

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)
Tariff Authority for Major Ports

G No. 54

New Delhi, 1 March 2012

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from V.O. Chidambaranar Port Trust for setting upfront tariff caps for handling thermal coal and copper concentrate at North Cargo Berth-IV in pursuance of the guidelines for upfront tariff setting at Major Port Trusts which was notified vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008, as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/32/2011-VOCPT

V.O. Chidambaranar Port Trust

Applicant

O R D E R

(Passed on this 19th day of January 2012)

This case relates to a proposal dated 2 July 2011 received from the V.O. Chidambaranar Port Trust (VOCPT) for fixation of upfront tariff for handling bulk cargo viz. Thermal Coal and Copper Concentrate at North Cargo Berth-IV which is proposed to be developed on PPP mode.

2.1. The highlights of the proposal are given below:

- (i). (a). The length of the proposed berth North Cargo Berth-IV is envisaged at 306 metres with a width of 22.90 metres. The berth is expected to handle vessels upto 12.80 metres draft (75,000 DWT vessels with an average parcel load of 60,000 tonnes.)

- (b). The total area proposed for stackyard is 12.80 hectares.

- (ii). **Optimal capacity:**

- (a). **Optimal quay capacity:**

The optimal quay capacity is assessed at 9.15 million tonnes per annum adopting the following parameters:

- The share of capacity of panamax vessels (upto 75,000 DWT) bringing thermal coal is assumed at 72% and share of capacity of panamax vessels (upto 75,000 DWT) bringing copper concentrate is assumed at 28%.
- The unloading norms prescribed in the guidelines for panamax vessels is 35,000 tonnes per day. As against this, the VOCPT has considered the unloading rate of 40,000 tonnes per day for thermal coal and 25,000 tonnes per day for copper concentrate.

- (b). **Optimal Yard Capacity:**

The optimal yard capacity is assessed at 9.57 million tonnes per annum as explained hereunder:

- The VOCPT has considered 58,000 square metres of area for stacking thermal coal and 16,000 square metres of area for stacking copper concentrate (i.e. total 74,000 square metres of area).
- As against the norm prescribed in the guidelines of 3 tonnes per square metres, the stacking factor considered by the VOCPT is 6.6 tonnes per square metres for thermal coal and copper concentrate.
- The turnover norm of the plot prescribed in the guidelines is 12 times in a year with free period prescribed at 25 days. The VOCPT has adopted the turnover of the plot at 28 for both thermal coal and copper concentrate and free period of 10 days.

- The optimal yard capacity calculated by the VOCPT is as follows:

Particulars	Thermal Coal	Copper Concentrate
A: Area of the yard	58,000 sq. mtr.	16,000 sq. mtr.
U: Capacity Utilisation level	70%	70%
Q: Stacking factor	6.6	6.6
T: Turnover ratio of plot in a year	28 Times	28 Times
Optimum Yard Capacity	7.50 MTPA	2.07 MTPA
Total Optimum Yard Capacity for Thermal Coal and Copper Concentrate	9.57 MTPA	

- (c). Accordingly, the optimal capacity of the terminal is assessed at 9.15 Million Tonnes Per Annum (MTPA) being lower of the quay and yard capacities for individual cargo as follows:

For Thermal Coal – Quay Capacity	-	7358400 Tonnes
For Rock Phosphates – Quay Capacity	-	1788500 Tonnes
Total Optimal Capacity	-	9146900 Tonnes

- (iii). The total capital cost is estimated at ₹355.00 crores. The break up of the capital cost is as below:

(₹ in crores)			
Sl. No.	Particulars		Estimated Capital Cost
A.	Capital cost for handling activity		
(i).	Civil Work		
	(a). Berth apron and approaches	94.35	
	(b). 3% Contingencies and 7% Supervision charges on base cost	9.44	
	(c). Work contract tax (4% on 65% of civil cost on base cost)	2.45	
	TOTAL		106.24
(ii).	Equipments		
	(a). Mechanical works	142.67	
	(b). Electrical works	24.86	
	(c). 3% Contingencies and 7% Supervision charges on base cost	16.75	
	(d). Work contract tax (4% on 65% of civil cost on base cost)	4.36	
	TOTAL		188.64
(iii).	Miscellaneous cost (5% of i & ii above)		14.40
	TOTAL (i + ii + iii)		309.28
B.	Berthing activity		
	(a). Cost of the berth	40.00	
	(b). 3% Contingencies and 7% Supervision charges on base cost	4.00	
	(c). Work contract tax (4% on 65% of civil cost on base cost)	1.04	
	TOTAL		45.04
	TOTAL CAPITAL COST		354.32
	Rounded off to		355.00

- (iv). **Estimation of Operating cost:**

- (a). Cargo handling activities:

Sl. No.	Particulars	Workings	₹ in lakhs
(i).	Power	1.4 unit/ tonnes * 9.15 MT * ₹6.50/ unit	832.65
(ii).	Repairs and Maintenance cost		
	(a). Civil assets	1% on ₹10624 lakhs	106.24

	(b). Mechanical and Electrical works	7% on ₹18864 lakhs (Mechanical and Electrical works)	1320.47
(iii).	Insurance	1% on gross fixed assets	309.28
(iv).	Depreciation		
	(a). Civil assets	3.34% on ₹10624 lakhs	354.84
	(b). Mechanical and Electrical works	10.34% on ₹18864 lakhs Mechanical and Electrical works	1950.52
(v).	License fee (rentals for land and other port assets)		
	(a). Water front charges payable to the port	33250 sqm @ ₹8.00/ Sqm/ month x 12	31.92
	(b). Stackyard at Hare Island	128040 Sqm @ ₹6.40/ Sqm/ month x 12	98.33
	(c). Way Leave for conveyors in sea	23400 Sqm @ ₹1.42/ Sqm/ annum	0.33
	(d). Way Leave for conveyors in land	3600 Sqm @ ₹1.42 Sqm/ annum	0.05
(vi).	Other expenses	5% on gross fixed asset of ₹30928 lakhs)	1546.40
	Total Operating cost for Cargo handling activity		6551.04

(b). Berth Hire:

Sl. No.	Particulars	Workings	₹ in lakhs
(i).	Repairs and Maintenance cost	1% of construction of berth ₹4504 lakhs	45.04
(ii).	Depreciation	3.34% of ₹4504 lakhs	150.43
(iii).	Insurance	1% of ₹4504 lakhs	45.04
	Total Operating cost for Berth hire		240.51

(v). Accordingly, the revenue requirement estimated by VOCPT is as follows:

(₹ in lakhs)

Sl. No.	Particulars	For cargo handling activity	For berth hire
(i).	ROCE @ 16%	4948.48	720.64
(ii).	Operating cost	6551.04	240.51
(iii).	Total Revenue Requirement	11499.52	961.15

(vi). Apportionment of Annual Revenue Requirement (Handling activity):

Sl. No.	Particulars	Apportioned estimated revenue requirement	
		%	₹ in lakhs
(i).	Handling Charges	98%	11269.53
(ii).	Storage Charges	1%	115.00
(iii).	Miscellaneous Charges	1%	115.00
	Total Revenue Requirement	100%	11499.52

(vii). The upfront tariff proposed by the VOCPT to meet the estimated revenue requirement is as follows:

(a). Berth hire charges:

Foreign-going vessel	-	₹0.549/ GRT/ hour
Coastal vessel	-	₹0.329/ GRT/ hour

(b). Cargo handling charges:

(Rate per metric tonne)

Sl. No.	Commodity	Rate in ₹
1.	Thermal coal (100% Coastal)	110.27
2.	Copper Concentrate (100% Foreign)	176.43

(c). Storage charges:

The VOCPT has considered 5.94 MTPA will be cleared within free period assuming evacuation @ 18000 Tonnes Per Day. It has assumed 18% of cargo capacity will attract storage charge beyond free period as follows:

(i). Free period - 10 days

(ii). Storage charge (beyond free period):

Rate in ₹ per tonne per day or part thereof		
First 6 days	-	1.00
Next 6 days	-	1.62
Thereafter	-	3.16

(d). Miscellaneous charges for environment and management, sweeping of cargo on the wharf, safety measures, etc. is proposed at ₹1.26 / tonne.

2.2. The VOCPT has also furnished a copy of the Feasibility Report and the list of Applicants to be consulted on the subject proposal.

3. In accordance with the consultation process prescribed, the proposal was circulated to the users/ user organisations/ RFQ applicants (as per details furnished by the VOCPT) for seeking their comments. The copy of the feasibility report was also forwarded to all the concerned users/ user organizations/ RFQ applicants vide our letter dated 24 August 2011. The comments received from the users/ user organisations/ RFQ applicants have been forwarded to the VOCPT as feedback information. The VOCPT has furnished its comments on the points made by the users/ user organisations/ RFQ applicants.

4. Based on the preliminary scrutiny of the proposal, the VOCPT vide our letter dated 7 October 2011 was requested to furnish the information/ clarifications. The VOCPT vide its letter dated 14 November 2011 has furnished its reply on queries raised by us. A summary of the queries raised by us and reply furnished by VOCPT are tabulated below:

Sl. No.	Query raised by us	Reply of VOCPT
(i).	The two proposals filed by the V.O. Chidambaranar Port Trust (VOCPT) with reference to upfront tariff for handling thermal coal and copper concentrate at North Cargo Berth IV and another proposal filed by the port vide its letter No.E(C)/F59/12/NCB-III/TAMP/PJT/2011/D 2186 dated 2 July 2011 for fixation of upfront tariff for handling thermal coal and rock phosphate at North Cargo Berth III seem to be almost identical in terms of physical features (length, draft of the berth), share of cargo in capacity calculation, optimal capacity except for some difference in the estimation of capital cost mainly on account of the conveyor cost. Since both the proposals are almost identical and the guidelines do not require upfront tariff fixation project-wise, the port may examine whether uniform rates for a standard terminal for handling thermal coal in combination with rock phosphate or with copper concentrate can be proposed.	Though thermal coal is handled in both berths NCB-IV & III, the other cargo copper concentrate and rock phosphate are different. The cargo configuration chosen is based on user demand and hence, separate rate for different cargo composition. It is for BOT operator to manage the rate. Hence the Authority may decide.
(i).	Optimal capacity of the terminal:	
	(a). Explain the basis for assuming that all vessels calling at the proposed terminal will be of	The draft proposed (12.80 Mtrs.) can accommodate only Panamax vessels having a DWT of 75000

	panamax size. The VOCPT may confirm no capsized vessel is envisaged considering the capital expenditure proposed to be incurred by the port to deepen the channel to increase the draft of the port and recognising the long horizon of BOT project for 30 years.	Tonnes. As there is no proposal to increase the draft for this area and hence, handling of Cape size vessels is not envisaged.
	(b). The basis adopted for determining share of capacity of thermal coal at 72% and share of capacity of copper concentrate at 28% may be explained.	The optimal Quay capacity with the handling rates proposed for the cargoes works out to 7.28MTPA as detailed in the Feasibility Report, out of which Copper Concentrate is 2MTPA. This works out to 28% of the Quay capacity.
	(c). The unloading norm prescribed in the guidelines for panamax vessels is 35,000 tonnes per day. As against this, the VOCPT has considered unloading rate of 40,000 tonnes per day for thermal coal. The basis for adopting the revised improved handling rate may be explained.	The rate of 400000 Tonnes per day had been considered as against 35000 Tonnes per day to maximize the annual through out and optimal utilization of the plot area which is already approved by TAMP for NCB-II.
	(d). The tariff guidelines of 2008 do not prescribe handling norms for copper concentrate. The VOCPT may, therefore, justify the handling parameter assumed by the port at 25,000 tonnes per day with reference to the capacity of the handling equipment and mechanised facilities envisaged to be deployed by the successful bidder.	The handling rate of 25,000 Tonnes per day had been considered for the same reason stated for coal. The equipment capacities had been designed to achieve this rate. This handling rate adopted for copper concentrate has already approved by the TAMP for the project Development of NCB-II at VOCPT.
	(e). Para 3.9 of the proposal states that the total area of stack yard will be 12.80 hectares (1,28,000 square metres). However, for estimating the optimal yard capacity, 58,000 square metres of land for stacking thermal coal and 16,000 square metres for stacking copper concentrate (i.e. total 74,000 square metres) is considered. The usage plan for the remaining land may be indicated.	The specific area is for stacking of cargoes ONLY. The remaining area is utilized for equipment berms, conveyor galleries, peripheral roads etc. This is indicated in the layout drawings and the same is enclosed.
(ii).	Capital cost:	
	(a). The upfront tariff guidelines stipulates list of civil works for coal unloading terminal such as berth apron and approach, stack yard, rail tracks for stacker, reclaimer, conveyor galleries, transfer tower, wagon loading station, etc. Some of the civil works prescribed in the normative list are not considered by the VOCPT in the capital cost estimation. The normative level of equipment for coal terminal includes ship unloaders, 2 reclaimers, 2 wagon loaders, 4 pay loaders etc. Whereas the VOCPT has proposed 2 grab unloaders, 1 stacker, 1 spreader and 6 front end loaders. The reasons for deviation from the norms prescribed in the guidelines both on civil works and equipment side may be explained.	For the layout of the plots and the capacities proposed the numbers indicated are sufficient. Hence, the deviation from the TAMP guidelines.
	(b). The basis of estimating the capital cost of berth apron and approaches at ₹94.35 crores may please be explained.	As per TAMP guidelines, capital cost is estimated at ₹134.35 in the Feasibility Report. The capital cost of berth apron and approaches is work out as ₹94.35 Cr. after deducting the berth construction cost of ₹40.00 Cr (134.35-40.00)
	(c). Unit of cost stacker considered by VOCPT for NCB-IV is 16 crores whereas for the another identical proposal at berth no.NCB-III, the VOCPT has estimated the unit cost of	The difference is due to the difference in reach of the Stackers. The reach of Stacker of NCB-IV is 42 Mtrs. and that for NCB III is 23 Mtrs. Two stacks of width 45 Mtrs are proposed for NCB IV and four stacks of

	stacker at ₹14 crores. The reasons for assuming different capital cost for this equipment may be explained.	width 25 Mtrs. are proposed for NCB-III
	(d). The capital cost estimated in the upfront tariff calculation is based on the estimates furnished in the Techno Feasibility Report which is of November 2010. In fact the cost the grab unloader assumed at ₹28 cores per tonne is same as estimated by the VOCPT in its original proposal filed for coal handling terminal for NCB - II in August 2009. The VOCPT may consider to update the estimates of the capital cost to reflect the prevailing market rate.	The capital cost considered is as per feasibility report.
	(e). The Feasibility Report does not contain any documents validating the estimates of the capital cost. Furnish copies of supporting documents/ calculation/ budgetary quotations, market rates to justify the estimates of both civil and equipment cost.	The estimates are based on information collected from various sources.
(iii).	Para 7.4. of the Techno Feasibility Report states that evacuation of copper concentrate is proposed by trucks and hence no special system is envisaged. As regards thermal coal, it is proposed to be evacuated by rail. Whilst the civil cost to the tune of ₹1.50 crores towards hardening the wagon unloading area is considered in the capital cost, the VOCPT has not considered the capital cost of the equipment relating to reclaiming and wagon loading system citing that it is contemplating to engage a separate agency for evacuation of thermal coal by rail. In this regard the following points may be clarified:	
	(a). Explain specific reasons, if any, for excluding the rail related service (for thermal coal) from the composite service otherwise proposed to be provided by the successful BOT operator.	Port has already formulated a separate PPP project for Integrated coal loading facility at island' for evacuation of Thermal coal through railway. Hence, the rail related service is excluded.
	(b). If the rail evacuation is proposed by a separate agency, clarify who will be finally responsible for the rail related service as it will also have impact on the productivity of the terminal.	Port considered the evacuation rate of this project and other PPP projects (NCB-II and NCB-IV). Accordingly the scope of work has been fixed for integrated coal loading facility.
	(c). Clarify the tariff arrangement envisaged for rail service and also whether there will be any revenue sharing arrangement between the successful bidder of this terminal and the new service provider expected to provide the rail related services.	Separate upfront tariff will be fixed for rail service.
	(d). As stated earlier civil cost relating to the hardening the wagon unloading area is considered in the estimation of capital cost. Since copper concentrate is expected to move by road and will not avail the service of wagon loading station, suitable adjustment may have to be done in the upfront tariff calculation to that extent so that this cargo is not burdened with the capital cost not relevant for its handling.	In the capital cost estimate a provision is made for hardening of wagon loading area for Thermal coal only.
	(e). If rail movement of thermal cargo forms part of the integrated service to be offered by the BOT operator of the terminal, then suitable	Initial assumption is movement by road for all cargoes. Later, the same will be moving through rail also. Hence, no adjustment is required.

	adjustment may be made in the proposal to reckon relevant cost items and separate handling rate may be proposed for rail bound cargo which may be derived based on the relevant cost of investment and operations for cargo.	
(iv).	Operating cost:	
	(a). Confirm the unit rate of power considered at ₹50 per unit is prevailing rate and substantiate with copy of recent electricity bill.	Yes. Copy enclosed for confirmation.
	(b). Licence fee:	
	(i). The guidelines for upfront tariff stipulate that lease rent for port land and assets is to be estimated based on the rate prescribed in the Scale of Rates of the respective major ports. Please confirm that the rates adopted for estimation of license fee is in line with the existing rates prescribed in the Scale of Rates of the VOCPT giving reference of the relevant schedule.	Yes. It is confirmed that the lease rent adopted is as per Scale of Rates of VOCPT.
	(ii). It is observed that license fee for water front is estimated by the VOCPT adopting the license fee of ₹8 per sq. meter per month prescribed in its SOR for storage of cargo within the security wall. As per the Land Policy Guidelines for Major Ports 2010 issued by the Ministry of Shipping, license fee for water area should be 50% of the license fee of abutting land. Please confirm the unit rate adopted by the VOCPT for water front area is the rate applicable for the land abutting the water front proposed to be allotted. Further, as per the Government guidelines, the VOCPT may consider to modify the estimation of lease rental for the water front area applying 50% of the license fee of the abutting land. Flowing from the Land Policy Guidelines of Major Ports 2010 stipulating that the license fee for water area has to be 50% of the license fee for the abutting land, please explain why the same principle cannot be extended for conveyors proposed over the sea and apply 50% of the applicable way leave charges for same.	The clause referred 50% of the license fee for water area comes under clause 6.2.2.3(k) of land policy for Major Ports 2010 for outside customs bound areas. However, the subject license lies under 6.1 hence 50% of license fee for water front areas is not applicable.
(v).	The average DWT, average GRT and average parcel size for vessels bringing copper concentrate/ rock phosphate assumed by the port for handling this cargo in combination with thermal coal at NCB-II is 75,000 tonnes, 40,000 tonnes, 60,000 tonnes respectively. These vessel parameters were considered by the Authority vide Order No.TAMP/29/2010-TPT dated 23 July 2010 for arriving at the berth hire charge for the said terminal. As against the above vessel parameters adopted in that case, the VOCPT in the current proposal has assumed the average DWT of vessel at 37,500 tonnes, average GRT at 22,875 tonnes and average parcel size at 33,000 tonnes in respect of vessels bringing copper concentrate. The reasons for assuming these parameters lower than the parameters adopted in the former	The vessel parameter for copper concentrate adopted in this proposal is as per feasibility report.

	proposal for the same cargo category may be explained. Incidentally, the vessel parameters assumed for thermal coal vessels are the same in the two proposals.																																							
(vi).	(a). The berth hire rate calculated by the VOCPT in the berth hire calculation shows the rate for copper concentrate (foreign going vessel) at ₹0.68 per GRT per hour and ₹0.34 per GRT per hour for thermal coal (coastal vessel) whereas the berth hire proposed in the Scale of Rates shows a different rate i.e. ₹0.549 per GRT per hour for foreign going vessel. At the rate proposed in the Scale of Rates, the estimated revenue requirement from the berth hire is not met. The VOCPT may, therefore, re-compute the berth hire calculation as done in various upfront tariff Orders. The effect of concessional tariff applicable for coastal vessel may be reckoned in the revenue model to ensure that the estimated revenue requirement can be achieved by the BOT operator at the proposed tariff level.	The berth hire indicated in the scale of rate contains typographical error. This has been corrected as below: (Per GRT in ₹) Rate per GRT per hours or part thereof <table><tr><th>Sl. No.</th><th>Vessel status</th><th>Copper concentrate</th><th>Thermal coal</th></tr><tr><td>1.</td><td>Foreign</td><td>0.68</td><td>0.57</td></tr><tr><td>2.</td><td>Coastal</td><td>0.41</td><td>0.34</td></tr></table>	Sl. No.	Vessel status	Copper concentrate	Thermal coal	1.	Foreign	0.68	0.57	2.	Coastal	0.41	0.34																										
Sl. No.	Vessel status	Copper concentrate	Thermal coal																																					
1.	Foreign	0.68	0.57																																					
2.	Coastal	0.41	0.34																																					
	(b). The ratio of foreign and coastal cargo in respect of thermal coal and copper concentrate may please be indicated. Effect of coastal cargo entitled for coastal concession may be considered while arriving at the handling rate as well. If no coastal cargo/ vessel is envisaged, it may be stated explicitly.	As far as thermal coal is concerned, all cargo to be handled are coastal cargo. Hence, there is no ratio for coastal cargo. As far as copper concentrate is concerned, it is considered as foreign cargo.																																						
(vii).	Incorporate the general note that the users shall not be required to pay for charges for delays beyond reasonable level for the reasons attributable to the terminal operator.	Yes agreed to.																																						
(viii).	The note number 1 proposed at page 18 of the proposed SOR may be elaborated to include the list of services included in the composite cargo handling charge proposed under Schedule 3 Cargo Handling Charges and also state that it shall cover all other miscellaneous charges not specifically prescribed in the SOR.	SOR is very clear.																																						
(ix).	The note numbers 2 and 4 mentioning about the documents to be relied upon for levy of charges are procedural/ administrative matters and hence need to be prescribed in the Scale of Rates. Even the SOR (upfront) approved by the Authority for handling thermal coal with other bulk cargo at NCB-II do not prescribe these conditions.	It refers to maintain status of coastal/foreign as certified by Customs.																																						
(x).	(a). The average dwell time assumed by VOCPT for each of the cargo items while estimating the cargo capacity likely to attract storage charge may be indicated.	The average dwell time of different categories of cargo are as follows: <table><tr><th rowspan="2">Sl. No.</th><th rowspan="2">Description</th><th colspan="2">2008-09</th><th colspan="2">2009-10</th><th colspan="2">2010-11</th></tr><tr><th>Import</th><th>Export</th><th>Import</th><th>Export</th><th>Import</th><th>Export</th></tr><tr><td>1</td><td>Dry bulk</td><td>10 days</td><td>Nil</td><td>10 days</td><td>Nil</td><td>10 days</td><td>Nil</td></tr><tr><td>2</td><td>Break bulk</td><td>3 days</td><td>Nil</td><td>3 days</td><td>Nil</td><td>3 days</td><td>Nil</td></tr><tr><td>3</td><td>Liquid bulk</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td></tr></table>	Sl. No.	Description	2008-09		2009-10		2010-11		Import	Export	Import	Export	Import	Export	1	Dry bulk	10 days	Nil	10 days	Nil	10 days	Nil	2	Break bulk	3 days	Nil	3 days	Nil	3 days	Nil	3	Liquid bulk	--	--	--	--	--	--
Sl. No.	Description	2008-09			2009-10		2010-11																																	
		Import	Export	Import	Export	Import	Export																																	
1	Dry bulk	10 days	Nil	10 days	Nil	10 days	Nil																																	
2	Break bulk	3 days	Nil	3 days	Nil	3 days	Nil																																	
3	Liquid bulk	--	--	--	--	--	--																																	
	(b). The basis for assuming 14.3% of cargo will attract storage charge is not explained in the proposal. In fact, based on the evacuation rate of 18,000 tonnes per day for 330 days indicated in the upfront tariff calculation, the cargo capacity expected to be cleared within free days computed by VOCPT is 5.94 million tonnes. This	The 14.3% of cargo attracting storage charges is adopted as approved by the TAMP for the NCB-II project at VOCPT.																																						

	means the remaining cargo capacity i.e. 9.15 MTPA - 5.94 MTPA = 3.21 MTPA will attract storage charge. In terms of percentage it comes to 35% and not 14.3% assumed by the VOCPT.	
	(c). The Techno Feasibility Report states that the evacuation of thermal coal by rail will be at the rate of 20,000 tonnes per day. Though nothing is mentioned about the evacuation rate of copper concentrate, in the another almost identical proposal the port has indicated the evacuation of rock phosphate by truck will be 6,000 tonnes per day. Since the VOCPT has assumed the annual turnover of copper concentrate at 28 at par with thermal coal, the evacuation rate of copper concentrate needs to be improved suitably. The evacuation rate of the cargo items and the average dwell time of individual cargo may be captured while calculating the storage charge.	In the Techno Feasibility report it is clearly mentioned considering the possible users of the facility and their location, the following modes of evacuation has been considered viz. Thermal coal will move by rail and copper concentrate will move by road. Accordingly, the evacuation rates are assumed as 20,000 TPD for Thermal coal and 6000TPD for Cooper concentrate. The turnover of the plot in a year for copper concentrate adopted as 29\8 for this proposal is as approved by TAMP for the project Development of NCB-II at VOCPT'
	(d). The computation of storage charge may be reviewed and modified in light of the above observation.	No reply.

5.1. A joint hearing in this case was held on 16 November 2011 at the V.O. Chidambaranar Port Trust (VOCPT) premises. The VOCPT made a power point presentation of its proposal, its response to comments of the users/prospective bidders and queries raised by the TAMP. At the joint hearing, VOCPT and the concerned user/organization bodies have made their submissions.

5.2. It was agreed at the joint hearing that the VOCPT would take action on the following points:

- (i). The port concedes that some calculation errors have crept in the proposal in regard to the proposed rates of berth hire and storage charges. In response to the observation made by some of the prospective bidders, the port agreed to review the dwell time considered in the calculation of capacity. The proposal may be rectified and resubmitted.
- (ii). It was brought out at the joint hearing that the lease rentals considered in the calculation are reportedly based on the Scale of Rates and that the port has not considered the correct lease rentals applicable for the land to be leased out and instead relied upon the storage charges / license fee for storage of cargo prescribed in its scale of rates. The lease rentals for the port estate are overdue for revision since July 2007. In this context, the port informed that land valuation has already been done and a separate proposal in this regard will be submitted shortly. The port was advised to revise the upfront tariff calculation by considering the updated lease rentals.
- (iii). The Port has submitted two proposals for fixing upfront tariff for NCB-III and NCB-IV. The productivity levels, configuration of the terminal facilities and optimal capacity are more or less similar except for a difference in the length of conveyor connecting the quay side of the storage yard. Consequently, a difference arises in the estimated capital cost and only on this account the upfront tariff proposals are different for these two projects. In this regard, the guidelines position requiring tariff to be set for a commodity which will apply to all projects to be bid out subsequently during the next five years, has been brought to the notice of VOCPT. The Port was advised to revisit its proposals and furnish a detailed analytical note as to why a single upfront tariff for both of NCB-III and NCB-IV should not be fixed.

5.3. At the joint hearing, the VOCPT was advised to submit its revised proposal by 26 November 2011 taking into consideration the above mentioned points and simultaneously circulate its revised proposal to the concerned users / prospective bidders advising them to furnish their comments within 5 days to TAMP and VOCPT. The VOCPT was also requested to furnish its comments on the points made by the users and prospective bidders on the revised proposal which circulated by VOCPT.

6.1. With reference to the points discussed at the joint hearing, the VOCPT vide letter dated 7 December 2011 has furnished the requisite information/ clarifications as summarised below:

- (i). In the revised proposal, lease rent is estimated adopting the unit rate at ₹36.54/sq.mtr. per month based on port's earlier proposal. (It may be noted that during the advanced stage or processing this case the VOCPT vide its letter No.E(C)-38/2/2006-EST/D dated 2 January 2012 has filed a fresh proposal for revision of lease rental based on valuation of land done in July/ August 2011.)
- (ii). The Port's separate proposal for NCB - III & IV are due to difference in Capital Cost elements especially difference in conveyor length and difference in equipment like stackers and electrical equipments like transformers. Hence, separate proposal for NCB-II and NCB-IV may please be considered for approval.

6.2. The VOCPT has furnished the revised proposal for upfront tariff fixation based on the discussions at the joint hearing. The main points/ modifications made by the VOCPT in the revised proposal are given below:

- (i). In the original proposal, quay capacity and yard capacity were assessed at 9.15 Million Tonnes and 9.57 Million Tonnes. In the revised proposal, the area of yard for stacking thermal coal is considered at 61,600 sq. mtrs. (58,000 sq. mtrs. in the original proposal) and for copper concentrate at 15,660 sq. mtrs. as against (16000 sq. mtrs. assumed in the original proposal). Consequently, the yard capacity stands revised to 9.48 Million Tonnes. The quay capacity of 9.15 Million Tonnes being the limiting factor, the VOCPT has pegged the optimal terminal capacity at 9.15 Million Tonnes.
- (ii). The port has stated that based on interim land valuation report the rates comes to ₹11.94 per sqm. per month. The port, however, has estimated lease rental adopting the rate already proposed by them in the earlier revised proposal at ₹36.54 per sq. mtr. per month. The lease rent estimated at ₹31.92 lakhs and ₹98.33 lakhs towards water front charges and for stackyard at Hare Island respectively is revised to ₹145.79 lakhs and ₹561.43 lakhs respectively.
- (iii). The revised Annual Revenue Requirement for cargo handling activity estimated by VOCPT is as given below:

(₹ in lakhs)

Sl. No.	Particulars	For cargo handling activity
(i).	ROCE @ 16%	4948.54
(ii).	Operating cost	7128.06
(iii).	Total Revenue Requirement	12076.60

- (iv). The revised apportionment of Annual Revenue Requirement (Handling activity):

Sl. No.	Particulars	Apportioned estimated revenue requirement	
		%	₹ in lakhs
(i).	Handling Charges	98%	11835.06
(ii).	Storage Charges	1%	120.77
(iii).	Miscellaneous Charges	1%	120.77
	Total Revenue Requirement	100%	12076.60

- (v). The upfront tariff proposed by the VOCPT to meet the estimated Annual Revenue Requirement is as follows:

- (a). Berth hire charges:

Foreign-going vessel	-	₹0.597/ GRT/ hour
Coastal vessel	-	₹0.358/ GRT/ hour

- (b). Cargo handling charges:

		(Rate per metric tonne)	
Sl. No.	Commodity	Rate in ₹	
		For Foreign cargo	For Coastal cargo
1.	Thermal Coal	115.80	115.80
2.	Copper Concentrate	185.28	111.17

- (c). Storage charges:

- (i). Free period - 10 days

- (ii). Storage charge (beyond free period):

Rate in ₹ per tonne per day or part thereof		
First 6 days	-	1.00
Next 6 days	-	1.62
Thereafter	-	3.16

- (d). Miscellaneous charges for environment and management, sweeping of cargo on the wharf, safety measures, etc. is proposed at ₹1.32 / tonne.

7. Some of the user organisations have furnished further comments after the joint hearing. The comments received from them were forwarded to the VOCPT as feedback information. The VOCPT has not furnished any comments on the additional points made by the user associations.

8.1. The VOCPT has subsequently vide its letter dated 5 January 2012 explained that the stacking area for thermal coal and copper concentrate considered in the revised calculation is as per the layout of stack yard length 660m and width of 194m at NCB-IV whereas for North Cargo Berth-III the layout is 700 mtr. length * 180 mtrs. width. Thus according to the layout the stack yard for thermal coal is envisaged 61,600 Sq. Mtrs. and 15660 sq. mtrs. for Copper Concentrate. It has stated that stack yard envisaged for North Cargo Berth-IV is slightly more than stack yard for North Cargo Berth-III considering the topography of the area allotted and respective width available after exhausting the land proposed to be allotted for NCB-III. Therefore, it has requested to consider the stack yard as per the revised calculation. It may be stated here that the overall area proposed to be allotted is maintained at 1.28 hectares as envisaged in the original proposal.

8.2. It has also clarified that license fee for land adopted at ₹36.54/Sqm/month in the revised calculation dated 7 December 2011 is based on the earlier revised proposal filed by the VOCPT for revision of lease rent proposed at ₹438.51 per sq. mtr. per annum for commercial purpose (Port related – Zone A). However, it has now submitted fresh proposal dated 2 January 2012 for fixation of lease Rent based on valuation of land obtained from the approver wherein the lease rent is ₹286.85 per sq. mtr. per annum applicable for Zone A (Port related - Commercial purposes with effect from 1.7.2007). It has, therefore, requested to consider the lease rent at ₹23.90 per sq. mtr. per month instead of ₹36.54 per sq. mtr. per month furnished to the Authority for calculation of License Fee for NCB - III and NCB - IV berth.

9. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the arguments made by the concerned parties at the joint hearing will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

10. With reference to totality of the information collected during the processing of this case, the following position emerges:

- (i). The proposal filed by V.O. Chidambaranar Port Trust (VOCPT) is to fix upfront tariff cap for handling thermal coal and copper concentrate at North Cargo Berth (NCB) - IV which is proposed to be developed on Public Private Participation (PPP) basis. The port has simultaneously filed a separate proposal for handling thermal coal and copper concentrate at berth number NCB - III.

As per Clause 2.2. of the guidelines for upfront tariff setting for PPP Projects at the major ports of February 2008, the tariff caps to be prescribed would apply at to all terminals bid out subsequently in the same port during next five years for handling identical commodity or for providing similar services. Bringing out the above guideline position, the port was advised to revisit its proposals and furnish a detailed analytical note whether a single upfront tariff can be fixed for both NCB-III and NCB-IV berths as productivity levels, configuration of the terminal facilities and optimal capacity of the two proposals filed by the VOCPT are found to be more or less similar.

The port has explained that though thermal coal proposed to be handled at both NCB-III & NCB-IV berths is the same, the other cargo viz. rock phosphate and copper concentrate proposed to be handled are different and the cargo configuration chosen is based reportedly on users demand. It has further submitted that the estimation of capital cost for the two projects also differ due to difference in conveyor length and difference in a few equipment like stackers and electrical equipment like transformers. The port has insisted on prescribing upfront tariff for the two proposals separately. It may be stated here that the difference in the total capital cost of the two projects for variations cited by the VOCPT is ₹65.50 crores i.e. the capital cost estimated for NCB-III is 18% higher than the capital cost estimated for NCB-IV berth. This will have a significant impact on the tariff to be determined. That being so, this Authority is inclined to consider the request made by the port and proceed to prescribe separate tariff for the two projects NCB-IV and NCB-III (which is being processed as a separate case).

- (ii). The proposal generally complies with the guidelines issued for upfront tariff setting. Deviations proposed in some of the norms/ parameters are, *inter alia*, discussed in the subsequent paragraphs.

(iii). Optimal Terminal Capacity:

(a). Optimal Quay Capacity:

- (i). The share of capacity of panamax vessels handling thermal coal and copper concentrate is assumed at 72% and 28% respectively. The share of cargo capacity furnished by the port which is reportedly based on the feasibility report is relied upon.
- (ii). Some of the bidders have sought to consider handy max vessel also instead of assuming 100% vessels of panamax category. The port has confirmed that the proposed berth is designed to handle Panamax vessels of 75000 DWT and its assumption is supported by the Feasibility Report. The draft of the proposed berth is envisaged to be 12.80 mtrs. and it is in the process of dredging the basin and berths to enable berthing of vessels with 12.8 mtrs. draft to accommodate Panamax vessels. It may be stated here that upfront tariff fixation for handling of coal in combination with rock phosphate and copper concentrate at North Cargo Berth-II also relied upon the assumption of panamax vessel to call at the said proposed berth.

- (iii). The upfront tariff guidelines for coal handling terminal prescribe the unloading norms for coal terminal for panamax vessels at 35,000 tonnes per day. The guidelines do not prescribe separate productivity norms for copper concentrate. The VOCPT has considered the handling rate of 40000 tonnes per day for panamax vessels carrying thermal coal and 25000 tonnes per day for panamax vessels carrying copper concentrate.

With reference to the point made by some of the prospective bidders to reckon the handling rate as per the norms, the port has clarified that higher norms are adopted for thermal coal with a view to achieve higher efficiency and optimal utilization of facilities.

As regards copper concentrate, the port has confirmed that the equipment proposed to be deployed are capable of achieving the productivity rate assumed in the calculation.

It may be stated here that the handling (unloading) rate of 40000 tonnes / days adopted for thermal coal and 25000 tonnes per day for copper concentrate is same as proposed by the VOCPT for NCB-II berth which has been considered while determining the upfront tariff for that terminal approved vide Order No.TAMP/29/2010-TPT dated 23 July 2010.

Accordingly, the optimal quay capacity of the proposed terminal is considered at 9146900 tonnes/ annum as assessed by the port.

(b). Optimal Yard Capacity:

- (i). The upfront tariff guidelines stipulate that the yard capacity is to be assessed for the area of the yard made available by the port for development. The port envisages allotment of total land area of 12.80 hectares of land. In the initial proposal, the VOCPT envisaged to allot 58000 sq. mtrs. for stacking thermal coal and 16000 sq. mtrs. of area for copper concentrate. In the revised calculation furnished on 7 December 2011, the VOCPT has considered allotment of 61,600 sq. mtrs. for stacking thermal coal and 15660 sq. mtrs. of area for copper concentrate summing to 77260 sq. mtrs. of area for stacking purpose as against 74,000 sq. mtrs. proposed in the original proposal. The remaining area proposed to be allotted is for locating equipment, Berms and Peripheral, roads, etc.

The VOCPT has clarified that staking area proposed in the revised calculation is as per the layout of stack yard and that stack yard envisaged for North Cargo Berth-IV is slightly more than stack yard for North Cargo Berth-III considering the topography of the area proposed to be allotted after exhausting the land proposed to be allotted for NCB-III. It has, therefore, requested to consider the stack yard as per the revised calculation furnished by them.

It may be stated here that the two projects NCB-III and NCB-IV are almost identical in terms of project facility, stacking factor, and plot turnover considered in the original proposal. In fact for NCB-III berth where the conveyor length envisaged is longer than the NCB-IV berth, the stacking area envisaged for thermal coal is 58000 sq. mtrs. and for rock phosphate at 16000 Sq. mtrs. and total area proposed to be allotted to 12.60 hectares. It is not necessary to burden the users

with increased tariff by assuming longer storage of cargo at the terminal. Moreover, if stacking area as considered by the VOCPT is adopted maintaining the plot turnover and stacking factor as assumed in the original proposal then it artificially leads to increasing the optimal yard capacity to 10.14 Million tonnes widening the gap between the optimal quay and the yard capacity. In our analysis, the stacking area for thermal coal and copper concentrate is adopted at 58000 sq. mtrs. and for rock phosphate at 16000 sq. mtrs. as adopted for NCB-III berth and considered by the VOCPT in the original proposal in this case. This will not have any effect on the optimal capacity and estimated capital cost assessed by the port.

Since, the port has considered the exact stack area it has not applied 70% utilisation factor on it to determine the yard capacity. This is in line with the approach followed for determining the optimal yard capacity of NCB-II berth.

(ii). Stacking Capacity:

The guidelines for upfront tariff setting prescribe the stacking factor norm at 3 tonnes per square metre for stacking coal. The VOCPT has considered the stacking factor at 6.6 tonnes per square metre for thermal coal as well as copper concentrate.

M/s.Sterlite Ports Limited have raised objection on exceeding the stacking norms prescribed in the guidelines and requested to consider it at 3.5 tonne per sq. mtr. While processing the NCB-II proposal, the port had reported that stacking factor of 7.6 tonne/ sq. mtr. for thermal coal which has already been achieved in the past. Moreover, the stacking factor assumed in the current proposal is same as approved while determining the upfront tariff for NCB-II berth for handling thermal coal, industrial coal in combination with rock phosphate and copper concentrate. When the stacking factor of 7.6 per tonne per sq. mtr. is already achieved in the past at the VOCPT, the request made by M/s.Sterlite Ports Limited to consider stacking parameter at reduced level of 3.5 per tonne per sq. mtr. does not merit consideration.

Incidentally, M/s.Sterlite Industries Limited while processing the proposal for fixation of upfront tariff for NCB-II had suggested that considering the weighted average density of other bulk cargo is comparable to the density of thermal coal, stacking factor for other bulk cargo viz. rock phosphate and copper concentrate and industrial coal may also taken as 6.6 tonnes/ sq. mtr. the same as the stacking factor considered for thermal coal. The point made by M/s.Sterlite Ports Limited in this proceeding contradicts the submissions made in the other case of VOCPT for NCB-II berth.

Stacking factor considered while determining upfront tariff for coal terminal at Visakhapatnam Port is also 6 tonnes/ sq. mtr. for coking coal. Stacking factor of 6.6 tonnes/ sq. mtr. considered by the port which is same as considered while determining upfront tariff for NCB-II berth is adopted in the upfront tariff calculation.

(iii). Plot turnover:

The norm for plot turnover for a coal terminal prescribed in the guidelines is 12. The VOCPT had initially considered plot turnover of 28 for thermal coal and 30 for copper concentrate. In the

revised working, the plot turn over norm for thermal coal is reduced to 25.68.

M/s.Sterlite Ports Limited have expressed doubt on achieving the turn over factor of plot assumed by the port and are of the view that it should be considered as per norms or at the level of at 12 to 14 plot turn over in a year.

The port has furnished working in support of revised annual plot turnover of 25.68 and 30 assumed by it for thermal coal and copper concentrate respectively. The reduced turn over for thermal coal in the revised working arises as the port has considered increase in the stacking area. It is notable that plot turnover considered for coal terminals in Visakhapatnam Port Trust and Paradip Port Trust is 30 and the parameter considered by VOCPT originally at 28 was closer to that. In fact the plot turnover assumed for thermal coal for NCB-II and NCB-III berths is also same at 28. Hence, this Authority is not inclined to consider the reduced plot turn over proposed by the port for NCB-IV when stacking factor and other parameters are assumed same as for NCB-III berth. The plot turn over for thermal coal is thus considered at 28 as considered by the port in the original proposal. This modification, however, does not have any impact on the optimal capacity as yard capacity is not a limiting factor in this case.

- (iv). The optimal yard capacity of the terminal for handling thermal coal and copper concentrate adopting the stacking factor and the turnover ratio as explained above and applying the formula prescribed in the guidelines is assessed at 10139052 Tonnes Per Annum.

- (c). Optimal Terminal Capacity:
The optimal capacity for handling thermal coal and copper concentrate is considered at 9146900 tonnes per annum being lower of the two capacities i.e. quay and yard in the calculation of upfront tariff without any rounding off. If turnover ratio and cargo stacking factor are considered strictly as per norms, the yard capacity would only be 1.95 Million Tonnes Per Annum which is abysmally low.

- (iv). Capital Cost:

The capital cost for the proposed terminal estimated by the VOCPT is ₹354.32 crores.

- (a). Berthing activity:

The total cost of berth is estimated at ₹4504 lakhs. The guidelines require considering the cost as estimated by the Port Trust. The capital cost estimated for berthing activity does not include cost of dredging alongside the berth. The feasibility report furnished by the port states that the dredging cost in the front the berth will be done by port and hence kept outside the scope of the project.

- (b). Cargo handling activity:

- (i). Civil construction cost:
The upfront tariff guidelines broadly indicate the civil works involved for coal terminal and require the port to estimate civil cost. The port has confirmed that estimated capital cost is as per the feasibility report and the same is relied upon.

(ii). Equipment cost:

- (a). The deviations made by the VOCPT from the normative level of equipment prescribed in the guidelines and justification furnished by the port for such deviations are discussed hereunder:
- (b). The normative list of equipment prescribes, 2 ship unloaders, 2 reclaimers, 1 wagon unloader/ truck unloader, 2 cranes, 2 reclaimers and 4 payloaders/ dozers, conveyor amongst other equipment. As against the above, the VOCPT has proposed 2 grab unloaders, 1 stacker, 1 shed stacker / spreader, 6 front end loaders and conveyor.

The port has clarified that the evacuation of thermal coal will be done by rail wagons and the system will consist of bucket wheel reclaimer, loading conveyor and wagon loader. Copper concentrate is proposed to be evacuated using front end loader to load cargo onto trucks. It has further clarified that a separate PPP project for integrated coal loading facility is being formulated for evacuation of Thermal coal through railway. As such rail related equipment like reclaimer, wagon loader, etc., is not envisaged as part of the proposed project. The front end loaders are proposed at 6 nos. for evacuation of copper concentrate. It has confirmed that equipment proposed are sufficient for the project.

It is noteworthy that clause 3.2. of the guidelines for upfront tariff setting provides flexibility to make necessary adjustment in the norms based on justification furnished by the port and in view of port specific conditions having impact on the norms prescribed in the guidelines. In view of clarification furnished by the port, the estimated number of equipment is accepted.

- (iii). The civil and equipment cost estimates prepared by the port are with provision for contingencies to take care of any requirement which is not envisaged in the estimates, works contract tax and supervision charge. Despite specific request, the VOCPT has not furnished supporting documents/ rate analysis etc., to validate the estimates of capital cost with reference to cost of berth, the unit rate adopted for civil work and equipment cost. The port has clarified that the estimation of capital cost are based on information collected from various sources.

The capital cost estimated in the upfront tariff calculation is based on the estimates furnished in the Techno Feasibility Report of November 2010. The estimate of some of the equipment like grab unloader, etc., is in fact found to be same as considered in the review Order passed on 23 July 2010 for coal terminal (NCB-II).

M/s.ABG-LDA Bulk Handling Pvt. Ltd. have pointed out that capital cost estimates are based on report released in November 2010 and hence it is not clear whether the port has considered the inflation effect. The VOCPT was advised to update the estimates of the capital cost to reflect the prevailing market rate. Despite request, the port has not revised the estimates which are

reportedly based on the feasibility report. The port has clarified that though the Techno Economic Feasibility Report was released during November 2010, the RFQ was called in February 2011 and RFQ applications were also opened on 30-04-2011 and is under processing and hence at this stage it has expressed its unwillingness to revise the estimates of capital cost. Since indexation in the upfront tariff to be determined is being allowed with reference to WPI as of January 2011, it will take care of the concern expressed by the said bidder.

- (iv). The miscellaneous capital cost estimated by VOCPT at 5% on civil and equipment cost is in line with the norms prescribed in the guidelines.
- (v). The total estimated capital cost is ₹35432 lakhs as estimated by the port. The return on capital employed is computed at 16% on the estimated capital cost.

(v). Operating Cost:

- (a). The power cost is estimated adopting the consumption of 1.4 per tonne as per the power consumption norm prescribed in the guidelines. The unit cost of power considered by the VOCPT is ₹6.50. The unit rate of power is updated to ₹6.87 based on the prevailing unit cost of power incurred by the port which is substantiated with copy of the electricity bill for the month of October 2011.
- (b). As per the norms, the repairs and maintenance cost is estimated at 1% on the civil assets and 7% on the mechanical and electrical equipment, insurance cost at 1% of the gross fixed assets and other expenses at 5% of the gross value of fixed assets.
- (c). Depreciation is computed @ 3.34% on civil cost and 10.34% on equipment cost as per the rates prescribed in the Companies Act under the SLM for the relevant group of assets.
- (d). License fee is calculated for 128040 sq. mtrs. of storage area, water front charges for 33250 sq. mtrs. and way leave for conveyors for 27000 sq. mtrs. The guidelines for upfront tariff guidelines stipulate that the lease rent for the port land is to be estimated based on the rate prescribed in Scale of Rates of the respective Major Port Trusts. The license for land area is estimated for 1, 26,000 sq mtr.

The lease rentals for the port estate are overdue for revision since July 2007. Since the port at the joint hearing held in this case informed that land valuation is already done and a separate proposal is to be filed shortly, the port was advised to revise the upfront tariff calculation by considering the updated lease rentals.

In the revised proposal, the VOCPT has estimated lease rent for stack area adopting the unit rate at ₹36.54 sq. mtr. per month which is based on unit rate proposed by them in the revised proposal filed by them earlier vide letter dated 23/26 June 2009 for land allotment for commercial purposes which was in fact closed by this Authority vide Order No.TAMP/14/2009-TPT dated 11 October 2011 for reasons stated in the said Order with an advice to the port to file a fresh proposal.

The VOCPT during the advance stage of processing this case has vide its letter No.E(C)-38/2/2006-EST/D dated 2 January 2012 filed a new proposal for revision of lease rent for port lands. It has requested to modify the estimate of lease rent based on the rate proposed by it w.e.f.

1 July 2007 for commercial purpose for Zone A (port related activity) at ₹286.85 per sq. mtr./ per annum (i.e. ₹23.90 per sq. mtr. per month) instead of ₹36.54 per sq. mtr. per month considered by it in the calculation.

As per the Land Policy guidelines of 2004 as well as 2010 issued by the Government, the concerned Major Port Trusts has to constitute a Committee under the Chairmanship of the Chairman of the respective port for determining the market value of lands based on various methods prescribed in the guidelines and based on the recommendation of the Committee the Major Port Trusts need to file the proposal. It is observed that the recent proposal filed by the port for revision of lease rental does not mention about any Committee constituted by the port as per the Land Policy guidelines recommending the rates for revision of lease rental. This proposal filed by the port is being examined for processing it following the extant Government guidelines on Land Policy. Notwithstanding the above position, to facilitate implementation of proposed projects on a time bound manner in terms of directions of Government so that this case is not held up, the lease rental proposed by the VOCPT in its letter dated 2 January 2012 for commercial purpose at Zone 'A' at ₹286.85 per sq. mtr./ per annum (i.e. ₹23.90 per sq. mtr. per month) is considered subject to applying annual escalation of 2% per annum as per the Government guidelines on the rate proposed with effect from 1 July 2007 to arrive at the rate for the year 2011.

In case the revised lease rentals to be approved based on the separate proposal filed by the port is different from the lease rental considered in this case, then the port should approach this Authority to review the upfront tariff with reference to this item.

As per the Land Policy Guidelines for Major Ports 2010 issued by the Ministry of Shipping, license fee for water area should be 50% of the license fee of abutting land. The VOCPT has estimated license fee for water front area applying the rate for land area at ₹36.54/sq.mtr. per month without considering the 50% factor prescribed in the land policy guidelines. When advised the port to modify the estimates, the VOCPT has explained that the License fee for water area, comes under clause 6.2.2.3 (K) of Land Management Policy for Major Ports 2011 for outside customs bound area, whereas, the subject license is for the inside customs bound under 6.1. and hence 50% factor is not applicable.

The interpretation made by the VOCPT that clause 6.2.2.3. (K) would apply only for license outside the custom bound area does not appear to be correct. Clause 6.2.2.3 (K) of Land Management Policy for Major Ports 2011 issued by the Government stipulates that the license fee for water area should be 50% of the license fee of abutting land. There is no mention that it is with reference to license inside/ outside custom bound area. The license fee for water front area is estimated at 50% of the rate adopted for estimating the license fee for land.

The VOCPT has confirmed that license fee estimated for conveyor is based on the way leave charges prescribed in the existing Scale of Rates of the port.

- (e). The guidelines requires the operating cost for berthing service to be estimated at 1% of the berth cost.

The VOCPT has considered insurance @ 1% and depreciation @ 3.34% on the aggregate capital cost relating to construction of berth while estimating the annual revenue requirement of berthing service apart from the prescribed norm of 1% towards maintenance.

Although the guidelines restrict the operating cost at 1% of the berth cost, the asset requires adequate insurance coverage and the fact that the value of the asset will depreciate due to wear and tear can also not be denied. While fixing upfront berth hire at other Port Trusts, this position was recognised and the cost of insurance and depreciation were considered to assess the annual revenue requirement from berthing service.

In view of the position explained above, the element of insurance cost, and depreciation are considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service. In this context, it is noteworthy that clause 3.6. of the guidelines for upfront tariff setting gives flexibility to this Authority to decide on a particular item of expenditure, which it considers for incorporation while computing the upfront tariff cap for which norms are not explicit in the guidelines.

(vi). The statement for fixing upfront tariff submitted by the VOCPT has been modified in line with the above analysis. A copy of the modified statement along with calculation of berth hire is attached as **Annex - I**.

- (a). The total revenue requirement from cargo handling service is estimated at ₹11859.13 lakhs. As per the guidelines, 98% of the total revenue requirement is apportioned to handling charge and 1% each to storage charge and miscellaneous charge.
- (b). The upfront tariff caps are determined so as to meet the revenue requirement estimated for each of the cargo groups and with reference to their handling rate and share in the optimal capacity.
- (c). The entire cargo capacity of thermal coal is envisaged to be coastal cargo and Copper concentrate is assumed to be foreign cargo by the VOCPT. Coastal concession is not admissible for thermal coal as per the Government policy in this regard. Though prescribing concession rate to coastal cargo / vessel may not have any impact on the revenue realization, concessional rate is prescribed for eligible coastal cargo in line with the Government policy in this regard. Accordingly, the composite handling rate is prescribed at ₹113.72 per tonne for Thermal coal and ₹181.95 per tonne for copper concentrate.

The rate arrived for the proposed terminal is found to be higher than the rate prescribed at ₹121.11 per tonne for thermal coal and ₹116.27 per tonne for rock phosphate, copper concentrate and industrial coal earlier because of difference in the cargo composition and difference in the capital cost estimation. The rate to be prescribed for NCB IV is lower than the rate arrived for NCB III berth (i.e. ₹134.78 per tonne for thermal coal) mainly because of variation in the estimation of capital cost for reasons explained earlier.

- (d). The port has not defined the services covered in the composite handling rate except stating the list of equipments covered under handling charge. The proposed note is modified to state that composite handling charge include charges for unloading of the cargo from the vessel, transfer upto the point of storage, storage at the stackyard upto 10 days free period, loading of cargo on the trucks/wagons, wharfage and all other miscellaneous services not specifically prescribed in the Scale of Rates.

- (e). The VOCPT has furnished calculations to show that 27% of the total cargo will attract storage charge after the free period. In the said calculation the VOCPT has assumed the plot turn over at 25.68. For reasons explained earlier, the plot turn over is considered at 28. The working of percentage of cargo likely to attract storage charge furnished by the port show some error in the yard capacity figures which is also corrected and the revised percentage share of cargo capacity to attract storage charge comes to 24%.

The VOCPT has proposed the rate for the first slab (first six days) at ₹1.00 per tonne per day, ₹1.62 per tonne per day for second slab for next six days and ₹3.16 per tonne per day for the period thereafter. Though the port has indicated cargo capacity likely to attract storage, etc., the same is not capture while deriving the proposed storage rate.

The unit storage charge proposed by the VOCPT has been modified following the approach adopted by the VOCPT subject to reckoning the optimal terminal capacity in absolute terms and revised estimation of annual revenue requirement and modified cargo capacity likely to attract storage charge. Consequently, the storage charge for the first slab is ₹0.90 per tonne per day or part for the first slab. The rates for the subsequent slabs are determined maintaining the differential as proposed by VOCPT.

- (f). Tariff cap for miscellaneous charge is prescribed at ₹1.30 per tonne. The miscellaneous charge covers charges for sweeping, dust suppressions, environment and management and safety measures, etc.
- (g). The revenue requirement from berthing service works out to ₹961.15 lakhs as estimated by the port.

This Authority while finalising the upfront berth hire at other major port trusts has already decided to approve the upfront berth hire charge in Rupee term only for the stated reasons.

The port has considered the copper concentrate will be carried by foreign going vessels and thermal coal by coastal vessels. The GRT of vessel carrying thermal coal and copper concentrate assumed by the port is 45750 and 22875 respectively.

It may be stated here that the average DWT, average GRT and average parcel size for vessels bringing copper concentrate/ rock phosphate assumed by the port for handling thermal coal at NCB-II in combination with copper concentrate, rock phosphate and industrial coal is 75,000 tonnes, 40,000 tonnes, 60,000 tonnes respectively. These vessel parameters were considered in Order No.TAMP/29/2010-TPT dated 23 July 2010 for arriving at the upfront berth hire charge for the said terminal. The vessel parameters assumed for NCB-III berth for handling thermal coal and copper concentrate are also at the same level. As against the above vessel parameters adopted in these two cases, in the current proposal the VOCPT has assumed the average DWT of vessel at 37,500 tonnes, average GRT at 22,875 tonnes and average parcel size at 33,000 tonnes in respect of vessels bringing copper concentrate. The reasons for assuming these parameters lower than the parameters adopted in the former proposal for the same cargo category are not convincing explained by the port except stating that they are as per the feasibility report. For thermal coal also no reason is explained by the port for assuming GRT of vessel 45750 tonnes as against 40000 GRT assumed for the NCB-II and III berths when all other vessel parameters for handling thermal coal are the maintained uniformly in all these proposals. In the absence of any satisfactory explanation from the port in

this regard, the vessel parameters for arriving at the berth hire for the proposed project is considered at the level adopted for determining the upfront tariff for NCB-II and NCB-III berths.

Subject to this modification, the berth hire following the methodology of the VOCPT which is in general found to be in line with the approach followed by this Authority in other upfront tariff cases works out to Re.0.5489 per GRT per hour for foreign going vessel (Copper concentrate) and Re.0.3293 per GRT per hour for coastal vessel (Thermal Coal).

- (vii). Definitions of some of the common terms like foreign going vessel, coastal vessel, day are included in upfront schedule in line with the definitions prescribed in the Scale of Rates of VOCPT and other upfront tariff case of VOCPT. Definition of week proposed by VOCPT is not found relevant and hence not incorporated.
- (viii). Some of the common conditions stipulated in the guidelines of 2005 and uniformly prescribed in the Scale of Rates of other major ports / private terminals such as users should not be required to pay charges for delays beyond reasonable level attributable to the private terminal operator, berth hire shall stop 4 hours after the vessel signaling readiness to sail, penal berth hire for a false signal, non accrual of storage charge for the period when the operator is not in a position to effect deliver/ship the cargo when requested by user for the reasons attributable to the operator are incorporated in the upfront tariff schedule for proposed terminal.
- (ix). The note numbers 2 and 4 proposed by the port at the end of the proposed SOR relating the documents to be relied upon for levy of charges are found to be procedural/ administrative matters and hence not prescribed in the Scale of Rates.
- (x). The VOCPT has proposed to prescribe a few conditions regarding the commencement of free period which are in line with the prescription in the Scale of Rates of the port and at the other major ports / private terminals.
- (xi). The VOCPT has proposed a condition that granting ousting priority berthing/ priority berthing will be governed by extant Government guidelines in this regard and provisions approved in the Scale of Rates of VOCPT. The said condition has been approved in the NCB- II berth also and same is incorporated in this case.

11.1. As per clause 2.8 of the Guidelines, the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year. In the instant case, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2011. A general note is prescribed in this regard in the Scale of Rates.

11.2. As specified in clauses 2.9.1. and 2.9.2. of the guidelines, before commencement of commercial operations, the private operator shall approach this Authority for notification of Scale of Rates containing the approved ceiling rates and the statement of conditions, as required under Section 48 of the Major Port Trusts Act, 1963.

11.3. As per clause 3.8.5 of the guidelines, if any question arises requiring clarifications or interpretation of the Scale of Rates and the statement of conditionalities, the matter shall be referred to this Authority and its decision in this regard will be binding on the operator.

11.4. The performance norms for the projects should be clearly brought out in the bid documents. The private operator is expected to perform at least at the performance norms brought out in the bid document/concession agreement.

11.5. The actual performance of the private operators will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the V.O. Chidambaranar Port Trust. If any action is to be taken against the private operators, the V.O. Chidambaranar Port Trust shall initiate appropriate action in accordance with the provisions of the relevant Concession Agreement.

11.6. During the commercial operation at the terminal, within 15 days from the end of every quarter, the private operator shall submit to this Authority through the V.O. Chidambaranar Port Trust a report containing the terminal's physical and financial performance during the preceding three months.

12. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the upfront tariff schedule for handling thermal coal and copper concentrate at NCB-IV of V.O. Chidambaranar Port Trust, which is attached as **Annex - II**.

(Rani Jadhav)
Chairperson

FORMULATION OF UPFRONT TARIFF FOR HANDLING THERMAL COAL AND COPPER CONCENTRATE AT MECHANISED BULK BERTH (NCB-IV) AT V.O. CHIDAMBARANAR PORT TRUST

(₹ in lakhs)

Sr. No.	Particulars	Revised Estimates furnished by VOCPT vide letter dated 7 December 2011	Estimates of VOCPT modified by TAMP
I	Optimal capacity		
(i).	Optimal Quay Capacity		
(a).	Share of Vessel Size		
	Percentage share of capacity of Panamax vessels (for thermal coal) upto 75000 DWT (S1)	72%	72%
	Percentage share of capacity of Panamax vessels (for Copper Concentrate) upto 75000 DWT (S2)	28%	28%
(b).	Handling rate of cargo vessels carrying (in tonnes per day)		
	- Handling rate considered for vessels upto 75000 DWT (for thermal coal) (P1)	40000	40000
	- Handling rate considered for vessels upto 75000 DWT (for Copper Concentrate) (P2)	25000	25000
(c).	Optimal Quay Capacity cargo-wise = $0.7 * [(S1 * P1) + (S2 * P2)] * 365$		
	Optimal Quay Capacity for Thermal coal	7358400	7358400
	Optimal Quay Capacity for Copper Concentrate	1788500	1788500
	Optimal Quay Capacity	9146900	9146900
	Optimal Quay Capacity in million tonnes	9.15	9.15
(ii).	Optimal Yard Capacity		
(a).	Area of yard made available by the Port (in square metres) (A)	Thermal Coal 61600 and Copper Concentrate 15660	Thermal Coal 58000 and Copper Concentrate 16000
(b).	Area available for stacking (%) (U) For Thermal Coal	100%	100%
	For Copper Concentrate	70%	70%
(c).	Stacking Quantity per square metre (tons) (Q)	6.60 T/sqm	6.60 T/sqm
(d).	Annual Turnover Ratio of the plot (T)	25.68 for Thermal Coal and 30 for Copper Concentrate	28 for Thermal Coal and 30 for Copper Concentrate
(e).	Optimal Yard Capacity (in tonnes) = $0.7 * A * U * Q * T$ (for thermal coal)	7308323	7502880
	Optimal Yard Capacity (in tonnes) (for Copper Concentrate)	2170476	2217600
(f).	Total Optimal Yard Capacity (in tonnes)	9478799	9720480
(g).	Total Optimal Yard Capacity (in million tonnes)	9.48	9.72
(iii).	Optimal capacity of the Terminal - lower value of the optimal quay capacity and optimal stack yard capacity (in Million tonnes).	9.15	9.15
II	Capital Cost		
(i).	Cargo Handling Activity	₹ in lakhs	₹ in lakhs
(a).	Civil Construction Cost		
	- Berth Apron & Approaches	9435.00	9435.00
	- 3% Contingencies and 7% Supervision charges on base cost	943.50	943.50
	- Work contract tax (4% on 65% of civil cost on base cost)	245.31	245.31
	TOTAL	10623.81	10623.81
(b).	Thermal Coal/ Copper Concentrate handling Equipment		
	- Ship Unloader (norms 2 Nos.) VOCPT proposes 2 Grab unloaders	5600.00	5600.00
	- Reclaimer (norms 2 Nos.) VOCPT does not envisage this equipment	0.00	0.00
	- Wagon unloader and Truck unloader (norms - 1 No. each) VOCPT does not envisage this facility	0.00	0.00
	- Stackers (norms - 2 No.) VOCPT proposes 1 Stacker and 1 shed stacker/ spreader	2800.00	2800.00
	- Cranes (norms - 2 nos.) VOCPT does not envisage this equipment	0.00	0.00
	- Conveyors	5687.00	5687.00
	- Pay loaders & dozers (norms - 4nos.) VOCPT proposes 6 Nos of Front end loaders	180.00	180.00
	Subtotal	14267.00	14267.00
(ii).	Electric Power & Control switch gears	2486.00	2486.00
(iii).	3% Contingencies and 7% Supervision charges on base cost	1675.30	1675.30
(iv).	Work contract tax (4% on 65% of civil cost on base cost)	435.58	435.58
	Subtotal (ii to iv)	18863.88	18863.88
(c).	Miscellaneous [5% on (a) and (b) excluding works contract tax]	1440.34	1440.34
	Total Capital Cost for Handling Activity (a + b + c)	30928.02	30928.02
(ii).	Capital Cost For Berthing Services		
(a).	Cost of the berth	4000.00	4000.00
(b).	3% Contingencies and 7% Supervision charges on base cost	400.00	400.00
(c).	Work contract tax (4% on 65% of civil cost on base cost)	104.00	104.00
	Total Capital Cost for Calculation of Berth Hire (a + b + c)	4504.00	4504.00
(iii).	Total Capital Cost of the Project	35432.02	35432.02

Sr. No.	Particulars	Revised Estimates furnished by VOCPT vide letter dated 7 December 2011	Estimates of VOCPT modified by TAMP
III	Operating Cost		
(i).	Cargo Handling Activity	Estimates (₹ in lakhs)	Estimates (₹ in lakhs)
	(a). Power Cost (@ 1.4 units per tonne*91.5 Million tonnes * ₹ 6.50 per unit)(In our calculation the unit rate is considered as ₹ 6.87 as per the recent electricity bill)	832.65	879.75
	(b). Repair & Maintenance		
	- Civil Assets (1% on civil work)	106.24	106.24
	- Mechanical & Electrical Equipment including spares (7% on mechanical and electrical works)	1320.48	1320.47
	(c). Insurance (1% on Gross fixed assets)	309.28	309.28
	(d). Depreciation		
	- Civil Assets 3.34%	354.84	354.84
	- Mechanical and Electrical Works 10.34%%	1950.54	1950.52
	(e). License Fee		
	- Water Front Charges (33250 sq. mtr @ ₹ 36.54 per sq. mtr./month *12) 33250 sq. mtr @ ₹ 36.54 per sq. mtr./month *12) (In our working the unit rate for water front lease rent is estimated at 50% of the rate for land as per the land policy guidelines)	145.79	51.61
	- Stack yard at Hare Island (128040 sq. mtr @ ₹ 36.54 per sq. mtr.month *12) (in our analysis it is considered for 126000 a and the unit rate is considered at 25.87 per sq. mtr/ month as proposed by them vide their proposal date 2 .1.12))	561.43	391.15
	- Way Leave for conveyors (23400 sq. mtr @ ₹ 1.42 per sq. mtr. annum)	0.33	0.33
	- Way Leave for conveyors (3600 sq.mtr @ ₹ 1.42 per sq. mtr. annum)	0.05	0.05
	(f). Other Expenses (5% on gross value of assets)	1546.42	1546.40
	Total Operating Cost	7128.06	6910.65
IV	Revenue Requirement & proposed tariff		
(i).	Cargo Handling charge		
	1. Revenue Requirement		
	(a). Total Operating Cost	7128.06	6910.65
	(b). Return on capital Employed @ 16%	4948.54	4948.48
	(c).Total Revenue requirement from cargo handling activity	12076.60	11859.13
	2. Apportionment of Revenue Requirement		
	(a). Handling Charges (98% of ARR)	11835.07	11621.95
	(b). Storage Charges (1%of ARR)	120.77	118.59
	(c). Miscellaneous Charge (1% of ARR)	120.77	118.59
	(d). Total Revenue requirement from cargo handling activity	12076.60	11859.13
	3. Proposed tariff per tonne rate		
	(a). Handling Charge (Composite)		
	- Revenue Requirement (₹ in lakhs)	11835.07	11621.95
	Composite Handling Charge - cargo wise (₹ per tonne) - Foreign		
	Thermal coal (100% Coastal)	115.80	113.72
	Copper Concentrate (Foreign cargo)	185.28	181.95
	(b). Storage Charge		
	- Revenue Requirement (₹ in lakhs)	120.77	118.59
	- % of Cargo to attract storage charge	27.0%	24.0%
	- Cargo likely to pay storage charge (lakh tonnes)	24.62	21.95
	(i). Free period	10 days	10 days
	(ii). Storage Charge (beyond the free period)	Rate Per tonne per day or part thereof	Rate Per tonne per day or part thereof
	- First six day	1.00	0.90
	- Next six days	1.62	1.46
	-Thereafter	3.16	2.85
	(c). Miscellaneous Charge		
	- Revenue Requirement (₹ in lakhs)	120.77	118.59
	- Capacity (Million Tonnes per annum)	9.15	9.15
	- Miscellenous Charge per tonne	1.32	1.30
(ii).	BERTH HIRE CHARGES	(₹ in Lakhs)	(₹ in Lakhs)
(a).	Revenue Requirement		
	(i). Repairs & Maintenance Charge (1% on capitol cost for berth)	45.04	45.04
	(ii). Depreciation	150.43	150.43
	(iii). Insurance (1% on total cost for berth hire service)	45.04	45.04
	Subtotal (a)	240.51	240.51
(b).	Return on capital Employed @ 16%	720.64	720.64
	Total Revenue requirement from Berthing services (a + b)	961.15	961.15
	Berth hire Charge		
	Foreign going vessel (Copper Concentrate) (Rate per GRT per hour) in Re	0.5979	0.5489
	Coastal vessel (Thermal Coal) (Rate per GRT per hour) in Re	0.3588	0.3293

STATEMENT SHOWING THE CALCULATIONS OF HANDLING CHARGES

Revised proposal by VOCPT vide letter dated 7 December 2011

Cargo Group	Cargo Share	Handling Rate in tonnes / Day	Cargo to be handled (tonnes)	Cargo Working Days	Percentage of Cargo Working days	Revenue Requirement (₹ in Lakhs)	Cargo to be handled	Cargo to be handled	Rate in ₹ per tonne	Rate in ₹	Rate in ₹ per tonne
							Foreign (in tonnes)	Coastal (in tonnes)		For foreign cargo	For coastal cargo
Thermal Coal	72.00%	40000	7358400	184	72.00%	8,521.25	0	7358400	115.80	115.80	115.80
Copper Concentrate	28.00%	25000	1788500	72	28.00%	3,313.82	1788500	0	185.28	185.28	111.17
Total	100%		9146900	256	100%	11835.07	1788500	7358400			

STATEMENT SHOWING THE CALCULATIONS OF HANDLING CHARGES

Modified by TAMP

Cargo Group	Cargo Share	Handling Rate in tonnes / Day	Cargo to be handled (tonnes)	Cargo Working Days	Percentage of Cargo Working days	Revenue Requirement (₹ in Lakhs)	Cargo to be handled	Cargo to be handled	Rate in ₹ per tonne	Rate in ₹	Rate in ₹ per tonne
							Foreign (in tonnes)	Coastal (in tonnes)		For foreign cargo	For coastal cargo
Thermal Coal	72.00%	40000	7358400	184	72.00%	8,367.80	0	7358400	113.72	113.72	113.72
Copper Concentrate	28.00%	25000	1788500	72	28.00%	3,254.15	1788500	0	181.95	181.95	109.17
Total	100%		9146900	256	100%	11621.95	1788500	7358400			

BERTH HIRE COMPUTATION

Working furnished by VOCPT vide letter dated 7 December 2011				
Sr. No.	Particulars	Thermal Coal	Copper Concentrate	Total
i.	Average DWT	75000	37500	
ii.	Ship day output	40000	25000	
iii.	Average GRT	45750	22875	
iv.	Average parcel size	60000	33000	
v.	Tonnage expected to be handled	7358400	1788500	9146900
vi.	Average no of berth days (v / ii)	184	72	256
vii.	No of berth hours {24 x (vi)}	4415	1728	6143
viii.	Expected number of vessels (v/iv)	123	55	178
ix.	Total GRT hours	202032000	39528000	241560000
x.	Revenue Requirement			961.15
xi.	Berth hire - foreign going vessel			0.5979
	Berth hire -Coastal vessel			0.3588

Working for foreign / coastal vessel rate	
$39528000x + 202032000 * 0.6 x =$	961.15
$39528000x + 121219200 x =$	961.15
$x = \text{Foreign going vessel rate}$	0.5979
Coastal vessel Rate = 0.6 x foreign going vessel rate	0.3588

Working of TAMP

Sr. No.	Particulars	Thermal Coal	Copper Concentrate	Total
i.	Average DWT	75000	75000	
ii.	Ship day output	40000	25000	
iii.	Average GRT	40000	40000	
iv.	Average parcel size	60000	60000	
v.	Tonnage expected to be handled	7358400	1788500	9146900
vi.	Average no of berth days (v / ii)	184	72	256
vi.	Average no of berth days (v / ii)	184	72	256
vii.	No of berth hours {24 x (vi)}	4416	1728	6144
viii.	Expected number of vessels (v/iv)	123	30	152
ix.	Total GRT hours	176640000	69120000	245760000
x.	Revenue Requirement			961.15
xi.	Berth hire - foreign going vessel			0.5489
	Berth hire -Coastal vessel			0.3293

Working for foreign / coastal vessel rate	
$69120000x + 176640000 * 0.6 x =$	961.15
$69120000x + 105984000 x =$	961.15
$x = \text{Foreign going vessel rate}$	0.5489
Coastal vessel Rate = 0.6 x foreign going vessel rate	0.3293

V.O. CHIDAMBARANAR PORT TRUST

UPFRONT TARIFF SCHEDULE FOR THERMAL COAL AND COPPER CONCENTRATE AT NCB-IV

1.1. Definitions – General

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

- (i). **“Coastal vessel”** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.
- (ii). **“Day”** shall mean the period starting from 6 a.m. of a day and ending at 6 a.m. on the following day.
- (iii). **“Foreign-going vessel”** shall mean any vessel other than coastal vessel.
- (iv). **“Free period”** shall mean the period during which cargo shall be allowed storage free of demurrage charges/ ground rent and this period shall exclude Customs notified holidays and Terminal's non-operating days.

1.2. General Terms & Conditions

- (i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii).
 - (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.
 - (b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.
 - (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (d). In cases of such conversion, coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.
 - (e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.
- (iii).
 - (a). The berth hire charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels.
 - (b). The cargo related charges for all coastal cargo other than thermal coal should not exceed 60% of the normal cargo related charges.
 - (c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship shore transfer and transfer from/to quay to/from storage yard including wharfage.

- (d). Cargo from a foreign port which reaches an Indian Port "A" for subsequent transshipment to Indian Port "B" will be levied the concession charges relevant for its coastal voyage. In other words, cargo from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.
- (iv). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.
- (v). Interest on delayed payments / refunds.
- (a). The user shall pay penal interest on delayed payments of under this Scale of Rates. Likewise, the terminal operator shall pay penal interest on delayed refunds.
- (b). The rate of penal interest will be 2% above the prime lending rate of the State Bank of India.
- (c). The delay on refunds will be counted only 20 days from the day of completion of services or on production of all the documents required from the users, whichever is later.
- (d). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the terminal operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services where payment of charges in advance is prescribed as a condition in the Scale of Rates.
- (vi). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.
- (vii). (a). The rates prescribed in the Scale of Rates are ceiling levels: likewise, rebates and discounts are floor levels. The terminal operator may, if they so desire, charge lower rates and / or allow higher rebates and discounts.
- (b). The terminal operator may also, if they so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.
- (c). The terminal operator should notify the public such lower rates and / or rationalisation of the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (viii). Users will not be required to pay charges for delays beyond reasonable level attributable to terminal operator.
- (ix). No claim for refund shall be entertained unless the amount refundable is ₹100/- or more. Likewise terminal shall not raise any supplement any if the amount due to terminal is ₹100/- or less.

2. BERTH HIRE CHARGES

Sl. No.	Vessels	Rate per GRT per hour or part thereof	
		Foreign Going Vessel (in Re.)	Coastal Vessel (in Re.)
1.	Vessels	0.5489	0.3293

Notes:

- (i). The Period of berth hire shall be calculated from time the vessel occupies berth till she vacates the berth.
- (ii).
 - (a). Berth hire shall stop four hours after the time of the vessel signaling its readiness to sail.
 - (b). The time limit of 4 hours prescribed for the cessation of the berth hire shall exclude the ship's waiting time for want of favorable tide conditions, inclement weather and due to lack of night navigation.
 - (c). The Master/ agent of the vessel shall signal readiness to sail only in accordance with favourable tidal and weather conditions.
- (iii). The Penal berth hire shall be equal to one-day's (24 hours) berth hire charges for a false signal.

 "False Signal" would be when the vessel signals readiness and asks for a pilot in anticipation even when she is not ready for un-berthing due to engine not being ready or cargo operation not completed or such other reasons attributable to the vessels. This excludes signaling readiness when a vessel is not able to sail due to unfavorable tide, lack of night navigation or adverse weather conditions."
- (iv). Ousting Priority / Priority Berth Hire Charges:

 The rates and conditions for granting ousting priority berthing / priority berthing will be governed by extant Government guidelines in this regard and provisions prescribed in the Scale of Rates of the V.O. Chidambaranar Port Trust.
- (v). No berth hire shall be levied for the period when the vessels idle at its berths for continuous one hour or more due to break down of Terminal Operator's equipment or power failure or any other reasons attributable to the Terminal Operator.

3. CARGO HANDLING CHARGES

Sl. No.	Commodity	Unit	Rate in Rupees	
			Foreign	Coastal
(a).	Thermal coal	Per Metric Tonne	113.72	113.72
(b).	Copper concentrate	Per Metric Tonne	181.95	109.17

Note:

The cargo handling charges prescribed above is a composite charge and includes charges for unloading of the cargo from the vessel, transfer upto the point of storage, storage at the stackyard upto 10 days free period, loading on the trucks/ wagons, wharfage and all other miscellaneous services not specifically prescribed in the Scale of Rates.

4. STORAGE CHARGES (Per tonne per day)

The storage charges to the cargo stored in the stack yard beyond the free period allowed shall be as below:

(A). Free Period : 10 days

(B). Storage charges after free period (Per tonne / day)

First 6 days after expiry of Free period	-	₹0.90 per tonne per day
For the next 6 days	-	₹1.46 per tonne per day
Thereafter	-	₹2.85 per tonne per day

Notes:

- (i). For the purpose of calculation of free period Customs notified holidays and Terminals non-working days shall be excluded.
- (ii). Free period for import cargo shall be reckoned from the day following the day of completion of final discharge from the vessel.
- (iii). Storage charges on cargo shall not accrue for the period when the Terminal Operator is not in a position to deliver / ship the cargo when requested by the User due to reasons attributable to the Terminal Operator.

5. MISCELLANEOUS CHARGES:

The following Miscellaneous charges are applicable for thermal coal and copper concentrate handled:

Sl. No.	Particulars	Rate per tonne or part thereof (in ₹)
(i).	Charges for all miscellaneous services such as environment and management, sweeping of cargo on the wharf, safety measures, etc.	1.30

6. GENERAL NOTE TO SCHEDULE (2) TO (5) ABOVE:

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2011 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31st March of the following year.

* * * *

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No.TAMP/32/2011 - VOCPT - Proposal from the V.O. Chidambaranar Port Trust for fixation of upfront tariff for development of North Cargo Berth-IV for handling bulk cargo viz. Thermal Coal and Copper Concentrate through Public Private Participation on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

A summary of comments received from users/ user organisations / RFQ applicants and reply of V.O. Chidambaranar Port Trust (VOCPT) thereon are tabulated below:

Sl. No.	Comments of users / user organisations and RFQ applicants	Reply received from VOCPT
1.	M/s. GVR Infra Projects Limited	
(i).	Under Chapter 5 of the proposal by VOCPT, the Handling Rate of Cargo Vessels for Thermal Coal is assumed as 40,000 Tonnes per day (TPD). As per TAMP's guidelines for upfront tariff for PPP projects, the norm for unloading per day for Panamax vessels shall be 35,000 TPD only. Hence the figure 40,000 TPD provided by VOCPT is to be corrected as 35,000 TPD.	As per feasibility report, the handling rate for thermal coal is 40000 Tonnes per day. TAMP also approved the handling rate as 40,000 for the project "Development of North Cargo Berth-II in VOC Port". Hence, the same handling rate is adopted for this project also.
(ii).	Under Chapter 3 of the proposal, VOCPT has assumed that all vessels bringing coal will be of Panamax type. The requirement of industrial coal for industries like cement factories and paper mills will be less in a month/year and in few cases the quantity is around 0.5 Million Tonnes. According to the statement in Chapter 2 para 2.2 of the proposal, the total quantity of industrial coal for thermal generation unloaded in the year 2010-11 by several consumers is only 2.71 MT. Hence even though the port is fit for receiving bigger vessels, they will prefer to bring in coal by smaller vessels like Handymax vessels. Hence 20% of the Thermal Coal received may be assumed to be brought by Handymax vessels and corresponding handling rate may be considered in Chapter 5 of the proposal.	The berth is designed for handling vessels upto 75000 DWT. Berthing of lesser size vessels in the berth will reduce the terminal capacity. Hence, the assumption taken in the calculation is in order.
(iii).	VOCPT has assumed a turnover of the plot for coal and copper concentrate in a year as 28 in Chapter 5, which works out to an average storage days of 13 only. As the unloading rate will 35,000 TPD and the loading rate per railway rake will be 3,300 tonnes, about 11 rakes will be required to clear one ship load. Coal Berth II, III and IV will also be in operation and each berth will be unloading at 35,000 TPD. The railway line between VOCPT and Madurai is a single railway line and there are constraints in the movement of railway passenger and goods trains. Hence the turnover will come down considerably. The above point may be considered and revised lesser turnover of 20 may be assumed.	The turnover of the plot in a year adopted in this calculation is as adopted and approved by TAMP for the project "Development of North Cargo Berth-II in VOC Port". (TAMP order dated 23 rd , July, 2010). The turnover of the plot in a year adopted in this calculation is as adopted and approved by TAMP for the project "Development of North Cargo Berth-II in VOC Port". (TAMP order dated 23 rd , July, 2010).

2.	M/s. MARG Limited																																													
(i).	In the proposal, the entire volume of thermal coal cargo is considered as coastal cargo while calculating the tariff and no tariff is specified for foreign import cargo. In our view this may not be the case as a majority of the thermal coal destined for large volume importers in the hinterland is expected to be imported from overseas mines.	This is the assumption based on the feasibility report. It is the option of the operator to bring foreign or coastal cargoes for which rates are proposed.																																												
(ii).	Considering the high levels of revenue share prevailing currently at may private terminals within major ports, would the authority consider fixing a ceiling/floor level of revenue share to ensue that serious investors are not deterred from investing in the project. Abnormally high levels of revenue sharing would render the project unviable, especially for pure-play port operators with no forward and backward integration in cargo considered wherein the revenue share burden could be passed through to the end user over and above the tariff fixed otherwise by the authority.	Outside the purview of tariff situation.																																												
3.	M/s. Sical Logistics Limited																																													
(i).	The requirements of equipments to handle Thermal coal and Rock phosphate at NCB III are: <table border="1"><thead><tr><th>S. No.</th><th>Equipment</th><th>As per TAMP guidelines</th><th>As per Feasibility Report</th></tr></thead><tbody><tr><td>1.</td><td>Ship Unloaders</td><td>2</td><td>2</td></tr><tr><td>2.</td><td>Reclaimer</td><td>2</td><td>Nil</td></tr><tr><td>3.</td><td>Wagon Loader/ Truck Loaders</td><td>1 No. each</td><td>Nil</td></tr><tr><td>4.</td><td>Stackers</td><td>2</td><td>2</td></tr><tr><td>5.</td><td>Belt Conveyors</td><td>Provided</td><td>Provided</td></tr><tr><td>6.</td><td>Cranes</td><td>2</td><td>Nil</td></tr><tr><td>7.</td><td>Pay loaders/Dozer</td><td>4</td><td>Fronted loaders-6</td></tr><tr><td>8.</td><td>Workshop equipments</td><td>Provided</td><td>Provided</td></tr><tr><td>9.</td><td>Electrical power & control switchgear</td><td>Provided</td><td>Provided</td></tr><tr><td>10.</td><td>Shed Stacker/Spreader</td><td>Nil</td><td>Nil</td></tr></tbody></table> It may be noted that no Reclaimer has been considered in the Feasibility Report/Tariff Calculations. As per TAMP guidelines the PPP Operator has to provide equipments for 'Unloading from Ship, storage at the yard for prescribed period and Loading onto Wagons/Trucks for coal Unloading Terminal' As it is the responsibility of the PPP operator to load the coal on to wagons/trucks, it is requested that the full compliment of equipments be considered for capital cost estimation and entrusting the wagon loading/truck loading operation to PPP operators. On the contrary if the Reclaimer is to be provided by the Evacuation Agency, it has to be mounted on the PPP operator's rail which will create avoidable trouble in the operations.	S. No.	Equipment	As per TAMP guidelines	As per Feasibility Report	1.	Ship Unloaders	2	2	2.	Reclaimer	2	Nil	3.	Wagon Loader/ Truck Loaders	1 No. each	Nil	4.	Stackers	2	2	5.	Belt Conveyors	Provided	Provided	6.	Cranes	2	Nil	7.	Pay loaders/Dozer	4	Fronted loaders-6	8.	Workshop equipments	Provided	Provided	9.	Electrical power & control switchgear	Provided	Provided	10.	Shed Stacker/Spreader	Nil	Nil	All the equipments are considered and included as per the Feasibility Report.
S. No.	Equipment	As per TAMP guidelines	As per Feasibility Report																																											
1.	Ship Unloaders	2	2																																											
2.	Reclaimer	2	Nil																																											
3.	Wagon Loader/ Truck Loaders	1 No. each	Nil																																											
4.	Stackers	2	2																																											
5.	Belt Conveyors	Provided	Provided																																											
6.	Cranes	2	Nil																																											
7.	Pay loaders/Dozer	4	Fronted loaders-6																																											
8.	Workshop equipments	Provided	Provided																																											
9.	Electrical power & control switchgear	Provided	Provided																																											
10.	Shed Stacker/Spreader	Nil	Nil																																											

	It is suggested that the wagon loading operations be entrusted to PPP operator and only the Transport operation out of the Stockyard be offered to a separate agency.	
(ii).	The Design vessel considered is 75000 DWT. It is mentioned in the Feasibility report that fully loaded vessels of 60000 DWT would be the major vessels calling in the port. In the tariff calculations for Berth Hire, the average GRT of vessel considered is 45750, obviously corresponding to 75000 DWT vessels, as it will be a rare phenomenon for Berths of 12.8 m draft. On the other hand the average GRT of vessels of 60000 DWT is 35500 Te (As per IS 4651 a part III cl. 3.1.1) and it suggested that the calculations are based on this size of vessels as the same is a realistic one.	The berth is designed for handling vessels upto 75000 DWT. Berthing of lesser size vessels in the berth will reduce the terminal capacity. Hence, the assumption taken in the calculation is in order.
(iii)	(a). The handling rate of 40000 tonnes/day for Thermal Coal has been considered. However, TAMP guidelines prescribe a handling rate of 35000 tonnes/day (for unloading) for Panamax vessels and it is requested that the same may be adopted. (b). No handling rate has been prescribed for Rock phosphate in the guidelines. However under Dry Bulk (a) Food Grains/Fertilizers, a handling rate of 10000 tonnes/day may be adopted instead 25000 tonnes/day, which is on the very high side and may not be attainable.	As per feasibility report, the handling rate for thermal coal is 40000 Tonnes per day. TAMP also approved the handling rate as 40,000 for the project "Development of North Cargo Berth-II in VOC Port". Hence, the same handling rate is adopted for this project also. The handling rate adopted for Rock phosphate is as adopted and approved by TAMP for the project Development of north cargo Berth-II at V.O. Chidambaranar port.
(iv).	The TAMP guidelines indicate a formula for determination of Optimal Yard Capacity. Optimal Yard Capacity for Thermal Coal = $0.7 \times A \times U \times 100 \times Q \times T$ Where A = Area of the Yard made available = 58000m² U = Percentage of Total Yard and area that could be used for Stacking (i.e. 70%) Q = Quantity that could be stacked / m (i.e. 3 Te/m²) T = Turnover ratio of the plot in an year (i.e. 12)] However assuming the values for Q as 6.6 and for T as 28, as indicated by VOCPT the optimal Yard Capacity work out to $0.7 \times 58000 \times 70/100 \times 6.6 \times 28 = 52,52,016$ Te Similarly for Rock phosphate it works out $0.7 \times 16000 \times 70/100 \times 6.6 \times 28 = 14,48,832$ Te Total Yard Capacity 67,00,848 Te It can be seen that the yard capacity has to be calculated realistically as above and fixed at approx 7 Million Tonnes Per Annum.	The optimal yard capacity has been calculated as per TAMP approval for the project "Development of North Cargo Berth No.II". 70% factor need not be taken twice in the calculation as the area of 58,000 Sqm accommodates the same. Hence, the same calculation furnished is in order.
(v).	As per the IS4651 (Part V), the back up areas for the Terminal should be made available behind the berths. However, due to non availability of space behind the berth, the storage area has been allotted in the Hare island about 3 km away from the berth, that too the entire conveyor length being in the sea necessitating have capital expenditure and maintenance. Whereas the TAMP guidelines are applicable to yard behind the berths (or as near as possible) it is felt that this factor needs to be considered by TAMP while arriving at the upfront tariff and suitable increase in tariff be fixed.	All the factors such as entire length of conveyor, repair and maintenance cost etc., are considered while arriving the upfront tariff.

(vi).	The total equipment cost of this project is ₹170.73 Crores (for Mechanical), ₹26.61 Crores for Electrical and about 40 crores for Civil Conveyor Trestle, etc. It would be necessary to replace the equipments on expiry of their life as per norms. It may be confirmed whether the replacement cost has been considered for all equipments in the calculations.	The tariff has been calculated as per TAMP Guidelines. The question of the replacement cost is out of scope of the proposal.																														
(vii).	It may be verified that the port can collect way leave charges in the sea (30720 m2) as the conveyor passes in the open sea.	Yes. Way leave charges will be collected by the Port. Considering the way leave charges, the upfront tariff has been calculated.																														
(viii).	The layout indicated in the Report covers the entire area of 180 X 700 m (1,26,000 m2) and the following: <table><tr><td>a)</td><td>Rock phosphate occupies an area of</td><td>180 X 120</td><td>=</td><td>21,600 m2</td></tr><tr><td>b)</td><td>Thermal coal storage operation</td><td>580 X 180</td><td>=</td><td>1,04,400 m2</td></tr><tr><td></td><td>Total</td><td></td><td>=</td><td>1,26,000 m2</td></tr></table> It can be seen that no land is available for Control Room, Sub Station, Work Shop, Admin building, Gate house, Misc buildings for Ambulance/First Aid station, Restaurant & Rest Shelter, etc. The port has to provide additional land area for the above structure.	a)	Rock phosphate occupies an area of	180 X 120	=	21,600 m2	b)	Thermal coal storage operation	580 X 180	=	1,04,400 m2		Total		=	1,26,000 m2	Port will consider the requirement of additional land at appropriate time.															
a)	Rock phosphate occupies an area of	180 X 120	=	21,600 m2																												
b)	Thermal coal storage operation	580 X 180	=	1,04,400 m2																												
	Total		=	1,26,000 m2																												
(ix).	The feasibility report provides for conveyor belts as follows: <table><tr><th>Cargo</th><th>Density</th><th>Conveyor/ width</th><th></th><th>stacker/width</th></tr><tr><td>Thermal Coal</td><td>0.8</td><td>1800 mm</td><td>1400</td><td>3m/sec & 3300 TPH</td></tr><tr><td>Rock phosphate</td><td>1.2</td><td>1200 mm</td><td>1400</td><td>2.5m/sec & 1800 TPH</td></tr></table> We can say that the conveyor will be filled with upto 80% which is against the norms and will suffer spillages. Hence it is suggested that we may provide belt width of 2000mm for Thermal coal and 1400 mm for Rock Phosphate which will satisfy all the prescribed specifications. Accordingly, the capex on conveyors may be enhanced.	Cargo	Density	Conveyor/ width		stacker/width	Thermal Coal	0.8	1800 mm	1400	3m/sec & 3300 TPH	Rock phosphate	1.2	1200 mm	1400	2.5m/sec & 1800 TPH	The actual productivity levels achieved by the Port in respect of bulk cargoes are furnished in the table as below : <table><tr><th>Berth</th><th>Cargo handled</th><th>2007-08</th><th>2008-09</th><th>2009-10</th></tr><tr><td>VOC III</td><td>All Bulk</td><td>18540</td><td>17656</td><td>18527</td></tr><tr><td>VOC IV</td><td>Cargoes</td><td>15102</td><td>15662</td><td>14638</td></tr></table> The PPP operator will provide 2 Nos of conveyors of 1800mm for Thermal coal and 1200mm for Rock Phosphate. Hence, it is sufficient.	Berth	Cargo handled	2007-08	2008-09	2009-10	VOC III	All Bulk	18540	17656	18527	VOC IV	Cargoes	15102	15662	14638
Cargo	Density	Conveyor/ width		stacker/width																												
Thermal Coal	0.8	1800 mm	1400	3m/sec & 3300 TPH																												
Rock phosphate	1.2	1200 mm	1400	2.5m/sec & 1800 TPH																												
Berth	Cargo handled	2007-08	2008-09	2009-10																												
VOC III	All Bulk	18540	17656	18527																												
VOC IV	Cargoes	15102	15662	14638																												
(x).	The 5% miscellaneous cost included in the estimate obviously can not cover the preliminary expenses, financing and ISD costs. It is requested that a separate item viz. financing cost may be included in the overall estimate cost.	The cost estimate prepared are based on the TAMP guidelines.																														
(xi).	Even though the Berth hire charges are same for NCB III & NCB IV the cargo handling charge are worked out as follows: For NCB III – 130.85 /Tonnes For NCB IV – 110.27 /Tonnes When there is a difference of ₹20.59 /tonne, the shippers would prefer to use NCB IV and NCB III would suffer on account of this. From the shippers point of view, both the berth offers similar services. Hence TAMP may consider this aspect and fix the same rate of 130.82 /tonne for both berths for handling Thermal coal. As per TAMP guidelines CI 2.2 once the tariff cap are set for handling different commodities or providing various services for a port, they would apply to all	The estimated capital cost for North Cargo Berth-III and North Cargo Berth-IV are different due to difference in conveyor length. Hence, the same handling rate for NCB-III and NCB-IV are not possible. However, TAMP may re-examine to fix uniform handling rate for same cargo in all three cargoes.																														

	terminals that we bid out subsequently in the same port during next 5 years for handling identical commodities or providing similar service. Hence it would be appropriate to fix the same rate for both NCB III and NCB IV.	
(xii).	The evacuation rate of 18000 tonnes/day for Thermal coal by Rail appears to be on the higher side especially in view of the fact that all the three operators would be required to evacuate the thermal coal at the rate of 18000 tonnes/day. Since the evacuation to be carried over by the external agency. The Terminal Operators should be protected against the shortfall in evacuation of thermal Coal.	As per Feasibility Report, the evacuation rate of Thermal coal is 20,000TPD.
(xiii).	One conveyor each for thermal coal and one for Rock phosphate have been prescribed. There may not be any problem in providing two conveyors at the wharf, crossings and in the stockyard. However, the total length between the transfer houses on port side and Hare island is about 3.0 km. It is suggested that a single belt conveyor of 2.0 width with washing facilities may be considered as it will result in considerable cost reduction in the capital cost.	It is not advisable to consider the suggestion from the environmental angle.
4.	Ms. SEW Infrastructure Limited	
(i).	The maximum DWT and Parcel Size of fully loaded PANAMAX vessel that can visit VOC Port safely, under most of the weather conditions, with the proposed draft of 12.8m may kindly be indicated. This is important as 12.8m draft envisaged seems to be insufficient for bringing in vessels of 75,00 DWT. It may kindly be noted that Visakhapatnam Port Trust has proposed a dredged depth of -16.1m CD and -14.1m CD for handling vessels up to 80,000 DWT	The design vessel considered for this project is 245m LoA, 35.50m beam and 12.80m draught. As per IS 4651 (Part-III) 1974, the fully laden draught of 80000 DWT vessel is 12.60m.
(ii).	As handymax, super handymax and panamax vessels need to be unloaded at different standard average unloading rates and as difference in unloading rates and visiting vessel size distribution dictates the Quay capacity and Throughput realization, the Optimal Quay Capacity may kindly be arrived at by considering percentage share of different vessel sizes envisaged for Thermal Coal and Copper Concentrate and by considering relevant unloading rates specific to vessel sizes.	The optimal quay capacity is calculated as per TAMP guidelines dated 26th February, 2008.
(iii).	It may be mentioned that the Bulk Density of Thermal Coal was taken as 0.71 T/Cu.m by TAMP in its Order G.No. 161 dated 11 June 2010, for arriving at the Optimal Yard Capacity of EQ-1A Project of VPT, which is one of the load ports at which Thermal Coal meant for Tuticorin Thermal Power Station gets loaded. In view of the above. VOCPT may kindly examine the Optimal Yard Capacity calculations accordingly.	The optimal yard capacity calculated as per TAMP guidelines dated 26th February, 2008 and the stacking quantity per Sqm for thermal coal and copper concentrate has been adopted as approved by the TAMP for the project "Development of North Cargo Berth-II at V.O. Chidambaranar Port".
(iv).	The detailed estimated capital cost break up for different items are envisaged under Civil works, Mechanical works and Electrical works (itemized cost breakup for construction of berth, ground improvement, civil works for conveyor gallery, stackers, reclaimers, front end loaders, ship unloaders with hoppers, wagon loader etc.) mentioned under Clause 3.10 may please be provided.	The detailed estimated capital cost breakup for Civil works, Mechanical works and Electrical work is furnished.

(v).	The details of cargo evacuation envisaged such as the cargo split planned to be emptied through trucks and wagons, phased development of truck and wagon loading facilities, adequacy of existing port rail system to support the rail traffic, scope of Concessionaire may kindly be indicated.	It is informed that VOCPT is in process of taking separate action for laying of new rail line from Port's Marshalling yard to Hare Island.
(vi).	As information regarding type of equipment, capacity of equipment, and number of equipment will be of help in ascertaining sufficiency of equipment and in estimating the equipment cost, information regarding material handling equipment envisaged may be indicated.	The equipments proposed in the berth are as follows : Grab unloaders – 2 Nos Stackers - 2 Nos Shed stacker/ Spreader – 1 No Front End Loader – 6 Nos Conveyors. The gantries will have a capacity of 40 Tonnes. The same gantries will handle Rock phosphate (should be copper concentrate) and Thermal coal by changing the grabs. The capacity of grab for thermal coal is 25MT and copper concentrate is 15MT. The capacity of transport conveyor for thermal coal is 330TPH with a belt width of 1800mm and 3mts/sec speed. The capacity of transport conveyor for rock phosphate is 1800TPH with a belt width of 1200mm and 2.5 mts/sec speed. The capacity of stacker for thermal coal and copper concentrate is 1800TPH and the length of boom for thermal coal is 23m and 8.10m for rock phosphate. The evacuation of thermal coal will be done by rail wagons. The system consist of bucket wheel reclaimer, loading conveyor and wagon loader. The bucket wheel reclaimer will have a capacity of 1600 TPTH and a boom length of 24m. The width of loading conveyor is 1400mm and the capacity of wagon loader is 1600 TPH with a boom length of 10m. The evacuation of copper concentrate is by trucks and the trucks will be loaded by Front End loaders.
(vi).	Total length of conveyors is taken as 5.17 kms in estimating capital cost of mechanical equipment. However, based on length of conveyor trestle and conveyor gallery specified on page no. 47 of TEFR, we believe that the total length of conveyor shall be taken as at least 6.0 kms for estimating the capital cost of conveyor. VOCPT is requested to make suitable changes to the capital cost estimate in this regard.	Total length of Conveyor includes conveyor for Thermal Coal, Copper Concentrate and cross conveyor etc. i.e. 5.17 K.M.. Total length of conveyor trestle and gallery is 2.86 k.M. Hence, no need to revise the cost.
(viii).	(i). Under capital cost estimate for civil works in page no. 47 of TEFR, hardening of wagon loading area of 15,000 sq.m. was considered. In this, capital cost estimate for civil works, cost of civil works for wagon loading platform was not considered. Hence, we presume that civil works for the wagon loading platform is included in the scope of separate agency responsible for rail evacuation. Kindly confirm. (ii). We believe that if stacking, reclaiming and wagon loading operations are performed by the same BOT operator, the operations will be smoother,	The cost of wagon loading platform will be considered in the scope of Integrated Loading facility which will be executed as a separate PPP Project Not agreed to.

	efficient and devoid of any likely conflicts between difference operators. Hence, VOCPT is requested to kindly include reclaiming and wagon loading in NCB-III Concessionarie's Scope.	
(viii).	VOCPT is requested to note that the demand for imported coal is significant and that the stacking factor of imported coal/steam coal is 4 T/sq.m. (this figure was approved by the TAMP for EQ-1 and EQ-1A berths at VPT) which is much lower as compared to that of indigenous coal (stacking factor of 6.6 T/sq.m.). Hence, VOCPT is requested to consider appropriate share of imported coal among cargoes to be handled at NCB-III and its stacking factor of 4 T/sq.m. to estimate Stockyard Capacity.	Not agreed to as the distinction is outside the scope of feasibility report.
5.	M/s. ABG-LDA Bulk Handling Pvt. Ltd.	
	They have furnished following comments on Feasibility Report	
(i).	Section 3.3 : The terminal will handle Coal and Rock phosphate. Therefore it can be considered as a multipurpose terminal. Based on the guidelines for upfront tariff setting, the unloading rate norm for this terminal is of 10,000 tons/day. Moreover, the efficiency rate of an unloader is of 50% adding to a loading factor of 70%. Therefore, the unloading rate achievable will be of 5,600 tonnes/day. Please adjust capacity accordingly.	The proposal is development of NCB-IV for handling Thermal Coal and Copper concentrate on it. Hence the question on Rock phosphate does not arise. However regarding copper concentrate it is informed the average discharge rate of 25000TPD is assumed based on the practical discharging rate with the use of 20 tonne share cranes being handled at VOCPT and the availability of the ship unloaders with the rated capacity of 800 TPD. Hence the unloading rate, as per the Port's calculation stand.
(ii).	Section 11 : The combined effect of an additional cost up by 10% an annual O & M cost up by 10% and a revenue down by 10% would incur a financial IRR of 13.92%. This is below the norm of 16% fixed in the guidelines for upfront tariff setting for PPP projects at Major port trusts, 2008. Please increase the tariff to be in line with the norm.	As per feasibility report the IRR for this project is 21.10% and the combined effect is 15.92%. The combined effect is only for information. Practically all the three factors occur at the same time is not possible. Hence the project IRR 21.10% is higher than 16% only.
(iii).	Appendix 11.02: Given the intensive use done of the front-end loaders the concessionaire will need to refurbish them every 5 years. Please update the capital cost accordingly.	The life period of front and loader considered as 10 years as per norms. The tariff has been calculated as per TAMP guidelines. The question of the replacement cost is out of scope of the proposal. Hence the request for updation of capital cost is not acceded to.
(iv).	General : As the report was released in November 2010, the capital costs estimations were done before. It is not clear whether the inflation effect as reflected in the Wholesale Price Index is taken into consideration. If not, please increase the capital cost accordingly.	Eventhough the Techno Economic Feasibility Report was released during November 2010, the RFQ was called for by 17-02-2011 i.e. within 3 months period. RFQ applications were also opened on 30-04-2011 and under process. At this stage the revision of capital cost is not possible.
6.	M/s. Transstroy – OJSC Consortium	
	They have no comments to offer.	
7.	Tuticorin Port Handling Agents' Association, Tuticorin Ship Agents Association, Tuticorin Custom House Agents' Association	
(i).	It is understood that the port is planning to give the total berth to the private operator and the charges indicated should be inclusive of all labours requirement, wharfage charges etc., It needs to be ensured that the port shall not claim any wharfage apart from the prescribed tariff for the private operator.	Port will not claim wharfage for cargoes handled in PPP Berths from Users.

(ii).	Quite apart from the above, kindly clarify that the tariff fixation is worked out based on the guidelines already approved by the government.	Yes
(iii).	It may be added that the owners of vessels are not responsible for non-availability of fixed berth.	This is outside the scope of upfront tariff.

2. A joint hearing in this case was held on 16 November 2011 at the V.O. Chidambaranar Port Trust (VOCPT) premises. The VOCPT made a power point presentation of its proposal, its response to comments of the users/prospective bidders and queries raised by the TAMP. At the joint hearing, VOCPT and the concerned user/organization bodies have made the following submissions:

V O Chidambaranar Port Trust (VOCPT)

- (i). Railway connectivity to NCB II, III and IV will be a separate PPP project. We will invite bids shortly.
- (ii). We have nearly finalised our proposal for lease rentals charges. The upfront tariff proposal needs to be updated accordingly.
- (iii). The storage charges calculation contains some errors. Revised workings show that the proposed storage rates for NCB IV should be same as those proposed for NCB III.
- (iv). We have noted some mistakes in berth hire charges. We will rectify

M/s. GVR Infra Project Pvt. Ltd.

- (i). Handling capacity assumed for thermal coal @ 40000/- tones per day is not as per the upfront tariff guidelines.
- (ii). Assumption that all vessels may be panamax requires review. At best, 10% will be panamax and rest will be handymax.

M/s.Marg Ltd.

- (i). With 12.8 meters draft, panamax can't come fully loaded. It is not correct to assume 100% panamax vessels to call at the proposed terminal.

M/s.SICAL Logistics Ltd.

- (i). Please review the design parameters to permit same conveyor belt to handle different commodities.

M/s.SEW Infrastructure Pvt. Ltd.

- (i). 12.8 mtrs. draft is not adequate to bring panamax vessels. The calculations should consider handymax vessels also.

M/s. MALCO Power Company Limited

- (i). Dwell time considered is very low and unrealistic.
(VOCPT – we will examine this point)
- (ii). Trade will decide the size of vessels to call at the terminal. We can't presume the entire traffic will come only by Panamax vessels.

3. Some of the user organisations have furnished further comments after the joint hearing. The comments received from them were forwarded to the VOCPT as feedback information. The VOCPT has not furnished any comments on the additional points made by the

user associations. A summary of the comments received from user organisations are tabulated below:

Sl. No.	Comments of users/user organisations
1.	Tuticorin Port Handling Agents' Association, Tuticorin Ship Agents Association, Tuticorin Custom House Agents' Association
(i).	It is understood that the port is planning to give the total berth to the private operator and the charges indicated should be inclusive of all labours requirement, In the course of joint hearing it was clarified that booking of pool labour employment and private labours is totally exempted for NCB-IV while operating Harbour Mobile Crane. This needs to be confirmed.
(ii).	In the course of joint hearing it was clarified that wharfage dues also will be exempted for operation at NCB IV. This requires confirmation.
(iii).	The berth hire charges proposed for NCB IV have been provided with different berth hire for different commodities. This will be inconvenient for vessel agents for updating their principals. It is therefore suggested that a single tariff of berth hire will be appropriate, irrespective of the commodity.
(iv).	The productivity for operation at NCB IV have been defined in the BOT agreement. In case of deficiency on the part of Berth operator in achieving in the prescribed productivity, the vessel agents will bear additional Berth hire cost. The berth hire charges shall be worked out as per the actual berth hire and based on the productivity prescribed. The berth hire, whichever is lesser shall be applicable for payment. This may please be incorporated in the order.
(v).	Quite apart from the above, kindly clarify that the tariff fixation is worked out based on the guidelines already approved by the government.
(vi).	It may be added that the owners of vessels are not responsible for non-availability of fixed berth.
2.	Sterlite Ports Limited (formerly Malco Power Company Limited)
(i).	Turnover of the Plot in Year: Based on TAMP guidelines & demand from trade, maximum of 12 to 14 turnover of the plot in a year is possible and practically achievable. Assuming 28 turnovers of the plot in a year is completely impractical and seems tantamount to artificially increase the capacity. If authority looks at past data of dwell time of coal at the port, it would clearly see our point that coal typically stays for a month (30 days) or more in port before moving out. Assuming 300 working days in a year, this would mean 10 turnover of the plot in a year. Additionally, at VOCPT trade is driven completely by traders like Adani, C&O who have been using the model of stock-and-sale which requires them to store coal for a month and even more at the port before they sell it to end users. We request Authority not to ignore these facts & not to use more than 12 turnover of the plot in a year to arrive at capacity of both the terminals (NCB-III & IV). It would be realistic, practical and necessary for sustainable future. In case, VOCPT still proposes more than 12 turnover of plot in a year, then we would be very keen to understand the detailed justification backed up by historical data. We request Authority not to take any erroneous precedence (because negligence on part of all the stakeholders) of past as justification criterion & have a forward looking vision of setting up right precedents for others to follow.
(ii).	Vessel Mix: Vessel mix needs to be as TAMP norms as vessels calling at port will be function trade requirements and not simply of the draft availability. Hence both Handymax and Panamax needs to be assumed.
(iii).	Stacking quantity: Quantity that can be stacked per sq m of areas cannot exceed more than 3.5 ton for 7 m height. Request the Authority to provide us with source of assumption.
3.	ABG-LDA Bulk Handling Pvt. Ltd.
(i).	The present electricity supply (22kv) is not sufficient to cater to the totally automated mechanised handling system considering the maximum demand requirement. This means that the successful bidder has to get a higher voltage supply at the project point from TNEB. This would mean additional costs in terms of right of way, port charges, deposits and charges to Tamil Nadu Electricity Board. Also, the cables will pass through substantial distance within the port and all expenses towards this cabling will have to be borne by the bidder apart from paying port charges for usage of port land. This has not been considered in the project cost.

(ii).	The port levies charges for usage of land (rentals) and passes for equipment etc. The project site is not sufficient for construction activities (especially at Jetty) and port land will have to be used. Over a two year construction period this amount can be quite significant. This has not been considered. Else the port has to agree that no charges will be levied on a PPP partner.
(iii).	The project necessitates that soil investigation/ geo technical studies be conducted in order to design the civil structures. In the absence of such reports being available the successful bidder has to conduct such studies. This cost is not considered.
