DELHI INDIRA GANDHI INTERNATIONAL AIRPORT
Delhi International Airport Limited
(Formerly known as Delhi International Airport (P) Limited)

GMR
Registered Office:
New Udaan Bhawan, Opp. Terminal 3
Indira Gandhi International Airport
New Delhi – 110 037
CIN U63033DL2006PLC146936
T +91 11 4719 7000 F +91 11 4719 7181
W www.newdelhiairport.in
E - DIAL-CS@gmrgroup.in

Letter No. - DIAL/Regulatory/2024-25/3588
Date – 13th Mar'2025

The Director (P&S, Tariff),
Airport Economic Regulatory Authority of India (AERA),
Udaan Bhawan, 3rd Floor, D Block, Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110003

Subject: Responses to Stakeholder Comments on Consultation Paper No. 07/2024-25 vide public notice dated March 04, 2025

Reference: Consultation Paper no 07/2024-25 dated January 31, 2025

Dear Sir

This is with reference to the stakeholder comments in response to the Consultation Paper No. 07/2024-25 dated January 31, 2025. Below are the list of DIAL's comments to the stakeholder responses.

Stakeholder	Reference	DIAL Response
IATA	Letter No. RTJ2025/001 dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure I enclosed herewith.
AOC	Letter No. AOC/2025/AERA/CP-1001 dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure II enclosed herewith.
Air India	Letter No. AIHQ/GRC/2025/1085 dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure III enclosed herewith.
BAoA	Letter No. BAOA/AERA/03/2024-25 dated February 25, 2025	Detailed responses for the stake holder comments are provided in the Annexure IV enclosed herewith.
Indigo	-	Detailed responses for the stake holder comments are provided in the Annexure V enclosed herewith.
CUTS	Letter No. C.21/7454 dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure VI enclosed herewith.
AAI	Letter No. AAI/MC/DIAL-12/Misc/2020 dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure VII enclosed herewith.

Stakeholder	Reference	DIAL Response
DACAAI	Letter dated March 3, 2025	Detailed responses for the stake holder comments are provided in the Annexure VIII enclosed herewith.
FIA	Letter dated March 3, 2025	We have gone through the responses and the responses are very generic in nature and does not require comment from DIAL. In the case of alignment with NCAP, 2016, DIAL is governed by the Concession provided by the Government of India (OMDA, SSA etc.,).
Mr. Manish Agarwal		Response was not directed towards any of the matter in the consultation paper no. 07/2024-25. DIAL has no comments with regard to this item, in reference to the above referred consultation paper
ATA	Letter No. ATA/Tariff-Reg/Mar-2025/ dated March 2, 2025	We have gone through the responses and we have no further comments on these responses.
APAO	Letter No. APAO/AERA/2024-25 dated March 3, 2025	
Bengaluru Airport	Letter No. AERA/Finance/2024-25/01 dated March 3, 2025	
Mumbai Airport	Letter No. MIAL/Reg./2024-25/01 dated March 3, 2025	

Thanking You,
For Delhi International Airport Limited

K Narayana Rao
Director

S No	*Query by IATA*	*Response by DIAL*
1	***Claim of Losses*** *While DIAL has raised concerns about its viability as an airport operator, particularly with claims of supposed losses since 2020, it must be recognized that DIAL's target capital returns continue to be above what IATA would consider reasonable and do not seem to be commensurate with the level of business risk (or rather the lack of) given the true up approach applied by AERA. It is worth noting as well that DIAL's tariffs should have been set lower if not for the Base Airport Charges (BAC) + 10% term guaranteed in the OMDA. This, coupled with the hybrid till treatment does not fully reflect the overall profitability of DIAL when all things are considered i.e. including its other non-aeronautical businesses particularly those that rely on the core airport activities. Put simply, without passenger and cargo traffic, the airport doesn't have a role within the aviation ecosystem. The assessment and subsequent decisions must be considered within this context.* *IATA had previously stated our position on the application of the hybrid till policy, which is not in the best interest of airport users i.e. unnecessarily raising user charges higher than where they need to be and unfairly over-rewarding airport operators. Similarly, while the revenue share percentage is prescribed within the OMDA, DIAL and the AAI/Government of India could explore possible support options in the spirit of the SSA and OMDA e.g. lowering the extremely high revenue share percentage for a*	The OMDA and other agreements given to DIAL by Central Government which includes State Support Agreement dated April 26, 2006 ("SSA") outlined the support from Government of India and also laid down the principles of tariff fixation. Clause 3.1 read with Schedule 6, 1 and 8 in SSA inter-alia lay down the methodology and the principles for the Regulatory Authority ("AERA"/"Authority") for fixation of the charges for Aeronautical Services. DIAL has submitted its proposal to the Authority detailing the building blocks of the tariff formula. AERA has in detail gone through the submission and presented the views in the consultation paper. The objection proposed is not aimed at any specific proposal of DIAL / AERA hence does not merit any response. Further, as regard to the traffic projection and the competition assessment, DIAL has already submitted a detailed traffic study done by an independent consultant which is part of the MYTP submission. DIAL has placed its reliance on the study done by the consultant which clearly defines the competition, and the basis considered for the market share. *(Please refer annexure 20 of the MYTP submission)*

S No	***Query by IATA***	***Response by DIAL***
	period of time, if indeed the financial viability of DIAL is in question. *AERA's responsibility is unambiguous; that is to determine what is deemed an efficient level of operation for the regulated airports. Hence, the setting of the tariffs to reflect this efficient pricing level. IATA fully supports this approach as it is the role of an economic regulator to establish decisions and pricing that reflect/mimic a competitive environment where significant airport market power exists. Despite the Noida International Airport (DXN) coming online in 2025, DIAL's forecast by its consultant acknowledged the insignificant/nil impact DXN would have on DEL's traffic demand. It is clear that DEL will have the edge over DXN and continue to possess significant market power. There is simply no real material competition between DEL and DXN for the foreseeable future.*	
2	***<u>Annual Tariff Plan (ATP)</u>*** *With regards to the Annual Tariff Plan (ATP) submitted by DIAL to AERA, it is clear that the airport is being unnecessarily creative in proposing to restructure the charges such as across the different user segments. The proposed structure is overly complex to implement, and discriminatory by differentiating the type of users and time for similar services that are being provided. This approach is not in adherence to ICAO's Policies on Charges on the basis of the non-discrimination principle and*	The overall points raised by IATA revolves around discrimination, cross- subsidization and fair allocation of resource. DIAL's submission on these points are as below. DIAL has created infrastructure to meet the demand of traffic and to provide world class experience to passenger and other stakeholders. DIAL has not raised the issue of dual airport to justify the proposed ATP. Further, the broad basing of user segments which will pay the tariff will enable a more affordable amount across all user segments. What is being purported as cross subsidization is in fact a market practice of incentivization of specific business segments inline with the anticipated commercial value to be generated through growth of those

S No	Query by IATA	Response by DIAL
	equally contravenes the OMDA's Pricing Responsibility [Part (ii)] Non-discriminatory. *These proposals are discriminatory "per se" for both aircraft operators and passengers, based on: the choice of aircraft type (larger impact on widebody operators vs. narrowbody); passenger Itinerary (embarking vs. disembarking); travel-segment type (domestic vs. international); time of travel (peak hour vs. non-peak); as well as the class of travel (economy vs. business with a higher impact on full-service operators). We noted that DIAL has also raised the issue of dual airports to justify its proposal for UDF arrival and UDF departure in case of leakage to DXN. As highlighted in its traffic forecast, the impact of DXN is nil or insignificant at least. IATA is not convinced that this justifies a redesign of the UDF recovery mechanism, definitely not at this stage.* *Regarding the proposal by DIAL to introduce peak/off-peak charging, a more detailed analysis and consultations are needed. There shouldn't be cross-subsidization from one group of users to the other. Increasing charges during peak hours will not push aircraft operators to off-peak hours as they are serving the underlying demand. Put simply, aircraft operators have limited leeway to adjust the schedules due to the complexity of their operation and connections for their passengers. At the very least, DIAL should demonstrate the scale of differences in cost for servicing operations during peak and off-*	business segments and further enablement of services for passengers and end users. ***<u>Non-Discrimination in ICAO Doc 9082 Airport Charging Systems:</u>*** The ICAO document states that *"the charges must be non-discriminatory both between foreign users and those having the nationality of the State in which the airport is located and engaged in similar international operations, and between two or more foreign users".* In accordance with the ICAO guidelines, the charging system by the airport operators shall not be discriminative in nature between two or more foreign users and users having the nationality of the state. The proposed rated card by DIAL has **<u>not</u>** provided any such discrimination towards the users of the Airport. Hence, we strongly disagree with the comments of the IATA in this regard and further the comments with respect to discrimination on various categories are completely incorrect and baseless. Itemised reverts are as follows: Discrimination on the basis of the - • ***Choice of aircraft type (larger impact on widebody operators vs. narrowbody):*** DIAL disagrees the allegations of any kind of discrimination between widebody operators and narrowbody operators. It is pertinent to note that the runways required to be engaged for narrowbody aircrafts are by far shorter and smaller in comparison to the widebody aircrafts. However, when the airports of huge scale such as IGI Airport are built, all the airfields are constructed in compliance with the widebody aircraft requirements.

S No	Query by IATA	Response by DIAL
	peak periods. Moreover, it should also be expected that non-aeronautical revenues would be higher at peak times rather than off-peak, which would actually indicate that charges during the peak would be lower, not higher (considering the revenue sharing model). Instead of entering into discriminatory structures, we would encourage DIAL to focus on working with aircraft operators in partnership to grow their operation and support better utilization of the available capacity. *The Ministry of Civil Aviation's Guidelines for Slot Allocation ensure the efficient and equitable use of airport capacity through neutral, transparent, and non-discriminatory practices. The ATP proposals impact airline passengers to differing levels of UDF based on the airline slots at DEL, where the slots themselves are based on longstanding historicity and principles of worldwide slot guidelines and have no relation to DIAL's definitions of peak or non-peak hrs. In the absence of an independent slot coordinator, or references to transparency in slot allocation and capacity declaration, or the set up of an airport-based coordination committee (as espoused in MoCA's guidelines for slot allocation), the ATP proposal gives additional powers to the JV operator for slot determination. However, these principles are compromised by the ATP and the current DIAL slot coordination approach. The introduction of peak and off-peak charges further exacerbates the differential*	**Thus, it is fair to say that the charges towards widebody aircrafts are required to be on higher side in comparison to the other airports. Hence, DIAL disagrees with the allegation of discrimination in this regard.** • **Passenger Itinerary (embarking vs. disembarking):** It is clearly demonstrated that both embarking and disembarking passengers are utilising the airport and hence should be liable for a passenger charge for the usage. The examples of such a categorisation are available in various airports in India including Mopa (Goa), Mangaluru, etc. It is also to be noted that DIAL would have a competing airport at Jewar where a passenger has an ability to dis-embark at Delhi airport and embark at the other airport and visa-versa. Further, AERA in its own order no 27/2023-24 in the matter of first control period tariff for MoPA (Goa) has opined as follows: *"13.4.8 The Authority has noted the comments made by FIA and IATA on GIAL's proposal to collect UDF on disembarking passengers. The Authority notes the situation in Goa is unique with two airports operating in close vicinity. This provides option for passengers to disembark at one airport and embark from the other.* *Further, the Authority, as detailed in its earlier Orders, notes that levying some portion of UDF on the disembarking passengers helps in reducing Aeronautical tariff determined towards Landing charges. The process may also help in recovering ARR for this Control Period and put lesser burden on the Airlines and other Airport Users.* *Further, Airport facility is used by both embarking and disembarking passengers. However, the facility used by*

S No	***Query by IATA***	***Response by DIAL***
	treatment of airlines, undermining the slot coordinator's ability to remain neutral and non-discriminatory. *In summary concerning the ATP, IATA would request AERA to reject the proposed new charges structure by DIAL. We encourage AERA to continue to work towards addressing the discriminatory practice of differentiating landing charges by domestic vs international flights, to at least narrow the differential over time. We would also request that AERA considers an equitable approach in distributing the costs to be recovered from the different user groups i.e. minimizing the impact of increases and ensuring all users pay their fair share of the costs.* *Additionally, IATA requests enhancements for AERA to consider for all future airport tariff determinations. It is requested that the tariff card filed by the airport operators must be accompanied by an impact/comparative analysis, clearly detailing the increases compared to current/prevailing tariffs. In its current form of filings of tariff cards, the airport operator tariff plan does not transparently reveal the headline increases sought by the Airport – and this diverges greatly from the otherwise extensive analysis undertaken by AERA in the consultation document.*	*disembarking passengers is comparatively less as compared to those used by embarking passengers, hence the Authority is of the view that lesser UDF may be levied on the disembarking passengers.***"** In addition to the above the Order No. 38/2023 dated 12th January 2023 for Mangaluru International Airport, AERA has opined the below: *"Further, the Authority feels that the airport facility is used by both embarking and disembarking passengers. However, the facility used by disembarking passengers is comparatively less as compared to by embarking passengers, so the Authority is of the view that lesser UDF may be levied on the disembarking passengers. Hence, the Authority has decided to levy UDF on the embarking and disembarking passengers in the ratio of 70:30. The same has been detailed in the Tariff Rate Card annexed to this Tariff Order."* It is fundamental fact, that the usage of the airport and its resources by the embarking passengers are higher in comparison to the disembarking passengers. Disembarking passengers predominantly uses the baggage carousels and baggage claim areas. Whereas, the embarking passengers uses facilities for check-in baggage, X-Ray screening for cabin baggage, complete screening of the passengers, seating space in the security hold area and many other facilities. **Thus, it is fair to say that the charges towards embarking are required to be on higher side in comparison to the disembarking passengers. Hence, DIAL disagrees with the allegation of discrimination in this regard.**

S No	*Query by IATA*	*Response by DIAL*
		• **Travel-segment type (domestic vs. international):** The usage of the airport for international users involve emigration & immigration, longer time of screening & higher capacity of the luggage screening, usage of the resources for customs and other facilities. **Thus, it is fair to say that the charges towards international are required to be on higher side in comparison to the domestic passengers. Hence, DIAL disagrees with the allegation of discrimination in this regard.** • **Time of travel (peak hour vs. non-peak):** It is apparent that the airports across the globe are developed considering the peak hour demand which is also in compliant with the IMG & ICAO norms for designing of the airports. Thus, the facilities at the airport including its infrastructure are prepared in accordance with the requirement peak hour demand. The proposed rate card of the DIAL is in fact incentivising the users of the airport for optimum utilisation of the airport assets and to create the demand for non-peak hour passenger. It may further be noted that having different charges for peak hour and non-peak hour is an international practice and is adopted at global hubs such as Singapore Airport as well, where the landing charges are discounted by 40% for off-peak hour movements. **Thus, it is fair to say that the charges towards peak hour are required to be on higher side in comparison to the non-peak hour. Hence, DIAL disagrees with the allegation of discrimination in this regard.** • **Class of travel (economy vs. business with a higher impact on full-service**

<table>
<tr><th>S No</th><th>Query by IATA</th><th>Response by DIAL</th></tr>
<tr><td></td><td></td><td>
operators): The proposal of the business Vs economy class is a valid differentiation as regards to facilities offered to the business class including separate lane, check-in, security and immigration and boarding gate as well.
It may be noted that the above class of distinction are nowhere in contradiction to the ICAO documents and are on the contrary easing charges on the economy class passengers, family travellers, students etc.
Further it may please be noted that the example of such segregations is available in various airports/ sectors across the globe for optimal utilisation of the assets. Some of the examples are listed below:
<table>
<tr><th>Type of Charge</th><th>Examples</th><th>Year</th></tr>
<tr><td>Passenger charge – Class based</td><td>Hong Kong</td><td>2016-till date</td></tr>
<tr><td rowspan="2">Passenger Charges – Distance based</td><td>Delhi (1st CP)</td><td>FY2012-FY2014</td></tr>
<tr><td>Chandigarh</td><td>FY2022-FY2026</td></tr>
<tr><td rowspan="3">Passenger charge – Time based</td><td>Manchester Airport</td><td>FY 2025</td></tr>
<tr><td>Delhi Electricity Regulatory Commission</td><td>FY 2022</td></tr>
<tr><td>Road based toll rates for entering New York</td><td>2024</td></tr>
<tr><td rowspan="2">Parking Charges –</td><td>Frankfurt</td><td>2023</td></tr>
<tr><td>Heathrow</td><td>2023</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>S No</th><th>Query by IATA</th><th>Response by DIAL</th></tr>
<tr><td></td><td></td><td><table><tr><td>Hourly/ Less than Hourly</td><td>Charles-de-Gaulle</td><td>FY2024</td></tr></table></td></tr>
<tr><td>3</td><td><u>BAC+10% and True Up Treatment</u>

IATA is aware of the claim by airport operator that no true-up should be applied when BAC + 10% tariff is in place. We also noted that the decision on the appeal by AERA on this aspect is pending with the Supreme Court. IATA supports the decision by AERA to continue/maintain its true-up approach in this circumstance as it is the right thing to do. The OMDA simply prescribes the lowest ceiling of the level of charges allowable and this should not be construed as a freeride for an airport operator to keep whatever excess/over-recovery collected as profits on top of its allowable capital returns. Based on the same argument, if losses were incurred when BAC + 10% tariff is in effect, no true up should apply for the under-recovery based on the efficient level determined by AERA? It is either that the true-up should be applied for all, or not at all.</td><td>TDSAT had adjudicated that in case DIAL fall under the regime of Base Airport Charges + 10% In accordance with Schedule 6 of SSA, then the concept of true-up of such revenue doesn’t arise while calculating revenues from Schedule 1.

Relevant Excerpts of decisions of TDSAT are as follows:

“…..Whether there can be True Up of over recovered revenue on account of levy of Base Airport Charges (BAC)?......

……Para 67. Once, AERA has concluded that target revenue (TR) for 3rd Control Period (Rs.3869.09 Crores from table 140) is lesser than the BAC (Rs. 3914.85 Crores as per table 140) and when AERA has permitted to recover the BAC, then in that eventuality, Schedule-6 has been followed by AERA of SSA where there is no true up methodology to be followed because it is a bare minimum amount to be recovered by DIAL as permitted by Government of India and, therefore, there is no question whatsoever arising for truing up of any amount of 3rd Control Period while calculating aeronautical charges in 4th Control Period. We, therefore, quash and set aside the decision of AERA as mentioned in paragraph 12.9.2 in the impugned order dated 30th December, 2020 which is at ANNEXURE A-1 to the memo of AERA Appeal No.1 of 2021. There cannot be any true up of Rs.1267 Crores in 4th Control Period because in the 3rd control period, Schedule-6 of SSA has been followed by AERA itself…..

Para 68. Thus, true up of revenue collected in the earlier Tariff Period by terming such levy as “over-recovered” would render the provisions which is in fact a promise, given in SSA in Schedule-6, nugatory. When the BAC+10% thereof is permitted to be recovered as per Schedule-6 of SSA, then no true up can ever be done under that Schedule which is, a bare minimum tariff and a safety net, provided to DIAL under SSA. Once the Schedule-6 formula (BAC+10% charges) is allowed by AERA,</td></tr>
</table>

S No	***Query by IATA***	***Response by DIAL***
		there cannot be any carry forward of the true up amount in the 4th Control Period. *Para 69. If the submissions of the respondents are allowed for truing up of the amount even after following Schedule-6 of SSA then the net effect will be "as if there is nothing like Schedule-6 to be read with Schedule-8 in the SSA".* *Para 70: ….We, therefore, quash and set aside the Authority's decision for truing up of an amount with carrying cost at the time of tariff determination for the 4th Control Period as stated in paragraph 12.9.2 of the impugned order. Thus, in view of the aforesaid facts and reasons, Issue No. I is answered in negative that there cannot be true up of revenue for the 4th Control Period once the Schedule-6 formula of BAC + 10% charges is allowed by AERA……"* The Hon'ble TDSAT has placed reliance on the Schedule 6 of the SSA, where the Target Revenue as calculated under Schedule 1 is compared with the revenue from Aeronautical Charges of Schedule 8 and then eventually it will be decided whether Aeronautical Charges as per Schedule I or as per Schedule 8 (Base Airport Charges) are allowed. In the event the Base Airport Charges plus 10% thereof under Schedule 6 of SSA are applicable then there is no true-up is allowed in accordance with the Schedule 6. Further Hon'ble TDSAT also concluded that true up concept of Base Airport Charges plus 10% thereof would render the provisions nugatory, which is in fact a promise by the Government of India. Thus, the true-up of Base Airport Charges are not required to be considered by the Authority if in case the net Target Revenue in any control period is below the revenue from Base Airport Charges.
4	***<u>Annual Fee Revenue Share Treatment</u>*** *On the matter of the argument by the airport operator that the annual fee payable to AAI should*	The OMDA and other agreements given to DIAL by Central Government which includes State Support Agreement dated April 26, 2006 ("SSA") outlined the support from Government of India and also laid down the principles of tariff fixation. Clause 3.1 read with Schedule 6, 1 and 8 in SSA inter-alia lay down

S No	*Query by IATA*	*Response by DIAL*
	be excluded/subtracted from the revenue share, IATA fully supports the unbiased approach by AERA. It must be recognized that with the application of the 'S' factor as a result of adopting the hybrid till policy, the 30% is calculated based on the recognized gross revenue, and not after deducting other items. The remaining 70% of the revenue renumerated to the airport operator is meant to cover all the other costs incurred by the airport operator, including its unregulated and uncapped profits for these assets/activities. If the airport operator is free to deduct whatever it deems appropriate from the revenue from revenue share assets before the calculation of the 30%, we would be much better off scrapping the hybrid till policy altogether and reverting to the single till framework previously applied by AERA before the issuance of the hybrid till policy by the Government of India. *Another perspective to bring things into context is by understanding how revenues and costs are treated if they were under a dual till environment Each till will be assessed in isolation – both revenues and costs. The hybrid till is a compromise between the single till and dual till regimes, with the notion that non-aeronautical activities rely on aeronautical activities and hence there should be some form of contribution to offset aeronautical costs. IATA maintains our position that Single Till is the best arrangement to deliver the most optimal outcomes, balancing the need to ensure affordability, mimic the behaviour that would*	the methodology and the principles for the Regulatory Authority ("AERA"/"Authority") for fixation of the charges for Aeronautical Services. Hon'ble TDSAT has pronounced that the Annual Fee is not a cost for generating revenue from Revenue Share Assets and adjudicated this matter in favour of DIAL that Annual Fee shall be reduced from calculation of revenue from Revenue Share Assets and the matter has pronounced in favour of DIAL vide judgement dated 21.07.2023.

S No	*Query by IATA*	*Response by DIAL*
	be obtained had the airport been in a truly competitive environment and fairly rewarding the airport operator for their investments and risks. *To see this from the right lens, we must also revisit the intent and process of the airport privatization exercise. Potential bidders would have done the necessary calculations, projecting future earnings and profitability before deciding on the revenue share percentage. It was and should never be the intent of the Government of India to allow airport operators to pass through the annual fee as a cost/expense, as seen in the last round of airport privatizations to the Adani Airports, where for the removal of any doubt it is explicitly mentioned that the per passenger fee to the Government must not be passed through to users. Otherwise, if the annual fee were meant to be treated as a cost/expense that can be fully passed through to airport users, such private airport operators would inflate their bids/offers to any astronomical level – and pass that cost through to the users.*	
5	***<u>CHAPTER 2: TRUE UP FOR THE FIRST CONTROL PERIOD</u>*** *IATA supports the decision by AERA to consider the cost of Refundable Security Deposits (RSD) to reflect the cost of debt (10%) rather than treating this as the same as the cost of equity (16%).*	The Hon'ble TDSAT vide its Judgement dated 06.10.2023 had directed the Authority to consider the RSD as equity. The Hon'ble TDSAT has already adjudicated this matter in the case of MIAL 3rd Control Period tariff order. It is the responsibility of the Authority under Section 13 of the AERA Act, 2008 to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review

S No	***Query by IATA***	***Response by DIAL***
		post the Hon'ble Supreme Court Judgement in this regard.
6	***<u>CHAPTER 3: TRUE UP FOR THE SECOND CONTROL PERIOD</u>*** *IATA supports AERA for the treatment in calculating the S-Factor and to not consider any adjustment in revenue from the Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI. AERA has made very valid observations regarding the tariff-setting principles enshrined in the OMDA and the SSA.* *As with the treatment of costs associated with non-aero services, the tax component should not be borne by aeronautical users. The principle of the hybrid till is for only the revenue to be recognized to partially offset aeronautical costs, and not for the non-aeronautical costs to be passed on to aeronautical users.*	The matters referred by the IATA i.e., calculating the S-Factor and to not consider any adjustment in revenue from the Revenue Share Assets towards revenue from Existing Assets and annual fee payable to AAI are already dealt by the Hon'ble TDSAT in the case of DIAL & MIAL 3rd Control Period tariff orders. It is the responsibility of the Authority to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard.
7	***<u>CHAPTER 4: TRUE UP FOR THE THIRD CONTROL PERIOD</u>*** *We are in alignment with AERA on the many aspects of its decisions. One particular point that we would like to raise concerns the CAPEX true up, which further demonstrates the business risk is being borne by users e.g. cost escalations of Phase 3A despite AERA's rationalization. As raised by IATA in various AUCCs and our submissions to AERA, a lifecycle view must be taken for not just the planning and delivery of these major assets. Ongoing consultations and stakeholders' involvement are necessary to assess and take a joint call on the*	In this regard DIAL has already provided its comments on True up of the 3rd Control period in the Responses to Consultation Paper through Letter No. DIAL/ 2024-25/Regulatory/3550 dated 3 March 2025 which may please be considered before finalisation of the order.

S No	***Query by IATA***	***Response by DIAL***
	best decision at the various points of the development. *We noted that AERA in its Control Period 3 order has taken IATA's comments on the need to rationalize the OPEX, leading to the more efficient level needed. It is great to see that the actuals are quite close and lower than what AERA had approved. This is a positive outcome where a clear expectation is set and is then met by DIAL. This is a clear example where the regulatory decision is driving the necessary response/behaviour from the regulated airport operator.* *IATA supports the finding by AERA in arriving at the over-recovery of 852.04 cr in the CP3 to be trued up in CP4.* *Not specific to this consultation alone, IATA would like to propose to AERA more broadly that since CAPEX development is being paid for by users, in the case of delays or even quality of infrastructure works leading to delays and/or disruptions, or in instances where the infrastructure that users paid for not is not available for use, the Authority may consider introducing a rebate mechanism that allows airports to return/offset the regulatory charges that have been paid by users.*	
8	***<u>CHAPTER 5: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD</u>*** *We noted that AERA has taken into consideration the IATA traffic forecast (Nov 2024) for India in its assessment. As mentioned earlier,*	As regard to the traffic projection, DIAL has already submitted a detailed traffic study done by an independent consultant which is part of the MYTP submission. DIAL has placed its reliance on the study done by the consultant (Please refer annexure 20 of the MYTP submission). The consultant has outlined that both airports will have overlapping catchment and hence will

S No	***Query by IATA***	***Response by DIAL***
	we don't believe that there is any material impact posed by the operationalization of DXN in the near and medium term. Considering that DEL is planning for a major transfer hub, it is useful to also understand the split of Departure/Arrival/Transfers in the projections presented. This would be necessary to ensure the right capacity is delivered timely through fit-for-purpose infrastructure based on the projected splits. *This deviation between billable and non-billable ATMs perhaps also highlights the important aspects of funding for the RCS flights - and the mechanism through which the landing and parking charges/costs for aircraft under 80 seats are billed. The exclusions provided for billing of RCS flights would mean that the billed flights will bear that cost. However, the RCS scheme is being funded via the RCS levy on scheduled domestic tickets. We would appreciate AERA for checking for any discrepancies and correcting them, in particular whether certain users are being inadvertently charged twice over for funding of the RCS scheme.*	compete with each other and accordingly considered / developed the traffic projections for IGIA DIAL as an airport operator is statutorily bound to follow the tariff card issued by the Authority in this regard. The Authority based on various government regulations has specifically exempted the landing charges on scheduled flights which are having less than 80 seating capacity and DIAL is bound to implement the same. With regard to funding of RCS, DIAL is not having any Authority to comment on the same.
9	***<u>CHAPTER 6: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD</u>*** *We greatly appreciate AERA's efforts in conducting a detailed review and scrutiny of DIAL's CAPEX proposals for the Fourth Control Period (CP4) and in*	• With regard to proposed projects, it may be noted that all major projects being proposed are from Master Plan 2016 and it may be noted that AUCC meeting was conducted, during the Master Plan exercise in 2016 and IATA was also part of the same. Further, AUCC for CP-4 was also conducted on January 6, 2025 where IATA was also a party. IATA will also be fully consulted in future during Master Planning exercise. Hence, it is not correct for IATA to say that they have not been consulted thoroughly.

S No	*Query by IATA*	*Response by DIAL*
	particular its review of capital benchmarks and efficiency. *From a pure costing perspective, we agree with the logic AERA and its independent consultants have applied to address excessive cost estimates and some elements of scope that should not be passed to users, such as facilities management services and marketing. In this context, we agree with AERA's assessment of the overall CAPEX proposed summarised in Table 228 being Rs. 4,211.39 Cr.* *Notwithstanding this, we would however like to raise some important points for AERA to consider in its final determination given user and consumer impacts.* *It is essential for all parties involved that CAPEX and all other regulatory building blocks are consulted upon and agreed well in advance of the start of a Control Period. Airline- airport consultation should occur at least 6 months in advance of any determination allowing sufficient time for a dialogue to better understand airport major capital investment plans, to allow airlines to provide inputs regarding their own requirements, and to take a view on the overall affordability of plans. Without sufficient time, this undermines the AUCC and consultation process with users and limits our ability to meaningfully comment on CAPEX that airport users are expected to pay for. In addition, a single AUCC called on short notice is insufficient to enable us to provide informed feedback regarding large scale CAPEX investments*	• Reference to Irish Airport Authority is not valid as DIAL is governed by OMDA and AERA Act whereby they have fully complied with the requirement. • With regards to procurement process, the process has been tested by AERA and AERA has presented its view in the consultation paper after its analysis. Further, AERA under clause 4.4.54 of the consultation paper has suggested that procedure adopted by DIAL for awarding the EPC contract appeared to be transparent and efficient. • DIAL has already informed AERA in submission and IATA during the AUCC that the updation of master planning is in process and the updates would be informed once concluded. The existing proposed capex would not be affected by the master plan change, if any. • As per clause 3.5.1 of OMDA, Master Plan has to be revised / updated at every 10 years. Hence Master Plan 2016 is still valid till further updation. However, considering the changes in airline outlook/demand, economic, operational and technological conditions, DIAL has commissioned revision of the current master plan in 2024. DIAL has already consulted with number of key stakeholders, and will continue to consult IATA and other relevant stakeholders, while finalising the revised master plan. • Based on the traffic forecasts of the on-going master plan revision exercise, the infrastructure development plans as suggested in CP4, which are part of the current master plan, will also be the part of the proposed on-going master plan revision. • Since the Pier C of T3 is proposed to be converted for meeting the international passenger demand from FY 26, the domestic capacity of Terminal-3 goes down to 15 MPPA from the current 25 MPPA. Thus, the IGIA domestic capacity remains at 70 MPPA.

S No	*Query by IATA*	*Response by DIAL*
	that will impact passengers and operations for years to come. *There is a need for airport operators to recognize the importance of effective user consultation in their engagement with airline customers and users. AERA too has a role to play in putting in place more robust regulatory controls to deliver this attitudinal change that is required, for what is effectively monopoly providers delivering public services, with significant market power. Towards that, IATA appreciates AERA for its issuance of the letter of 1 Jan 2025 reiterating for the airports to ensure compliance with the consultation protocol & to conduct AUCCs for major projects.* *From a CAPEX perspective a number of regulatory enhancements such as disallowing any projects that have not been consulted upon with users per AERA's consultation protocol at key stages (needs identification stage, options development stage, and detailed project design stage) in the design process; tougher penalties for non-delivery to the required cost, quality, scope or program; and an independent review of costs at a project level during the design and development process would be very useful. An Independent Fund Surveyor (IFS) approach similar to the mechanism applied by the Irish Airport Authority works well, where costs are agreed at each major stage gate, with the airline community's input.* *Regarding Third Control Period true-up, we vigorously disagree*	If proposed work in T-2 and associated airside works are not undertaken now, then the IGIA domestic capacity will further come down to 55 MPPA. Whereas the current domestic traffic demand by FY25 already crossed the above 55 MPPA. Therefore, T-2 refurbishment with associated airside works are necessary to meet the domestic traffic demand till FY29.. • International best practices including IATA ADRM have been considered to assess the peak hour requirements. • All planning parameters are considered for optimum Level of Service as per IATA ADRM framework. • The construction methodology / phasing has envisaged in such a way that the required optimum level of service is achieved. • The project detailed planning including critical path will be made available once the project is awarded. • As regard to parking stands, please refer master plan 2016 document where the stands requirement has been presented. • Also, there is a demand for wide body aircraft parking stands and the remote night parking code C stands from airlines. As major airlines are planning for enhanced long haul / hub-operations from IGIA. Hence, these additional stands including 7 code-E stands which are proposed for development in CP-4 period. • Both airlines base operations and first wave operations are taken care in the planning of the stands. • MARS stands are not planned in CP4. • As highlighted in AUCC, Pier C is being converted into International Pier to provide for more capacity..

S No	*Query by IATA*	*Response by DIAL*
	that users should be burdened with the airport operator's inability to deliver a program of works it previously committed to, both in terms of benefits that should have been delivered and costs that have escalated due to a shift in market conditions or ineffective procurement processes. Cost escalations should be removed from any true-up considerations and immediately disallowed. We also suggest the current 1% reduction of costs regarding uncapitalized project costs from the target revenue is increased to a 5% penalty to provide a greater focus and incentive in this area. While 1% is useful, it may not be sufficient for airport operators to act as a competitive business would be expected to. *Various references are made to the 2016 airport master plan regarding CP4 investment, in particular with regarding to Pier E expansion. Before commenting on project specifics, master plans should be consulted upon every 5 years, which reflects both the IATA Airport Development Reference Manual (ADRM) co-produced with the Airports Council International (ACI) and industry experts, and ICAO's recently published master plan guidance. This is reflected in ICAO's Doc 9184 Airport Planning Manual Part 1 – Master Planning, Third Edition 2023, that states under section 1-2* *"To ensure a realistic and appropriate fit to continuously evolving aviation industry conditions, the master plan should be reviewed in its entirety every 5 years, or more often if changes in*	• Digiyatra, SBD, Biometrics, E-gates, Trusted Travel Programme, ATRS etc are already available at the airport and will be considered for further expansion, viz. Pier E development. • Biometric based processing is already being used to enhance passenger experience and reducing processing time, there by reducing space requirement are considered in planning • All the components of the pier-C and Pier-E are as per Master Plan 2016 – which was planned as per IATA ADRM norms.. • So as to enhance the T3 forecourt capacity, DIAL has diverted significant volume of private taxis to the MLCP and also implemented forecourt management plan. Support of all stakeholders is necessary to achieve the plan. • The vacant space for Pier E construction has been provisioned in the airside area. • During construction of Pier E, DIAL does not foresee any major disruption to Pier D operations.

S No	Query by IATA	Response by DIAL
	economic, operational, environmental and financial conditions warrant an earlier revision. Adjustments may need to be made to assumptions used during the initial master plan process, including phasing and ongoing airfield and facility development as air transport evolves." As the guidance indicates, this is especially important in fast-paced markets such as in India and the Delhi area, to ensure changes in the market in terms of traffic, latest trends, compatibility, affordability etc. are taken into account. *Without an updated master plan to inform CP4 CAPEX investments, there is a risk plans are misconceived, and the wrong infrastructure could be built at the wrong time. A few important considerations should be taken into account for CP4 including:* *• The demand triggers for investment taking into account capacity and demand factors directly linked to phasing plan, construction timeframes, and level of service also need to be identified and clearly understood to provide the assurance and validate the right infrastructure is being planned to meet users' needs. At present little detail has been provided other than references to a master plan review. We understand this is in MoCA's domain, however nonetheless a review is required now before large scale CP4 investment decisions are taken.* *• One point related to demand triggers for investment and DIAL's phasing strategy is the*	

S No	*Query by IATA*	*Response by DIAL*
	refurbishment and enhancement of T2 in the context of traffic growth and future phases including T4, raised by airlines at the January AUCC. For instance, DIAL's traffic forecasts indicate 95.58 million passengers by 2029, however with T2 and T3 development, capacity will increase by about 110 million passengers overall. We are interested to understand the impact if T2 is deferred to the next control period. Is T2 capacity really required in CP4 as an interim step, and has the timing of T4 development been considered in this context? *Regarding planning assumptions and the Business Case for investments, additional information is requested that is essential for users to review and provide feedback on major CAPEX plans (in addition to the points above). Fundamentally, airport infrastructure exists to serve the airlines that operate from it, and therefore the endorsement of users should be required before projects move ahead. Required details include:* *• Project options, costs, benefits for each major project with a corresponding business case demonstrating the return on investment for users. This is lacking for each and every project yet is essential to demonstrate these investments are required, and where justified the optimal solution has been selected to meet users passenger and operational needs.*	

S No	***Query by IATA***	***Response by DIAL***
	• Regarding traffic forecasts and the related capacity assessments: *o DIAL states IGI will reach its handling capacity for international passengers by FY26 and 90% of T3's capacity in the same time period. Please substantiate this with data.* *o Extrapolated from traffic forecasts and design day flight schedules, peak hour planning inputs by terminal, broken down into passenger segments for Departures, Transfer and Arrivals for terminal facilities. Please also share the methodology to calculate peak hour planning and the rationale for it.* *o Related, for security related elements, is the same methodology applied? Excess provision for space should not be provided beyond industry best practices e.g. reflected in ADRM.* *• Specific level of service parameters ideally within IATA's ADRM framework and Optimum range e.g. space per passenger m2 and maximum waiting time for each passenger individual processing element and holding areas e.g. % seating in gate room areas.* *• For each project a thorough understanding of how construction delivery proposals retain existing capacity and levels of service (LoS) throughout the proposed construction period in CP4. A commitment to avoid any*	

S No	Query by IATA	Response by DIAL
	reduction in LoS, the need to avoid forced airline moves and a detailed understanding of phasing is required now, to ensure these principles are included in DIAL's project planning from the start. Without this planning, costs are likely to escalate, projects may not be delivered on time, and passengers and airlines will suffer from avoidable disruption. *• As important is a clear understanding of project dependencies and risks. There will inevitably be knock-on impacts between projects, which is a common issue experienced at many airports. In the interest of DIAL and all users, we request the overall program including critical path for each major project, and major risks are shared now for review in advance of AERA's final determination. • These are important aspects to consider informing the capitalization schedule for the period, that are closely linked to the strategic choices for the airport based on points made.* *Stands:* *A large number of stands are being proposed in CP4 however there is little supporting detail to substantiate the requirement. We request details regarding the underlying planning assumptions in particular taking into account the following details:* *• Assumptions regarding removing redundant aircraft currently occupying parking areas.*	

S No	*Query by IATA*	*Response by DIAL*
	• Overall stand demand for the airport reflecting on ATM traffic forecasts, split by terminal and aircraft code: *o How many parking stands overall are required in CP4, and how may can be deferred until a later period to phase capacity in accordance with demand and capacity side impacts?* *• Related, has any revenue recovery from grounded aircraft (even if delayed) and penalties from airlines/lessors for such long-term parking been factored into regulated revenues?* *• Stand planning rules and related service measures including:* *o The time allowed on contact and remote stands used for live operations and the relationship between this and parking stands, and towing. In principle, towing should not compensate for a lack of available stands.* *o The level of pier service/contact gates e.g. in % terms that may drive the need for contact gates:* * Related, while the outdated 2016 master plan states 12 contact stands on pier E, what is driving this requirement for CP4? Are the previous assumptions still valid, and how have these been consulted upon with users?* *o Any preferential stands for particular aircraft types e.g. wide-body, or by airline or alliance?* *o What specifically is driving the overnight parking requirement*	

S No	Query by IATA	Response by DIAL
	e.g. based aircraft, first wave operations? *o Are multi aircraft ramp system (MARS) stands being planned, or swing gates between piers C and D for any further flexibility?* *o Regarding the costs associated with parking stands, please clarify if these can also be used for live operations. No associate equipment such as FEGP, PCA, fuel systems are noted in the high-level scope* *Pier E, Pier C reconfiguration:* *For all terminal-related project proposals from the redevelopment of existing piers to infills and the new pier:* *• How has technology been leveraged and planned to efficiently utilize expensive infrastructure?* *• How is infrastructure being planned to safeguard for the future?* *DIAL should provide detailed answers to these important points taking into account processing time, space for queuing and the overall passenger experience vision are key elements to take into account, for instance:* *• How are biometrics being used to drive space efficiency, and what GIFA benchmarks are being used taking these elements into account?* *• Please note IATA has developed an industry business case to demonstrate the benefits of*	

S No	Query by IATA	Response by DIAL
	removing physical barriers at airports on Departure, enabled by biometrics, based on various scenarios including passenger segregation issues typically faced by airports in India. This reinforces the need to plan for flexibility in the future regarding passenger processing. *A substantial amount of CAPEX being Rs. 2,402.54 Cr. is allocated to expansion projects, regarding Pier E, C reconfiguration and infill. We request DIAL clarifies a number of points (noting some similar generic points have been raised), that DIAL should be sharing at AUCC meetings from a basic design and development perspective to inform design and development decisions and the related functional scope and costs:* *• Please can DIAL share details of the passenger journey for all T3 developments and pier E, for departures, transfers (by type e.g. D-D-D-I, I-D) and arrivals taking into account passenger walking distances and times, level changes, minimum connection times:* *o We request DIAL shares terminal and pier layouts to more clearly illustrate the passenger journey routes.* *We also request a clear understanding of the delineation between commercial and all other areas. Commercial layouts should also include back of house corridors, lifts, storage areas, waste areas and break out rooms, to demonstrate DIAL's position that less than 10% of these areas*	

S No	Query by IATA	Response by DIAL
	are non-aeronautical and 100% for pier E (meaning no retail concessions at all will ever be placed on that pier). *• Passenger levels of service in terms of space or passenger and queuing times, boarding gate sizing.* *• For Pier E and C, 10 MAP split into peak hour passenger numbers and LoS.* *• Stand demand and levels of pier service versus remote operations assumption.* *• Terminal gross floor area (GFA) per million passengers or equivalent planning inputs and an associated breakdown of these areas as a minimum per million pax per including:* *o Pier GFA* *o Check in / bag drop GFA* *o Departures baggage GFA* *o Reclaim GFA* *o Early bag store* *o Stands throughput e.g. annual per stand average* *• Regarding T3 forecourt capacity, is there sufficient space for vehicles to drop off and pick up passengers? What ratios are used to calculate curb length and forecourt sizing?* *• What is the vehicle and car parking strategy to balance capacity and demand without*	

S No	Query by IATA	Response by DIAL
	penalizing passengers through excessive payments? *• Regarding the Departures BHS, what is the baggage strategy for Terminal 3 including Pier E to ensure there is sufficient capacity to accommodate demand based on assumptions are used:* *o Bags per passenger ratios by segment* *o Check-in/bag drop belt capacity and in-system time for the sortation system* *o Baggage reconciliation and compliance with IATA resolution 753* *o Capacity of HBS* *o EBS capacity and ratios of direct to transfer baggage* *o System reliability and resilience planning KPIs and strategy* *o Planning for growth* *o Flexibility e.g. any input to any output* *o Baggage tag technology* *o Baggage make-up strategy including capacity assumptions and the number of handlers* *• Regarding ground services equipment (GSE) please explain the assumed area per stand for vehicles and equipment noting sufficient space should be provided e.g. % allocation as a total proportion of the stand.* *• Construction of Pier E is bound to have a major disruption in Pier D*	

S No	*Query by IATA*	*Response by DIAL*
	Apron. IATA would like AERA to ensure that the airport takes the required measures to mitigate disruptions, ensure a minimum acceptable level of service and to agree a realistic phasing plan.	
	General CAPEX: *We thank AERA for highlighting the AUCC discussions in this consultation, and for its thorough assessment of CAPEX line items throughout the consultation, and for general CAPEX. From a pure cost component perspective we agree with AERA's assessment and support its independent consultants' logic and conclusions to exclude or defer certain items such as:* *• CT-XBIA and body scanners taking into account supply chain and body scanners, resulting in an overall reduction in CP4 reflecting required facilities.* *• Facilities management services and marketing are not reasonable to include and expect user to fund.* *• A reassessment of boarding gate seating costs.* *We agree with the Authority's assessment of Rs. 1,678.35 Cr.*	***General Capex:*** **CT- XBIS for PESC area at IGIA (Terminal 1&3):** IATA did not provide any sound reasonings for supporting the deferment of the capex on these items. Airports across the world like that of Munich, Amsterdam, Heathrow and other airports have deployed CT- XBIS machines and it helps in passenger experience as the bags are screened without taking the luggage outside. In India, it may be noted that this is a mandatory requirement by BCAS vide circular no. 02/2023 dated 29.3.23, and all the necessary trials are completed, and we expect to receive an order to deploy these machines shortly. In absence of the consideration of these costs by the Authority, it would result into non-compliance with the circulars and in exceptional circumstances it would hamper the operations of the airport and airlines significantly. **Reassessment of boarding gate seating costs:** IATA did not provide any reasonings for supporting the deferment of the capex on these items. DIAL is refurbishing departure boarding gates with respect to seating capacity increase, typology of gate seating to facilitate all passenger demographics, renew the layout to facilitate seamless circulation and boarding process. Illumination and charging points will be optimally provided to enhance passenger experience. It may be noted that we planned to execute 18 gates with the proposed budget. Thus, moderation of this capex will lead to lower number of boarding gates modification. Deferment of these costs would result into DIAL's inability to invest on these items and thus have an impact on the operations of airport and airlines significantly.

S No	***Query by IATA***	***Response by DIAL***
	APM System: *IATA noted that details regarding the APM connecting T1 and T3 were not included in this consultation paper and do not form part of the CAPEX to be approved in the CP4. IATA would expect greater transparency of the design and development process and similar scrutiny and validation by users i.e. capital efficiency and a business case review particularly as the infrastructure is part of the airport master plan, impacts connectivity and MCTs. Noting that if there is a separate charge to be imposed on passengers, we would reasonably expect that the APM passenger charge would be reviewed and regulated by AERA if this is the case. We assume the OPEX and maintenance of the system will also therefore be funded by the project bidder. There may be other sensitivities for review, such as staff travel between terminals for work purposes, will this group also be charged if landside?* *We also request clarity regarding any elements of scope that may not be included in the bid with the APM provider, for instance please confirm if the station boxes, platforms, and rolling stock are also provided by the bidder, or if users are expected to fund these or any related elements. Regarding the design, we need the confidence and assurance there is sufficient capacity and future proofing for growth, and we also require a detailed understanding of the concept of operations regarding the frequency of services based on peak hour passenger numbers for transfers,*	**APM:** This has been informed to IATA at multiple forums i.e., AUCC; Stake Holder Consultation Meeting etc., that the APM is being constructed on the concession model wherein the transfer / transit passengers are not liable to pay the requisite charges in accordance with the law. Since, the costs are not incurred by the DIAL and the costs are not forming part of the Regulatory Asset Base there was no necessity of including it in the eligible RAB. Further, the pricing mechanism other than the transit / transfer passengers would be provided only after the project specifics are completed post bidding.

S No	Query by IATA	Response by DIAL
	integration with baggage MCTs, and how different passenger types will be segregated.	
10	***CHAPTER 7: WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD*** *Based on the information in the consultation paper, it is not clear if DIAL has factored in the consideration of asset beta in its calculation of the WACC, and if yes what was the asset beta estimate used? Similarly, for the WACC estimate by AERA, we were not able to identify the asset beta parameter used. IATA commissioned an independent study by Swiss Economics to estimate the asset beta of DEL which found that the appropriate asset beta to be the point estimate of 0.40. A copy of this independent study is attached for reference by AERA. We request that AERA reassess the proposed WACC to take into account the asset beta consideration presented in this independent study.* *On the cost of debt, we believe that a more efficient level can be expected from DIAL. Looking at the decisions of AERA for the airports listed below, DIAL and the GMR group should have greater access to more affordable debt given its market-leading position and minimal business risk i.e. with DIAL capacity saturated and the true-up approach by AERA.*	AERA has conducted a Study on Determination of Cost of Capital at Major airports through IIM Bangalore in December 2019, which is been used to calculate the cost of equity for DIAL under its regulatory jurisdiction in India. The study was concluded after consultation by all stakeholders including IATA and the matter has reached finality since there were no further appeals by any of the stakeholders. The asset beta as per the study by IIM Bangalore is calculated as 0.59. IATA has conducted an independent study in this regard which calculates the asset beta separately. Without prejudice to our submission in the para above, below are some key factors that IATA has not considered correctly in the analysis. Below are the items: a. Authority had conducted studies separately for Mumbai and Delhi and had come out with individual asset betas for both the airports. However, the study conducted by IATA does not differentiate between the two airports and comes up with the same asset betas for both the airports Furthermore, the study does not consider any of the adjustments / comparability to the DEL airport with respect to following items: • Regulatory Regime • Funding Mechanism • Passenger Capacity / Traffic Projections • Competition from nearby Airports (DEL has to airports within the vicinity) • Capital expenditure b) The analysis considers airports like Flughafen Wien (asset beta of 0.1) which can be considered as outlier and brings down the average considerably. In fact, just removing the Flughafen Wien airport from the list brings up the asset beta average of airports from 0.54 to 0.58 which is

S No	*Query by IATA*	*Response by DIAL*
		approximately equivalent to the Asset Beta proposed by the IIM B to the Authority. c) Authority study had considered only airports as comparators but the IATA study considers electricity network operators also as comparable entities, which is a wrong approach as these companies belong to a different sector and the businesses are vastly different from airport business . In fact, the whole point of introducing electricity network operators (with an asset beta average of 0.14) seems to be to bring down the average asset beta in the study. Similarly, the CLP Power is engaged in diversified business in power generation where the major portion of the revenues are regulated. Below is the extract from their Annual Report: Based on the above submission, consideration of the power sector itself is completely incorrect on the part of IATA Submission for calculating the Asset Beta of DEL & BOM. d) The study wholly ignores the risk factor related to Jewar airport in the dual airport scenario and conveniently does not attach any risk factor to the same. As submitted in the report of independent consultant, there is overlapping catchment, and Jewar airport would compete with IGIA, clearly highlighting risk factor towards IGIA. On the cost of debt, DIAL has submitted the detailed calculation of the cost of debt as verified by the Statutory Auditor of the Company along with its MYTP Submission. In addition, the DIAL has submitted the Authority a detailed note on the cost of debt during the control period and the reasons for higher cost of debt during the pandemic. Please refer our detailed responses dated 03.03.2025 submitted to the Authority on Consultation Paper No. 07/2024-25.

S No	***Query by IATA***	***Response by DIAL***
11	***<u>CHAPTER 8: INFLATION FOR THE FOURTH CONTROL PERIOD</u>*** *On the 4.6% inflation for O&M expenses, IATA opines that this has no basis to start with. While we understand that eventually they will be trued up based on actuals in the following CPs, there is a potential that allowing inflationary increases will de-emphasize the airport's focus on the delivery of efficiency improvements. Towards a regulatory enhancement going forward and for this particular determination, we request AERA to set expectations/targets on lowering the unit cost per pax, per ATM, etc., which would be better measures to counter any inflationary pressure on costs. It would be useful for AERA to analyze the unit cost over CP1 to CP3, and how the proposed unit cost in the CP4 fares against these.*	We strongly disagree with the IATA comments, that allowing inflation will de-emphasise the airport's focus on the delivery of efficiency improvements. The cost per pax / charges per pax of the Delhi Airport are lowest across the airports of this scale. It is the fundamental principle for the Public Infrastructure Assets to meet the service level obligations and providing a better passenger experience. Accordingly, such inflationary increase is necessary to meet DIAL cost obligations and also ensure safe operations and meet necessary service quality.
12	***<u>CHAPTER 9: AERONAUTICAL OPERATION AND MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD</u>*** *On the matter of the airport operator fee, IATA would appreciate greater clarity on the demarcation of responsibilities and costs between the airport operator/Fraport vs DIAL. We need to establish that the current arrangement is the best approach and efficient for the interest of the users. Secondly, while the 3% was first set in CP2, it might be worth reassessing this percentage, given the growth in revenue over the years i.e. the airport operator being over-rewarded.*	***<u>Airport Operator</u>*** Airport Operator Agreement was signed as a part of the Concession to DIAL, and the concession fee of 3% is part of the Operator Agreement. Further requirement of Airport Operator has been discussed in detail in Para 9.2.126 to 9.2.134 of the Consultation Paper which includes detailed submission on this subject. ***<u>Manpower Growth</u>*** DIAL in its MYTP submission has considered the following basis for the purpose of the projections: DIAL has projected increase of the head counts for operations at Delhi airport by approximate of 21% corresponding to FY 24-25 to cater to the needs of the manpower due to increase of operations post Phase 3A in airside, landside, terminal side and support functions. <u>Further, from FY 2026 the second</u>

S No	*Query by IATA*	*Response by DIAL*
	We support the valid scrutiny by AERA that the increase in terminal area is not directly proportional to the increase in manpower growth, and to only allow 2/3 of what is proposed by DIAL in terms of manpower growth. *IATA noted that DIAL has claimed staff welfare expenses of 4.7% of salaries and wages. While we agree that the welfare of DIAL's staff should be looked after, anything that is not mandatory should not be funded by users. We request AERA to assess the various components claimed by DIAL and reject the non-mandatory welfare expenses. It would also be useful to understand the local benchmark for similar expenses as at first glance, 4.7% might seem too high.* *IATA has made comments in the past that legal expenses should not be included in the O&M expenses and considered as a passthrough. We strongly support AERA's decision to exclude these legal expenses from its tariff determinations. Airport operators should not be allowed to recover legal expenses from users that are by their very nature paid towards the airport operators' legal cases with other aviation stakeholders. This decision is aligned with the specific provisions in recent concession agreements awarded by the government of India. While we note that the same treatment of excluding the legal expenses has also been accorded for the Third control period, we would request AERA to review legal expenses on the same basis for all previous control periods as well;*	<u>airport (Jewar Airport) within the vicinity of Delhi is going to be operationalised, thus there is a need for the Delhi airport to retain the employees specialised in the operations and require additional cashflows from DIAL by way of increments/retentions and other payments</u>. Thus, DIAL projected the increase in these costs by inflation of 4.6% p.a and real growth in manpower cost by 7% p.a and a further increase of employees due to expansion works at 21% in FY 24-25 due to Phase 3A, and at 4% in FY 27-28 due to Pier-E. The Authority has considered only a 6% of growth rate in the manpower costs, thus eventually negating the inflation of 4.6% and no further increase in the costs. Further, the Authority itself has analysed that the CAGR for the past periods is around 9% p.a. However, the Authority proposes 6% only for the 4th Control Period for manpower costs escalation which is detrimental for the airport operations. DIAL has already considered the passenger handling capacity as the key driver for increase in the expenditure and has already applied an elasticity i.e., 40% of the increase in the handling capacity, which is on realistic basis. However, the Authority has changed the driver to increase in the terminal area of the IGI Airport and consider the elasticity of 2/3 which hampers the increasing manpower costs of DIAL. Thus the allowed manpower expenditure of DIAL is reduced drastically. Hence, we request the Authority to consider the DIAL's request to consider the expansion factor as considered AERA along with the 9% growth in salaries at the least. ***<u>Staff welfare expenses</u>*** The Staff welfare expenses is minimal with respect to total manpower cost incurred by DIAL. Further, these consist of various expenses such as staff training, team building exercises, capacity development of employees and other expenses which are important to keep employees engaged and abreast with latest skills. ***<u>Legal Expenses</u>*** We strongly disagree with the comments of the IATA in this regard. The legal expenses incurred by the DIAL are necessary for the DIAL in order to protect it interest and maintenance of the Airport. The

S No	***Query by IATA***	***Response by DIAL***
	and to clawback these allowances for the previous periods as well. *On some of the expenses submitted to AERA, DIAL has submitted the aero portion of expenses e.g. table 269. It is necessary to understand the allocation methodology employed by DIAL for AERA to better assess the validity and appropriateness of these costs. We also noted that GMR's related party Raxa is providing these security services. It would be useful to understand the arrangement and selection process to ensure that it is done on "arms length" commercial basis and is the best option.*	Authority's analysis considering the recent concession agreements have no bearing on the DIAL since the State Support Agreement is not having any restrictions on such. The IATA's comments to revisit the legal expenses for all the past control periods are completely towards disturbing the settled principles of the Authority on these matters. ***<u>Aero allocation</u>*** The Authority in the consultation paper at para 1.9 has presented in detail the policies of the DIAL with regard to the related party transactions, the requirement of the Board's Approval where the Airport Authority of India and independent directors are also members, the verification of the Arm's Length transactions i.e., probity auditor's, statutory auditor's etc. The Authority has taken note of these items and already conducted the requisite tests in this regard.
13	***<u>CHAPTER 10: REVENUE FROM REVENUE SHARE ASSETS FOR THE FOURTH CONTROL PERIOD</u>*** *While DIAL has put forward the need to increase user charges significantly, its estimate of increases for revenue share assets is extremely moderate – typically in single digits i.e. inflation-based. We would expect a higher projection of growth in the revenue share as a result of traffic growth. However, it is important for AERA to also monitor and ensure that the revenue growth is not fuelled by higher royalties imposed by DIAL on its concessionaires.*	Majority of the revenues are projected by the DIAL, and proposed by the Authority are after considering the growth of the relevant traffic i.e., ATM / Passenger as well as the growth of the rates / prices at inflation / higher than the inflation.
14	***<u>CHAPTER 11: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD</u>*** *IATA supports the decision by AERA to not consider the annual fee pertaining to aeronautical*	No comments

S No	***Query by IATA***	***Response by DIAL***
	revenues as an expense while computing aeronautical taxes.	
15	***<u>CHAPTER 12: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD</u>*** *Regarding the Authority's summary in 12.3.1 to not consider any adjustment in the Aggregate Revenue Requirement/Target Revenue on account of Quality of Service for the Fourth Control Period, we would highlight that a purely qualitative and perception-based approach, while overlooking quantitative, objective measurement of DIAL's actual performance is ineffective and not reflective of the true passenger experience or operational performance at the airport. Nor does it recognize the customer (airlines) – service provider (airport) relationship.* *The purpose of any airport service quality framework or service level agreement is to provide the Airport with a clear understanding of the levels of service and outcomes required in order to meet Users (the airlines and passengers) expectations, in return for the airport charges that they pay. Despite this critical requirement there is no accountability, cost relatedness or recognition of airline customer's requirements in an ASQ based approach resulting in a major failure of the Concession Agreement and current approach.* *Further, performance can only be truly measured and continuous improvement be supported with regular, structured reviews of airport performance conducted*	The OMDA outlines clear and comprehensive performance standards in Article IX and its associated Schedules. DIAL is obligated to maintain the airport to world-class standards for facilities, management, and service quality. The OMDA also provides a detailed framework for airport operations, development and service quality under Schedules 1 (Development Standards), Schedules 2 (Operations and Maintenance Standards), Schedules 3 (Objective Service Quality Requirements), and Schedule 4 (Subjective Service Quality Requirements). These pre-existing standards under OMDA already ensure that the airport is developed and maintained at a level consistent with top-tier international airports. DIAL has been maintaining its quality standard as discussed under chapter 12 of the consultation paper. Further, with ASQ rating of 5.00 which has been the minimum benchmark stipulated in the OMDA, DIAL has been meeting its requirement. The same has been echoed by AERA under clause 12.2.7 of the consultation paper.

S No	*Query by IATA*	*Response by DIAL*
	between the airline community and DIAL, which is largely lacking. *In this context, we greatly appreciate and value the Authority's efforts to develop an enhanced service quality framework with appropriate metrics and measurement, to ensure the actual performance at regulated airports is recorded and airports are held to account in the consumers and users interest. IATA would appreciate any insights the Authority may be able to share regarding the early application of its enhanced framework in the context of this review.*	
16	***CHAPTER 13: TARGET REVENUE FOR THE FOURTH CONTROL PERIOD*** *IATA commends AERA for its detailed assessment and for making the necessary adjustments/corrections to the requests submitted by DIAL. In the context that a private airport operators' primary objective is profit maximization, the importance of the role of AERA cannot be understated and must be reinforced and supported unequivocally by all parties.* *IATA looks forward to AERA's consideration of our concerns and recommendations highlighted above that will deliver better outcomes for consumers. We are available for any further clarifications that AERA may require during the review process of the stakeholder submissions to AERA.*	No comments.

1. *AOC rhymes totally with clause 1.8.5, the fact that AERA has decided to continue MYTP exercise for the 4th Control Period, maintaining consistency with its order for Third Control Period while bearing in mind the finality of the matter which is sub-judice and currently under proceedings with Hon'ble SC. This will be an invaluable safeguard for the User against any inconsistent over recovery and AERA's inability to be able to Claw Back or rationally True Up due the OMDA/SSA Clause of a minimum applicability of 10% over BAC, in the MYT determination of the 5th Control Period. The option of True up of the projections done now versus the actual revenue realized is now a well established principle. As against the SSA Safeguard provision available to DIAL, unfortunately same is not available to the Users.*

   DIAL's Counter Comments:

   We humbly request the Authority to implement the decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard.

2. *AOC is of the same opinion cited in Clause 3.3.3 & 4.6.100, that Corporate Social Responsibility (CSR) expenses (Although not in line with Hon'ble TDSAT's order date 21st Jul 2023, challenged by AERA, and currently Sub-Judice in Hon'ble SC and pending decision) should not be considered as an expense while determining the Target Revenue for the 4th Control Period. Furthermore, the expectation of DIAL towards this expense to be recovered from users negates the very sanctity and obligation on the corporate for spending a fixed percentile of its profits on CSR.*

   DIAL's Counter Comments: The expenditure pertaining to the Corporate Social Responsibility is allowed by the Authority to the Bangalore International Airport Limited for the third control period. Similarly in the case of GMR Hyderabad International Airport, the Authority has allowed the CSR expenditure for the RGI Airport as well.

   However, in the case of DIAL, the Authority has completely taken a different stand in allowing the CSR expenditure despite having set a differential precedence in the other airports.

   DIAL requests the Authority to be consistent in its approach and therefore consider the CSR expenditure as requested by the DIAL. The Hon'ble TDSAT has further reiterated in its Judgement for DIAL 3rd Control Period that the decision of the TDSAT in the matter of CSR vide appeal no. 08/2018 are binding on the Authority (Para 168).

   Thus, we humbly request the Authority to consider the CSR expenditure as part of the regulatory building blocks.

3. *AOC submits that Clause 4.4.42 needs to be diligently examined by AERA whether the Packages 2 & 4 of the Phase 3A expansion and the expense incurred/proposed to be incurred has been derived as an efficient expense versus the benefits to users in terms of enhancement of Airport's efficiency. Referring to Enclosure 1, (AOC's response submitted to AERA during the Tariff determination exercise for the Third Control Period) that in absence of effective consultation for the expense so proposed on Phase 3A, the right assessment was missing, the cost of which shall eventually be passed on and recovered from the users and airlines.*

DIAL's Counter Comments: The AOC has provided the similar comments with regard to this item in the 3rd Control Period tariff order with regard to AUCC.

DIAL has provided detailed comments during the 3rd Control Period order vide letter no. DIAL/2020-21/Regulatory/326 dated 21st August 2020, which is publicly available in the AERA website.

The EPC contractor has been selected through an International Competitive Bidding which has been detailed in Para 4.4.52 of the Consultation Paper. As per Para 4.4.54 of the Consultation paper, the Authority has considered the procedure adopted for award of contract to the EPC Contractor is transparent and efficient.

The Master Plan 2016 of DIAL lists out the activities mentioned in the Phase 3A, which was prepared by an Independent Consultant M/s Landrum & Brown and all the necessary consultations were conducted and Major Development Plans were submitted to the requisite authorities in accordance with the concession agreements before execution of the works.

Furthermore, the Authority has conducted a detailed analysis of the costs and necessity of the project through independent consultant M/s KITCO and has also analysed the submission of DIAL regarding the cost in the current consultation paper dated 31.01.2025.

4. *Table 43 & 44 provides for the enhancement of the Terminal capacity versus area redeveloped. In T3, where a mere 0.005% of enhancement is Terminal area has been shown to have enhanced the terminal Capacity by almost 33% in Table 43. AOC requests Authority to diligently assess if it was a bad and inefficient design of T3 earlier, coupled with lack of consultation then, which necessitated this late approach and thus enhanced the capacity by 33%. The expense incurred in absence of a definitive consultation should not be passed on to the end users by way of enhanced user charges.*

   DIAL's Counter Comments: T3 was designed 2006 following IATA norms and IMG Norms. The capacity of T3 has gone up beyond designed 34 MPPA due to a) Investments in processing capacity in areas which were earmarked for such capacity enhancement within the same footprint for example, addition of Check-in Island 7, addition of baggage carousel, and b) technological advancements such as DigiYatra, E-gates etc, and process improvements.

5. *Table 51 reflects a cost of 133 Cr incurred towards retaining a Project Monitoring Consultant Company while there has been another cost of 135 Cr added on account of Salary/Supervision by GMR Airport Developers Limited, which seems to be overlapping and doubling up the 'Other Expenses' for the same purpose and being considered as an expense while determining the MYTP for 4th Control Period.*

   DIAL's Counter Comments . Project Management Consultant cost of Rs. 133 crores pertains to amount paid to Turners Projects as PMC cost which is independent of amount of Rs. 135 crores paid to GAL for manpower hiring cost. DIAL hired expert manpower from GADL to supervise the project and coordinate with L&T for any project related issues while the PMC monitored the project, its documentation, drawings and bills certifications. It is categorically stated that there is no duplication of functions / responsibilities.

6. *Clause 4.4.92 refers to the cost proposed by DIAL and considered by AERA as an expense for relocating the BSF Hanger (91.5 Cr) from the footprint of T1 Apron which should not be considered as a cost to be recovered from the users (Airlines and Passengers). This should be borne by BSF or by the state.*

   DIAL's Counter Comments: During execution of project, it was required to relocate the BSF Hangars from their existing location for construction of the Eastern Cross Taxiways. However, the BSF was not in agreement with the relocation of the facility. Multiple representations were made by DIAL to BSF, Ministry of Defence and Ministry of Civil Aviation. It was finally agreed by BSF to relocate provided the construction cost of these hangars were required to be undertaken by the DIAL at their own cost and up to the satisfactory requirements of the BSF

7. *Clause 4.4.102 relates to the delay in completion of Phase 3A thereby incurring an additional expense being claimed by DIAL and considered by AERA to the tune of 210 Cr. AOC finds it to be unjust as this was a force majeure event coupled with delay due to government clearances/Environmental Embargos as reflected in the delay details and should not be borne or passed on to users of the airport.*

8. *Clause 4.4.113 similarly is an expense asked by DIAL and considered by AERA (358 Cr) as an escalation of the cost to be paid to the EPC Contractor for Phase 3A delay which, in line with above, should not be recovered from the users being a Force Majeure event.*

   DIAL's Counter Comments for Points 7 and 8: It is important to note that the EPC cost towards Phase-3A project has not increased. However, other factors as discussed in consultation paper have resulted in total project cost increase, as listed below:

   - Reduction in GST Input tax credit.
   - increase in other enabling costs (discussed under Para 4.4.79 to 4.4.82 of the Consultation Paper)
   - Relocation of BSF Hanger (discussed under Para 4.4.88 to 4.4.93 of the Consultation Paper)
   - Additional costs due to extended duration on account of Covid-19 and other delays (discussed under Para 4.4.97 to 4.4.105 of the Consultation Paper)
   - Additional costs due to price increase (discussed under Para 4.4.106 to 4.4.113 of the Consultation Paper)

   From the above it can be observed that there has been no Force Majeure related cost impact on the project. Hencem the comments of the AoC are misplaced.

9. *Clause 4.6.78 refers to DIAL's submissions of having incurred significantly higher Advertising and Aeronautical Advertising expense in FY24 citing flimsy grounds of G20 and Hajj etc. of which Hajj and Customer Engagement activities are routine and nothing exceptional was done by DIAL that year while trying to pass this expense for recovery from users. A very thin line demarcates the advertising or aeronautical expenses being claimed to be of any tangible benefit to the users. DIAL uses social media platforms, its Home webpages, Interactive feedback while*

Aeronautical information are published by Airports Authority of India using NOTAMs or AIP Supplements which are very cost effective and not reflective of the expense proposed by DIAL.

DIAL's Counter Comments: The advertisement expenses have been scrutinised and assessed by AERA and its expert consultants. DIAL has provided the necessary details with respect to the expenditure and it is important to note that the cost incurred was necessary as IGI, Airport is one of the most important gate way for India and image/ reputation of the country is at stake during such important events like G-20.

10. *Table 131 details the other Admin expenses incurred and being claimed by DIAL. AOC requests AERA to verify the credit notes provided by DIAL to the tune of 25.11 Cr to Airlines towards the claimed UDF/PSF collection Charges. On ground, these remain more in books than actually a payout in the form of credit note to the Airlines.*

    DIAL's Counter Comments: DIAL is paying as per the invoices raised by the airlines and have accounted accordingly on accrual basis. There is no inconsistency in the payment of the expenditure as has been alleged by the AoC. Any such event if at all should be brought to knowledge of DIAL specifically.

11. *Table 216 on expense considered by Authority on Expansion Capex for 4th Control Period. An expense of 1241 Cr for domestic Pier E at T3 which does not enhance any capacity for Domestic users (Ref Table 189) at T3 has to be referenced as an expense (A1+A2+A4 = 49+112+1241 = 1402 Cr) being done just to enhance Capacity for Int'l users by 10 MPPA over 5 years of the 4th CP (from 20 MPPA to 30 MPPA) with a projected increase of just 5 MPPA of Int'l Users over a period of 5 years from 2024-2029 (Refer Table 184).*

    DIAL's Counter Comments: DIAL has planned to increase its domestic capacity by undertaking development of new Pier-E, the same has been discussed under clause 6.2.10 to 6.2.17 of the Consultation Paper dated 31.01.2025. The IGIA Master Plan 2016 proposes for addition of Pier E with Domestic in-fill to the eastern side of existing integrated Terminal 3 (T3) for enhancing Terminal 3 domestic Capacity by 10 MPPA.

12. *Similarly, the expense of 112 Cr proposed to be incurred on refurbishment of Terminal 2 in the 4th Control Period without any enhancement in either the Handling Capacity nor visibly moving towards the Masterplan of Phase 4 which is being continuously passed on to the user should not be considered as an efficient cost. Kindly refer to Clause 6.3.69 and Table 204.*

    DIAL's Counter Comments: The proposed T2 Refurbishment will meet the domestic traffic demand upto 2029 which facilitates postponement of T4 immediate Capex by 4-5 years. This is a required expenditure which will increase usability of terminal 2 with minimum expenditure benefiting the passenger and Airlines alike.

13. *Referring to Table 218 Row A19, AOC fully endorses Hon'ble Authority's view that such aesthetics' driven expenses are no way resulting in any tangible benefit for the users and appreciates that same principle be applied to the clauses and expenses listed further below.*

    DIAL's Counter Comments: Pollution is one of the most critical and increasingly emerging environmental issues in Delhi which is affecting physical and mental health of the all the people

including passengers at Delhi Airport. Under this landscaping project, large area will be covered with natural plants and other landscape features which is necessary for improving the air quality, environment and ambience in the area for better passenger experience. Proper designed landscape shall be helpful in arresting and absorbing suspended micro pollutants, available in local environment, leading to improve AQI.
Secondly, considering Delhi International Airport as "Gateway to India", it's prudent to improve look and feel at the landside and Cityside areas, as the first impression by an international passenger adds up value to enhanced image building of our great nation.
Additionally, Government of India has an aspiration to make India as Hub, in line with this, Delhi airport has been identified as airport to be developed as Global Hub, for which it become utmost important to provide best passenger experience and to build reputation of DIAL as Global Hub among global passengers.
Therefore, DIAL has to incur these expenses which will overall enhance passenger experience
These costs are forming part of the Landscape and are allowed by the Authority for various airports lists are as follows:

- Bengaluru Airport: In case of the Kempegowda International Airport (KIA), the Airport Operator has proposed the landscape works for the third control period. Considering the COVID 19, the Authority requested to postpone these costs, however the same were not disallowed by the Authority. Below is the extract for ready reference.

B16 and B17 – Landscape works and Alpha 4 project

5.2.67 The Authority reviewed the submission of BIAL for the Landscape works and Alpha 4 project.

5.2.68 On the backdrop of the impact on air traffic and the entire aviation industry due to COVID-19, the Authority is of the view that there is a need to postpone the capital expenditure which is not urgent or not ongoing from the Third Control Period. This would reduce the tariff burden on the airport users.

5.2.69 In its MYTP, BIAL has submitted that the Alpha 4 is proposed in the later part of the Third Control Period due to the impact of COVID-19 on air traffic and its current staff are accommodated at different locations across the airport on the short-term basis. The Authority noted that BIAL has already accommodated its employees and BIAL has also acknowledged the impact of COVID-19 on the capital expenditure plans of the airport. Therefore, the Authority is of the view that Alpha 4 is not an urgent requirement of the airport and it can be postponed to the next control period.

5.2.70 Similarly, the Authority noted that the landscape works are also proposed to be capitalized in the last year of the Third Control Period, that is, FY26. BIAL has proposed these landscape works through sustainable drainage along with a network of footpaths and cycle paths for sustainable transport. The Authority is of the view that these capital expenditure projects are not urgent for the airport and can be postponed to the next control period.

5.2.71 Accordingly, the Authority proposes to exclude the Landscape works and Alpha 4 project cost from the Third Control Period.

- Delhi Airport: Landscape works are always allowed by the Authority till the 3rd Control Period and out of turn the Authority has decided not to consider the landscape activities for the 4th Control Period.

The expenditure proposed by DIAL under this category is not even 1% of the total general capex proposed by DIAL. Thus, we request the Authority to allow this expenditure.

14. *Table 219, Row B6 referencing the expense considered by AERA towards AOCC Expansion (10Cr) seems to be unwanted since an Expense towards formation of APOC has already been considered by AERA and allowing overlapping expense for the same or similar purpose must be disallowed (Refer Row A 32 of Table 218).*

15. *Table 219, Row B9 reflecting an expense of 22Cr towards Asset Sustenance Capex is unwanted and does not reflect any tangible benefit for the users and must be disallowed.*

    DIAL's Counter Comments: It may be noted that these are necessary expenditure It may be noted that DIAL has undertaken detailed study of the assets at airport. As a result of which, DIAL found the assets are aging and may require regular maintenance. Accordingly, DIAL undertook multiple projects under 3 cr as including Falcon Spider for High rise facade cleaning -T3, Permanent cover for drains, Sensor based tap -T3, Runway paint marking machine-Line Lazer, runway paint marking machine-Road Lazer etc. DIAL has submitted detailed list, necessity and cost estimates for the capex proposed for CP4. AoC has not provided any basis to object the inclusion such assets and hence does not merit any consideration.

16. *Table 220, Row C7 citing an expense of 15Cr on Cost proposed to be considered by Authority for Finishes under General Capex towards Asset Sustenance Capex has to be rationalized and limited for rightful expense which reflects tangible benefit to the user.*

    DIAL's Counter Comments: As an Airport of national importance, aesthetics becomes one of the most important aspect for IGI Airport. Up keeping and refreshing of this aesthetics is very important for DIAL as it adds value to Airports overall passenger experience and improves country's impression. The same has been appreciated by AERA and by passengers over the last decade.

17. *Table 220, Row C9: Cost of 4.5 Cr towards Capacity Enhancement Capex for T2 should be covered under overall Capex proposed by Authority for T2 refurbishment and must be removed from here.*

    DIAL's Counter Comments: The proposed capex is specifically towards gate no 22 in Terminal-2. The details of work proposed to be carried out by DIAL has been submitted to AERA which includes slab extension work. The project is separate from T2 refurbishment, and it will be taken up separately in the year FY 2027.

18. *Table 220, Row C11: Capex approved of 4 Cr towards the expense for Landscape Design should be disallowed since it does not seem to reflect any tangible benefit for the users.*

    DIAL's Counter Comments: Landscaping is an important aspect which reflects image of IGI Airport and also of our country which makes it important for DIAL to efficiently spend money on landscape design. DIAL has given it's detailed response in regard to the above vide it's letter dated DIAL/2024-25/Regulatory/3550 dated 3*rd* March 2025, which may be referred.

Further AOC would like to refer to the Multiyear Tariff Proposal proposed by DIAL under reference DIAL/2024-25/regulatory/3422 dated 7th of February 2025 in response to AERA's CP 07/2024-25 and bring forth AOCs comments point by point.

1. *AOC fully understands the importance of sustainability as well as business viability for any Public Private/Joint Venture of this mammoth scale and in no way would undermine the complex challenges coupled with the web lock of interpretations while performing this exercise for Tariff Determination for the 4th Control Period for DEL Airport. This has to be viewed in the context of the Non Aeronautical Revenue cross subsidy ('S' Factor) determined to be approx. 6400Cr (30% of 21400 Cr) which translates to an earning of approximate 15000 Cr for DIAL from Revenue Share Assets in the 4th Control Period.*

   With regards to DIAL's prayers for consideration of higher rates for the first two years of the 4th Control Period is not only unethical but shows DIAL wanting to mop up the windfall gains in the beginning of the control period keeping in mind the impact that it foresees from Noida Int'l and Hindon Airports which are soon to be operationalized. Clawing back to a true up in the fifth control period would again not be possible due limitations of the SSA condition of Minimum increase of 10% over Base Airport Charges.

   DIAL's counter comments:

   The Authority has proposed the target revenue for the fourth control period for DIAL. It may be perused that the DIAL has proposed a rate card well within the proposed eligibility proposed by the Authority. The comment of AoC regarding "DIAL wanting to mop up the windfall gains" are totally out of place. DIAL has proposed a higher rate card for the second and third year of the control period has also proposed a lower rate for remaining two years of the control period whereby keeping the overall eligibility the same as approved by the Authority. Hence, there is no instance of any windfall gain or excess collection proposed as alleged by AoC.

DIAL's Counter Comments:

- *Clause I, Landing Charges: AOC DEL while has reasoned for rationalization of the Target Revenue in our comments above, and to arrive at a realistic and operationally viable Landing rates, would request AERA to not to consider differential pricing model based on aircraft Equipment Type. This is not only anti-Competitive but also belies the principles enshrined by ICAO, as standards.*

  DIAL's Counter Comments: It is widely accepted practice in India and across the globe to charge the higher rates for widebody aircraft and it is not anti-competitive in nature. It is pertinent to note that the runways required to be engaged for narrowbody aircrafts are by far shorter and smaller in comparison to the widebody aircrafts. However, when the airports of huge scale such as IGI Airport are built, all the airfields are constructed in compliance with the widebody aircraft requirements. Thus, it is essential to incentivize the narrow body aircrafts.

- *Clause II, Parking Charges: DIAL has proposed a 100% hike on the existing tariffs basis the Target Revenue arrived by their calculations which is way away from the realistic figure. While OMDA stipulates that 95% of the users of the airport have to be served from a Contact Stand, giving such a steep rate for Contact Stand would prompt Low Cost Carriers or Cost Sensitive Carriers to opt for the remote bays more often which would result in sheer wastage of airport resources and the Capex consumed on building and maintaining the facility in addition to a disservice to passengers. Remote Parking of aircrafts for a longer duration can be applied some other form of discount*

DIAL's Counter Comments: DIAL has proposed the overall charges within the approved Target Revenue. AERA may decide to approve the rate card proposed by DIAL. The reference to 100% is with regard to the tariff which is BAC +10% which refers to the 2006 applicable charges which is not comparable in the current context. Even with the proposed increase, IGI Airport tariffs will be competitive in comparison to any other similar size Airport in India and internationally.

There is no additional charge for contact stands for first 150 minutes as per our proposal. More than 90% of the flights have turnaround time within this timeframe. DIAL has not discouraged any airlines from using contact stands.

- *Clause III, X-Ray Baggage Charges: AOC firmly believes that Baggage X-Ray process is not a consumable but a task which is time bound and is performed within only the hours of the Airline's Counter Operation or Transfer Line's Operation. Segregating these charges basis the Aircraft Type is another example of unethical Business model which is also anti-Competitive when almost 90% of both Narrow Body and Wide Body typically use counters for check in for a maximum duration of 180 minutes per flight. AOC urges AERA to reconsider the charge model based on the Aircraft Type.*

  DIAL's Counter Comments: DIAL has proposed the overall charges within the approved Target Revenue. AERA may decide to approve the rate card proposed by DIAL.

- *Clause IV, User Development Fee: AOC strongly disagrees the application of both the quantum as well as the model proposed by DIAL. This would have many operational challenges while collating data for invoicing, coupled with confusion with displaced flight schedules since the UDF (As ordered by AERA to be levied) would have been already collected at the time of booking. Further AOC also feels that levying of UDF on arriving passengers is not a best industry practice and must not be allowed. Most importantly, having a differential rate for Business/First Class and Economy class is only complicating things further. As per current GST rules, Business and First Class passengers pay a higher tax compared to Economy class. While this is easier to do at the time of ticketing, when airlines globally use their empty inventory for complimentary upgrades due to operational/commercial reasons, who and how will this differential tax be recovered at the airport from the passenger? Not to forget, this would also apply to Incoming passengers and this would become impossible to recover from the passengers at their point of origin outside of DEL (Both within India and Abroad). This would simply mean that the Airline would have to bear the unrecovered portion of the tax and pay it to DIAL out of their own pockets.*

DIAL's Counter comments:

- **Levying of UDF on arrival passengers:** The practice of levying UDF on arrival / dis-embarking passengers is already present in India and globally across airports. Below are some of the examples:
  - Indira Gandhi International Airport during 2012-2017
  - Goa, Mopa
  - Mangaluru Airport

AERA in its own order no. 27/2023-24 in the matter of first control period tariff of MoPA (Goa) has opined as follows:

"*13.4.8 The Authority has noted the comments made by FIA and IATA on GIAL's proposal to collect UDF on disembarking passengers. The Authority notes the situation in Goa is unique with two airports operating in close vicinity. This provides option for passengers to disembark at one airport and embark from the other.*

Further, the Authority as detailed in its earlier Orders, notes that levying some port of UDF on the disembarking passengers helps in reducing Aeronautical tariff determined towards Landing Charges. The process may also help in recovering ARR for the Control Period and put lesser burden on the Airlines and other Airport Users….."

- **Business Class & Economy Class:** The GST is required to be passengers in accordance with the statutes of India, it doesn't require any response from DIAL. It is the responsibility of the Airlines to appropriate the charges towards UDF at the time of upgrades.

2. ***Variable Tariff Plan:*** *AOC would like to point out that having a scheme applicable on basis of the destination and the Equipment Type operating to that destination, falling within the remit of this clause would be both Anti-Competitive as well as unethical by ICAO's standards. Such a discount would be falling within the remit of a restrictive Trade Practice and we strongly urge AERA to not to allow DIAL to start such a precedent.*

DIAL's Counter comments: As MOCA has desired and aspired for Delhi airport to become a global hub airport, DIAL is working towards same direction, and the proposed Tariff plan has been designed to support the same.

Firstly, there is no discount provided for any category of the passenger or the airlines. Further, the variable tariff plan is available to all the airlines without discrimination between any airlines and hence does not violates the ICAO standards. The variable tariff plan is aimed to promote new routes at the IGI airport which will increase the passenger and other income. Such an increase will benefit the airline and passenger by bringing the overall tariff lower as the incremental passenger will reduce the overall yield.

1) *In order to create aviation hub at Delhi, the Variable Tariff Proposal needs to include incentive for increasing I2I traffic at Delhi airport, which may be introduced by AERA.*

2) *AERA may Consider reducing the landing charges for long haul and ultra long haul flights by at least 30% on a per MT basis.*

3) *AERA may consider a waiver of landing charges and reduce the UDF charges by 20% to promote utilisation of wide body on domestic flights.*

4) *Also, we believe that the additional tariff must be levied as ADF rather than UDF.*

DIAL's Counter Comments:

DIAL has submitted the proposed rate card on February 07, 2025. The Authority may take a view keeping the overall eligibility of the DIAL intact.

Transparent & Efficient Slot Allocation: *To enhance operational efficiency, maximize aeronautical tariffs, and ensure equitable access for all users, including non-scheduled operators, we strongly recommend that slot allotment be conducted online in a transparent, judicious, and structured manner. Implementing an online system will not only optimize slot utilization but also promote fair and efficient access for all stakeholders at busy public airports.*

DIAL's Counter Comments: This comment is not relevant towards the tariff determination of the DIAL for the 4th Control Period vide consultation paper dated 31.01.2025. It may be noted that DIAL is complying with OMDA provisions towards Slot Allocation.

Debt – Equity Ratio and Cost of Equity and Debt

We note that DIAL has proposed a debt – equity ratio of 48% : 52%. It is also seen that the cost of equity is considered as 15.41%, while that of debt is 10.15%. We also note that, in para 6.2.15 of the CP, DIAL has stated that majority of the capex is planned to be funded by debt : equity ratio of 70% : 30%.

We wish to submit the following comparison with other private airports for AERAs consideration:

a. We wish to draw reference to CP No. 26/2023-24 dated 11 March 2024, where Jaipur International Airport Limited have taken cost of equity as 15.18% and cost of debt at 9%.

b. In case of Rajiv Gandhi International Airport, Hyderabad, for the third control period of FY21-22 to FY25-26, the cost of equity was considered at 14% and cost of debt at 9%.

c. Taken together – cost of equity as 15.18% & cost of debt as 9%, and debt-equity ratio of 70%: 30%, the weighted cost of capital would work out to 10.85%, leading to a reduction in Return on RAB by around Rs. 1,380 crores.

DIAL's Counter Comments: The cost of equity has been wrongly quoted for Hyderabad Airport at 14%, infact the approved cost of equity at Hyderabad airport is 15.17%. Further, The Authority has conducted a detailed study on the Cost of Equity through Independent Consultant namely M/s IIM Bangalore for different airports. The report has considered wide range of issues and detailed expert opinion was received from the consultant. The Authority has considered this report for determination of the tariff for 3rd Control Period as well.

Further, consideration of the Cost of Debt & Cost of Equity of the other airports for DIAL is not comparable due to following factors:

- Scale of Operations
- Debt Equity ratios
- Competition from other airports

Further, comparison of cost of debt may not be right as every company has different credit profile which is driven by individual Credit Rating and industry related factors.

Commercial Property Development

We note that DIAL has been earning revenue on account of commercial property development which was Rs. 802 crores during FY24. We request AERA to kindly factor in future revenues on this account as part of non-aeronautical revenue, if not already done, as may be applicable / appropriate under the various agreements, rules, guidelines etc. that apply to such tariff fixation.

DIAL's Counter Comments: The aeronautical tariff determination for DIAL is dependent on its concession awarded by Central Government. The Target Revenue formula given under SSA does not envisage CPD revenue and the same has been concluded during Control Period 1 by AERA.

The decision of the Authority vide Order No. 03/2012-13 is as follows:

25.a. The Authority decided to exclude the gross revenue from Non-Transfer Assets towards cross-subsidization of aeronautical cost while determining the target revenue.

Disparity in User Development Fee (UDF) Between Business and Economy Class: *The User Development Fee (UDF) for business class passengers (Rs. 570) is more than double that for economy class passengers (Rs. 280), even though both groups utilise the same airport infrastructure, security, and basic passenger facilities. Shouldn't airport fees be structured based on actual usage and cost allocation rather than the class of travel. What is the rationale behind such a stark difference in charges?.*

DIAL's Counter Comments: The proposal of the business Vs economy class is a valid differentiation as regards to facilities offered to the business class including separate lane, check-in, security and immigration and boarding gate as well.

Further it may please be noted that the similar example of such class based segregation of the passenger ticket is also available in Hong Kong since 2016.***Higher Charges for Peak-Hour Travelers:*** *The new tariff structure significantly increases the cost of travel during peak hours 5am/pm and 8.55am/pm in the morning and evening making air travel even more expensive for price-sensitive consumers. Many economy-class passengers have limited flexibility in choosing travel times due to work commitments, family needs, and the availability of affordable flight options. Why should passengers pay a premium simply because they are traveling at a time of high demand, especially when alternative options may not be feasible?*

DIAL's Counter Comments: It is apparent that the airports across the globe are developed considering the peak hour demand which is also in compliant with the IMG & ICAO norms for designing of the airports. Thus, the facilities at the airport including its infrastructure are prepared in accordance with the requirement peak hour demand.

The proposed rate card of the DIAL is in fact incentivising the users of the airport for optimum utilisation of the airport assets and to create the demand for non-peak hour passenger. **Thus, the charges towards peak hour are required to be on higher side in comparison to the non-peak hour.**

Rising Costs in an Already Expensive Air Travel Market: *With air travel already becoming unaffordable for many lower-income and budget-conscious travelers, increasing charges such as the UDF and other airport fees only adds to their financial strain. Given that aviation is an essential mode of transport for many, including students, migrant workers, and middle-class families, the rising cost is not justified. What measures are being taken to ensure that air travel remains accessible and that the burden of additional fees does not disproportionately impact those who can least afford it?*

DIAL's Counter Comments: The Government of India has given the concession to the DIAL and the tariffs are required to be determined in accordance with these concessions (the State Support Agreement between GoI and DIAL), AERA Act 2008 and the principles followed by the Authority. DIAL has submitted its proposal to the Authority detailing the building blocks of the tariff formula. AERA has in detail gone through the submission and presented the views in the consultation paper. It is important to note that IGI Airport's current aeronautical tariff is equal to what was present in 2006. Due to major expansion and other components under the target revenue formula, IGI Airports tariff is expected to be revised. Further, charges levied by Airports form very minimal portion of the total airfare. Therefore, the increase in aeronautical charges will have minimal impact on average airfares.

Revenue from Existing Assets is not liable for cross subsidy.

1. *The proposal arises from the interpretation by DIAL of the term Non-Aeronautical assets forming a part of the definition of Revenue Share assets under Schedule I of the State Support Agreement (SS) executed between Ministry of Civil Aviation and DIAL.*

2. *Relevant definitions in Schedule 1 of SSA are as under:*

   *Target Revenue = RB * WACC + OM + D + T - S.*

   S = 30% of the gross revenue generated by the JVC from Revenue Share Assets. The costs in relation to such revenue shall not be included while calculating Aeronautical Charges.

   Revenue Share Assets shall mean (a) Non-Aeronautical Assets; and (b) assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets (eg: Public Admission Fee).

3. *The Revenue Share Assets definition referred above does not mention that Existing Assets have to be excluded.*

4. *The term "Existing Assets" is defined in Clause 1.1. of OMDA as "Existing assets means the physical, tangible, intangible and other assets of whatsoever nature existing at the airport site as on the date hereof except working capital assets other than inventory, stores and spares." Ther term existing at the time of handing over of the assets to DIAL from the assets would be created by DIAL as per OMDA.*

5. *The Existing assets from part of the terminal building, are conjoined to other aeronautical assets and are incapable of independent access/independent existence and are predominantly servicing/catering terminal complex/cargo complex and satisfy the definition of Non-aeronautical assets as per OMDA fully due to which the Non-aeronautical revenues from the existing assets have to be considered for cross subsidization as per the definition of S factor referred at (2) above.*

6. *The definition of Non-aeronautical assets in OMDA interalia includes all assets required for the performance of non-aeronautical services at the airport which indicates that the Existing assets are also included.*

7. *The issue was raised by DIAL in the first, second and Third control periods, but AERA has not agreed to the same. (Page 38, 48 & 144 of CP).*

8. *In view of the above, AAI has no further comments in this regard.*

DIAL's Counter Comments: TDSAT has adjudicated in favour of DIAL on the stated matter and adjudged that Existing Assets/ Demised Premises are not part of the Revenue Share Assets as per SSA. Further, the construction of the clauses relevant for the determination of building block S, is univocal and unambiguous that the Existing Assets/Demised Premises doesn't form part of the Non-Aeronautical Assets, thus the same are excluded from the calculation of the revenue from Revenue Share Assets and building block S.

This matter is already dealt by the Hon'ble TDSAT in the case of DIAL & MIAL 3rd Control Period tariff orders. It is the responsibility of the Authority under Section 13 of the AERA Act, 2008 to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard.

Annual Fee to be reduced from revenue from Revenue Share assets before cross subsidy.

1. The proposal arises from the interpretation of Clause 3.1.1 of the SSA which inter alia provides that the upfront fee and annual fee paid/payable by JVC to AAI under the OMDA shall not be included as part of costs for provision of Aeronautical services and no pass through would be available to them.

2. Based on the above, DIAL has interpreted that the annual fee is also not a cost for provision of Non-aeronautical services and hence not a cost in relation to revenue from Revenue share assets.

3. Clause 3.1.1 of the SSA referred above clearly states that no pass through shall be available in relation to annual fee which means that DIAL cannot recover the annual fee through any tariff determination principle.

4. Considering that the annual fee percentage quoted (via., revenue share payable to AAI) was the bidding criteria to win the bid for the airport, the same should not form part of pass through costs under any head and has to be incurred by the airport operator as per the terms of the OMDA. In fact, annual fee percentage quoted at the time of bidding is the raison d'etre for DIAL to be the airport operator.

5. The issue was raised by DIAL in the first, second and Third control periods, but AERA has not agreed to the proposal of DIAL.

6. In view of the above, AAI has no further comments in this regard.

DIAL's Counter Comments: TDSAT has pronounced that the Annual Fee is not a cost for generating revenue from Revenue Share Assets and adjudicated this matter in favour of DIAL that Annual Fee shall be reduced from calculation of revenue from Revenue Share Assets.

This matter is already dealt by the Hon'ble TDSAT in the case of DIAL & MIAL 3rd Control Period tariff orders. It is the responsibility of the Authority under Section 13 of the AERA Act, 2008 to implement this decision of the Hon'ble TDSAT before issuing the tariff order. However, as communicated in our tariff proposal and responses to stakeholder comments we request the Authority to conduct a midterm review post the Hon'ble Supreme Court Judgement in this regard.

Comments from DACAAI

The DACAAI has raised concerns on the challenges faced by domestic air cargo operators for usage of Cargo Terminals. The issues raised by DACAAI in summary are as follows:

- Replication of International Process in Domestic CUT in terms of standards of service to cargo pricing and seamless movement of the Domestic Cargo when customs is not required;
- Lack of infrastructure i.e., inadequate truck parking; lack of truck docks; shortage of x-ray machines; inadequate handling equipment; lack of handling manpower etc.,
- Combined Tariff in MYTP for Domestic Cargo & International Cargo
- Inefficiency in service Delivery; defining Services, Service Quality and SLAs
- Multiple heads of terminal handling charges & Impact; To Rationalise the Tariff Structure
- Lack of Accountability

DIAL' Counter Comments: The DACAAI comments are very generic and presented with lack of data in regard to the same with respect to the Indira Gandhi International Airport. In addition to that current MYTP application and consultation paper are pertaining to tariff determination of IGI Airport but not intermediary services provider i.e., Cargo, Ground Handling & Fuel Farm. The Authority has provided the separate guidelines with regard to the same.

Further, the Hon'ble TDSAT vide judgement dated 13.01.2023, adjudicated that the Cargo Operations and Ground Handling Operations of DIAL are Non-Aeronautical Services in accordance with the OMDA (Concession provided by the Government of India). Thus, the same are not subject to tariff regulation by the Authority.