



भारतीय विमानपत्तन प्राधिकरण  
AIRPORTS AUTHORITY OF INDIA

F/No. AAI/JVC/Trivandrum--Tariff/2023-24 / 1196

Date: -13.03.2024

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

**Subject:** -Submission of True up for the 2<sup>nd</sup> control period (01.04.2016 to 13.10.2021 COD) and finalization of RAB as on COD in respect of Trivandrum International Airport.

**Reference:** -Submission of AAI's comments in response to consultation paper no 25/2023-24 in respect of Trivandrum International Airport issued by Airport Economic Regulatory Authority of India (AERA).

Sir,


This has reference to AERA's consultation paper no 25/2023-24 dated 12.02.2024 for True up for the 2<sup>nd</sup> control period (01.04.2016 to 13.10.2021 COD) and finalization of RAB as on COD in respect of Trivandrum International Airport.

AAI's response to consultation paper No. 25/2023-24 is enclosed.

This issues with the approval of the Competent Authority.

Thanking You.

Yours sincerely,

  
(R. Prabhakar)

General Manager (Tariff)

Encl: -1. Response to Consultation Paper no 25/2023-24



### TRIVANDRUM INTERNATIONAL AIRPORT

Response to Airports Economic Regulatory Authority (AERA)'s Consultation Paper No. 25/2023-24 dated 12<sup>th</sup> February 2024 Determination of Aeronautical Tariff for Trivandrum International Airport (PAT) for the 2<sup>nd</sup> Control Period (01.04.2016 - 31.03.2021) to COD 13.10.2021.

## 1. Introduction

Airports Economic Regulatory Authority of India ('AERA') has released Consultation Paper No. 25/2023-24 on Aeronautical services in respect of Trivandrum International Airport for 2<sup>nd</sup> Control Period (01.04.2016 to 31.03.2021) to COD i.e. 13.10.2021 ('Consultation Paper' or 'CP') on 12<sup>th</sup> February 2024.

We hereby present our observations, suggestions, and request in respect of determination of Regulatory Asset Base (RAB) and Under recovery of Aggregate Revenue Required (ARR) for the period 01.04.2016 to COD i.e. 13.10.2021.

## 2. True- Up the Second Control Period (SCP) to COD i.e. 13.10.2021.

### i. True up of Administration & General expense [Para 4.9.16 of CP]

#### AERA's Contention

- Based on the analysis and rationale provided in the paras for each head of O&M expenses, the expenses submitted by AAI for Second Control Period and Pre-COD Period have undergone adjustments. These adjustments are summarized in the table below to determine the adjusted figure for subsequent reclassification and re-allocation
- Table 41: Impact of Adjustments on the O&M Expenses proposed by the Authority for Second Control Period and Pre-COD Period

#### Adjustment on the O & M Expenses proposed by AERA

Particulars	Rs. in Cr.	Remarks
	2 <sup>nd</sup> CP to COD	
O&M Exp submitted by AAI	767.08	
Adjustment to		
A&G Expenses ( B )	-3.92	Gross Block Ratio (GBR)
CHQ/RHQ Exp (( C )	-70.78	Rationalization of CHQ/RHQ Exp.
Repair & Maintenance cost ( D )	-3.82	Terminal Building Ratio (TBR) & Gross Block Ratio GBR
Utilities & Outsourcing Expenses ( E )	2.49	
Total Adjustment	-76.03	
Adjusted O&M Exp as per AERA	691.05	

#### AAI's Submission

- AERA has reduced the O & M expenses to Rs. 691.05 cr against Rs. 767.08 submitted by AAI by applying the Gross Block Ratio (GBR) and Terminal Building Ratio (TBR).
- Since AERA has considered revenue from Space allotted to airlines as Aeronautical, AERA is requested to consider the space allotted to airlines also as aeronautical and revise the Terminal Building Ratio (TBR) and Gross Block ratio (GBR) for allocation of expenses into Aero: Non-Aero.
- Accordingly, all the common expenses where Gross Block Ratio (GBR) and Terminal Building Ratio (TBR) are applied to by AERA to bifurcate expenses into Aero: Non-aero and



the revised cost may be considered for arriving ARR and shortfall, specially in respect of PPP airports because it is a final and one-time settlement.

In View of the above AAI requests AERA to revise the allocation.

### **3. Second Control Period (SCP) to COD i.e. 13.10.2021**

#### **i. Non -Aeronautical Revenue for 2nd Control Period**

##### **AERA's Contentions**

AERA is of the view that space rentals from agencies providing aeronautical services should be treated as Aeronautical Revenue. Hence, the Authority proposes to consider "Space rentals collected from Airlines" amounting to Rs. 18.11 crores as Aeronautical Revenue.

##### **AAI's Submission**

Airlines have been allotted space for its offices & Backup offices at airports and AAI charges space rent for these areas. AAI had proposed these revenues as Non-aero in MYTP proposal and the same had been considered/approved by AERA in the tariff order of Kolkata, Chennai, Goa, Srinagar, Calicut, Indore, Coimbatore, Amritsar, Varanasi, Trichy, Raipur, Lucknow & Mangalore airports.

Revenue from space rent from the airlines of Rs.18.11 crore has been changed from Non-aero to Aero by AERA in the consultation paper of Trivandrum airport.

In this regard, the following points are submitted: -

1. Airlines are allotted these spaces for offices at the airports and AAI is getting only space rent not the royalty per pax. Hence AERA may be requested to consider the revenue from space allotted to airlines as Non-aero in line with the earlier orders issued by AERA right from the beginning at all AAI airports.
2. Airlines are not bound to take space at Airports and they are occupying offices normally for their administrative offices only. Since it is optional for Airlines to take office on rent inside the terminal building. It is therefore, revenue from airlines to be considered as Non-aero Revenue.
3. However, if AERA is treating as Aeronautical revenue, similar treatment should be given to the area allotted to airlines while calculating the Terminal building area into Aero: Non-aero. As these areas have been considered as non-aero for calculating the Non-aero % to total area.
4. Accordingly, all the common expenses where Terminal Building Ratio is applied to by AERA to bifurcate expenses into Aero: Non-aero and the revised cost may be considered for arriving ARR and shortfall, specially in respect of PPP airports because it is a final and one-time settlement.
5. To illustrate the above, details of space allotted to airlines, total area of Terminal Building and total Non- Aero area of Trivandrum airport is given below:

**Terminal Building Ratio as approved by AERA for 2<sup>nd</sup> Control period (Table 23 of Order No. 03/2017-18)**

Particulars	Ratio
Terminal Building Ratio	96.18 %

**True Up of Terminal Building Ratio for 2<sup>nd</sup> Control Period submitted by AAI**

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Space Rented	T1	938	927	960	965	880	971
Capacity	T1	15,543	15,543	15,543	15,543	15,543	15,543
<b>Non-Aero %</b>	T1	<b>6.04%</b>	<b>5.97%</b>	<b>6.18%</b>	<b>6.21%</b>	<b>5.66%</b>	<b>6.25%</b>
<b>Aero %</b>	T1	<b>93.96%</b>	<b>94.03%</b>	<b>93.82%</b>	<b>93.79%</b>	<b>94.34%</b>	<b>93.75%</b>
Space Rented	T2	3,047	3,173	3,093	3,097	2,613	3,407
Capacity	T2	36,497	36,497	36,497	36,497	36,497	36,497
<b>Non-Aero %</b>	T2	<b>8.35%</b>	<b>8.69%</b>	<b>8.47%</b>	<b>8.49%</b>	<b>7.16%</b>	<b>9.33%</b>
<b>Aero %</b>	T2	<b>91.65%</b>	<b>91.31%</b>	<b>91.53%</b>	<b>91.51%</b>	<b>92.84%</b>	<b>90.67%</b>
Space Rented	T1 + T2	3,985	4,101	4,053	4,062	3,493	4,378
Capacity	T1 + T2	52,040	52,040	52,040	52,040	52,040	52,040
<b>Non-Aero %</b>	T1 + T2	<b>7.66%</b>	<b>7.88%</b>	<b>7.79%</b>	<b>7.81%</b>	<b>6.71%</b>	<b>8.41%</b>
<b>Aero %</b>	T1 + T2	<b>92.34%</b>	<b>92.12%</b>	<b>92.21%</b>	<b>92.19%</b>	<b>93.29%</b>	<b>91.59%</b>

**Terminal Building Ratio as per consultation paper issued by AERA for 2<sup>nd</sup> Control period (Table 21 of CP 25/2023-24 page-43)**

Particulars	Ratio
Terminal Building Ratio	90% : 10%

Since AERA has considered revenue from Space allotted to airlines as Aeronautical accordingly the revised Terminal Building Ratio as per the actual utilization is as under: -

**Revised Terminal Building Ratio (T-1-Dom) (Space allotted to Airlines considered as Aero instead of Non- Aero as per AERA Decision.)**

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Space Rented (A)	T-1 (DOM)	938.05	927.00	960.00	965.00	880.00	971
Space to Airlines (B) (Included in space rent)	Considered as AERO	259.21	259.21	259.21	259.21	210.97	249.97
Airlines space (%) on total Area		1.67%	1.67%	1.67%	1.67%	1.36%	1.61%
Airlines space (%) on Non Aero		27.63%	27.96%	27.00%	26.86%	23.97%	25.74%
C= (B-A)	T.B(SQM)- Excluding airlines space	678.84	667.79	700.79	705.79	669.03	721.03
Capacity (D)	T. B(SQM)	15543	15543	15543	15543	15543	15543
Non-Aero % (Revised)	T. B(SQM)	4.37%	4.30%	4.51%	4.54%	4.30%	4.64%
Aero % (Revised)	T. B(SQM)	95.63%	95.70%	95.49%	95.46%	95.70%	95.36%

**Revised Terminal Building Ratio (T-2-INTL) (Space allotted to Airlines considered as Aero instead of Non- Aero as per AERA Decision.)**

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Space Rented (A)	T-2 (INTL)	3047.00	3173.00	3093.00	3097.00	2613.00	3407.00
Space to Airlines (B) (Included in space rent)	Considered as AERO	917.35	927.03	911.17	911.17	854.32	809.97
Airlines space (%) on total Area		2.51%	2.54%	2.50%	2.50%	2.34%	2.22%
Airlines space (%) on Non Aero		30.11%	29.22%	29.46%	29.42%	32.69%	23.77%
C= (B-A)	T. B(SQM)- Excluding airlines space	2129.65	2245.97	2181.83	2185.83	1758.68	2597.03
Capacity (D)	T. B(SQM)	36497	36497	36497	36497	36497	36497
Non-Aero % (Revised)	T. B(SQM)	5.84%	6.15%	5.98%	5.99%	4.82%	7.12%
Aero % (Revised)	T. B(SQM)	94.16%	93.85%	94.02%	94.01%	95.18%	92.88%

**Revised Terminal Building Ratio (T-1 & 2) (Space allotted to Airlines considered as Aero instead of Non -Aero as per AERA Decision.)**

Particulars	Location	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (Up to COD)
Space Rented (A)	T-1 & 2	3985.05	4100.00	4053.00	4062.00	3493.00	4378.00
Space to Airlines (B) (Included in space rent)	Considered as AERO	1176.56	1186.24	1170.38	1170.38	1065.29	1059.94
Airlines space (%) on total Area		2.26%	2.28%	2.25%	2.25%	2.05%	2.04%
Airlines space (%) on Non Aero		29.52%	28.93%	28.88%	28.81%	30.50%	24.21%
C= (B-A)	T. B(SQM)- Excluding airlines space	2808.49	2913.76	2882.62	2891.62	2427.71	3318.06
Capacity (D)	T. B(SQM)	52040	52040	52040	52040	52040	52040
Non-Aero % (Revised)	T. B(SQM)	5.40%	5.60%	5.54%	5.56%	4.67%	6.38%
Aero % (Revised)	T. B(SQM)	94.60%	94.40%	94.46%	94.44%	95.33%	93.62%



It can be seen from the above table that Airlines is using 30% area of total Non -Aero area. Since AERA has considered revenue from Space allotted to airlines as Aeronautical, AERA is requested to consider the space allotted to airlines also as aeronautical and revise the Terminal Building Ratio for allocation of expenses

6. AERA has bifurcated Assets into Aero: Non-aero into 90:10(Non-aero) based on the optimum Non-aeronautical proportion of 8%-12% approved for similar airports while apportioning the common assets within the Terminal Building.

AERA is requested to revised the optimum Non-aeronautical proportion 93:7(Non-Aero) as against 90:10 as Non-Aero (10%) includes the area allotted to airlines as office space (30% of total Non- Aero Area) which is Aero as considered by AERA in their recent tariff orders. The optimum ratio may not be achieved at non-metro airports considering the passenger earning/buying behavior/earning of the non-metro passenger cannot be matched with the passenger of metro airports.

**Basis of the above, AERA is requested to revise the allocation of Assets into Aero: Non-aero on the actual utilization of Non-aero area of the total terminal Building area.**

Sl. No.	Terminal Building Area (sq. ft.)	Area allotted to Airlines (sq. ft.)	Area allotted to Airlines as Aero (sq. ft.)	Area allotted to Airlines as Non-Aero (sq. ft.)	Ratio of Aero: Non-Aero
1	3407.00	3407.00	3407.00	0.00	100:0
2	3407.00	3407.00	3407.00	0.00	100:0
3	3407.00	3407.00	3407.00	0.00	100:0
4	3407.00	3407.00	3407.00	0.00	100:0
5	3407.00	3407.00	3407.00	0.00	100:0
6	3407.00	3407.00	3407.00	0.00	100:0
7	3407.00	3407.00	3407.00	0.00	100:0
8	3407.00	3407.00	3407.00	0.00	100:0
9	3407.00	3407.00	3407.00	0.00	100:0
10	3407.00	3407.00	3407.00	0.00	100:0
11	3407.00	3407.00	3407.00	0.00	100:0
12	3407.00	3407.00	3407.00	0.00	100:0
13	3407.00	3407.00	3407.00	0.00	100:0
14	3407.00	3407.00	3407.00	0.00	100:0
15	3407.00	3407.00	3407.00	0.00	100:0
16	3407.00	3407.00	3407.00	0.00	100:0
17	3407.00	3407.00	3407.00	0.00	100:0
18	3407.00	3407.00	3407.00	0.00	100:0
19	3407.00	3407.00	3407.00	0.00	100:0
20	3407.00	3407.00	3407.00	0.00	100:0
21	3407.00	3407.00	3407.00	0.00	100:0
22	3407.00	3407.00	3407.00	0.00	100:0
23	3407.00	3407.00	3407.00	0.00	100:0
24	3407.00	3407.00	3407.00	0.00	100:0
25	3407.00	3407.00	3407.00	0.00	100:0
26	3407.00	3407.00	3407.00	0.00	100:0
27	3407.00	3407.00	3407.00	0.00	100:0
28	3407.00	3407.00	3407.00	0.00	100:0
29	3407.00	3407.00	3407.00	0.00	100:0
30	3407.00	3407.00	3407.00	0.00	100:0
31	3407.00	3407.00	3407.00	0.00	100:0
32	3407.00	3407.00	3407.00	0.00	100:0
33	3407.00	3407.00	3407.00	0.00	100:0
34	3407.00	3407.00	3407.00	0.00	100:0
35	3407.00	3407.00	3407.00	0.00	100:0
36	3407.00	3407.00	3407.00	0.00	100:0
37	3407.00	3407.00	3407.00	0.00	100:0
38	3407.00	3407.00	3407.00	0.00	100:0
39	3407.00	3407.00	3407.00	0.00	100:0
40	3407.00	3407.00	3407.00	0.00	100:0
41	3407.00	3407.00	3407.00	0.00	100:0
42	3407.00	3407.00	3407.00	0.00	100:0
43	3407.00	3407.00	3407.00	0.00	100:0
44	3407.00	3407.00	3407.00	0.00	100:0
45	3407.00	3407.00	3407.00	0.00	100:0
46	3407.00	3407.00	3407.00	0.00	100:0
47	3407.00	3407.00	3407.00	0.00	100:0
48	3407.00	3407.00	3407.00	0.00	100:0
49	3407.00	3407.00	3407.00	0.00	100:0
50	3407.00	3407.00	3407.00	0.00	100:0
51	3407.00	3407.00	3407.00	0.00	100:0
52	3407.00	3407.00	3407.00	0.00	100:0
53	3407.00	3407.00	3407.00	0.00	100:0
54	3407.00	3407.00	3407.00	0.00	100:0
55	3407.00	3407.00	3407.00	0.00	100:0
56	3407.00	3407.00	3407.00	0.00	100:0
57	3407.00	3407.00	3407.00	0.00	100:0
58	3407.00	3407.00	3407.00	0.00	100:0
59	3407.00	3407.00	3407.00	0.00	100:0
60	3407.00	3407.00	3407.00	0.00	100:0
61	3407.00	3407.00	3407.00	0.00	100:0
62	3407.00	3407.00	3407.00	0.00	100:0
63	3407.00	3407.00	3407.00	0.00	100:0
64	3407.00	3407.00	3407.00	0.00	100:0
65	3407.00	3407.00	3407.00	0.00	100:0
66	3407.00	3407.00	3407.00	0.00	100:0
67	3407.00	3407.00	3407.00	0.00	100:0
68	3407.00	3407.00	3407.00	0.00	100:0
69	3407.00	3407.00	3407.00	0.00	100:0
70	3407.00	3407.00	3407.00	0.00	100:0
71	3407.00	3407.00	3407.00	0.00	100:0
72	3407.00	3407.00	3407.00	0.00	100:0
73	3407.00	3407.00	3407.00	0.00	100:0
74	3407.00	3407.00	3407.00	0.00	100:0
75	3407.00	3407.00	3407.00	0.00	100:0
76	3407.00	3407.00	3407.00	0.00	100:0
77	3407.00	3407.00	3407.00	0.00	100:0
78	3407.00	3407.00	3407.00	0.00	100:0
79	3407.00	3407.00	3407.00	0.00	100:0
80	3407.00	3407.00	3407.00	0.00	100:0
81	3407.00	3407.00	3407.00	0.00	100:0
82	3407.00	3407.00	3407.00	0.00	100:0
83	3407.00	3407.00	3407.00	0.00	100:0
84	3407.00	3407.00	3407.00	0.00	100:0
85	3407.00	3407.00	3407.00	0.00	100:0
86	3407.00	3407.00	3407.00	0.00	100:0
87	3407.00	3407.00	3407.00	0.00	100:0
88	3407.00	3407.00	3407.00	0.00	100:0
89	3407.00	3407.00	3407.00	0.00	100:0
90	3407.00	3407.00	3407.00	0.00	100:0
91	3407.00	3407.00	3407.00	0.00	100:0
92	3407.00	3407.00	3407.00	0.00	100:0
93	3407.00	3407.00	3407.00	0.00	100:0
94	3407.00	3407.00	3407.00	0.00	100:0
95	3407.00	3407.00	3407.00	0.00	100:0
96	3407.00	3407.00	3407.00	0.00	100:0
97	3407.00	3407.00	3407.00	0.00	100:0
98	3407.00	3407.00	3407.00	0.00	100:0
99	3407.00	3407.00	3407.00	0.00	100:0
100	3407.00	3407.00	3407.00	0.00	100:0