

IndianOil Skytanking

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Reference : IOSL/AERA CP/BOM ITP

Date: 01st June 2021

The Chairman,
Airports Economic Regulatory Authority (AERA),
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi-110003

Subject: IndianOil Skytanking 's Reply to Public Notice 02 / 2021-22 dated 24th May 2021 in the matter of Stakeholder Comments on Consultation Paper Number 01 / 2021-22

Dear Sir,

With reference to Public Notice 01/2021-22 referenced above, our reply / counter comments to the stakeholder comments are stated below:

SN	Stakeholders	Counter Comments by IOSPL
1.	M/s Bharat Stars Services Private Limited (BSSPL)	We are in agreement with the views of BSSPL that the tariff determination should be under Light Touch approach and their acceptance of Authority approving tariff for IOSPL to match their tariff.
2.	M/s Mumbai Aviation Fuel Farm Facility Pvt. Ltd. (MAFFFL)	MAFFFL in their submission have re-emphasised the selection of ITP service providers through a competitive bidding process wherein BSSPL had quoted the lowest fee that was matched by IOSL, as per the terms of tender, so that they compete on service delivery and quality parameters. They have also submitted that both parties acknowledge and agree that two ITP Agents are appointed to ensure competition at the Airport. We concur with this view. However, the volume projections given by MAFFFL needs to be reconsidered considering the effect of second wave of the pandemic and would request the Authority to consider the volumes projected by us.
3.	M/s IndianOil Corporation Limited (IOCL)	IOCL has submitted that the ATF volume trend is expected to continue at very low trend for the next 2-3 years and have contended that the ITP Service provider should be economically viable for service quality. They have also contended that the tariff for both ITP Service providers should be same so that they compete on service quality parameters. We are agreeable to the comments by IOCL
4.	M/s Hindustan Petroleum Corporation Limited (HPCL)	HPCL has submitted that they use the services of both operators and their share of business is a function of service quality parameter and other operational aspects. They have also submitted that different tariff at a single airport results in their customers paying different rate for the same service and is thus inappropriate and

		discriminatory. We are in agreement with this view.
5.	M/s Mumbai International Airport Limited (MIAL)	<p>MIAL has submitted it is unwarranted to presume that competition in real terms does not exist as:</p> <ol style="list-style-type: none"> 1) the ITP Operators were selected through a competitive bidding process, 2) the Authority in the earlier control period had determined tariff under light touch approach and 3) the airlines are free to exercise their choice of ITP Agents. <p>MIAL has very clearly commented that the Service of ITP Service Providers at Mumbai are to be considered under "Light Touch Approach".</p> <p>The Authority's approach to adopting Single Till mechanism and Price cap method has also been objected to by them. They have also suggested to reconsider the volume projections as per the current circumstances and the predicted 3rd or 4th wave with uncertainties looming large. They have also commented about the Operations at the Airport are uncertain due to the Pandemic situation and hence the volumes considered by AERA needs to be scaled down.</p> <p>MIAL's view has reinforced our submission on all these aspects.</p>
6.	M/s Bharat Petroleum Corporation Limited (BPCL)	<p>BPCL had very clearly brought in their submissions that both the ITP Service Providers are competing for the Business and BPCL had earlier availed the services of IOSPL and hence the Services to be considered as Competitive and considered under "Light Touch Approach" in the Third Control Period.</p> <p>BPC has affirmed that they have availed IOSL's services in the past at Mumbai Airport and the assumption that BPCL would only avail services from BSSPL may not be true in future considering competitive environment in which the Aviation Sector is operating. They have also suggested that the tariff for both the service providers should be at par. They have also submitted that the true-up mechanism for the next control period may not be logical in view of the current concession ending in DEC2024 and there exists an uncertainty about the next concession period. We are agreeable to the comments by BPCL.</p>

To summarise, there are three major points as mentioned below:-

1. **Same Rates for Both ITP Agents at an Airport:** The Company's demand for same rates for both ITP Agents at an airport is sub-judice (at AERA Appellate



Tribunal) and the Stakeholders are also of the same opinion. This has been confirmed by BSSPL, MAFFPL, IOC, HPC and BPCL in their comments.

2. **Volume Forecast for 3rd Control Period:** Due to the 2nd wave and its impact on ITP volumes at Mumbai Airport, the company had requested AERA to consider volumes in line with the submissions made by IOSL. Volumes are unlikely to recover as projected by AERA and we agree with the comments of MAFFFL and MIAL on recovery of volumes.
3. **Tariff determination on Light Touch Approach:** We agree with the comments of MAFFPL, MIAL and BPCL on the selection process of the ITP Agents and the same has been reiterated by us in letter dated 21st May 2021. We urge the authority to consider the comments of the Stakeholders and determine tariffs for IOSL under "Light Touch Approach".

Submitted for consideration of the Authority.

Thanking You,

For IndianOil Skytanking Private Limited



(T.S. Dupare) 01/06/2021
Chief Executive Officer