iv) The Tariff rates approved hereinunder are exclusive of all applicable taxes.

(v) M/s BPCL, at the end of each tariff year shall submit Annual Compliance Statement (ACS) including annual audited accounts, as per the extant Guidelines.

(vi) The Airport Operator to publish approved Tariff Rates for BPCL, Mopa Goa as per this Order at its official website for the information of all Stakeholders.

(vii) The Airport Operator shall ensure the compliance of this Order.

By the Order of and in the Name of the Authority

(Sayonk Narwal)
Secretary

To,
Shri Sujit Kumar,
Marketing Manager (Aviation) HQ,
BPCL, Aviation Business Unit, 'A' Installation, Sewree Fort Road,
Sewree (East), Mumbai – 400 015.

Copy for information to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, 'B Block', Safdarjung Airport New Delhi-110003.
2. Shri R V Sheshan, CEO, Goa International Airport, Mopa, Goa, Administrative Block, Manohar International Airport, Taluka Pernem, Mopa, North Goa- 403512.

ANNEXURE - I

TARIFF APPROVED BY AERA FOR FIRST CONTROL PERIOD IN RESPECT OF FIF & ITP SERVICES FOR BPCL, AT MOPA, GOA AIRPORT

Approved Tariff shall be effective from 01.10.2025

(Amount in ₹/KL)

Year	Fuel Infrastructure Fee	Into Plane Charges (Refueling)	Combined Rate (FIF+ITP Charges)	Aircraft Defueling		Aircraft Refueling of defueled product	
				Within 06 Hours	Beyond 06 Hours	Within 06 Hours	Beyond 06 Hours
FY 2025-26 (w.e.f. 01.10.2025)	1390.00	600.00	1990.00	400.00	500.00	450.00	550.00
FY 2026-27	1650.00	600.00	2250.00	400.00	500.00	450.00	550.00
FY 2027-28	1800.00	600.00	2400.00	400.00	550.00	420.00	590.00

Note: Tariff rates indicated above are ceiling rates, exclusive of taxes.