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# TARIFF AUTHORITY FOR MAJOR PORTS

**G No.230** **New Delhi, 15 October 2012**

## NOTIFICATION

In exercise of the powers conferred under 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 the Chennai Port Trust for fixation of upfront tariff for development of Ro-Ro cum multi-purpose berth and multilevel car park at Chennai Port under Public Private Participation (PPP) mode as in the Order appended hereto.

**(T.S. Balasubramanian)**
Member (Finance)

# Tariff Authority for Major Ports

**Case No. TAMP/26/2012-CHPT**

**Chennai Port Trust** - - - **Applicant**

## O R D E R

(Passed on 17th day of August 2012)

This case relates to a proposal received from the Chennai Port Trust (ChPT) for fixation of upfront tariff for the proposed of Ro-Ro cum multi-purpose berth and multilevel car park to be developed at Chennai Port under Public Private Participation (PPP) mode.

2.1 The ChPT vide its letter dated 2 May 2012 filed a proposal for fixation of upfront tariff for the proposed Ro-Ro cum multipurpose berth and multilevel car park to be developed under Public Private Participation (PPP). Since the proposal was incomplete, ChPT was advised vide our letter dated 4 May 2012 to file a proposal, complete in all respects, along with the required documents/details as per the check list forwarded by us to the Major Port Trusts for filing upfront tariff proposals.

2.2. Subsequently, ChPT vide its letter dated 22 May 2012 has filed the proposal along with Detailed Project Report (DPR), proposed draft Scale of Rates with conditionalities, list of prospective applicants, etc. The ChPT has furnished a copy of the report of its consultants and sought the approval of this Authority for the rates proposed. The main points made in the proposal of ChPT are summarised below:

(i). The port is planning to develop a new Ro-Ro cum multi-purpose berth and multilevel Car park in Bharathi Dock under PPP mode. It is envisaged to handle Cars and break-bulk cargo in combination at the proposed facility.

(ii). The Upfront Tariff has been prepared as per the Guidelines prescribed by TAMP in 2008 for Multipurpose berth, wherever relevant and based on past data. Where past data is not available reasonable assumptions have been made.

(iii). The salient features of the project are as follows:

(a). The proposed berth is located on the northern side of the pier where the signal station of the port is located. The berth will be of dimension 300 m. by 30 m.

(b). The multilevel car park is to be developed partly on the existing land adjacent to the proposed berth and partly on the pile structure (deck area) to be built by the operator. The total land area of the car park facility is 10,300 sq. m. With six storey parking facility, the total area available for car parking is 61,800 sq. m.

(c). An area of 5000 sq. m. is provided on the south western side of the berth at a distance of about 200 m. from the berth for storage of project and steel cargo.

(d). The PPP operator has to carry out capital dredging adjacent to the berth area. The estimated quantity of dredging is 220,000 cu. m. The port will carry out the maintenance dredging.

(e). The BOT operator is to handle two different types of cargo viz. the cars through RORO vessels and break bulk cargo through general cargo vessels.

(f). The projected volume for the proposed berth, as per DPR, is 8,45,846 units of cars and 49,000 tons of project cargo and 75,000 tons of steel cargo.

(iv). **Optimal Berth Capacity**:

(a). For Car Handling:

The car handling through RORO vessel is not prescribed in the upfront tariff guidelines and hence the value is derived from the data collected on the present car handling at Chennai Port.

Optimal capacity:

- The average number of cars handled per hour during the last three years is reported at 194, 198 and 183. Based on this position, the port has assumed an average handling rate of 200 cars per hour, in the optimal quay capacity calculation. By adopting the formula prescribed in the 2008 tariff guidelines, the optimal quay capacity is assessed at 12,26,400 cars per annum (0.7 x 200 x 24 x 365), if cars alone were handled at the berth.

- The port has anticipated problems in achieving the above berth capacity on the ground that the proposed car parking facility will have a capacity of only 5000 cars. The port has assessed optimal storage / yard capacity as per the formula prescribed in the 2008 guidelines for container terminal, as follows:

  Yard capacity - 0.7 x G x H x P/S x D

  G - No. of ground slots is assumed at 5000 cars.
  H - Average stack height is assumed at 1.
  P - Period is 365 days
  S - Surge factor is considered not relevant in this case and therefore assumed at 1.
  D - Average Dwell time is taken at 3 days.

  The Optimal storage yard capacity is worked out at 4,25,833 cars per annum.

- Accordingly, optimal capacity for car handling is assessed at 4,25,833 cars per annum being lower of the quay and storage yard capacities.

- Based on the storage yard capacity of 4,25,833 cars per annum, the share of berth capacity for handling cars is assessed at 129.6 days [4,25,833 (no. of cars per annum) / 136.9 (no. of cars per hour) / 24 (no. hours in a day]. (The port has assumed average handling of 136.9 cars per hour in arriving at the share of berth capacity, as against 200 cars considered in the optimal capacity calculation, stating that the berth is occupied for additional time before and after the operation and based on the past record, the gross rate is calculated at 136.9 cars per hour on an average).

(b). For Break Bulk Cargo Handling:

- The type of cargo expected to be handled at the berth are steel products (iron and steel) and other cargoes (granite, logs and wood pulp). The handling rate for steel products is 4000 tonnes per day and other cargoes is 2500 tonnes per day as specified in upfront tariff guidelines of 2008.

- The percentage share of the cargo for steel products and other cargoes is worked out to 45% and 55% respectively, reportedly based on the average of the actual cargo share pattern obtained during the last 3 years 2009-10 to 2011-12.

- Taking this value into account, the optimal quay capacity for break bulk handling is assessed at 8,11,213 tonnes per annum [0.7 x ((4000 x 0.45)+(2500 x 0.55)) x 365], if break bulk alone were handled at the berth.

- The port has stated that the berth is available for handling break-bulk cargo only when car carriers are not occupying the berth and accordingly calculated the share of berth capacity for handling break-bulk cargo as follows:

  Berth days available for handling break bulk cargo is worked out at 125.9 days [i.e. 255.5 days (70% of 365) minus 129.6 days, being share of berth capacity of car carriers]

  The share of optimal quay capacity for break bulk cargo is worked out at 279,803 tonnes for 125.9 days as per the formula prescribed in the 2008 guidelines. [0.7 x (0.45x4000) + (0.55x2500)) x 125.9]

- The optimal capacity for break-bulk cargo is assessed at 2,79,803 tonnes per annum. (The proposal does not contain yard capacity workings for break-bulk cargo).

(v). **Capital cost**:

(a). The port has stated that the capital cost estimates furnished in the DPR is relied upon. The total capital cost of the project considered by the port is summarised below:

| | | **(₹ in lakhs)** |
|---|---|---|
| (i). Construction of berth | - | 5282.00 |
| (ii). Capital dredging | - | 660.00 |
| (iii).Construction of multilevel car park | - | 3999.00 |
| (iv). Mechanical & electrical equipment | - | 60.00 |
| (v). Other cost (5% of (i) to (iv) above) | - | 500.00 |
| | | ----------- |
| Total | | 10501.00 |
| | | ======= |

(b). The port has allocated / apportioned the total capital cost to car handling activities, break bulk cargo handling activities and berthing activities, as follows:

- Berth construction cost in the ratio of 75:25 between berthing and cargo handling activities.

- The share of berthing cost allocated to cargo handling activities is again apportioned between car handling and break-bulk cargo handling activities in the ratio of 50:50.

- The entire cost of capital dredging is allocated to the berthing activities.

- The entire cost of construction of multilevel car park is allocated to the car handling activities.

- Other cost is apportioned on the basis of share of capital cost of berthing, car handling and break-bulk cargo handling activities respectively in the total capital cost before apportioning other cost.

(c). The allocation / apportionment of total capital cost for the three activities is tabulated below:

(**₹ in lakhs**)

| **Particulars** | **Car handling** | **Break bulk cargo handling** | **Berthing** | **Total** |
|---|---|---|---|---|
| Berthing structure | 660 | 660 | 3962 | 5282 |
| Dredging alongside the berth | 0 | 0 | 660 | 660 |
| Multilevel car parking facilities | 3999 | 0 | 0 | 3999 |
| Mechanical and electrical equipment | 60 | 0 | 0 | 60 |
| Sub total | 4719 | 660 | 4622 | 10001 |
| Other cost (@ 5% of sub-total above) | 236 | 33 | 231 | 500 |
| **Total** | **4955** | **693** | **4853** | **10501** |

(vi). **Operating cost**:

(a). The port has stated that it has followed the norms prescribed in the 2008 guidelines for multi-purpose berth in the estimation of operating cost of various items.

(b). Power & Fuel:

- The power requirement for car handling activities is considered only towards lighting for the area. The port has stated that it has adopted the norms prescribed in the 2008 guidelines for Liquid bulk terminal in this regard.

- The power requirement for break bulk cargo handling is also considered for lighting the yard area only on the premise that all the cargo handling equipments proposed for handling break-bulk cargo will be hired.

- The port has considered 24 units per sq. m. and a rate of ₹8/- per unit in the estimation of power cost.

- The port has considered 61800 sq. m. area for car parking and 5000 sq. m. area for break-bulk storage. The power cost towards lighting at berth area is considered for 9000 sq. m.

- The power cost towards berth lighting is apportioned between car handling and break-bulk cargo handling activities in the ratio of 50:50.

- The port has not estimated expenditure on fuel stating that no equipments will be owned by the BOT operator.

(c). The repairs and maintenance expenditure, insurance and other expenses are estimated as per the norms prescribed in the 2008 guidelines for multipurpose berth.

(d). The port has included equipment hire charges for hire of handling equipment in the estimation of operating costs for handling break-bulk cargo. The port has considered 1 No. each of 100 Ton HMC, 20 Ton Heady duty FLT, 10 Ton FLT and 5 Nos. of Tractor Trailers. The estimated hire charges for these equipments have been arrived at based on the rates prescribed in the existing Scale of Rates of ChPT.

(d). The port has undertaken the responsibility of carrying out maintenance dredging and accordingly expenditure towards maintenance dredging is not included in the estimates of operating cost.

(e). The lease rentals are estimated based on the area allotted for each cargo group and rates prescribed in the existing Scale of Rates of ChPT. The lease rental in respect of berth area of 9000 sq. m. is apportioned between car handling and break-bulk handling in the ratio of 50:50.

(f). The port has stated that depreciation for civil and mechanical and electrical assets is calculated as per the Companies Act in accordance with the 2008 guidelines.

(g). The operating cost for berthing activity estimated by the port comprises of repairs & maintenance (at 1% of capex), insurance (at 1% of civil assets), depreciation (at 3.34% p.a. on capital cost excluding capital dredging) and other expenses (at 5% of gross fixed assets).

(h). A summary of the operating cost estimates furnished by the port for the three activities are given in the tables below:

<u>For Car Handling activities</u>:

**(₹ in lakhs)**

| Sl. No. | Description | Workings | Amount |
|---|---|---|---|
| 1. | Power | (300X30X0.5 + 6X10300) X 24 X 8 | 127.30 |
| 2. | R & M of civil assets | 0.01 x 4659 | 46.59 |
| 3. | R & M of mech. Assets | 0.05 X 60 | 3.00 |
| 4. | Insurance | 0.01 X 4955 | 49.55 |
| 5. | Lease rentals * | ((8100 X 4542 X 12) + (6700X2390X12)) / (100X100000) | 63.36 |
| 6. | Depreciation | ((0.0334X4659.35) + (0.1034XX60)) | 161.83 |
| 7. | Other expenses | 0.05 X4955 | 247.77 |
| | **Total** | | **699.40** |

* Developed area - 8100 (out of 10300) sq. m for multilevel car park
* Undeveloped area - 2200 for car park and 300X30X0.5 sq. m for berth

<u>For Break bulk cargo handling activities</u>:

**(₹ in lakhs)**

| Sl. No. | Description | Workings | Amount |
|---|---|---|---|
| 1. | Power | ((300X30X0.5) +(5000)) X 24 X 8 | 18.24 |
| 2. | R & M of civil assets | 0.01 x 660.25 | 6.60 |
| 3. | Insurance | 0.01 X 693.26 | 6.93 |
| 4. | Lease rentals | (5000 X 4542 X 12) + (4500 X 2390 X 12) / 100 X 100000 | 40.16 |

| | | | |
|---|---|---|---|
| 5. | Depreciation | 0.0334X660.25 | 22.05 |
| 6. | Equipment hire | Mobile crane 75 tons @ ₹15000 / shift for125.9 days = 56.65 lakhs<br>FLT 20 tons capacity @ ₹14490 / shift for 125.9 days = 54.73 lakhs<br>FLT 10 tons capacity @ ₹4368 / shift for 125.9 days = 16.50 lakhs<br>Tractor trailers 20 T @ ₹4336 / shift for 125.9 days X 5nos = 81.88 lakhs<br>Total =209.76 lakhs | 209.76 |
| 7. | Other expenses | 0.05 X 693.26 | 34.66 |
| | **Total** | | **338.41** |

For Berthing Activities:

(**₹ in lakhs**)

| **Sl. No.** | **Cost items** | **Amount** |
|---|---|---|
| 1. | R & M of civil structures @ 1% of Capex | 39.62 |
| 2. | Insurance @ 1% of civil assets | 41.60 |
| 3. | Depreciation @ 3.34% on civil assets | 132.31 |
| 4. | Other expenses @ 5% on Gross Fixed Assets | 242.63 |
| | **Total** | **456.16** |

(vii). The annual revenue requirement estimated by the port for the three activities are tabulated below:

(**₹ in lakhs**)

| **Sl. No.** | **Activities** | **Car handling** | **Break bulk cargo** | **Berthing** |
|---|---|---|---|---|
| 1. | Operating cost | 699.40 | 338.41 | 456.16 |
| 2. | Return on capital employed (ROCE) | 792.85 | 110.92 | 776.41 |
| **3.** | **Total (Revenue Requirement)** | **1492.25** | **449.33** | **1232.57** |

(viii). Apportionment of revenue requirement:

(a). For Car handling and Break bulk cargo handling activities:

| **Tariff Group** | **Car handling activities** | | **Break bulk cargo handling activities** | |
|---|---|---|---|---|
| | **% of total revenue requirement** | **Amount (₹ in lakhs)** | **% of total revenue requirement** | **Amount (₹ in lakhs)** |
| Handling Charges | 98% | 1462.40 | 90% | 404.40 |
| Storage Charges | 1% | 14.92 | 5% | 22.47 |
| Miscellaneous Charges | 1% | 14.92 | 5% | 22.47 |
| **TOTAL** | **100%** | **1492.25** | **100%** | **449.33** |

(The port has stated that apportionment of revenue requirement in respect of car handling activities is considered at 98%, 1% and 1% towards handling charges, storage charges and miscellaneous charges respectively as against the corresponding norm of 90%, 5% and 5% stating that there will be very little scope for cars remaining in the storage beyond free period as well as attracting miscellaneous types of services.)

(b). For Berthing activities:

(₹ in lakhs)

| Activities | Percentage share | Amount |
|---|---|---|
| Car handling | 129.6/255.5 | 625.23 |
| Steel cargo handling | 125.9X0.45/255.5 | 273.30 |
| Other cargo handling | 125.9X0.55/255.5 | 334.04 |
| **Total** | | **1232.57** |

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

(i). **Berth hire charges**:

| Sl. No. | Vessels | Rate per GRT per hour or part thereof | |
|---|---|---|---|
| | | Foreign | Coastal |
| 1. | All vessels | 0.9711 | 0.5826 |

(ii). **Cargo handling charges**:

(a). Car handling:

| Activity | Rate per car in ₹ |
|---|---|
| Either loading into or discharge from the RORO ship | 343.42 |

(b). Break bulk cargo handling:

| Sl. No. | Cargo group | Rate per ton Foreign in ₹ | Rate per ton Coastal in ₹ |
|---|---|---|---|
| 1. | Steel coils, slabs, bars, billets, pipes and allied steel products | 144.53 | 86.72 |
| 2. | Others (Granites, logs and wood pulp) | 150.55 | 90.33 |

(iii). **Storage charges**:

(a). Car handling:

| Storage Period | Charges per car per day or part thereof in ₹ |
|---|---|
| First 3 days | Free |
| First 3 days after free period | 20.40 |
| 4 to 6 days after free period | 30.60 |
| Beyond 6 days after free period | 40.80 |

(b). Break bulk cargo handling:

| Storage Period | Charges per day per ton or part thereof in ₹ |
|---|---|
| First 7 days | Free |
| First 7 days after free period | 5.0 |
| 8 to 14 days after free period | 7.5 |
| Beyond 14 days after free period | 10.0 |

(iv). **Miscellaneous charges**:

(a). Car handling:

| Cargo type | Rate per car in ₹ |
|---|---|
| Car | 70.09 |

(The port has calculated the unit rate for miscellaneous charges assuming that only 5% of the total volume of cars would avail miscellaneous services).

(b). Break bulk cargo handling:

| Cargo group | Rate per tonne in ₹ |
|---|---|
| All types of cargoes | 8.03 |

3. In accordance with the consultative procedure prescribed, the proposal of ChPT dated 22 May 2012 was forwarded to the concerned users / representative bodies and prospective bidders (as per the list provided by the ChPT with the proposal) seeking their comments. The proposal was also forwarded to additional users subsequently furnished by ChPT. The comments received from the users / representative bodies and prospective bidders were forwarded to ChPT as feedback information. The ChPT has also furnished its remarks on the comments of some of the users / representative bodies and prospective bidders.

4.1 Based on a preliminary scrutiny of the proposal, ChPT was requested to furnish additional information/clarifications on various points vide our letter dated 27 June 2012. The ChPT vide its letter dated 13 July 2012 received by us through email on 16 July 2012 has furnished its replies to our queries. A summary of the queries raised by us and the response of ChPT are juxtaposed below:

| Sl. No. | Queries raised by us | Response from ChPT |
|---|---|---|
| **(A).** | **Optimal Capacity**: | |
| (i). | The proposal of the ChPT is to develop an exclusive berth for handling cars through RORO vessels considering the traffic potential in the future and to utilize the spare capacity of the berth to handle break-bulk cargo. As per the traffic analysis contained in the Detailed Project Report (DPR) the estimated volumes through RORO vessels ranges from 2,86,001 cars in the year 2012-13 to 8,45,846 cars in the year 2043-44. However, as per the upfront tariff proposal of the port, the optimal capacity of car handling through RORO vessels is pegged at 4,25,833 cars per annum. Considering the project life of 30 years and the estimated growth of volumes of car handling, the optimal capacity considered by the port at 4,25,833 cars per annum appears to be on the much lower side. In contrast to this position, the traffic analysis in the DPR mentions estimated volume of break bulk cargo to be handled through RORO berth as 65,000 tonnes in the year 2013-14 which increases to 1,25,000 tonnes in the year 2043-44. However, the port has considered the optimal capacity of | The DPR prepared by the consultant WAPCOS, contains details on the traffic projection for both Car export and import and the projection for various types of break bulk cargo. However the DPR ultimately considers only the car traffic for revenue calculation and for evaluation. The DPR did not contain details on the capacity of the berth in terms of the volume of cargo that could be handled. Further the projection is given for various types of break bulk cargo. These aspects had been reviewed by the port and it was decided that the berth be utilized for handling both the car traffic and also the break bulk cargo traffic. Further the BOT operator will also be allowed to handle steel and its allied products as indicated in the proposal and other cargo comprising of Granite, Logs and wood pulp. Accordingly the capacity of the berth has been assessed. As per the calculations made for capacity determination which was given in the proposal, the capacity of the berth gets restricted due to the optimal capacity of the storage yard. Hence the capacity of the berth for handling cars with the available storage space is 4,25,833 cars. The berth |

| | | |
|---|---|---|
| | the break-bulk cargo at 2,79,803 tonnes per annum which is seen to be on the much higher side compared to the estimated traffic volumes during the project life. Since the revenue model adopted for upfront tariff fixation is dependent on the optimal capacity of the different cargo groups, the ChPT may review the optimal capacity of the two cargo groups based on the traffic analysis contained in the DPR, if necessary. | needs to be put into use for handling break bulk cargo for which there is demand. Accordingly the calculation has been done such that the berth can handle higher volume of break bulk cargo than the projected volume. |
| (ii). | The ChPT has assessed the optimal berth capacity of RORO berth at 12,26,400 cars per annum at 70% utilization adopting the formula prescribed in the 2008 upfront tariff guidelines for multipurpose berth. While arriving at this berth capacity, the port has considered a handling rate of 200 cars per hour reportedly based on the actual handling rate achieved by the existing major car exporter at the port during the last 3 years. The ChPT is requested to clarify the following points in this regard. | --- |
| | (a). The average number of cars per ship is reported at 3839, 2998 and 2529 during the years 2009-10 to 2011-12 respectively in the table furnished under Chapter-3 Present status (Page 7) of final report. However, the average number of cars per ship for the said three years is reported at 3097, 2770 and 2557 respectively in the table furnished under chapter 5.2 - capacity determination for car handling. ChPT to reconcile the position. | The Table furnished under Chapter-3 Present Status (Page 7) of Final Report and the values given under Chapter 5.2 (Page 9) has been reconciled.<br><br>(The port has revised the values furnished under Chapter 5.2). |
| | (b). The average time taken per vessel (operation) by the existing major user during the years 2009-10 to 2011-12 is reported at 15:56, 13:56 and 13:59 hours respectively and accordingly the average number of cars handled per hour is worked out at 194, 198 and 183 for the corresponding years. Taking into account the total number of cars handled during the said three years at 272599, 221622 and 230152 and the total hours of operation at 1419, 1115 and 1315 for the corresponding years as reported by the port, the average cars handled per hour works out to 192, 198 and 175 respectively as against 194, 198 and 183 reported by the port. The ChPT to furnish the workings for arriving at the average time taken per vessel and review the average number of cars handled per hour reported by it for the three years 2009-10 to 2011-12. | The values given in column pertaining to number of cars handled and the total time taken in hours for operation are correct. The other columns have been modified.<br><br>(The average number of cars handled per hour has been modified to 192, 198 and 175 cars per annum for the years 2009-10 2011-12 respectively). |
| | (c). The port has stated in its proposal that the proposed facility will be a common user facility. The ChPT to clarify whether the actual handling rate achieved by the existing user will hold good for other users | The actual handling rate achieved by the existing user will hold good for other users also as the operations will be similar. |

| | | |
|---|---|---|
| | also who may avail the proposed facility and justify the handling rate adopted by it in the estimation of optimal berth capacity. | |
| | (d). The ChPT to review the handling rate considered by it taking into account the benefits / advantages of a multilevel parking yard vis-à-vis the existing open parking yard in terms of efficiency in operation. | The ChPT has stated that irrespective of multi-level car parking or open parking yard, the rate of loading of cars to the ship will be the same. |
| (iii). | The ChPT has determined the optimal capacity of the multilevel car parking yard at 4,25,833 cars per annum reportedly adopting the formula prescribed in the 2008 upfront tariff guidelines for assessing the optimum storage capacity for container terminal. The ChPT to furnish / clarify the following points in this regard: | --- |
| | (a). The ChPT has considered the total area of multilevel car park at 61,800 sq. m. (10,300 sq. m. x 6 stories). As mentioned in the DPR, 20% of the total area is covered by Ramp, Pump room, Elevator, etc. and balance 80% (i.e. 49,440 sq. m.) is allotted for car parking. The ChPT to explain the basis for arriving at the area required for ramp, elevator, etc. at 20% of the total area. | As indicated in the DPR, the area requirement for ramp, elevator etc. were individually worked out and then added together which comes to approximately 20% of the total area. |
| | (b). The ChPT has arrived at the number of parking slots at 5000 taking into account the parking area of 49440 sq. m. and considering the area required for each car at 10 sq. m. The DPR (table furnished under chapter 4.10, page 81), mentions the average area required for storage of each car as 7.75 sq. m. considering the various sizes of cars manufactured by three different companies. However, the port has considered the average area required for storage of each car at 10 sq. m. in the estimation of optimal storage capacity. The ChPT to explain the reasons for considering the average area required for each car at a higher level as it has resulted in reduction in the estimated optimal capacity of the multilevel car park. | The area 7.75 sq. m. considered is the area actually required for parking the cars. But additional area is required for space in-between the cars, space for movement of the cars etc. and hence the average area of 10 sq. m. is considered for assessing the storage capacity. |
| | (c). The ChPT to justify the average dwell time of 3 days considered by it, taking into account the lead time required for movement of cars into the parking yard and the berthing of the vessel, especially when the entire RORO vessel is loaded in two shifts on an average, as reported by the port.<br><br>Since the average dwell time of 3 days considered by the port is reportedly based on an analysis carried out with the present data, the ChPT to review the average dwell time considered by it taking into account the area available in the proposed | The dwell time of 3 days is arrived at as an improvement on the present dwell time of 4 days which is required for movement of number of cars required per vessel. This improved dwell time value has to be achieved by the operator in the proposed multi-level parking yard which will have an area of 49,440 sq. m. which is less than the existing parking area of 62,000 sq. m. |

<table>
<tr><td></td><td>multilevel parking yard vis-à-vis the existing open parking yard.</td><td></td></tr>
<tr><td></td><td>(d). As per the DPR the capacity of the multilevel car park is designed to accommodate 5000 cars reportedly based on the maximum no. of cars that can be exported through one vessel. The ChPT to clarify whether it proposes to store the cars meant for one vessel only at any given point of time. In case if cars meant for more than one vessel can be stored simultaneously, the capacity of the parking yard may be reviewed to minimize the gap between quay and yard capacity.</td><td>The storage capacity of the multi level parking is designed to accommodate 5000 cars. However, the average parcel size of number of cars considered in the calculation for fixing upfront tariff (in berth hire calculation) is only 3000 cars. As such the multi-level parking yard can store the cargo meant for more than one vessel simultaneously. However it is pointed out that the value of 3000 cars considered is only average and the actual numbers for each of the vessel is bound to vary and can be upto 5000 cars.<br><br>(The port has not addressed the issue on minimizing the gap between quay and yard capacity).</td></tr>
<tr><td>(iv).</td><td>The ChPT has determined the optimal capacity of the RORO berth for car handling at 4,25,833 cars per annum, being the lower of the optimal berth capacity of 12,26,400 cars per annum and optimal storage capacity of 4,25,833 cars per annum. Since the yard capacity is the limiting factor, the port has proposed to utilize the spare capacity of the berth for handling break-bulk cargo. The port has assessed the spare capacity of the berth for handling break-bulk cargo at 2,79,803 tons reportedly adopting the formula prescribed in the 2008 upfront tariff guidelines for multipurpose berth. The port to clarify the following points in this regard:</td><td>---</td></tr>
<tr><td></td><td>(a). The port has assessed the no. of berth days required for handling optimal capacity for handling RORO vessels at 129.6 days considering a handling rate of 136.9 cars per hour on an average and has thus assessed the spare capacity available for handling break bulk cargo as 125.9 days at 70% utilisation (i.e. 255.5 days minus 129.6 days). However, taking into account the handling rate of 200 cars per hour considered by it in the estimation of optimal berth capacity for handling RORO vessels, the no. of berth days required for handling the optimal capacity of 4,25,833 cars works out only to 88.7 days, leaving a spare capacity of 166.8 days at 70% utilization (i.e. 255.5 days minus 88.7 days). The contention of the port in this regard that the handling rate of 200 cars represents operation time alone and taking into account the additional time occupied by the RORO vessels before and after operation, the average gross handling rate works out to 136.9 cars per hour based on past record is not supported with details of</td><td>The details of the total operational time and the total time the berth is occupied by the vessels is given below;<br><br><table><tr><th>Year</th><th>No. of cars handled</th><th>Total operation time</th><th>Total time at berth</th><th>Ave. No. of cars(op)</th><th>Ave. No. of cars/berth Hr</th></tr><tr><td>2009-10</td><td>272599</td><td>1419</td><td>1720</td><td>192</td><td>158</td></tr><tr><td>2010-11</td><td>221622</td><td>1115</td><td>1713</td><td>198</td><td>129</td></tr><tr><td>2011-12</td><td>230152</td><td>1315</td><td>1914</td><td>175</td><td>120</td></tr></table><br>The average number of cars handled per hour with reference to the time at berth, i.e. gross value is 136. This value is used to arrive at the berth occupancy which would be 130.4 days.<br><br>(The port has revised the handling rate with reference to berth time from 136.9 cars per hour to 136 cars per hour and consequently the no. of berth days required for car handling is revised to 130.4 days from 129.6 days considered earlier).</td></tr>
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| | actual additional time occupied by the vessels during the last 3 years. Therefore, the ChPT to justify the handling rate of 136.9 cars per hour based on past actuals. | |
| | (b). The ChPT has considered a handling rate of 4000 tons per day for steel cargo and 2500 tons per day for other cargo in the determination of optimal berth capacity for handling break bulk cargo reportedly as per the norms prescribed in the 2008 upfront tariff guidelines for multipurpose berth. ChPT to note that the handling rate of 4000 tons for steel cargo and 2500 tons for other cargo prescribed in the guidelines is with reference to the provision of 3 Electrical Level Luffing wharf cranes of 20 Tons capacity each whereas the proposal of the port is to deploy a Harbour Mobile Crane of 100 tons capacity for ship to shore handling. Since the capacity of the equipment proposed to be deployed by the port is on the higher side compared to the capacity of the equipment prescribed in the norms, it is obvious that it would result in higher productivity than prescribed in the norms. The Authority while fixing tariff for deployment of HMC of 100 tons capacity by the private operators at some of major port trusts like Paradip Port Trust, V.O.C. Port Trust, Visakhapatnam Port Trust and New Mangalore Port Trust has considered the handling rate for steel cargo and other cargo with a 50% increase over the handling rate prescribed in the norms, i.e. 6000 tons per day for steel and bagged cargo and 3750 tons per day for other cargo. The ChPT to review the handling rates considered by it for handling steel and other cargo based on the handling rates mentioned above. | The revised norms for handling rate as prescribed by TAMP for other ports in respect of the steel cargo and the other cargo is adopted. Accordingly the workings are modified in the tariff proposal. |
| | (c). The ChPT has assessed the spare capacity available for handling break bulk cargo at 125.9 days at 70% utilization (255.5 days minus 126.9 days). However, while calculating the optimal berth capacity for 125.9 days, the port has again applied a factor of 70% on the 125.9 days which is a double counting of 70% norm resulting in under estimation of optimal berth capacity. Therefore, the ChPT to rectify the calculation. | The two different types of cargo handling facilities (Container terminal based and Multi Purpose Berth) are to be treated as two separate berths and formula is applied separately.<br><br>(The port has not addressed the issue. By applying 70% factor on the remaining berth days of 125.1 days available for handling break bulk cargo, the effective berth occupancy considered is 87.6 days. Hence, the total berth days considered by the port works out to 218 days (130.4 days for car handling and 87.6 days for break bulk cargo), which shows the total berth utilization at 59.70% as against 70% stipulated in the 2008 guidelines). |
| | (d). The ChPT has considered the share of steel cargo and other cargo in the total break-bulk cargo at 45% and 55% | This is taken into account and accordingly Annexure -2, 7 & 8 are modified. |

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| | respectively reportedly based on actual cargo share pattern obtained during the past years. The ChPT has applied this percentage share in the formulae without adjusting it for difference in handling rate between steel cargo and other cargo. In view of this, the actual percentage share of steel cargo (70% of 4000 x 125.9 days x 45% = 158634 tons) and other cargo (70% of 2500 x 125.9 days x 55% = 121179 tons) in the total optimal capacity of break bulk cargo (279813 tons) works out to 57% and 43% respectively as against the reported actual share pattern of 45% and 55% during the past years. The ChPT to review the percentage share of steel cargo and other cargo considered by it in the optimal capacity of break-bulk cargo. | (The port has revised the share of capacity of steel cargo and other cargo and accordingly the optimal capacity for break bulk cargo stands modified). |
| **(B).** | **<u>Capital cost</u>**: | |
| (i). | The ChPT has estimated the cost of construction of berth at ₹5281.85 lakhs and has apportioned 25% of such cost to cargo handling activities. As per the 2008 tariff guidelines, cost of berth apron and approach should be considered under cargo handling activity for the purpose of fixation of cargo handling charges. The ChPT to clarify whether the berth construction cost estimated by ChPT includes cost of berth apron and approach also and furnish the basis for apportioning 25% of the berth construction cost to cargo handling activities. | The ChPT used 25% of the cost of construction of berth for consideration in the calculation of the handling cost in the Mega Container Terminal which was approved by TAMP earlier. The same norm has been adopted in this case also. |
| (ii). | The ChPT has estimated the cost of capital dredging at ₹660.00 lakhs considering the estimated quantity of dredging at 2,20,000 cu. m. and unit rate of ₹300/- per cu. m. The DPR (at page 79) indicates the estimated quantity of dredging at 2,00,000 cu. m. The ChPT to furnish the reasons for considering higher quantity of dredging in the estimation of capital dredging cost. | The quantity of dredging is 2,00,000 cu.m. Considering the tolerance at 10%, for estimation purpose, it has been taken as 2,20,000 cu. m. |
| (iii). | The total capital cost considered by the ChPT under berthing activity is at ₹4853 lakhs which comprises of cost of construction of berth at ₹3962 lakhs (75% of 5281.85 lakhs), cost of capital dredging at ₹660 lakhs and ₹231 lakhs towards other cost being 5% of the berth cost and dredging cost. As stipulated under clause 4.4 of Annex-V (Norms for fixation of upfront tariff for multipurpose berth) of 2008 upfront tariff guidelines, the capital cost under berthing activity will comprise only two items, viz. cost of construction of berth and cost of alongside dredging and there is no provision for considering 5% of capital cost towards other cost. ChPT to note that | The 5% of the capital cost towards other cost has been considered in the berthing activity similar to the norm adopted for the handling activity. The 10% is towards the engineering contingencies work whereas 5% towards the other cost is for IDC and other SPV cost. |

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| | estimated cost of construction of berth already contains a provision of 10% towards contingencies. | |
| (iv). | The ChPT has considered the total estimated cost of construction of multilevel car parking facility at ₹4059.12 lakhs out of which ₹60.00 lakhs is considered mechanical and electrical equipment and the balance under civil cost. It is seen from the BOQ given in the DPR that the mechanical and electrical equipment cost represents cost of elevators and 250 KVA DG set. The list of mechanical and electrical equipment prescribed in the upfront tariff guidelines for multipurpose berth do not include provision of elevators and DG set. Further, it appears that the elevators and DG set are not separate assets but only a part of multilevel car parking yard. The ChPT may review. | The cost towards elevators and DG set are to be viewed as the type of mechanical and electrical equipments required for functioning of the car handling facility similar to the type of cargo handling and substation required for break bulk cargo handling. Hence these equipments can be treated on par with the mechanical and electrical equipments normally prescribed for cargo handling. |
| (v). | The BOQ for construction of multilevel car parking yard includes ₹1 crore towards value of existing buildings at the proposed site which are proposed to be taken over by the BOT operator and also ₹10 lakhs towards their demolition. The ChPT to clarify why the users of the proposed RORO cum multipurpose berth should bear the additional burden towards the cost of existing port asset and its demolition and also explain how valuation of the Port Trust property is done. | The present value of the building has to be accounted and hence Chennai Port Trust proposed to recover this cost from the prospective BOT operator. The Consultant has arrived at the value of the building considering the present cost, further improvements done to the building and considering necessary depreciation to the building. The policy at present followed in Chennai Port in assessing the cost of the existing building is by means of valuation by a third party. |
| (vi). | The capital cost considered in the proposal is seen to be based on cost estimates furnished in the DPR which was prepared in July 2011. As already mentioned in the guidelines, the capital cost should be updated to capture the prevailing market rate while fixing the upfront tariff cap. The ChPT to update the estimates of capital costs to reflect the prevailing market rate. | The Consultant has prepared the estimate based on the CPWD rates and Tami Nadu PWD rates prevailing during October 2011. The same estimate has been sent to the Standing Finance Committee (SFC) and the cost estimate has been frozen accordingly. |
| (vii). | The DPR contains rough cost estimates for the civil works and dredging. The unit rates considered in the cost estimates, including unit rate for capital dredging needs to be substantiated with documentary support in the form of budgetary quotations, rate analysis, etc. | As indicated in the Column above the consultant had worked out the estimates for the civil works on the basis of CPWD and Tamil Nadu PWD rates. As far as dredging work is concerned, it is based on the quotation given by Kerala Maritime Board for carrying out the dredging work for Pondicherry Port.<br><br>The port has furnished a copy of the letter of Kerala State Maritime Development Corporation Ltd. (KSMDCL) dated 19 October 2009. (The document furnished by the port shows the unit rate of dredging at ₹205/- per cu. m. + service tax and mobilization / demobilization charges at ₹60 lakhs + service tax. Accordingly, the estimated cost of dredging for 2,20,000 sq. m. including service tax at 12.36% works |

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| | | out to ₹574.16 lakhs as against the estimate of ₹660.00 lakhs considered by the port). |
| (viii). | The proposal of ChPT envisages allotment of 5000 sq. m. area towards storage area for break-bulk cargo considering the area as open space area. The capital cost estimates furnished by ChPT do not include any expenditure towards development of storage yard in the said area. The ChPT to confirm that the area proposed to be allotted is readily usable for storage purpose and the BOT operator is not expected to invest any amount for development of the same. | The area of 5000 sq. m. is developed land and as such the BOT operator is not expected to invest any amount for the development of the same. |
| **(C).** | **<u>Operating cost</u>**: | |
| (i). | <u>Lease rental</u> :<br><br>The ChPT has estimated the payment of licence fee by the BOT operator as an item of operating cost for the area proposed to be allotted under the project. The following points may be clarified in this regard. | --- |
| | (a). The ChPT has considered a rate of ₹4542/- per 100 sq. m. per month for developed area and ₹2390/- per 100 sq. m. per month for undeveloped area reportedly as per the rates prescribed in the existing Scale of Rates of ChPT. ChPT to confirm that the rates adopted for estimation of license fee are the updated rates after taking into account escalation factor applicable as per the Land Policy Guidelines announced by the Government from time to time. | The rate adopted for the developed area and the undeveloped area of ₹4542/- and ₹2390/- per 100 sq. m. respectively are updated rates as per existing Scale or Rates of Chennai Port after taking into account escalation factor applicable. |
| | (b). The revision of lease rentals at ChPT is overdue. As recorded in paragraph No.7 of order No.TAMP/47/2008-CHPT dated 10 November 2010 passed by the Authority relating to disposal of the proposal filed by ChPT for revision of lease rental, the ChPT vide its letter dated 12 August 2010 had informed that it has initiated steps to assess the market value of its lands under all options specified in the Land Policy Guidelines. Based on the above position the ChPT was allowed to continue with the existing rates with annual escalation at applicable rates already accrued as per the Government policy from time to time and annual escalation that may accrue till the fresh proposal to be filed by the CHPT to review its estate rentals is disposed off by this Authority with a direction to file the revised proposal for revision of lease rentals within 31 December 2010. However, despite reminders, the ChPT has not filed its proposal for revision of lease rentals so far. As the revision of lease | The revised Estate Rental proposal is under submission after taking into account the latest Guideline value issued by the Tamil Nadu Government.<br><br>(The port has not updated the lease rental estimates based on prevailing market value of land). |

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| | rentals may have an impact on the upfront tariff to be fixed for the subject project, the ChPT is requested to consider the updated lease rentals as per the Land Policy Guidelines in force. | |
| | (c). The ChPT has proposed to apportion the licence fee for the berth area of 9000 sq. m. between car handling activity and break-bulk cargo handling activity while the licence fee in respect of total area allotted for multilevel car parking yard is allocated to car handling activity. The port has stated that the total area of 10,300 sq. m. allotted for multilevel car park includes an area of 2200 sq. m. of berth area and accordingly it has considered lease rental for 8100 sq. m. alone under the car handling activity. By doing so, the port has considered apportionment of lease rental in respect of 2200 sq. m. area on which multilevel car parking yard will be located between car handling activity and break-bulk cargo handling activity in the ratio of 50:50. In view of the location of multilevel car parking yard in the area of 2200 sq. m., it is likely that this area will be used for car handling activities, the reasons why this area is not considered under car handling activity for lease rental estimation are not clear. ChPT to clarify the position. | The area of 10,300 sq. m. accounted under the car handling activity comprise of 8,100 sq. m. of developed space that will be allotted to the BOT operator and an area of 2200 sq. m. is to be developed by the BOT operator adjacent to the land in the water front. This 2200 sq. m. area will be developed by the BOT operator by constructing suitable pile structure. Hence the area of 8100 sq. m. allotted by the port is considered as developed land and lease rate of ₹4542/- per 100 sq. m. per month has been applied. For the 2200 sq. m. land lease rate of ₹2390/- per 100 sq. m. per month has been applied as per existing SoR.<br><br>(ChPT has not explained the reasons for allocation of lease rental of 2,200 sq. m. of berth area which will be fully occupied by multilevel car park also between car handling and cargo handling activities in the ratio of 50:50). |
| | (d). The estimated lease rental considered by ChPT under break-bulk cargo handling activity includes lease rental for the 5000 sq. m. area proposed to be allotted for storage of break-bulk cargo. In this connection, the ChPT to furnish the yard capacity for break bulk cargo taking into consideration the stacking area, stacking quantity, average dwell time of cargo, the annual turnover assumed and justify each of the parameters adopted with reference to the actual parameters achieved by the port for handling these cargo items to justify the land proposed to be allotted for break bulk cargo and also to show that the yard capacity of these cargo more or less matches with the optimal quay capacity of the break bulk cargo. | The TAMP Guideline of 2008 has not provided the approach, formula and norms to be adopted for calculation of the yard capacity in respect of the multipurpose cargo berth. Hence the yard capacity could not be assessed. Further in view of the difficulty to provide yard for handling and storage of the cargo in a place adjacent to the proposed berth, the port will be allotting the space in O & M yard which will be about 2 km away from the berth which is not the case with any multipurpose cargo berths. As such, this berth is unique in nature due to the above point and also due to the fact that it will be used as a RORO berth also. |
| (ii). | In view of the points mentioned at Sl. No.(B) (iv) above, the ChPT may review the estimation of repairs and maintenance cost at 5% p.a. and depreciation of elevators and DG sets at 10.34% p.a. | For the reasons brought out against query No.B (iv) above, there will not be any change in the estimated repairs and maintenance cost and depreciation. |
| (iii). | <u>Equipment Hire charges</u>: | |
| | (a). The ChPT has considered hire charges for 1 No. HMC of 100 ton capacity, 1 No. each of FLT of 20 tons and 10 tons capacity and 5 Nos. tractor trailers of 20 tons capacity, in the estimation of operating cost for break bulk cargo handling. The | The proposed berth is primarily RoRo berth with provision to handle break bulk cargo. As per the guidelines of TAMP for the PPP projects, the normative list of equipments provided therein are for the berth being exclusively used as multi purpose cargo |

<table>
<tr><td></td><td>reason for inclusion of hire charges in the operating cost appears to be that the capital cost estimates of the port do not include cost of equipment as per the guideline provisions. The normative list of equipment prescribed in the 2008 tariff guidelines for multipurpose berth comprises of 3 Nos. Level Luffing wharf cranes of 20 T capacity with grab / hook attachments, 4 Nos. Fork Lift Truck of 5 Tons capacity, 2 Nos. Fork Lift Truck of 10 Tons capacity and 3 Nos. Pay loaders of 10 Tons capacity. The ChPT to justify the fleet of equipment considered by it vis-à-vis provided in the guidelines.</td><td>berth. As this is not an exclusive multi purpose cargo berth, flexibility is given to the BOT operator to provide part of the equipment on ownership basis and the rest of the equipment through hire. Accordingly, the fleet of equipment hire has been prescribed and accounted in the tariff calculation. Further as the handling and storage yard is now being provided by the port at a different location, the equipment requirement had been reviewed and modified and justification for the same is also provided in page 15 of the upfront tariff report.<br><br>(The port has increased the requirement of tractor trailers from 5 Nos. to 7 Nos. and accordingly revised the estimated hire charges towards tractor trailers. The port has also revised the hire charges for all equipment based on revised berth occupancy of 125.1 days for break bulk cargo).</td></tr>
<tr><td></td><td>(b). The ChPT has reportedly considered the hire charges for various equipment mentioned above at the rates prescribed in the existing Scale of Rates of ChPT. The ChPT to clarify the following points in this regard:</td><td>---</td></tr>
<tr><td></td><td>(i). Whether a conditionality will be included in licence agreement that the BOT operator should hire the equipment from the ChPT. If not, the ChPT to explain the logic behind adopting the existing rates of ChPT, especially when the rates are not derived based on standalone costing of the equipment but on the basis of overall financial / cost position of the port.</td><td>The BOT operator is free to hire equipment from any source. It is true that the rates are not derived based on the stand alone costing of the equipment. However, it may not be appropriate to go on the basis of hire rates available from the market as it may vary depending on the period of hire, type of usage etc. Hence, it was considered that the rates available in ChPT Scale of Rates would be relied upon for accounting the hire charges.</td></tr>
<tr><td></td><td>(ii). The ChPT to provide reference to the relevant schedules in the existing Scale of Rates of ChPT for the various rates considered by it.</td><td>The relevant schedules are provided hereunder:<br><br><table>
<tr><th>Equipment Type</th><th>Rate in ₹</th><th>Reference number in the SOR</th></tr>
<tr><td>Mobile crane 75 tons</td><td>15000 per shift or part</td><td>Chapter VI Category II Item 6</td></tr>
<tr><td>FLT 20 tons</td><td>14490 per shift</td><td>Chapter III Scale 10 Item 2</td></tr>
<tr><td>FLT 10 tons</td><td>4368 per shift</td><td>Chapter III Scale 10 Item 2</td></tr>
<tr><td>Tractor trailer 10 tons</td><td>2168 (1590 + 578)</td><td>Chapter VI Category II Item 1 (a) and (b)</td></tr>
</table></td></tr>
<tr><td></td><td>(iii). The ChPT has stated that the hire charges for the 20 ton capacity tractor trailer is considered at double of the rate prescribed in the SoR of ChPT for 10 ton tractor trailer since the SoR of ChPT do not prescribe rate for 20 ton tractor trailer. The ChPT is requested to confirm that the rates</td><td>The 20 ton tractor trailer charges has been assumed as double the rate of 10 ton tractor trailer charges and as mentioned earlier, the charges for such equipments are not readily available and depends on the period of hire and so many other factors which the BOT operator only has to decide.</td></tr>
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<tr><td></td><td>will increase in direct proportion to the capacity of the tractor trailer. It is suggested that the ChPT may update the hire charges for 20 Ton tractor trailer based on the prevailing market rate, supported by documentary evidence.</td><td></td></tr>
<tr><td></td><td>(c). The ChPT has reported the capacity of the HMC as 100 tons at clause 5.5.9 (Equipment Hire) of the proposal whereas the capacity is indicated as 75 tons in Annex-4 (Operating cost of break bulk cargo handling activities). The ChPT to clarify the position and revise the estimated hire charges, if necessary.</td><td>The clause 5.5.9 is amended and the HMC proposed is 75 tons capacity only.</td></tr>
<tr><td>(D).</td><td><u>Revenue Requirement and proposed tariff</u>:</td><td></td></tr>
<tr><td>(i).</td><td>The ChPT has proposed a charge of ₹343.42 per car for handling through RORO vessel. Since the existing tariff for handling car through RORO vessels is on ad-valorem basis, the ChPT is requested to furnish the average revenue per car earned by it from handling cars through RORO vessels, as per the approved SOR, during the last 3 years.</td><td>The average revenue for handling cars through Ro-Ro vessels on advalorem basis as per ChPT's Scale of Rates and the average revenue per car after allowing volume discounts as per agreement entered with M/s.Hyundai Motors India Limited is furnished in the table below:
<table>
<tr><th>Year</th><th>Avg. revenue per car ₹</th><th>after discount) ₹</th></tr>
<tr><td>2009-10</td><td>1123.75</td><td>335.93</td></tr>
<tr><td>2010-11</td><td>1013.84</td><td>344.57</td></tr>
<tr><td>2011-12</td><td>1084.77</td><td>342.58</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>The ChPT has not proposed concessional rate for coastal handling of cars. The ChPT to confirm that the entire estimated volume of car handling is foreign cargo only.</td><td>The entire estimated volume of car handling is only foreign cargo.</td></tr>
<tr><td>(iii).</td><td>The ChPT has stated that 80%, 10% and 10% of the estimated volume of cars will attract storage for 3 days after the free period, 4 to 6 days and beyond 6 days respectively and has proposed the storage charges at ₹20.40 per car per day for first 3 days (beyond free period of 3 days), ₹30.60 per day per car for next 3 days and ₹40.80 per day per car beyond 6 days. The ChPT to furnish detailed workings for arriving at the proposed storage charges.</td><td>The details are furnished in Annexure 6 of the tariff proposal.<br><br>(The port has clarified that only 5% of the optimal capacity will stay beyond the free period and out of this 5%, 80% will fall under the first slab of 1-3 days beyond free period, 10% each will fall under the next two slabs. However, the port has not furnished workings to show how the revenue requirement from storage charges would be met from the proposed storage charges).</td></tr>
<tr><td>(iv).</td><td>The ChPT has stated that only 5% of the estimated car volume will attract miscellaneous services and has thus arrived at the miscellaneous charge at ₹70.09 per car. The ChPT to furnish the basis for considering 5% of the volume for providing miscellaneous services.</td><td>It is presumed that the miscellaneous charges are only for attending the cleaning of the car, attending to any small repair works etc. These types of miscellaneous activities can be expected only to 5% at the maximum of the volume of car that will be handled by the RoRo berth. Hence, 5% of the volume has been assumed.</td></tr>
<tr><td>(v).</td><td>The ChPT has reportedly proposed differential handling charges for steel cargo and other cargo by apportioning the revenue requirement in the cargo share ratio of 45:55 respectively. Based on the approach adopted by the ChPT and taking into account the revenue requirement of</td><td>As required, the revised workings are furnished in Annexure 7 of the tariff proposal.<br><br>(Annexure 7 of the tariff proposal gives the details of revenue requirement in respect of break bulk cargo handling and it does not</td></tr>
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| | ₹404.40 lakhs, the composite handling charges for steel cargo and other cargo works out to ₹114.72 per tonne (404.40 x 0.45 / 158634) and ₹183.55 per tonne (404.40 x 0.55 / 121179) as against the rates of ₹143.53 per tonne and ₹150.55 per tonne proposed by the ChPT. It appears that the ChPT has considered the optimal capacity of steel cargo and other cargo at 125911 tonnes and 153891 tonnes respectively for calculation of handling rate whereas as per the optimal capacity calculation furnished by ChPT the same works out to 158634 tonnes and 121179 tonnes respectively. The ChPT to review the position and furnish workings in this regard. | contain any workings for apportionment of revenue requirement between steel cargo and other cargo as stated by the port). |
| (vi). | The ChPT has proposed concessional rate for coastal cargo for both steel cargo and other cargo. The share of coastal cargo in the optimal capacity of steel and other cargo and its revenue impact in the computation of handling charges may be furnished with detailed workings. | The detailed workings are furnished in Annexure 8 of the tariff proposal.<br><br>(The Annexure 8 of the proposal do not contain the details of share of coastal cargo in the optimal capacity of steel cargo and other cargo. The port has also not furnished the workings for calculation of the concessional rate for coastal cargo). |
| **(E).** | **Berth hire charges**: | |
| (i). | The ChPT has considered the average GRT of RORO vessels, steel cargo vessels and other cargo vessels at 50,885 tons, 12,000 tons and 8,200 tons respectively and it has considered an average parcel size of the said three groups of vessels at 3000 tons, 5300 tons and 6600 tons respectively in the berth hire computation reportedly based on past data. As stated by ChPT, the proposed RORO berth is designed to cater to the vessels of 60,000 DWT which is higher than the maximum DWT of existing RORO vessel at 40,400 DWT. Therefore, the ChPT to justify the average GRT and average parcel size considered by it for the three cargo groups with reference to the past actuals and also taking into account the capacity of the proposed RORO berth. | The average GRT and average parcel size for RORO and the two group of break bulk cargo are based on the past data. The GRT of the car carriers are normally higher than the DWT similar to cruise vessels. |
| (ii). | The ChPT has considered the ship day output in respect of RORO vessels at 4,800 cars per day based on the handling rate of 200 cars per hour. However, the ChPT has considered the gross handling rate for arriving at the berth capacity at 136.9 cars per hour reportedly taking into consideration the additional time required before and after cargo operation. Presumably, the berth hire charges are payable for the actual period of berth occupancy including the additional time required before and after operations. Hence, it may be appropriate to consider | This has been carried out in Annexure 10 of the tariff proposal.<br><br>(The port has revised ship day output from 200 cars per hour to 136 cars per hour with reference to the berth time required for handling). |

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| | the handling rate of 136.9 cars per hour in the computation of berth hire charges. The ChPT to revise the ship day output of 4800 cars per day considered by it in the berth hire computation. | |
| (iii). | At 70% utilization norm provided in the 2008 tariff guidelines, the berth occupancy should be 6132 hours in a year (0.7 x 24 x 365). However, as per the berth hire computation furnished by the ChPT, the total berth occupancy hours works out only to 4362 hours (2129.17 + 755.47 + 1477.36). The ChPT to review the position and revise the computation of berth hire charges. | This has been carried out in Annexure 10 of the tariff proposal.<br><br>(The total berth occupancy hours considered in the revised berth hire calculation works out to 5223.62 hours (3131.15 + 707.98 + 1384.49) as against 6132 hours at 70% utilization. The difference is on account of double counting of 70% norm in the optimal capacity calculation of break bulk cargo which is not rectified by the port despite a query). |
| (iv). | The capital dredging is the responsibility of the BOT operator and the port has also estimated a sum of ₹660 lakhs and considered in the total capital cost of the berth and the berth hire charges are proposed to be collected by the BOT operator. As per the tariff guidelines for calculation of berth hire the operating cost for berthing activity inter-alia includes 1% on the cost of capital dredging carried out alongside the berth. However, in the present case the ChPT has not considered 1% of the capital cost of dredging under operating cost and has stated that maintenance dredging alongside the berth will be the responsibility of the port. In this context, the ChPT to explain the reasons for undertaking the responsibility of maintenance dredging and also clarify whether it intends to levy any charges on the BOT operator in this regard. | The ChPT has been carrying out the maintenance dredging in respect of the Container Terminals which are operated by the BOT operators. In the Mega Container Terminal proposed under PPP mode also, the ChPT has proposed to take up the Capital and maintenance dredging. Hence, 1% of the capital cost of dredging is not taken for consideration while calculating the operating cost. It is not proposed to levy any charge on the BOT operator. |
| (v). | The depreciation considered under berthing activity does not include depreciation on capital dredging while the capital cost of berthing activity includes the estimated cost of capital dredging. The ChPT to clarify and review the position. | The cost of dredging is included in the capital cost to account for the return. Since there is no life norm for dredging, the depreciation value for this was not considered.<br><br>(The depreciation on capital dredging is considered at 3.34% p.a. keeping in view the license period of 30 years in all other upfront tariff Orders passed by the Authority so far). |
| (vi). | The operating cost considered by the ChPT under berthing activity includes 5% of the capital cost towards other expenses which is not permissible as per guideline provisions. The ChPT to revise the operating cost estimation by excluding this item. | The port has revised the operating cost by excluding 5% towards other expenses. |
| (vii). | The ChPT has proposed concessional berth hire charges for coastal vessels considering the GRT hours of coastal vessels at 6476129, assuming 5% of the | The workings have been modified and furnished in Annexure 10 of the tariff proposal. |

| | | |
|---|---|---|
| | total GRT hours towards coastal vessels. The ChPT to justify the share of GRT hours for coastal vessels based on the share of coastal vessels in the optimal capacity for the different cargo groups and furnish detailed workings in this regard. | (The port has not furnished basis for considering the GRT hours of coastal vessels at 5% of the total GRT hours based on the share of coastal vessels in the optimal capacity). |
| **(F).** | **Scale of Rates**: | |
| (i). | The conditionality prescribed at clause (vi) of 1.2 General Terms and conditions of the proposed Scale of Rates is seen to be overlapping provision since the non-payment of berth charges for idling of berth is already included as a conditionality under schedule 2.2 at clause (5). The ChPT may delete the overlapping provision. | Clause 1.2 (vi) has been deleted. |
| (ii). | The proposed prescription of clause (vii) under 1.2 General Terms and Conditions appears to be a new provision. The ChPT to explain the necessity for its prescription. | Clause 1.2 (vii) is deleted. |
| (iii). | The conditionalities prescribed in the proposed Scale of Rates relating to cessation of berth hire charges and false call for pilot is seen to varying with the standard conditionalities prescribed by the Authority at the other Major Port Trusts. The ChPT to update the conditionalities based on the standard provisions. | The conditionalities are changed as per clause 6.6.1, 6.6.2 and 6.6.3 of TAMP Guidelines March 2005. |
| (iv). | As per Note 2 under schedule 3.1.1 (Car handling), the ChPT has proposed to charge a uniform rate for cars as well as other type of automobile vehicles like Truck, etc. The area required for storing bigger vehicles like Truck may be more than the area required for storing a car. The ChPT to justify the uniform rate for cars as well as other vehicles proposed by it. | The other types of automobiles like truck will constitute very negligible volume in the total volume of cars traffic the RoRo berth will handle. The applicability of the rates to other vehicles had been indicated to emphasize the rate worked out for car will be applicable for other vehicles also. Due to rationalization in the tariff, the same rate has been prescribed for all types of automobile vehicles. |
| (v). | The conditionalities governing levy of storage charges for car and break-bulk cargo do not include provision relating to the time from when the free days will be counted and the time from when storage charges will accrue. The ChPT to include conditionality in this regard. | The conditionality is included. |
| (vi). | The ChPT has proposed the miscellaneous charges for car handling at ₹70.09 per car, which is around 20% of the composite handling charge. The ChPT to mention the nature of miscellaneous services proposed to be provided against this levy, in the proposed Scale of Rates. | The port has stated that the miscellaneous charges will be levied for any of the following services:<br>(a). Clearing any debris and cleaning<br>(b). Attending to any defects in packaging<br>(c). Any other similar service<br>The port has included a provision in this regard in the revised proposed draft Scale of Rates. |
| (vii). | The ChPT has mentioned in Schedule 4.0 (Genera note to schedule 2 & 3) that tariff caps will be indexed to WPI as on 1 January 2008 for automatic escalation. As per the 2008 tariff guidelines, the estimated capital and operating cost should reflect the prevailing market price and indexation | The port has modified the conditionality. |

| | | |
|---|---|---|
| | should be linked to 1 January of the year in which tariff caps are approved. Accordingly, the ChPT to modify the clause linking indexation to 1 January 2012. | |

4.2 The ChPT has also furnished modified upfront tariff proposal and draft Scale of Rates along with its replies to our queries, vide its letter dated 13 July 2012. The main modifications made by the port in the tariff proposal are summarized below:

(i). The berth days required for car handling is modified to 130.4 days from 129.6 days considered earlier, which is due to revision of handling rate for car handling from 136.9 cars per hour to 136 cars per hour. Consequently, the balance berth days available for handling break bulk cargo is modified to 125.1 days from 125.9 days considered earlier.

(ii). The handling rate for steel cargo and other cargo is revised upwards to 6000 tonnes per day and 3750 tonnes per day respectively in line with the handling rates adopted by the Authority in the fixation of hire charges for HMC at other major ports like PPT, VOCPT, VPT and NMPT.

(iii). The optimal capacity for break bulk cargo is revised upwards to 3,93,320 tonnes per annum from 2,79,803 tonnes per annum considered earlier.

(iv). The equipment hire charges for handling break bulk cargo is modified to ₹240.93 lakhs per annum from ₹209.76 lakhs per annum considered earlier, which is on account of increase in numbers of tractor trailers and revision of berth occupancy days for break bulk cargo.

(v). The composite handling charges, storage charges and miscellaneous charges for break-bulk cargo have been modified, as given below:

(a). Composite handling charges

**(Rate per tonne in ₹)**

| Sl. No. | Cargo group | As per proposal dated 22 May 2012 | | Revised Rates as per letter dated 13 July 2012 | |
|---|---|---|---|---|---|
| | | **Foreign** | **Coastal** | **Foreign** | **Coastal** |
| 1. | Steel coils, slabs, bars, billets, pipes and allied steel products | 144.53 | 86.72 | 112.26 | 67.36 |
| 2. | Others (Granites, logs and wood pulp) | 150.55 | 90.33 | 112.63 | 67.58 |

(b). Storage charges

| Storage Period | Charges per day per ton or part thereof in ₹ | |
|---|---|---|
| | **As per proposal dated 22 May 2012** | **Revised as per letter dated 13 July 2012** |
| First 7 days | Free | Free |
| First 7 days after free period | 5.0 | 3.80 |
| 8 to 14 days after free period | 7.5 | 5.70 |
| Beyond 14 days after free period | 10.0 | 7.60 |

(c). Miscellaneous charges

| Cargo | Rate per tonne in ₹ | |
|---|---|---|
| | As per proposal dated 22 May 2012 | Revised as per letter dated 13 July 2012 |
| All types of cargo | 8.03 | 6.11 |

(vi). The revenue requirement from berth hire charges has been modified to ₹987.96 lakhs per annum from ₹1232.57 lakhs considered earlier which is mainly on account of exclusion of other expenses in the operating cost earlier estimated at 5% of capital cost.

(vii). The proposed berth hire charges have been revised downwards as given below, due to revised revenue requirement and revised total GRT hours.

**(Rate per GRT per hour or part thereof in ₹)**

| Sl. No. | Vessels | As per proposal dated 22 May 2012 | | Revised as per letter dated 13 July 2012 | |
|---|---|---|---|---|---|
| | | Foreign | Coastal | Foreign | Coastal |
| 1. | All vessels | 0.9711 | 0.5826 | 0.5626 | 0.3376 |

(viii). The conditionality relating to basis for reckoning free days, services against levy of miscellaneous charges for car handling, etc. have been incorporated in the proposed draft Scale of Rates.

5. A joint hearing in this case was held on 27 July 2012 at the Chennai Port Trust premises. At the joint hearing, ChPT and the concerned users/ organisation bodies have made their submissions.

6.1. As decided at the joint hearing, the Chennai Port Trust (ChPT) was requested vide our letter dated 31 July 2012 to take action with reference to some issues and furnish its response along with revised proposal, if necessary, by 3 August 2012. After a reminder on 6 August 2012, the ChPT has responded vide its e-mail letter dated 9 August 2012. The decisions taken at the joint hearing and the response of ChPT thereon are summarised below:

| Sl. No. | Decisions taken at the joint hearing | Response of ChPT |
|---|---|---|
| (i) | The optimal capacity calculation for break bulk cargo furnished by the port appears to have considered the scaling down factor of 70% twice. The ChPT to recheck the optimal capacity calculation and make necessary consequential changes at other places also. | Necessary corrections have been carried out and the tariff proposal has been modified accordingly. |
| (ii) | The existing Scale of Rates for lease rentals of the port lands are over due for revision. As agreed, the ChPT may undertake the exercise of assessing the present market value for the land to be allotted for this project and update the proposal | A comprehensive proposal for revision of Licence fee for the entire area of ChPT to TAMP will be submitted shortly and in this regard, the task of collecting various inputs for the same is under process. The present proposal of upfront tariff for proposed Ro–Ro car park is based on the existing rates of licence fee duly approved by TAMP. The proposal for revision of Licence fee for the 24300 sq. m. comprising of developed and undeveloped area to be allotted for the proposed Ro – Ro cum multilevel cark park and multipurpose Cargo Terminal is not being submitted now and the revised upfront tariff proposal based on the decisions taken at the Joint hearing on 27.7.2012 is submitted. |

| | | |
|---|---|---|
| | | However, when a comprehensive proposal for revision of licence fee for the entire area of ChPT will be submitted and the same will be duly approved by TAMP, then a revised proposal for the above project will be forwarded to TAMP for consideration and to accord approval and thereafter the same will be included in the Concession Agreement to be entered into with the Successful Bidder. |
| (iii) | The ChPT is requested to have a relook at the allocation of lease rentals of 2200 sq. m. of berth area between different commodity groups as the said area is reported to be fully occupied by the proposed multilevel car parking. | In Annexure IV of the tariff proposal the area of 2200 sq. m. is considered as undeveloped area for Car park and not allocated for different commodity groups. |
| (iv) | From the response of the prospective bidders, it appears that there is no clarity on the arrangement of stevedoring for car carriers as well as the existing office building to be handed over at a cost but to be demolished by the operators of the terminal. As agreed at the joint hearing, the ChPT may immediately convene a meeting with the all relevant users / prospective bidders to discuss these issues and submit its response. | As per the directions of TAMP, a meeting was convened with the users/ prospective bidders on 6.8.12. As per the views of the users/ bidders and based on the inputs received, the Stevedoring activity has been included as part of the BOT operations and accordingly, the Upfront Tariff proposal has been suitably modified.<br><br>(The port has not furnished its response with reference to handing over of existing building). |

6.2. In line with the decision taken at the joint hearing, the ChPT furnished a revised proposal vide its email dated 9 August 2012. The modifications made by the port in the tariff proposal are summarized below:

(i). The optimal capacity for break-bulk cargo is revised by rectifying the error of considering 70% norm twice. The optimal capacity of break bulk cargo is revised to 5,61,886 tonnes per annum as against 3,93,320 tonnes considered earlier.

(ii). The storage area of 5000 sq. m. for break-bulk cargo has been considered under the category of 'undeveloped area' which was considered under 'developed area' in the earlier proposals. Accordingly, the lease rental calculation has been revised.

(iii). The stevedoring activity has been included under the scope of BOT operations. The ChPT has considered an estimated amount of ₹1374.14 lakhs under other expenses towards stevedoring expenses for car loading activity. At our request, the ChPT vide its email dated 10 August 2012 has furnished the break-up of the estimate. The details furnished by the ChPT are given below:

| Sl. No. | Particulars | No. of persons | Monthly salary (in ₹) | Total cost per month (₹ in lakhs) |
|---|---|---|---|---|
| **A.** | **Operating staff deployed and their cost *** | | | |
| 1. | Overall in charge | 2 | 100000 | 2.00 |
| 2. | Superviser | 5 | 50000 | 2.50 |
| 3. | Parking Superviser | 10 | 40000 | 4.00 |
| 4. | Driver specialised | 30 | 40000 | 12.00 |
| 5. | Driver | 75 | 20000 | 15.00 |
| 6. | Lashing men | 60 | 20000 | 12.00 |
| 7. | Lashing Superviser | 8 | 25000 | 2.00 |
| 8. | Signalmen | 30 | 20000 | 6.00 |
| 9. | Country identifier | 6 | 30000 | 1.80 |

| | | | | |
|---|---|---|---|---|
| 10. | Shuttle van with driver | 12 | 100000 | 12.00 |
| | Sub total | 238 | | 69.30 |
| | Total cost per annum | | | 831.60 |
| Add: | Leave Reserve 30% | | | 249.48 |
| | Sub total | | | 1081.08 |
| Add: | Other expenses @ | | | 207.90 |
| | **Grand total** | | | **1288.98** |
| **B.** | **Car washing (outsourced)** | | | |
| | Truck load of water | 4258 x 2000 | | 85.16 |
| | **Total cost (A + B)** | | | **1374.14** |

* The monthly salary figures are based on market values for this type of service and include all costs and hence it is C2C.

@ Other expenses are towards the cost of providing transportation, meals and petty expenses

(iv). In view of the above modifications, the composite handling charges, storage charges and miscellaneous charges for car handling and break-bulk cargo and berth hire charges have been revised, as given below:

(a). Composite handling charges

**(Rate per car / tonne in ₹)**

| Sl. No. | Cargo group | As per proposal dated 22 May 2012 | | Revised as per letter dated 13 July 2012 | | As per e mail dated 9 August 2012 | |
|---|---|---|---|---|---|---|---|
| | | Foreign | Coastal | Foreign | Coastal | Foreign | Coastal |
| 1. | Car | 343.42 | -- | 343.42 | -- | 659.66 | -- |
| 2. | Break bulk cargo | | | | | | |
| (a). | Steel coils, slabs, bars, billets, pipes and allied steel products | 144.53 | 86.72 | 112.26 | 67.36 | 76.47 | 45.88 |
| (b). | Others (Granites, logs and wood pulp) | 150.55 | 90.33 | 112.63 | 67.58 | 76.72 | 46.03 |

(b). Storage charges

| Storage Period | Charges per day per car / ton or part thereof in ₹ | | |
|---|---|---|---|
| | As per proposal dated 22 May 2012 | Revised as per letter dated 13 July 2012 | Revised as per email dated 9 Aug 2012 |
| **Cars** | | | |
| First 3 days | Free | Free | Free |
| First 3 days after free period | 20.40 | 20.40 | 39.00 |
| 4 to 6 days after free period | 30.60 | 30.60 | 58.50 |
| Beyond 6 days after free period | 40.80 | 40.80 | 78.00 |
| **Break bulk** | | | |
| First 7 days | Free | Free | Free |
| First 7 days after free period | 5.0 | 3.80 | 2.58 |
| 8 to 14 days after free period | 7.5 | 5.70 | 3.87 |
| Beyond 14 days after free period | 10.0 | 7.60 | 5.16 |

(c). Miscellaneous charges

| Cargo | Rate per car / tonne in ₹ | | |
|---|---|---|---|
| | **As per proposal dated 22 May 2012** | **As per letter dated 13 July 2012** | **As as per email dated 9 Aug 2012** |
| Cars | 70.09 | 70.09 | 134.62 |
| Break bulk cargo | 8.03 | 6.11 | 4.16 |

(d). Berth Hire charges

**(Rate per GRT per hour or part thereof in ₹)**

| Sl. No. | Vessels | As per proposal dated 22 May 2012 | | As per proposal dated 22 May 2012 | | Revised as per letter dated 13 July 2012 | |
|---|---|---|---|---|---|---|---|
| | | **Foreign** | **Coastal** | **Foreign** | **Coastal** | **Foreign** | **Coastal** |
| 1. | All vessels | 0.9711 | 0.5826 | 0.5626 | 0.3376 | 0.5371 | 0.3223 |

(viii). The conditionality relating to services against levy of composite handling charges and miscellaneous charges for car have been modified in the proposed draft Scale of Rates on account of inclusion of stevedoring activity.

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

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

(i). The proposal of the ChPT is to fix upfront tariff for handling cars through RoRo Carries and break bulk cargo, in combination, at the proposed RoRo cum Multipurpose Berth. The Upfront tariff guidelines of 2008 do not prescribe norms for fixation of upfront tariff for a RoRo terminal for car handling but contain norms for multipurpose berth handling break bulk cargo. The proposal of ChPT is reportedly based on the norms and parameters prescribed in tariff guidelines of 2008 for a multipurpose berth, wherever relevant, for assessing the optimal capacity of the terminal, capital cost and operating cost.

The ChPT has reportedly formulated its proposal based on the Detailed Feasibility Report (DPR). It is further reported that the ChPT has also considered past data obtaining at ChPT and wherever data is not available, it has reported to have made reasonable assumptions.

It is clarified to the ChPT that the upfront tariff fixed now is for Ro Ro cum Multipurpose berth and multilevel car park to handle cars and break bulk cargo in combination at the proposed facility. If the cargo profile to be handled at the proposed facility undergoes a change, tariff will have to be reviewed to capture the changes, if any.

(ii). The original proposal was filed by the ChPT in May 2012. While responding to the queries raised by us, the ChPT has filed a revised proposal under cover of its letter dated 13 July 2012. After the joint hearing, the ChPT filed a further revised proposal vide email dated 9 August 2012. The revised proposal filed by ChPT on 9 August 2012 along with the information/ clarifications furnished during the processing of the case is considered in this analysis.

(iii). Optimal capacity:

The ChPT has assessed the optimal capacity of the terminal for car handling and keep in view the residual berth capacity available, the optimal capacity for break-bulk cargo, viz. iron & steel cargo and other cargo like granite, wood pulp, etc. has been assessed separately. The optimal capacity of the terminal assessed by the ChPT is analysed in the following paragraphs:

Car handling:

(a). The port has considered the handling rate of 200 cars per hour in assessing the optimal berth capacity reportedly based on the actual average productivity achieved by the existing major user at ChPT during the last 3 years. Based on the handling rate of 200 cars per hour, the ChPT has arrived at the optimal berth capacity at 12,26,400 cars per annum, at 70% utilization level, following the formula prescribed in the 2008 guidelines.

Though the ChPT has considered a handling rate of 200 cars per hour in the optimal capacity calculation, it has considered a handling rate of 136 cars per hour only for arriving at the no. of berth days required for handling optimal capacity of cars. The scaling down of the number of cars from 200 to 136 is on account of the position that the berth is occupied for additional time before and after the operations. The handling rate of 136 cars per hour is also reported to be based on the average of actual performance statistics at the berth during the last 3 years. The reason for considering two different productivity norms for handling cars in the proposal remains unexplained. Further, the handling rate of 200 cars considered in the optimal berth capacity calculation appears to be artificial and has no impact on the tariff proposal since the port has adopted only 136 cars per hour for estimating the berth capacity requirement. In any case, as per the 2008 guidelines, this Authority is required to consider ship day output for computation of optimal berth capacity. In the present case, the average ship day output reported by the port is found to be 3264 cars per day (@ 136 cars per hour). In view of the above, the optimal berth capacity for car handling calculated by the ChPT is modified based on the average ship day output of 3264 cars per day, which works out to 8,33,952 cars per annum, as against 12,26,400 cars per annum determined out by the ChPT. In any case, this modification will not impact the optimal capacity for car handling since the parking yard capacity for cars will be the limiting factor as can be seen from the subsequent paragraphs.

(b). The port has determined the parking yard capacity for cars by adopting the formula prescribed in the upfront guidelines for determination of yard capacity for a container terminal. The port has earmarked an area of 10,300 sq. m. for construction of the multilevel car parking yard (MLCPY). With six stories, the total area of the MLCPY is arrived at 61,800 sq. m. After allowing 20% margin for ramp, elevators, etc. the effective area for storage of cars is derived at 49,440 sq. m. Taking into consideration the area of 49,440 sq. m. and the average storage area required per car at 10 sq. m., the storage capacity of the MLCPY is worked out at 5000 car slots. The storage capacity of MLCPY considered by ChPT at 5000 car slots is relied upon.

The ChPT has considered the stack height at one car per car slot and considering average dwell time of 3 days, it has assessed the optimal capacity of MLCPY at 4,25,833 cars per annum, at 70% utilization, adopting the formula prescribed in the guidelines. It is noteworthy that as reported by the port, the present average dwell time is about 4 days and the same is expected to improve on completion of the road connectivity projects. Recognizing this position an average dwell time of 3 days is considered by ChPT in the estimation of optimal yard capacity. The optimal yard capacity assessed by the ChPT at 4,25,833 cars per annum, at 70% utilization is relied upon.

(c). The ChPT has considered the optimum capacity for handling cars at 4,25,833 cars per annum being the lower of optimal berth and yard capacities. Considering the wide gap between the quay capacity (12,26,400 cars per annum) and yard capacity (4,25,833 cars per annum) and keeping in view the traffic potential reflected in the DPR, the ChPT was requested to improve upon the capacity of MLCPY. Though the port did not furnish a pointed response with reference to improving the storage capacity of MLCPY, it clarified that the proposal envisages handling of more break bulk cargo, in order to utilise the spare capacity of the berth. Further, the port has clarified that the capacity of parking facility is finalised bearing in mind the parcel size of vessels. M/s. Hyundai, one of the major car exporters, have endorsed the proposal of the port in this regard. Since the proposal of the ChPT as a whole does not result in under-utilization of berth capacity and keeping in view the position that the traffic analysis for break bulk cargo also reflects a growing trend, the optimal capacity of the proposed facility for handling cars through RoRo vessels is considered at 4,25,833 cars per annum, as assessed by ChPT.

<u>Break bulk cargo</u>:

(a). As stated earlier, the proposal of ChPT is to use the spare capacity of the berth after handling cars, which is limited by parking yard capacity, for handling break bulk cargo. Based on the ship day output of 3264 cars per day, the port has calculated the berth days required for handling the optimal capacity of 4,25,833 cars at 130.4 days (425833 / 3264). Therefore, the optimal capacity for handling the break bulk cargo is calculated for the remaining 125.1 days (i.e. 255.5 days at 70% utilization minus 130.4 days for car handling). In view of rounding off adjustment, the residual berth days available for handling break bulk cargo comes to 125.04 days as against 125.1 days considered by ChPT.

(b). The proposal of ChPT envisages to handle two types of break bulk cargoes at the proposed Ro Ro cum multipurpose berth, viz. iron and steel cargo and other cargo comprising granite, logs and wood pulp. The ChPT initially assessed the optimal capacity of the break bulk cargo at 2,79,803 tons per annum. Subsequently, at our instance, the port has twice revised upwards the optimal capacity for break bulk cargo, in the first instance to 3,93,320 tonnes per annum in July 2012 and thereafter to 5,61,886 tonnes per annum in August 2012.

(c). In the revised proposal of August 2012, the ChPT has considered the share of vessels carrying iron & steel cargo and other cargo at 33% and 67% respectively reportedly based on the actual cargo share pattern obtaining at the port during the past 3 years. The percentage share of cargo groups considered by the port in the optimal capacity computation is relied upon.

(d). The ChPT, initially, considered the handling rate of steel cargo at 4,000 tonnes per day and other cargo at 2,500 tonnes per day adopting the handling norms prescribed in the upfront tariff guidelines for multi-purpose berth. Subsequently, at our instance, the ChPT has revised upwards the handling norms to 6000 tonnes per day for steel cargo and 3,750 tonnes per day for other cargo, in line with the improved handling norms considered by this Authority while fixing hire charges for deployment of

HMC of a standard capacity of 100 tonnes at the other Major Port Trusts like Paradip Port Trust, V.O. Chidambaranar Port Trust, Visakhapatnam Port Trust and New Mangalore Port Trust.

(e). Based on the percentage of cargo share and handling norms discussed at paragraphs (c) and (d) above, the ChPT has arrived at the optimal capacity at 5,61,886 tonnes per annum, calculated for 125.1 days, following the formula prescribed in the guidelines. In view of rounding off adjustments, the optimal berth capacity of handling break-bulk cargo works out to 5,62,664 tonnes per annum as against 5,61,886 tonnes considered by the ChPT.

(f). The upfront tariff guidelines of multipurpose berth do not require assessment of yard capacity and, therefore, the capacity of the terminal is equal to the capacity determined for the quayside.

(g). Accordingly, the optimal capacity of the proposed Ro Ro cum multipurpose berth for handling break bulk cargo is considered at 5,62,664 tonnes per annum.

(h). To summarise, the optimal capacity of the proposed Ro Ro cum multipurpose berth facility works out to 4,25,833 cars per annum and 5,62,664 tonnes of break bulk cargo per annum.

(iv). <u>Capital Cost</u>:

The ChPT has estimated the total capital cost of the proposed Ro Ro cum multipurpose berth and multilevel car parking facility for handling cars and break bulk cargo at ₹105.01 crores of which ₹48.53 crores is considered towards berthing activity, ₹49.55 crores towards car handling activity and ₹6.93 crores towards break bulk cargo handling activity.

(a). <u>Berthing activity</u>:

(i). As per 2008 guidelines for upfront tariff fixation, the capital cost for berth hire services shall comprise of cost of construction of berth and cost of dredging, if any, carried out alongside the berth.

(ii). The total capital cost for berth hire services estimated by ChPT at ₹48.53 crores comprise ₹39.62 crores being 75% of the cost of construction of berth, ₹6.60 crores towards capital dredging and other cost estimated at 5% of the said two items of capital cost, amounting to ₹2.31 crores.

The total cost of construction of berth estimated by the ChPT at 52.82 crores is supported with a rough civil cost estimate contained in the DPR. When sought to substantiate the unit rates considered in the estimates with documentary support, the port has stated that the estimates for the civil works have been worked out on the basis of CPWD and Tamil Nadu PWD rates. The position reported by the port is relied upon. In response to a query raised by PSA Chennai Investments Pte. Ltd., the ChPT has clarified that its estimates are inclusive of all taxes and duties, as applicable.

The ChPT has arrived at the estimated capital dredging cost at ₹6.60 crores taking into account the estimated quantity of dredging at 2,20,000 cu. m. and the unit rate at ₹300/- per cu. m. The estimated dredging quantity considered by the ChPT is seen to be based on the quantity indicated in the DPR with 10% allowance.

The documentary evidence furnished by the port in support of the cost estimate, pertaining to October 2009, shows a unit rate of ₹ 205/- per cu. m. + service tax and mobilization / demobilization charges at ₹60 lakhs + service tax. Accordingly, the estimated cost of dredging for 2,20,000 sq. m. including service tax at 12.36% works out to ₹574.16 lakhs as against the estimate of ₹660.00 lakhs considered by the port. The port has not explained the reason for increase in the estimate considered by it, which works out to around 15%. Keeping in view that the documentary evidence furnished by the port is more than two years old and also based on the position confirmed by the port that its estimates reflect the current market rates, the estimated capital dredging cost of ₹ 6.60 crores is taken into account.

The ChPT has considered 5% of capital cost towards other cost under berthing activity though there is no specific provision in the 2008 guidelines for considering other cost under berthing service. The ChPT has clarified that it has estimated the other cost towards IDC and other SPV cost by adopting the norm prescribed in the guidelines for cargo handling activity in this regard which provides for considering other cost at 5% of capital cost.

Though the upfront tariff guidelines of 2008 stipulate estimating miscellaneous capital cost @ 5% of the total of the estimated civil cost in case of handling activity, the guidelines do not specifically provide for estimation of miscellaneous capital cost under berthing service. It is noteworthy that in case of the upfront tariff determined for various projects of Visakhapatnam Port Trust (VPT), Coal terminal at V.O. Chidambaranar Port Trust (VOCPT), Mormugao Port Trust (MOPT), multipurpose and mechanized berths at Kolkata Port Trust (KOPT), this Authority has considered the miscellaneous capital cost at 5% to meet contingencies under the berthing service. Keeping in view the position maintained in the above mentioned cases, the miscellaneous capital cost under the berthing activity at 5% of the civil cost of berth is taken into account, as proposed by the port.

The ChPT has considered 75% of the cost of construction of berth under berthing services and the residual 25% has been considered under cargo handling services, reportedly following the approach adopted by it in the Mega Container Terminal project. It is relevant here to mention that in the Order dated 3 March 2010 passed by this Authority disposing of the proposal of ChPT relating to fixation of upfront tariff for Mega Container Terminal, the allocation of berth construction cost between berthing services and container handling services at the ratio of 75:25, as proposed by the port, was considered since the horizontal surface of the berth will be relevant for container handling activity. Following the same approach, the allocation of 25% of berth cost to cargo handling services, as proposed by the port, is considered in this case also.

In view of the above, the capital cost for berthing service is considered at ₹48.53 crores, as estimated by the port.

(b). Cargo handling activity:

(i). Civil construction cost:

The ChPT has estimated the total civil construction cost at ₹53.19 crores which comprises ₹13.20 crores being 25% of berth cost apportioned to cargo handling services and ₹39.99 crores towards construction of MLCPY.

The normative list of civil works prescribed in the 2008 guidelines for a multi-purpose terminal includes cost of berth apron and approach, storage yard, transit sheds, roads, rail tracks, buildings, water supply, etc. In the absence of specific norms for a RoRo terminal and considering that MLCPY is a facility comparable to storage yard in a multipurpose berth, construction of MLCPY considered by the ChPT under civil cost estimate appears to be relevant.

As in the case of berth cost, the estimate for construction of MLCPY considered by the ChPT at 39.99 crores is supported with a rough civil cost estimate contained in the DPR, which is reportedly based on the CPWD and Tamil Nadu PWD rates. Following the approach adopted in the case of berth construction cost, the position reported by the port is relied upon.

With reference to the proposal of ChPT to hand over the existing office building at the proposed site and inclusion of the value of such building and its demolition cost in the BoQ for MLCPY contained in the DPR, the ChPT has submitted at the joint hearing that the existing building could be used in the project by the BOT operator, after strengthening. However, it has not modified the cost estimates of MLCPY to reflect this position. In the absence of requisite details like estimated cost of strengthening and corresponding reduction in the cost of construction of MLCPY, the estimate towards construction of MLCPY as reported by ChPT is relied upon without any modification.

The ChPT did not estimate capital cost towards development of storage yard of 5000 sq.m. for break bulk cargo, on the contention that the land is already developed and the BOT operator is not expected to invest for its development. However, in the revised proposal of 9 August 2012, the ChPT has considered this area of 5000 sq. m. under the category of undeveloped land changing its earlier classification of this area under 'developed land' category for computation of licence fee. The reason for change in the classification of the land remains unexplained by the ChPT. The cost of development of storage area, if any, is not captured in the estimates of civil cost. Though this point lacks clarity, the position reported by the ChPT that the BOT operator is not expected to invest towards development of storage area is relied upon.

The ChPT has also not estimated capital cost towards other items of civil cost mentioned in the guidelines presumably because the project specific conditions may not require such facilities.

(ii). Equipment cost:

The upfront guidelines of 2008 specify a normative list of equipment for a multipurpose berth which comprise 3 nos. of Level Luffing Wharf crane of 20 Tonne capacity with grab / hook attachments, 6 Nos. Fork Lift Trucks (FLT) and 3 Nos. Pay loaders each of 10 T capacity and Power, Lighting & Communication.

The Mechanical & Electrical Equipment cost is estimated by ChPT at ₹60.00 lakhs which represents cost of elevators and 250 KVA DG set. This estimate forms part of capital cost estimate of MLCPY considered under civil cost, as per the BoQ contained in the DPR. However, based on the clarification furnished by the port that these items can only be viewed as mechanical and electrical assets, the capital cost estimate towards elevators and DG set amounting to ₹60.00 lakhs is considered under mechanical and electrical equipment.

The capital cost estimates furnished by ChPT does not include cost of providing equipments for handling break bulk cargo. Alternatively, the port envisages deployment of equipment required for handling break bulk cargo on hire basis reportedly on the ground that the requirement of equipment is only for a part of the year. Considering that the berth is proposed to be utilized for handling break bulk cargo only for around 125 days in a year, provision of own fleet of equipment exclusively for handling break bulk cargo at this berth may result in under-utilization of investment on such equipment. Therefore, the approach adopted by the port for deployment of hired equipments appears to be justified.

Incidentally, the ChPT has considered the hire charges for fleet of equipment under operating cost estimates for break bulk cargo handling, which is discussed in a subsequent paragraph.

(iii). The Miscellaneous capital cost estimated by ChPT at 5% of the civil & equipment cost is as per the provisions in the guidelines and hence the same is considered.

(iv). The ChPT has considered the estimated capital cost for construction of MLCPY including cost of elevators and DG sets exclusively under the car handling activity on the premise that only cars would avail the MLCPY facility. The ChPT has apportioned the common capital cost, viz. 25% of the berth construction cost (₹13.20 crores) between car handling activity and break bulk cargo handling activity on 50:50 ratio reportedly based on the share of berth occupancy days of respective cargo group, which is found to be in line with the approach adopted by this Authority for apportionment of common cost between different cargo groups in the fixation of upfront tariff. However, the ratio of apportionment considered by the ChPT is slightly adjusted based on the adjusted estimated share of berth days for car handling activity (130.46 days) and break bulk cargo handling activity (125.04 days), which works out to 51:49 respectively.

(v). In view of the position explained at the preceding paragraph, the total capital cost under car handling activity is considered at a slightly higher level of ₹49.69 crores as against ₹49.55 crores considered by the port. On the other hand, the total capital cost under break bulk cargo handling activity is considered at a lower level of ₹6.79 crores as against ₹6.93 crores considered by the port.

(c). The capital cost estimates furnished by the ChPT are based on the estimates contained in the DPR which reportedly reflect the market rates prevailing as of June 2011. Despite a request to update the estimates to reflect the current market price, the ChPT has not updated the estimates, on the ground that the cost estimates have been sent to Standing Finance Committee (SFC) and already frozen. However, while responding to the queries raised by some of the users to update the capital cost estimates, the port has stated that the estimates were prepared based on rates prevailing in June 2011 with 10% escalation and there may not be much variation between June 2011 and July 2012. Based on the clarification furnished by the port and considering that the guidelines require the capital costs to be considered as per the estimates of the Port Trust, the capital cost estimates for civil works and equipment as estimated by the ChPT are considered.

(d). To sum up, the total capital cost estimated by the ChPT at ₹105.01 crores is considered without modification, subject to minor adjustment in the apportionment of common capital cost between car handling and break bulk cargo handling activities.

(v). This Authority has adopted the ROCE at 16% for the upfront tariff cases to be decided during the year 2012-13 which is considered for arriving at the proposed tariff caps for this project.

(vi). Operating Cost:

As already stated, in the absence of separate norms for a RoRo terminal, the ChPT has reportedly adopted the norms for a multipurpose berth in the estimation of operating costs. The operating cost estimates of ChPT are discussed in the following paragraphs.

(a). Power & fuel cost

(i). The norms prescribed in the upfront tariff guidelines of 2008 for a multipurpose berth for estimation of power and fuel cost is with reference to the handling equipments envisaged to be deployed for cargo operations. In this case, the reported position is that the car handling activity does not involve deployment of any handling equipment and in respect of break bulk cargo handling activity, the equipment are proposed to be deployed on hire basis. As such, the operating cost estimates of the ChPT do not include power and fuel cost for cargo handling either for cars or for break bulk cargo. Therefore, the power cost estimated by ChPT under operating cost estimates represents only power requirement for lighting the area. Considering the position reported by the ChPT that there is no power and fuel cost involved in cargo handling operations and keeping in view that the lighting the area is an essential requirement for any facility, the approach adopted by ChPT in estimating the power cost only for lighting the area is considered.

(ii). The ChPT has considered the berth area (9000 sq. m.), MLCPY area (61,800 sq. m.) and storage area for break bulk cargo (5000 sq. m.) totaling to 75,800 sq. m. in the estimation of power cost for area lighting.

(iii). The power requirement for area lighting is estimated at 24 units per sq. m. per annum based on the norms prescribed in the 2008 guidelines for a Liquid bulk terminal. Since the norms prescribed for a multipurpose berth for estimation of power cost is not with reference to area lighting, the approach adopted by the ChPT in borrowing the norm prescribed for a Liquid bulk terminal, where power requirement is considered only for lighting the area, is relied upon.

(iv). The ChPT has considered a unit rate of ₹8.00 per KWH in the estimation of power cost, which is supported by a copy of electricity bill for the month of May 2012.

(v). In view of the above, the power cost estimated by ChPT at ₹145.54 lakhs per annum towards area lighting is considered.

(b). The ChPT has estimated repairs and maintenance cost at 1% on the civil assets and 5% on the mechanical and electrical equipment, insurance at 1% of the gross value of fixed assets and other expenses at 5% of the gross value of fixed assets which are found to be as per the norms prescribed in the guidelines.

(c). The ChPT has computed depreciation on civil assets including berth @ 3.34% and on mechanical assets @ 10.34% as per the Companies Act and according to the norms prescribed in the guidelines which is considered.

(d). The ChPT has calculated licence fee for the berth area of 9000 sq. m., car parking area of 10,300 sq. m. and storage area for break bulk cargo of 5,000 sq. m., totaling to 24,300 sq. m. The ChPT has classified the land to be allotted into 'developed land' and 'undeveloped land' for the purpose of estimation of licence fee payable by the BOT operator. The berth area of 9000 sq. m. is considered under 'undeveloped' category. Out of the car parking area of 10,300 sq. m., 8100 sq. m. is considered under 'developed' category and the balance 2,200 sq. m. reportedly being the water area adjacent to berth is considered under 'undeveloped' category. The area proposed to be allotted for storage of break bulk cargo, as already stated, has been considered under the category of undeveloped land, in the revised proposal of 9 August 2012, changing its earlier classification of this area under 'developed land' category. The classification of area into 'developed' and 'undeveloped' categories considered by the ChPT in its revised proposal of 9 August 2012 is relied upon. To summarise, out of the total area of 24,300 sq. m., an area of 8,100 sq. m. is considered under 'developed land' category and 16,200 sq. m. is considered under 'undeveloped land' category for calculation of licence fee estimates.

The guidelines for upfront tariff stipulate that licence fee for port land is to be estimated based on the rates prescribed in the Scale of Rates of the respective Major Port Trusts. Licence fee has been estimated by the port for 8100 sq. m. of developed area at the rate ₹ 45.42 per sq. m. per month and 16,200 sq. m. of undeveloped area at the rate of ₹ 23.90 per sq. m. per month reportedly based on the rate as per the existing Scale of Rates of ChPT after taking into account the applicable escalation factor.

As already brought out in the factual position relating to the case in reference, inspite of a direction of this Authority to ChPT way back in 2010 to file a fresh proposal for revision of lease rentals, the port is yet to submit its proposal for revision of lease rentals. Even now, the port has reported that the task of collecting various inputs with regard to filing a comprehensive proposal for revision of lease rental is under process. It is noteworthy that revision of lease rentals will have an impact on the upfront tariff to be fixed for the subject project. Inspite of giving an opportunity to the port to update the lease rentals with reference to market value of land, ChPT has not done anything in this regard and has merely stated that after the revision of licence fee for ChPT, a revised proposal for the RoRo cum multipurpose berth project will be forwarded to this Authority for approval and thereafter the same will be included in the Concession Agreement to be entered into with the successful bidder. While the Port may recover the revised licence fee from the operator, it is not clear how a revised licence fee can be factored at a later stage in the upfront tariff caps after the bidding for the project is concluded based on the upfront tariff caps set now. In the absence of updated details furnished by ChPT, the estimate of licence fee as reported by the port is relied upon.

(e). As stated earlier, the proposal of ChPT is to deploy the equipment required for handling break bulk cargo on hire basis. The ChPT has estimated the hire charges for 1 No. HMC of 75 tons capacity, 1 No. FLT each of 20 tons capacity and 10 tons capacity and 7 Nos. of Tractors and Trailers. The fleet of equipment prescribed in the guidelines for a multipurpose terminal, as brought out in an earlier paragraph, does not include Tractors and Trailers. However, keeping in view the position reported by the ChPT that the area proposed to be allotted for storage of break bulk cargo is located at a distance of 2 km. from the berth, inclusion of Tractors and Trailers in the fleet of equipment appears to be reasonable. The number of tractors and trailers required for transportation of cargo estimated by the ChPT is relied upon. Further, clause 3.2 of the 2008 guidelines gives flexibility to this Authority 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. Based on the position brought out above, the fleet of equipment considered by the ChPT for estimation of equipment hire charges is considered.

The ChPT has calculated the estimated hire charges for the HMC, FLTs, Tractors and Trailers based on the rates prescribed for such equipment in its existing Scale of Rates for 125.1 days, being the berth days required for handling optimal capacity of break bulk cargo. Based on the position clarified by the ChPT at the joint hearing that the hire charges prescribed in its Scale of Rates for the equipment are competitive and comparable with market rates, the equipment hire charges estimated based on the rates prescribed in its existing Scale of Rates are considered, subject to minor adjustment of the number of berth days required for handling break bulk cargo.

(f). The original proposal and the first revised proposal of ChPT did not include stevedoring operations for handling cars under the scope of BOT operator. At the request of some of the bidders and users, the ChPT in its revised proposal of 9 August 2012, has included the stevedoring activity under the scope of BOT operator.

The ChPT has estimated stevedoring expenses at ₹1374.14 lakhs per annum, comprising manpower cost of ₹1288.98 lakhs and car washing expenses of ₹85.16 lakhs, and included it under other expenses as a separate item of cost in addition to the other expenses estimated at 5% of capital cost as per norms prescribed in the guidelines. The norm of 5% of capital cost prescribed in the guidelines is towards salaries and wages and overheads. Further, the stevedoring expenses are not provided as a separate item of operating cost in the norms prescribed for upfront tariff fixation for any commodity group. However, in the case of a Ro Ro terminal, there is no equipment used for loading / unloading operations and hence the stevedoring expenses on account of manpower deployment form significant proportion of operating cost. While the total operating cost excluding stevedoring expenses is estimated at around ₹7 crores per annum by the ChPT, the stevedoring expenses alone is estimated at ₹ 13.74 crores, which is about 200% of the other operating cost. In view of the above, there appears to be a justification in considering the stevedoring expenses separately in the case of car handling through Ro Ro vessels. Therefore, the approach adopted by the ChPT in considering the stevedoring expenses as a separate item of cost is considered.

The man power related cost estimated by ChPT to the tune of ₹1288.98 lakhs is calculated based on the various categories of manpower required for operations, their numbers and the monthly salary payable to them. Recognising the position that ChPT has handled substantial volume of cars through Ro Ro vessels during the past years and presuming that the estimated manpower cost considered by ChPT is based on past experience, the estimate of manpower cost furnished by ChPT is relied upon.

However, it has to be kept in view that the ChPT has estimated the manpower cost for whole of the year. But, it has to be recognized that in this case the berth would be utilized for car handling activity only for about 130 days in a year. Although handling cars for 130 days may not happen in a sequence, it may not perhaps make commercial sense for an operator to engage manpower throughout the year and incur the expenses when their services could be effectively utilized for only about half of the year. A prudent approach could be either to outsource the manpower requirement to the extent feasible or utilise their idle time for some other commercial purpose. It is noteworthy that the port has recognised this position with respect to equipment deployment for break bulk cargo, wherein it has proposed to hire the required equipment instead of owning them. In any case, upfront tariff guidelines of 2008 mandate this Authority to fix upfront tariff for the optimal capacity of the facility based on the capital cost and operating cost relevant for achieving such optimal capacity on normative basis. In this case, though the revised optimal berth capacity considered in this analysis for car handling is at 8,33,952 cars per annum, the optimal capacity considered for upfront tariff fixation is restricted at 4,25,833 cars per annum due to limitation of the yard capacity. Based on the optimal berth capacity of 8,33,952 cars if cars alone are handled and annual estimated man power cost of ₹1288.98 lakhs, the unit manpower cost towards stevedoring activity on normative basis works out to around ₹155 per car. Accordingly, the total manpower cost for achieving the optimal capacity of 4,25,833 cars comes to ₹658.18 lakhs. In view of the above, the estimated manpower cost for stevedoring activity for car handling is considered at ₹658.18 lakhs per annum as against ₹1288.98 lakhs considered by the ChPT.

The ChPT has arrived at the estimated cost of ₹85.16 lakhs towards procurement of water required for washing of cars considering the quantum of water requirement at 4258 truck loads and the unit cost at ₹2000/- per truck load. Recognising the position that ChPT has handled substantial volume of cars through Ro Ro vessels during the past years, the estimate of ChPT in this regard is relied upon.

The modified estimates considered towards stevedoring expenses works out to ₹743.34 lakhs as against ₹1374.14 lakhs estimated by ChPT.

(g). Subject to the above modifications, the total estimated operating cost for cargo handling services works out to ₹1799.32 lakhs as against ₹2430.20 lakhs estimated by ChPT.

(h). The ChPT has considered the estimated operating costs identifiable with individual cargo group, viz. cars and break bulk cargo under the respective cargo groups. It has apportioned the common operating costs, viz. power cost for lighting the berth area and licence fee for berth area between car handling activity and break bulk cargo handling activity on 50:50 ratio reportedly based on the share of berth occupancy days of respective cargo group. Following the adjustment carried out in the apportionment of common capital cost, the common operating costs apportioned by ChPT is also adjusted with the ratio of 51:49 between cars and break bulk cargo respectively.

The ChPT has reported that MLCPY will be located partly on the existing land and partly on the pile structure to be built by the operator. Considering that the area covered under pile structure may form part of berth area, the port was requested to clarify the reasons for apportioning the 2200 sq. m. area also between car handling and cargo handling activity. The ChPT has clarified that the 2200 sq. m. area is a water area adjacent to the land and it has been considered only under car handling activity.

(i). The guidelines require the operating cost for berthing service to be estimated at 1% of the berth cost.

The ChPT has considered insurance @ 1% and depreciation @ 3.34% on the 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 for the coal, iron ore & multipurpose cargo berth terminals at various ports, this position was recognised by this Authority 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 at 1% and depreciation @ 3.34% of the capital cost is considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service.

The ChPT has undertaken the responsibility of maintenance dredging alongside the berth and accordingly, the 1% maintenance cost estimated by it excludes estimated cost of capital dredging. The position reported by the ChPT is relied upon.

The ChPT has not calculated depreciation on the estimated cost of capital dredging stating that there is no life norm for capital dredging. The asset will be used and, therefore, its depreciation should be considered. Further, capital dredging cost as a part of berth cost and allowed depreciation @ 3.34% per annum, based on the project life of 30 years has been considered while fixing upfront tariff for PPP projects at the other Major Port Trusts. Accordingly, depreciation on capital dredging is considered at 3.34% per annum in this case also.

Subject to the above modifications, the total operating cost considered under berthing activity works out to ₹233.60 lakhs as against the estimate of ₹211.55 lakhs considered by ChPT.

(vii). The cost statements for fixing upfront tariff furnished by the ChPT have been modified in line with the above analysis. A copy of the statement along with the calculation of berth hire is attached as **Annex-I**. As per the normal practice, the revenue requirement will be estimated for the two activities, viz. cargo handling service and berth hire services separately. The revenue requirement from cargo handling services would be apportioned between different cargo groups based on the share of cargo working days of respective cargo groups for determination of cargo wise upfront tariff caps. In this case, some of the capital cost and operating cost items are relevant only for either car handling or break bulk cargo handling. While the estimated capital cost for construction of MLCPY and estimated operating cost towards stevedoring activity are relevant only for car handling, the estimated equipment hire charges are relevant only for break bulk cargo handling. Therefore, the revenue requirement for car handling services and break bulk cargo handling services has been separately estimated. The estimated revenue requirement and determination of upfront tariff caps for car handling services, break bulk cargo handling services and berth hire services are discussed below:

(a). Car handling activities:

(i). As per the statement, the total revenue requirement from car handling service works out to ₹2239.62 lakhs which is an aggregate of Return on capital employed of ₹795.05 lakhs and modified operating cost of ₹1444.56 lakhs.

(ii). The guidelines for multipurpose berth specify 90% of the total revenue requirement to be apportioned to handling charge, 5% each towards storage charge and miscellaneous charges.

The ChPT has, however, proposed to apportion 98% of the revenue requirement from car handling services towards composite handling charge, 1% each towards storage charge and miscellaneous charge on the ground that there will be little scope for cars remaining beyond free period and attracting miscellaneous services. This Authority while fixing upfront tariff for some of the PPP projects at VOCPT and VPT has approved the proposal of the ports for modification of the ratio prescribed in the guidelines for apportionment of revenue requirement between cargo handling, storage and miscellaneous charges. Following the similar approach, the proposal of ChPT for adopting a modified ratio of apportionment is agreed to.

In view of the above, the proposal of ChPT for apportionment of 1% of revenue requirement for levy of storage charges is approved. However, in respect of miscellaneous charges, the proposal of ChPT lacks clarity. Initially, the port informed that the miscellaneous services would include cleaning of cars and subsequently changed the nature of services to minor repairs to cars. Further, the ChPT has considered only 5% of the optimal capacity for arriving at the miscellaneous charges per car, which works out in the range of Rs.135/- per car. It is not clear what type of repairs could be provided to a car at ₹135/- and whether estimated expenses towards such minor repairs have been included in the operating cost estimates. Further, the position that only 5% of the volume would avail miscellaneous services is also not justified based on past data. Under the circumstances explained above and recognizing the position reported by the ChPT that there will be little scope for cars to attract miscellaneous services, it is appropriate not to consider any revenue requirement for miscellaneous services in this case. Instead, the 1% of revenue requirement apportioned by ChPT towards miscellaneous services is also included under the revenue requirement for levy of composite handling charge. The impact in the composite handling charge on account of this modification, works out to around ₹5/- per car, which is negligible compared to the composite handling charge of around ₹520/- per car.

In view of the position explained above, the apportionment of the total revenue requirement between handling charge and storage charges are considered at 99% and 1% respectively. Based on the revised revenue requirement estimated, the revenue apportioned to handling charge and storage charges works out to ₹2217.22 lakhs and ₹22.40 respectively.

(iii). Clause 3.8.2 of the guidelines states that the tariff cap for different individual services is to be set appropriately in such a way as to achieve the annual revenue requirement. Based on the estimated throughput of cars in the optimal capacity and estimated revenue requirement from handling services, the composite handling rate for cars works out to ₹520.68 per car as against ₹659.66 per car proposed by the port.

The ChPT has reported that the BOT operator is not allowed to handle coastal loading of cars at the proposed facility and accordingly not proposed concessional rate for coastal handling of cars in the proposed Scale of Rates (SoR). However, since the Government policy on coastal concession is applicable for cars, a rate for handling coastal cars at 60% of the foreign rate is prescribed in the SoR approved in this case to meet any eventuality. To avoid ambiguity, it is clarified that mere prescription of coastal rate in the SoR would not give right to the BOT operator to handle coastal cars and the ChPT as a licensor is well within its right in deciding the entitlement of the BOT operator as per the Concession Agreement.

(iv). As per the upfront tariff guidelines, storage charge for multipurpose terminal is leviable for storage of cargoes at the transit area beyond the allowable free period of 5 days for import cargo and 15 days for export cargo. The ChPT has proposed a free period of 3 days for cars presumably based on the position prevailing at the ChPT. Since the free period prescribed for a multi-purpose terminal may not be relevant for a RoRo terminal, the free period of 3 days as proposed by the ChPT is considered.

The ChPT has assumed that 5% of the optimal capacity would attract storage charges. As per the estimates of ChPT, out of the said 5% of the optimal capacity, 80% would attract storage charges under the first slab of 3 days beyond free period and 10% each would spill over to the next two slabs of 4 to 6 days and beyond 6 days after free period respectively. Though the ChPT has indicated the slabs and cargo share, it has not furnished the average period for which such cargo would stay under each slab. In view of this information gap, the methodology adopted by the port in working out storage charges is not known. The storage charges are, therefore, calculated considering the mean value of each slab as the average period of stay, i.e. 80% would stay for 1.5 days beyond free period, 10% would stay for 4.5 days and the balance 10% for 7.5 days on average, so as to meet the estimated revenue requirement from storage charges. The ChPT has considered an interval period of 3 days under each slab and the storage charges for second and third slabs are calculated at 1.5 times and 2 times respectively of the storage charge for first slab, which is maintained in our calculation. The modified storage charges works out to ₹29.20 per car per day for the first slab of 3 days beyond free period and ₹43.80 and ₹58.40 for the next two slabs respectively as against ₹39.00, ₹58.50 and ₹78.00 per car per day considered by ChPT for the corresponding three slabs.

(v). For the reasons explained in an earlier paragraph, miscellaneous charges is not prescribed separately for cars. The composite handling charge would cover all incidental and miscellaneous services related to car handling.

(b). Break bulk cargo handling activity:

(i). The total revenue requirement from break bulk cargo handling service works out to ₹463.46 lakhs which is an aggregate of Return on a capital employed of ₹108.70 lakhs and modified operating cost of ₹354.76 lakhs.

(ii). The ChPT has proposed to apportion 90% of the revenue requirement from break bulk cargo handling towards composite handling charge, 5% each towards storage charge and miscellaneous charge, which is found to be in line with guideline provisions.

Based on the revised revenue requirement estimated, the revenue apportioned to handling charge is at ₹417.12 lakhs and at ₹23.17 lakhs each towards storage charges and miscellaneous charges respectively.

(iii). The upfront tariff caps for handling break bulk cargo are determined so as to meet the revenue requirement estimated for each of the cargo groups under break bulk cargo. Based on the percentage share of cargo working days, the revenue requirement for iron and steel cargo and other cargo like granite, wood pulp, etc. works out to ₹139.04 lakhs and ₹278.08 lakhs respectively.

The ChPT has proposed concessional rates for coastal cargo for both steel cargo and other cargo. Despite specific request, it has not furnished the share of coastal cargo in each cargo group and its revenue impact in arriving at the concessional rate for coastal cargo with workings.

It is ascertained from the rates proposed by ChPT for foreign and coastal cargo for the two cargo groups in its original proposal of May 2012 that the port has assumed a share of 10% of the optimal capacity of other cargo towards coastal volume and the entire optimal capacity of steel cargo is considered as foreign cargo. In the absence of requisite details furnished by ChPT and following the proportion of coastal cargo ascertained from its original proposal, the entire optimal capacity of steel cargo is considered as foreign cargo and 10% of the optimal capacity of other cargo is considered as coastal cargo.

Based on the estimated throughput of steel cargo and the apportioned revenue requirement for steel cargo from cargo handling services, the composite handling rates work out to

₹55.60 per tonne for foreign cargo and ₹33.36 per tonne for coastal cargo as against ₹76.47 per tonne for foreign cargo and ₹45.88 per tonne for coastal cargo proposed by ChPT.

In respect of other cargo, based on the estimated throughput and revenue requirement from cargo handling services, adjusted for revenue impact on account of concessional rate for coastal volume, the composite handling rates work out to ₹92.67 per tonne for foreign cargo and ₹55.60 per tonne for coastal cargo as against ₹76.72 per tonne for foreign cargo and ₹46.03 per tonne for coastal cargo proposed by ChPT.

(iv). As stated earlier, as per the upfront tariff guidelines, storage charge for multipurpose terminal is leviable for storage of cargoes at the transit area beyond the allowable free period of 5 days for import cargo and 15 days for export cargo. The ChPT has proposed a free period of 7 days for both import cargo and export cargo presumably based on the position prevailing at the ChPT. Relying upon the position reported by ChPT, the free period of 7 days as proposed by the ChPT is considered.

The ChPT has assumed that 20% of the optimal capacity would attract storage charges. As estimated by ChPT the said 20% of the optimal capacity, would attract storage charges for 7 days beyond free period on an average. However, despite request, the ChPT has not furnished workings for computation of storage charges to show how the revenue requirement from the storage charges would be met by the operator at the storage charges proposed by the port. Based on the revised estimated revenue requirement, the storage charges are calculated considering average stay of cargo as 7 days beyond free period, so as to meet the estimated revenue requirement from storage charges. The ChPT has considered an interval period of 7 days under each slab and the storage charges for second and third slabs are calculated at 1.5 times and 2 times respectively of the storage charge for first slab, which is maintained in our calculation. The modified storage charges works out to ₹2.94 per tonne per day for the first slab of 7 days after free period and ₹4.41 and ₹5.88 for the next two slabs respectively as against ₹2.58, ₹3.87 and ₹5.16 per tonne per day considered by ChPT for the corresponding three slabs.

(v). Based on the modified revenue requirement, tariff cap for miscellaneous charge for break bulk cargo works out to ₹4.12 per tonne as against ₹4.16 per tonne proposed by ChPT. The ChPT has stated that the miscellaneous charges will be leviable for any of the individual services, viz. clearing any debris and cleaning or attending to any defects in packaging or any other similar service. It appears from the position explained by ChPT that miscellaneous services would be rendered only under specific request of the users, which shows that the entire optimal capacity may not avail the miscellaneous services. But, ChPT has calculated the miscellaneous charges on the assumption that entire optimal capacity would avail any one of the miscellaneous services indicated by it. In order to ensure that that operator is in a position to achieve the revenue requirement from miscellaneous services, it is appropriate that miscellaneous charge is prescribed as a composite levy covering all miscellaneous and incidental services rendered by the BOT operator like environment management, safety measures, cleaning and clearing debris, attending to defective packages, etc. which would be leviable on the entire optimal capacity of break bulk cargo. The relevant conditionalities prescribed by ChPT in the proposed SoR are modified suitably.

(c). Berth hire services:

(i). The modified revenue requirement from berthing service works out to ₹1010.01 lakhs (comprising ₹776.41 lakhs being 16% return on a capital cost and operating cost of ₹233.60 lakhs) as against the estimate of ChPT at ₹987.96 lakhs (comprising ₹776.41 lakhs being 16% return on a capital cost and operating cost of ₹211.55 lakhs).

(ii). The ChPT has furnished detailed workings for computation of berth hire charges. The methodology followed by the ChPT for arriving at the berth hire charge is found to be in line with the approach followed by this Authority in other upfront tariff cases.

(iii). The ChPT has proposed concessional berth hire charges for coastal vessels as per the Government policy, assuming the share of GRT of coastal vessels at 5% of the total GRT of vessels estimated by it. The basis for assuming 5% share towards coastal vessels remains unexplained by ChPT. It is the reported position that the entire volume of cars will be foreign cargo and the port has not assumed any coastal share in the steel cargo also in the computation of composite handling charge. It has considered only 10% of optimal capacity of other break bulk cargo as coastal cargo in the computation of composite handling charge. In the absence of basis furnished by ChPT for assuming 5% of total GRT of vessels as coastal share, the GRT of coastal vessels considered by ChPT is modified taking into consideration 10% of the total GRT of the other break bulk cargo vessels, which works out to around 1% of the total GRT of vessels.

(iv). The modified tariff cap for Berth hire charge works out to ₹0.5399 per GRT per hour for foreign vessel and ₹0.3239 per GRT per hour for coastal vessels, which is prescribed as against ₹0.5371 per GRT per hour for foreign vessels and ₹0.3223 per GRT per hour for coastal vessels proposed by ChPT.

(v). Normally vessel related charges for foreign going vessels are denominated in US dollar terms by converting the rupee value to dollar terms by applying the exchange rate prevailing at the time of notification of the relevant tariff order. This Authority while finalising the upfront berth hire at various ports has held that prescribing dollar denominated berth hire is not appropriate in the upfront tariff cases which will have a validity of 30 years. It was then decided that applying a WPI based escalation on a foreign currency is not correct as the foreign exchange variation over the next 30 years cannot be predicted and in case of any abnormal variations, either the users or the operator will have to bear the incidence, depending on which side the appreciation takes place. Therefore, it has been decided by this Authority to approve the upfront berth hire charge in Rupee term only.

(viii). The definition of the term 'demurrage' prescribed by ChPT in the proposed SoR is found to be not relevant since the proposed Scale of Rates do not prescribe any demurrage charges. Therefore, the definition of the term 'demurrage' is deleted.

The definition of the term ‘free period’ is modified to include 'storage charges' instead of 'demurrage / storage charges' proposed by ChPT.

(ix). The general conditions, rounding off the bill amount, no refund / claim for amount less than ₹100/-, penal interest on delayed payments, users not required to pay for delays beyond reasonable level attributable to the operator, etc. proposed by the ChPT are found to be in line with the general conditions prescribed in other Major Ports / Terminals. These conditions are prescribed as proposed by ChPT subject to minor modifications to reflect the standard conditions prescribed by this Authority in the upfront tariff cases at the other Major Port Trusts like VOCPT. Two standard conditions, viz. applicability of concessional rates to coastal vessels / cargo and calculation of gross weight of cargo for billing purpose which are omitted by the ChPT have also been prescribed.

(x). The definition for ‘False signal’ prescribed under the schedule of berth hire charges is found to be varying with the standard provision. The definition of the term ‘False signal’ is, therefore, replaced with the standard provision prescribed in the upfront tariff cases at the other Major Port Trusts like VOCPT. The other conditionalities prescribed under berth hire are seen to be in line with the conditionalities prescribed in the Scale of Rates of the port and also in the other upfront tariff schedule.

(xi). The ChPT has listed out the various services to be covered under the composite handling charge for cars and break bulk cargo under the relevant schedule of rates, which is approved.

(xii). The services covered under for levy of miscellaneous charges for break bulk cargo and the conditionality prescribed thereunder has been modified to cover all miscellaneous services such as clearing any debris and cleaning the wharf, attending to any defects in packaging, environment management, safety measures, etc. and to the effect that miscellaneous charges will be levied on all break bulk cargo handled at the terminal.

9.1. 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, the port has confirmed that the capital cost and the related operating cost considered by it reflect the current market price. Therefore, it is appropriate to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2012 in this case. A general note in this regard is prescribed in the Scale of Rates.

9.2. 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.

9.3. 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.

9.4. The upfront tariff approved by this Authority is with reference to the handling of Cars and break bulk cargo in combination at the proposed facility. If there is any change in the cargo profile, the upfront tariff will have to be reviewed.

9.5. 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.

9.6. The actual performance of the private operator 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 Chennai Port Trust. If any action is to be taken against the private operator, the Chennai Port Trust shall initiate appropriate action in accordance with the provisions of the Concession Agreement.

9.7. 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 Chennai Port Trust a report containing the terminal's physical and financial performance during the preceding three months.

10. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the upfront tariff caps for Ro Ro cum Multipurpose Terminal for handling cars and break bulk cargo at ChPT attached as **Annex - II**.

**(T.S. Balasubramanian)**
Member (Finance)

ANNEX - I

**FORMULATION OF UPFRONT TARIFF FOR HANDLING CARS AND BREAK BULK CARGO AT THE PROPOSED RORO CUM MULTIPURPOSE BERTH AT CHENNAI PORT UNDER PPP MODE**

(Rs. in lakhs)

| Sl. No. | Particulars | Estimates furnished by ChPT | | | Estimates considered by TAMP |
|---|---|---|---|---|---|
| | | Original proposal dated 22 May 2012 | Revised estimates furnished vide letters dated 16 July 2012 | Further revised estimates furnished vide email dated 9 August 2012 | |
| I | **Optimal capacity** | | | | |
| (A) | **Optimal Capacity - CARS** | | | | |
| (i) | **Optimal Quay capacity** | | | | |
| (a). | Avg. Handling Rate per hour of RoRo vessels | 200 | 200 | 200 | 136 |
| (b). | Avgerage output per day (no. of cars) | 4800 | 4800 | 4800 | 3264 |
| (c). | No. of days | 365 | 365 | 365 | 365 |
| (d). | Utilisation factor | 70% | 70% | 70% | 70% |
| (e). | Optimal berth Capacity (in no.of cars per annum) | **1226400** | **1226400** | **1226400** | **833952** |
| | | | | | |
| (ii) | **Optimal Yard capacity** | | | | |
| (a). | Total ground (car) slots in Multilevel Car Parking Yard (G) | 5000 | 5000 | 5000 | 5000 |
| (b). | Average stack height (H) | 1 | 1 | 1 | 1 |
| (c). | Period or number of days (P) | 365 | 365 | 365 | 365 |
| (d). | Surge factor (S) | 1 | 1 | 1 | 1 |
| (e). | Average dwell time (D) | 3 | 3 | 3 | 3 |
| (f). | Optimal yard capacity at 70% utilisation (0.7*G*H*P/S*D) in cars per annum | **425833** | **425833** | **425833** | **425833** |
| | | | | | |
| (iii) | **Optimal Capacity in cars per annum** | **425833** | **425833** | **425833** | **425833** |
| | | | | | |
| (iv) | **No. of berth days required for optimal capacity** | **129.6** | **130.4** | **130.4** | **130.46** |
| | | | | | |
| (V) | **Balance Berth days available at 70% utilisation** | **125.9** | **125.1** | **125.1** | **125.04** |
| | | | | | |
| (B) | **Optimal Capacity - Break Bulk Cargo for residual berth capacity at A (v) above** | | | | |
| (i) | Percentage share of capacity of cargo to be handled | | | | |
| | (a) Steel cargo (S1) | 45% | 33% | 33% | 33% |
| | (b). Other cargo (S2) | 55% | 67% | 67% | 67% |
| | | | | | |
| (ii) | Handling rate of vessels carrying (in tonnes/day) | | | | |
| | (a) Steel cargo (P1) | 4000 | 6000 | 6000 | 6000 |
| | (b). Other cargo (P2) | 2500 | 3750 | 3750 | 3750 |
| | | | | | |
| (iii) | Berth days available | 125.9 | 125.1 | 125.1 | 125.0 |
| (iv) | Utilisation factor | 70% | 70% | Already considered | Already considered |
| | | | | | |
| (v) | **Optimal Capacity in tonnes per annum** | **279788** | **393320** | **561886** | **562664** |
| | | | | | |
| II | **Capital Cost** | | | | |
| (A) | **Capital Cost For Berth Hire Services** | | | | |
| (i) | Construction of berth | 5282.00 | 5282.00 | 5282.00 | 5282.00 |
| | Less: 25% apportioned to Cargo handling activity | 1320.00 | 1320.00 | 1320.00 | 1320.50 |
| | Balance considered under Berth Hire | 3962.00 | 3962.00 | 3962.00 | 3961.50 |
| (ii) | Capital dredging | 660.00 | 660.00 | 660.00 | 660.00 |
| (iii) | Other cost (@ 5% of (i) & (ii) above) | 231.00 | 231.00 | 231.00 | 231.08 |
| | **Total (i) to (iii)** | **4853.00** | **4853.00** | **4853.00** | **4852.58** |

| Sl. No. | Particulars | Estimates furnished by ChPT | | | | | | | | | Estimates considered by TAMP | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Original proposal dated 22 May 2012 | | | Revised estimates furnished vide letters dated 16 July 2012 | | | Further revised estimates furnished vide email dated 9 August 2012 | | | | | |
| | | Car handling | Break Bulk Cargo | Total | Car handling | Break Bulk Cargo | Total | Car handling | Break Bulk Cargo | Total | Car handling | Break Bulk Cargo | Total |
| (B) | **Capital cost for Cargo Handling Activity** | | | | | | | | | | | | |
| (i) | **Civil Construction Cost** | | | | | | | | | | | | |
| | 25% of berth construction cost apportioned to cargo handling activity, further apportioned between Cars & Break bulk cargo on 50:50 basis | 660.00 | 660.00 | 1320.00 | 660.00 | 660.00 | 1320.00 | 660.00 | 660.00 | 1320.00 | 673.46 | 647.05 | 1320.50 |
| | Construction of Multilevel Car Park | 3999.00 | 0.00 | 3999.00 | 3999.00 | 0.00 | 3999.00 | 3999.00 | 0.00 | 3999.00 | 3999.00 | 0.00 | 3999.00 |
| | **Total civil cost** | **4659.00** | **660.00** | **5319.00** | **4659.00** | **660.00** | **5319.00** | **4659.00** | **660.00** | **5319.00** | **4672.46** | **647.05** | **5319.50** |
| | | | | | | | | | | | | | |
| (ii) | **Mechanical & Electrical Equipment** | 60.00 | 0.00 | 60.00 | 60.00 | 0.00 | 60.00 | 60.00 | 0.00 | 60.00 | 60.00 | 0.00 | 60.00 |
| | | | | | | | | | | | | | |
| (iii) | **Miscellaneous [5% on (i) and (ii)]** | 236.00 | 33.00 | 269.00 | 236.00 | 33.00 | 269.00 | 236.00 | 33.00 | 269.00 | 236.62 | 32.35 | 268.97 |
| | | | | | | | | | | | | | |
| | **Total (i) to (iii)** | **4955.00** | **693.00** | **5648.00** | **4955.00** | **693.00** | **5648.00** | **4955.00** | **693.00** | **5648.00** | **4969.08** | **679.40** | **5648.47** |
| | | | | | | | | | | | | | |
| III | **Operating Cost** | | | | | | | | | | | | |
| (a) | **Cargo Handling Activity** | | | | | | | | | | | | |
| (i) | Power Cost (for Lighting) | 127.30 | 18.24 | 145.54 | 127.30 | 18.24 | 145.54 | 127.30 | 18.24 | 145.54 | 127.47 | 18.07 | 145.54 |
| | | (300x30x0.5 + 6x10300) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | (300x30x0.5 + 5000) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | | (300x30x0.5 + 6x10300) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | (300x30x0.5 + 5000) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | | (300x30x0.5 + 6x10300) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | (300x30x0.5 + 5000) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | | (300x30x0.51 + 6x10300) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | (300x30x0.49 + 5000) sq.m. x 24 units / sq.m. x Rs.8.00 per unit | |
| (ii) | Repair & Maintenance | | | | | | | | | | | | |
| | Civil Assets (1% on capital cost) | 46.59 | 6.60 | 53.19 | 46.59 | 6.60 | 53.19 | 46.59 | 6.60 | 53.19 | 46.72 | 6.47 | 53.20 |
| | Mech. & Elec. assets (5% on capital cost) | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 | 3.00 | 3.00 | 0.00 | 3.00 |
| (iii) | Insurance (1% on Gross fixed assets) | 49.55 | 6.93 | 56.48 | 49.55 | 6.93 | 56.48 | 49.55 | 6.93 | 56.48 | 49.69 | 6.79 | 56.48 |
| (iv) | License Fee | | | | | | | | | | | | |
| | Developed Area | 44.15 | 27.25 | 71.40 | 44.15 | 27.25 | 71.40 | 44.15 | 0.00 | 44.15 | 44.15 | 0.00 | 44.15 |
| | | (8100 sq.m. @ Rs.45.42 / sq.m. / month x 12) | (5000 sq.m. @ Rs.45.42 / sq.m. / month x 12) | | (8100 sq.m. @ Rs.45.42 / sq.m. / month x 12) | (5000 sq.m. @ Rs.45.42 / sq.m. / month x 12) | | (8100 sq.m. @ Rs.45.42 / sq.m. / month x 12) | | | (8100 sq.m. @ Rs.45.42 / sq.m. / month x 12) | | |
| | Undeveloped Area | 19.22 | 12.91 | 32.12 | 19.22 | 12.91 | 32.12 | 19.22 | 27.25 | 46.46 | 19.47 | 26.99 | 46.46 |
| | | (6700 sq.m. @ Rs.23.90 / sq.m. / month x 12) | (4500 sq.m. @ Rs.23.90 / sq.m. / month x 12) | | (6700 sq.m. @ Rs.23.90 / sq.m. / month x 12) | (4500 sq.m. @ Rs.23.90 / sq.m. / month x 12) | | (6700 sq.m. @ Rs.23.90 / sq.m. / month x 12) | (9500 sq.m. @ Rs.23.90 / sq.m. / month x 12) | | (4590 sq. m. + 2200 sq.m.) @ Rs.23.90 / sq.m. / month x 12) | (4410 sq. m. + 5000 sq.m.) @ Rs.23.90 / sq.m. / month x 12) | |
| (v) | Depreciation | | | | | | | | | | | | |
| | Civil Assets (3.34% p.a.) | 155.63 | 22.05 | 177.68 | 155.63 | 22.05 | 177.68 | 155.63 | 22.05 | 177.68 | 156.06 | 21.61 | 177.67 |
| | Mech. & Elec. assets (10.34% p.a.) | 6.20 | 0.00 | 6.20 | 6.20 | 0.00 | 6.20 | 6.20 | 0.00 | 6.20 | 6.20 | 0.00 | 6.20 |
| (vi) | Equipment Hire charges | | | | | | | | | | | | |
| | Harbour Mobile Crane 75 Tons - 1 No. | -- | 56.66 | 56.66 | -- | 56.28 | 56.28 | -- | 56.28 | 56.28 | -- | 56.27 | 56.27 |
| | | | (@ Rs.15000/- shift x 3 shifts x 125.9 days) | | | (@ Rs.15000/- shift x 3 shifts x 125.1 days) | | | (@ Rs.15000/- shift x 3 shifts x 125.1 days) | | | (@ Rs.15000/- shift x 3 shifts x 125.04 days) | |
| | FLT 20 Tons -1No. | -- | 54.73 | 54.73 | -- | 54.37 | 54.37 | -- | 54.37 | 54.37 | -- | 54.35 | 54.35 |
| | | | (@ Rs.14490/- shift x 3 shifts x 125.9 days) | | | (@ Rs.14490/- shift x 3 shifts x 125.1 days) | | | (@ Rs.14490/- shift x 3 shifts x 125.1 days) | | | (@ Rs.14490/- shift x 3 shifts x 125.04 days) | |
| | FLT 10 Tons -1No. | -- | 16.50 | 16.50 | -- | 16.39 | 16.39 | -- | 16.39 | 16.39 | -- | 16.38 | 16.38 |
| | | | (@ Rs.4368/- shift x 3 shifts x 125.9 days) | | | (@ Rs.4368/- shift x 3 shifts x 125.1 days) | | | (@ Rs.4368/- shift x 3 shifts x 125.1 days) | | | (@ Rs.4368/- shift x 3 shifts x 125.04 days) | |
| | Tractor Trailer | -- | 81.89 | 81.89 | -- | 113.89 | 113.89 | -- | 113.89 | 113.89 | -- | 113.85 | 113.85 |

| Sl. No. | Particulars | Estimates furnished by ChPT | | | | | | | | | Estimates considered by TAMP | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Original proposal dated 22 May 2012 | | | Revised estimates furnished vide letters dated 16 July 2012 | | | Further revised estimates furnished vide email dated 9 August 2012 | | | | | |
| | | | (@ Rs.4336 / shift x 3 shifts x 125.9 days x 5 Nos.) | | | (@ Rs.4336 / shift x 3 shifts x 125.1 days x 7 Nos.) | | | (@ Rs.4336 / shift x 3 shifts x 125.1 days x 7 Nos.) | | | (@ Rs.4336 / shift x 3 shifts x 125.04 days x 7 Nos.) | |
| (vii) | **Other Expenses** | | | | | | | | | | | | |
| | @ 5% of gross value of assets as per norms | 247.77 | 34.66 | 282.43 | 247.77 | 34.66 | 282.43 | 247.77 | 34.66 | 282.43 | 248.45 | 33.97 | 282.42 |
| | Stevedoring expenses (as per estimate) | -- | -- | 0.00 | -- | -- | 0.00 | 1374.14 | -- | 1374.14 | 743.34 | -- | 743.34 |
| | **Total Operating Cost** | **699.40** | **338.41** | **1037.81** | **699.40** | **369.57** | **1068.98** | **2073.54** | **356.66** | **2430.20** | **1444.56** | **354.76** | **1799.32** |
| **IV** | **Revenue Requirement & Proposed Tariff** | | | | | | | | | | | | |
| **(a)** | **Cargo Handling Charges** | | | | | | | | | | | | |
| **(i)** | **Revenue Requirement** | | | | | | | | | | | | |
| | (a) Total Operating Cost | 699.40 | 338.41 | 1037.81 | 699.40 | 369.57 | 1068.98 | 2073.54 | 356.66 | 2430.20 | 1444.56 | 354.76 | 1799.32 |
| | (b) Return on capital Employed @ 16% | 792.85 | 110.92 | 903.77 | 792.85 | 110.93 | 903.78 | 792.85 | 110.92 | 903.77 | 795.05 | 108.70 | 903.76 |
| | **(c)Total Revenue requirement from cargo handling activity** | **1492.25** | **449.33** | **1941.58** | **1492.25** | **480.50** | **1972.76** | **2866.39** | **467.58** | **3333.97** | **2239.62** | **463.46** | **2703.08** |
| **(ii)** | **Apportionment of Revenue Requirement** | | | | | | | | | | | | |
| | (a) Handling Charges (Car - 98% of ARR & Break bulk - 90% of ARR) | 1462.41 | 404.40 | 1866.81 | 1462.41 | 432.44 | 1894.85 | 2809.07 | 420.82 | 3229.89 | 2217.22 | 417.12 | 2634.33 |
| | (b) Storage Charges (Car -1% of ARR & Break bulk - 5% of ARR) | 14.92 | 22.47 | 37.39 | 14.92 | 24.03 | 38.95 | 28.66 | 23.38 | 52.04 | 22.40 | 23.17 | 45.57 |
| | (c) Miscellaneous Charges (Car -1% of ARR & Break bulk - 5% of ARR) | 14.92 | 22.47 | 37.39 | 14.92 | 24.03 | 38.95 | 28.66 | 23.38 | 52.04 | 0.00 | 23.17 | 23.17 |
| | **(d) Total** | **1492.25** | **449.33** | **1941.58** | **1492.25** | **480.50** | **1972.76** | **2866.39** | **467.58** | **3333.98** | **2239.62** | **463.46** | **2703.08** |
| **(iii)** | **Proposed tariff (Rs. per tonne)** | | | | | | | | | | | | |
| | **(a) Composite Handling Charge - Cargowise** | | | | | | | | | | | | |
| | **Car - Foreign Rs. per Car** (Rs.1462.41 lakhs / 425833 cars) | **343.42** | | | **343.42** | | | **659.66** | | | **520.68** | | |
| | | | | | | | | | | | | | |
| | **Break Bulk Cargo** | | | | | | | | | | | | |
| | **Steel cargo - Foreign** | | **144.53** | | | **112.26** | | | **76.47** | | | **55.60** | |
| | **- Coastal** | | **86.72** | | | **67.36** | | | **45.88** | | | **33.36** | |
| | | | | | | | | | | | | | |
| | **Other cargo - Foreign** | | **150.55** | | | **112.63** | | | **76.72** | | | **92.67** | |
| | **- Coastal** | | **90.33** | | | **67.58** | | | **46.03** | | | **55.60** | |
| | | | | | | | | | | | | | |
| | **(b) Storage Charges** | | | | | | | | | | | | |
| | Revenue Requirement (Rs. in lakhs) | 14.92 | 22.47 | | 14.92 | 24.03 | | 28.66 | 23.38 | | 22.40 | 23.17 | |
| | % of Cargo that attract storage charge | 100% | 20% | | 5% | 20% | | 5% | 20% | | 5% | 20% | |
| | Cargo that attract storage charge (in tonnes) | 425833 | 55958 | | 21292 | 78664 | | 21292 | 112377 | | 21292 | 112533 | |
| | Free period | 3 days | 7 days | | 3 days | 7 days | | 3 days | 7 days | | 3 days | 7 days | |
| | Average period of stay beyond free period | 80% - 3 days | 7 days | | 80% - 3 days | 7 days | | 80% - 3 days | 7 days | | 80% -1.5 days | 7 days | |
| | | 10% - 4 to 6 days | | | 10% - 4 to 6 days | | | 10% - 4 to 6 days | | | 10% - 4.5 days | | |
| | | 10% beyond 6 days | | | 10% beyond 6 days | | | 10% beyond 6 days | | | 10% - 7.5 days | | |
| | | | | | | | | | | | | | |
| | Storage Charge - Rs. Per day or part thereof | | | | | | | | | | | | |
| | Cars - First 3 days after free period<br>Break bulk - First 7 days after free period | **20.40** | **5.00** | | **20.40** | **3.80** | | **39.00** | **2.58** | | **29.20** | **2.94** | |
| | Cars - 4th to 6th day after free period<br>Break bulk - 8th - 14th day after free period | **30.60** | **7.50** | | **30.60** | **5.70** | | **58.50** | **3.87** | | **43.80** | **4.41** | |

| Sl. No. | Particulars | Estimates furnished by ChPT | | | | | | | | | Estimates considered by TAMP | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Original proposal dated 22 May 2012 | | | Revised estimates furnished vide letters dated 16 July 2012 | | | Further revised estimates furnished vide email dated 9 August 2012 | | | | | |
| | Cars - 7th day onwards after free period<br>Break bulk - 15th day onwards after free period | **40.80** | **10.00** | | **40.80** | **7.60** | | **78.00** | **5.16** | | **58.40** | **5.88** | |
| | | | | | | | | | | | | | |
| | **(iii) Miscelleneous Charge** | | | | | | | | | | | | |
| | Revenue Requirement (Rs. in lakhs) | 14.92 | 22.47 | | 14.92 | 24.03 | | 28.66 | 23.38 | | -- | 23.17 | |
| | Capacity (Cars / Tonnes per annum) | 21292 | 279788 | | 21292 | 393320 | | 21292 | 561886 | | -- | 562664 | |
| | **Rate per tonne (Rs.)** | **70.09** | **8.03** | | **70.09** | **6.11** | | **134.62** | **4.16** | | -- | **4.12** | |
| | | | | | | | | | | | | | |
| **(b)** | **BERTH HIRE CHARGES** | | | | | | | | | | | | |
| **(i)** | **Revenue Requirement** | | | | | | | | | | | | |
| | (a) Repairs & Maintenance Charge (1% on captial cost for berth as per norm) | | | 39.62 | | | 39.62 | | | 39.62 | | | 39.62 |
| | (b) Depreciation (@ 3.34%) | | | 132.31 | | | 132.31 | | | 132.31 | | | 154.36 |
| | (c) Insurance (1% on cost of construction of berh) | | | 41.60 | | | 39.62 | | | 39.62 | | | 39.62 |
| | (d) Other expenses (5% of Gross Fixed Assets) | | | 242.63 | | | 0.00 | | | 0.00 | | | 0.00 |
| | **Subtotal (i)** | | | **456.16** | | | **211.55** | | | **211.55** | | | **233.60** |
| **(ii)** | Return on capital Employed @ 16% | | | 776.41 | | | 776.41 | | | 776.41 | | | 776.41 |
| **(iii)** | **Total Revenue requirement from Berthing services (i + ii)** | | | **1232.57** | | | **987.96** | | | **987.96** | | | **1010.01** |
| **(iv)** | **Berth hire Charges** | | | | | | | | | | | | |
| | Rate per GRT per hour in Rs. - Foreign | | | **0.9710** | | | **0.5626** | | | **0.5371** | | | **0.5399** |
| | Rate per GRT per hour in Rs. - Coastal | | | **0.5826** | | | **0.3376** | | | **0.3223** | | | **0.3239** |

**STATEMENT SHOWING THE CALCULATIONS OF HANDLING CHARGES FOR STEEL AND OTHER CARGO**

| | | Workings based on estimates furnished by ChPT | | | | | | | | | Workings based on estimates considered by TAMP | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Original proposal dated 22 May 2012 | | | Revised estimates furnished vide letters dated 16 July 2012 | | | Revised estimates furnished vide email dated 9 August 2012 | | | | | |
| | | Steel cargo | Other cargo | Total | Steel cargo | Other cargo | Total | Steel cargo | Other cargo | Total | Steel cargo | Other cargo | Total |
| (i) | Handling Rate Per Day | 4000 | 2500 | | 6000 | 3750 | | 6000 | 3750 | | 6000 | 3750 | |
| (ii) | Cargo to be handled (tonnes) - Foreign (As per Berth hire calculations) | 158634 | 121179 | 279813 | 176994 | 216326 | 393320 | 252849 | 309037 | 561886 | 250073 | 312591 | 562664 |
| (iii) | Cargo Working Days (ii / i) | 39.66 | 48.47 | 88.1 | 29.50 | 57.69 | 87.2 | 42.14 | 82.41 | 124.6 | 41.68 | 83.36 | 125.04 |
| (iv) | Percentage of Cargo Working days | 45% | 55% | 100 | 34% | 66% | 100 | 34% | 66% | 100 | 33% | 67% | 100 |
| (v) | Revenue Requirement (Rs. in lakhs) (in proportion of % share of cargo by ChPT and in proportion of cargo working days by TAMP) | 229.26 | 175.13 | 404.40 | 194.60 | 237.84 | 432.44 | 189.37 | 231.45 | 420.82 | 139.04 | 278.08 | 417.12 |
| (vi) | Coastal volume @ 10% of total cargo (tonnes) | | 12,118 | | | 21,633 | | | 30,904 | | | 31,259 | |
| (vii) | Rate for foreign cargo in Rs. (adjusted for coastal volume) | **144.52** | **150.55** | | **109.95** | **114.53** | | **74.89** | **78.02** | | **55.60** | **92.67** | |
| (viii) | Rate for coastal cargo in Rs. (60% of vi) | **86.71** | **90.33** | | **65.97** | **68.72** | | **44.94** | **46.81** | | **33.36** | **55.60** | |

**Annex - II**

**Chennai Port Trust**

**Upfront Tariff schedule for RO RO cum Multipurpose Cargo Terminal**

## CHAPTER - I

## Definitions and General Terms and Conditions

### 1.1. Definitions

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

(i). 'Port' shall mean Chennai Port Trust.

(ii). 'Terminal operator' shall mean the concessionaire who has been given the concession to operate the terminal.

(iii). 'Terminal' means the berth and the land area given to the concessionaire and/or developed by the concessionaire for carrying out the activities for which the concession is given.

(iv). 'Coastal Vessel' shall mean any vessel exclusively employed in trading between any Terminal or place in India to any other Port or place in India having a valid coastal license issued by the competent authority.

(v). 'Foreign going Vessel' shall mean any vessel other than a coastal vessel.

(vi). 'RO RO ship' is the ship having facilities to roll the cargo into or out of the ship without requiring any handling equipments for handling the said cargo. 'RO RO Cargo' means any cargo loaded onto or discharged from the RO RO ship.

(vii). 'Free period' shall mean the period during which cargo / container is allowed storage free of storage charges and this period shall exclude Customs notified holidays and terminal's non-operating days.

(viii). 'Per day' shall mean a calendar day or part thereof.

### 1.2. General Terms and 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 its classification as 'coastal' or 'foreign going' 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 license 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 License issued by the Director General of Shipping.

(c). In cases of such conversion, coastal rates shall be chargeable by the load terminal 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 terminals.

(e). For dedicated Indian coastal vessel having a Coastal License 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 and POL including crude oil, iron ore and iron ore pellets 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 transhipment 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.

(e). The charges for coastal vessels shall be denominated in Indian Rupees.

(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 above 0.5 shall be treated as one unit, except where otherwise specified.

(v). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.

(vi). No claims for refund shall be entertained unless the amount refundable is ₹100/- or more. Likewise, Terminal Operator shall not raise any supplementary or under charges bills, if the amount due to Terminal is ₹100/- or less.

(vii). Users will not be required to pay charges for delays beyond a reasonable level attributable to the terminal operator.

(viii). (a). The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The Terminal Operator may, if it so desire, charge lower rates and/or allow higher rebates and discounts.

(b). The Terminal Operator may also, if it so desire, rationalize the prescribed conditionality governing the application of rates prescribed in the Scale of Rates if such rationalization 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.

Provided that the Terminal operator should notify the public such lower rates and/or rationalization of the conditionality governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionality governing the application of such rates provided the new rates shall not exceed the rates notified.

(ix). Interest on delayed payment/refunds:

(a). The user shall pay penal interest on delayed payments of any charge 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 (PLR) of the State Bank of India. The penal rate will apply to both the terminal operator and the users equally.

(c). The delay in refunds will be counted only 20 days from the date 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 of charges is to be made before availing the services / use of Port Trust's properties as stipulated in the Major Port Trusts Act and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.

## CHAPTER - II

### Charges for Berth Hire

### 2.1. Charges for berth hire

The berth hire charges for the vessels calling at the Terminal are as per the rates given below and subject to conditionality given thereunder:

| GRT | Rate per hour or part thereof | |
|---|---|---|
| | Foreign going Vessel (in ₹) | Coastal vessel (in ₹) |
| Any volume of GRT | 0.5399 per GRT | 0.3239 per GRT |

### 2.2. Conditionalities

(i). All vessels of war flying the white ensign in the service of the Republic of India but including in times of war, mine sweepers and patrol vessels shall be exempted from the payment of berth hire charges when they occupy berth for a period not exceeding one month in any case and for a period exceeding one month if there are other moorings available for ordinary steamers, but becomes liable for payment of Berth Hire Charges when they occupy alongside berths. All other vessels belonging to the Central Government or State Government shall pay Berth Hire Charges as per the rates specified in the schedule above.

(ii). A vessel after completion of discharge or loading or ballasting shall call for the Pilot for sailing within 4 Hours (or within such extension granted by the Terminal operator in writing for stated reasons). If the vessel do not call for the Pilot for sailing within the period of 4 Hours after completion of discharge or loading or ballasting or within such extension granted by the Terminal operator or officials authorized by him, the vessel shall pay Additional Berth Hire Charges in addition to normal berth hire charges payable. The Additional Berth Hire charges payable shall be at the rate equivalent to normal berth hire charges applicable for the said vessel for the period from the time of expiry of four hours or such extended time granted by the Terminal operator or officials authorized by him till the time of calling the Pilot.

(iii). The Additional Berth Hire Charges specified in Note 2 shall not be charged for the following cases:-

(a). Vessel waiting for tide, draft, etc. to sail for the safety of the vessel.
(b). Strike by the Terminal employees.
(c). Usage of idle berth within the Terminal with concurrence of the Terminal operator or officials authorized by him.

(iv). Berth hire shall stop 4 hours after the time of the vessel signalling its readiness to sail. The time limit prescribed for cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

(v). The Master/Agents of the vessel shall signal readiness to sail only in accordance with favourable weather conditions and tidal movements.

(vi). The penal berth hire for a false signal shall be equal to one day's (24 hours) berth hire charges.

"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.

(vii). No berth hire will be charged when the vessels idle at the Terminal berth when operations cannot take place due to breakdown of the equipment or power failure or any other reasons attributable to the Terminal operator.

(viii). The rates and conditions for granting ousting priority/ priority berthing will be governed by extant Government guidelines in this regard and provisions prescribed in the Scale of Rates of Chennai Port Trust.

# CHAPTER - III

## Charges for Cargo Handling

### 3.1. Car Handling

### 3.1.1. Handling charges

The charges for handling cars either for loading into or discharging from the RO RO ship shall be payable as per the rate specified below:

| Commodity | Unit | Rate in Rupees | |
|---|---|---|---|
| | | Foreign | Coastal |
| Cars or any other type of automobile vehicles | Per car / vehicle | 520.68 | 312.41 |

The charge prescribed above is a composite charge which comprises of the following activities in the export cycle:

(i). Receiving the car at the Terminal.
(ii). Allocation of storage space in the multilevel car parking facility and parking it.
(iii). Providing adequate lighting at the car parking facility.
(iv). Providing adequate security at the car parking facility.
(v). Documenting the number of cars received at the car parking facility and numbers loaded into the ship.
(vi). Maintaining the document relating to the ship.
(vii). Driving the car onto the Ro-Ro vessel after washing.
(viii). Parking in the vessel as per the storage plan.
(ix). Lashing onto the deck floor of the ship.

**Note:**

For the import cycle of discharging the car from the ship the activities are in reverse order and the charges and conditionalities are the same as that for the export cycle.

### 3.1.2. Storage charges

The storage charges for storage of cars at the multilevel car parking yard are as given below:

| Storage period | Charges per car per day or part thereof in ₹ |
|---|---|
| First 3 days | Free |
| First 3 days after the free period | 29.20 |
| 4 to 6 days after the free period | 43.80 |
| Beyond 6 days after the free period | 58.40 |

The above charges are subject to the following conditions.

(a). The free days shall be reckoned from the day following day of the landing upto the day of loading/delivery/removal of the car.

(b). For the purpose of calculation of free days, Custom notified holidays and port/ terminal non working days are to be excluded.

(c). The storage charges is payable for the Custom notified holidays and port/ terminal non working days for cargo staying beyond the free period.

(d). The storage charges will not accrue for the period during which the terminal operator is unable to facilitate the user to load the cargo into the vessel in respect of export or to take delivery of the cargo in respect of the import when requested by the importer or his authorized agent, for the reasons attributable to the terminal operator.

## 3.2. Break Bulk Cargo Handling

### 3.2.1. Handling charges

The charges payable by the importer/exporter for handling the import/export break bulk cargo is as specified below:

| Sl. No. | Commodity | Rate per ton Foreign in ₹ | Rate per ton Coastal in ₹ |
|---|---|---|---|
| 1. | Steel coils, slabs, Bars, billets, pipes and allied steel products | 55.60 | 33.36 |
| 2. | Others (Granites, logs and wood pulp) | 92.67 | 55.60 |

The rate prescribed above is a composite charge and comprise of the following activities for import cycle. For export cycle it will be the same, but in reverse order.

(i). Unloading of the cargo from the ship onto the trailer including the necessary stevedoring work required for the handling of cargo onboard the ship.

(ii). Transporting the cargo to the storage yard through the trailer or by other equipment.

(iii). Storing the cargo at the storage yard until the importer takes delivery of the cargo.

(iv). Loading the imported cargo from the storage yard onto the importer’s vehicle.

**Note**:
The charges being composite it includes wharfage and the cost of labour deployed for the work by the Terminal operator.

#### 3.2.2. Storage Charges

The storage charges for cargoes stored at the Terminal are as given below:

| Storage Period | Charges per day or part thereof per ton in ₹ |
|---|---|
| First 7 days | Free |
| First 7 days after free period | 2.94 |
| 8 to 14 days after the free period | 4.41 |
| Beyond 14 days after the free period | 5.88 |

The above charges are subject to the following conditions:

(a). The free day for the export cargo shall be reckoned from the date of receipt of the cargo at the yard premises.

(b). The free day for the import cargo shall be reckoned from the day following the day of the completion of the final discharge from the vessel.

(c). For the purpose of calculation of free days, Custom notified holidays and port/ terminal non working days are to be excluded.

(d). The storage charges is payable for the Custom notified holidays and port/ terminal non working days for cargo staying beyond the free period.

(e). The storage charges will not accrue for the period during which the terminal operator is unable to deliver the cargo when requested by the importer or his authorized agent, for the reasons attributable to the Terminal operator.

#### 3.2.3. Miscellaneous charges

| Cargo group | Rate per ton in ₹ |
|---|---|
| All type of cargoes | 4.12 |

The rate prescribed above is a composite charge to cover all miscellaneous serviced provided by the Terminal operator such as clearing any debris and cleaning the wharf, attending to any defects in packaging, environment management, safety measures, etc. and will levied on all break bulk cargo handled at the terminal.

### 4. General note to schedules 2 and 3 above

The tariff cap will be indexed to inflation but only to an extent of 60% of the variation in Whole Sale Price Index (WPI) occurring between 1 January 2012 and 1 January of 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.

*******

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

| | | |
|---|---|---|
| **TAMP/26/2012-CHPT** | : | **Proposal from the Chennai Port Trust for fixing upfront tariff for development of Ro-Ro cum multi-purpose berth and multilevel Car Park at Bharathi Dock at Chennai Port under PPP mode.** |

A summary of comments received from concerned users / representative bodies and prospective bidders and comments of ChPT thereon are tabulated below:

| Sl. No. | Comments of users representative bodies and prospective users | Response of ChPT |
|---|---|---|
| **1.** | **Simplex Projects Limited** | |
| (i). | The proposal does not specify who would perform the ship-to-shore and vice-versa operations (on-board activities)? In case it is undertaken by ChPT, the question of synchronization of the capacity of handling needs to be established which is having bearing on tariff. | The ship-to-shore and vice-versa operations will be carried out by the BoT operator. |
| (ii). | It is not clear from the RFQ document how would the synchronisation of capacity between On-board operations, Quay operations and Stack Yard operations would be made. This may, in turn, change the total productivity and thereby affect cost of operation. | The capacity synchronization is considered in the guidelines issued by TAMP for calculation of the capacity and the capacity has been calculated following the procedures laid down in those guidelines. |
| (iii). | Can independent labour force be deployed by concessionaire, or it may be at the discretion of ChPT. Is it mandatory that the existing pool of labourers available / working with ChPT has to be deployed? This would cause huge impact on expenses incurred and efficiency of operations as a whole. | As per Draft Concession Agreement (DCA). |
| (iv). | Whether any confirmation is required for undertaking operations from Jetty to stacking Yard and vice-versa. It is proposed that operations are to be conducted exclusively by the Terminal operator and neither ChPT nor any of their contractors would be involved in the process. | Exclusively by the Terminal Operator. |
| (v). | As per clause 5.5.9 of ChPT proposal, certain equipments have been considered on hire. In this regard, please clarify | |
| | (a). whether the Terminal Operator would be at liberty to increase / decrease the number of equipments as requirement. | The fleet of equipment mentioned in the DCA is minimum. |
| | (b). whether is there any specified pool of contractors who are only authorised to provide equipments on hire with operators? | Port has no such arrangement. (It is for the bidders to verify). |
| | (c). Is the Terminal Operator free to deploy their own equipments instead of hiring? | Yes. In the TAMP proposal, the hiring of equipment has been proposed in order to give flexibility to the operator as the equipment requirement is not for the entire year. |

| | | |
|---|---|---|
| | (d). Certain specified cargo requires special equipment to ensure efficiency in operation e.g. Loggers & Grabbers are required for log handling will the Terminal Operator be free to deploy them? | Please see the reply in 5 (c). However, any equipment brought by the operator cannot be deployed for other operations including outside the terminal under the present scope of the CA. |
| | (e). Will the Terminal Operator be free to deploy its equipments in other operations, even outside the terminal when the equipments are idle? | The equipments specified are to be available for this berth operation without any shortfall. The issue of this equipments being used in other places will be governed by the rules and regulations of the Chennai Port. |
| | (f). Annexure 4 provides some basis of calculation of break-bulk cargo handling activities including impact of hiring cost of equipments, which takes into consideration only 125.9 days of operations out of 365 days available in year.<br>(i). This would also have a bearing on hiring cost of equipments, as for the balance of the days the same has to be deployed elsewhere by the organisation providing the equipments on hire.<br>(ii). This would also affect availability of equipments in the terminal operations when needed.<br>(iii). All above factors would have a major impact on costing. | These aspects has to be taken in to account by BOT operator while submitting their offer. |
| (vi). | How would the synchronization of the Ro-Ro and Break-bulk vessels be defined as both operations are expected to be performed on the same berth simultaneously? Time optimization and detention of vessels for berthing will have a bearing on the Agent's cost and thereby their interest on using the New Terminal. | The BoT operator is free to synchronize the operations between these two different types of vessels subject to the other terms & conditions of the CA. |
| (vii). | ChPT has 24 berths in operation. In case of delay of a vessel in the New Terminal, Agents may prefer to divert the vessels to the existing berths of ChPT and thereby loss of volume would occur. Will there be any restriction in doing so by the Agents? | No restriction. |
| (viii). | Certain types of cargo have been specified for handling in the multipurpose berth. - Please clarify | |
| | (a). Are other berths of ChPT also permitted to handle the same cargo where the tariff may be less? | Yes. |
| | (b). A break-bulk vessel is generally expected to carry mixed cargo. In case the same is not within the specified classification of the cargo for the New Berth will there be any restriction in handling the same? | The BoT operator is authorized to handle only the specified type of cargo given in the Concession Agreement. |
| | (c). Will handling of Project Cargo be permissible in the New Berth? | Not permitted. |
| (ix). | The entire tariff structure is based on some cost estimates of construction as well as operations, which are based on the study conducted by a consultant. In the ground realities, the same may be different. Will there be a factor to capture such | The capital cost and the operating cost are considered as per the cost model prepared by the Consultant and also following the guidelines laid down by TAMP. As such, there is no |

| | | |
|---|---|---|
| | variation in capital cost as well as the operating cost? | mechanism to factor any variation in these two costs. However, the upfront tariff fixed will undergo change as per the terms specified in the tariff. |
| (x). | The report / calculations forecast or assume certain growth rate for both Ro-Ro and break bulk cargo growth is at a lower rate, will the terminal operator suitably be compensated? | No, the terminal operator will not be compensated for any variations in the forecast. |
| (xi). | Certain quantity of dredging requirement has been considered in the report which may require revisiting and consequential increase in costs. The operation and Maintenance period dredging will be undertaken by ChPT. | The maintenance dredging will be carried out by the Chennai Port. |
| (xii). | TAMP to confirm the assumptions made for lease rentals i.e. 2% increase every year and 25% increase in year 13 and year 23. | The lease rentals will be applied as per the Scale of Rates. |
| (xiii). | Is there any potential revenue for concessionaire from publicity point of view from Display Board or Hoarding? | No. |
| (xiv). | Whether the revenue earned by the concessionaire is to be shared with the ChPT Authority apart from payment of Royalty at the time framing of Concession Agreement. | All the payments the Concessionaire has to make to the Chennai Port are as per the Concession Agreement. |
| (xv). | The details of Tax and levies to be paid to ChPT and other Government Authority may kindly be elucidated enable the prospective Bidder to access the net revenue accumulation and in turn can calculate the replenishment of capital investment along with interest. | The BoT operator has to make his own independent assessment. |
| **2.** | **PSA Chennai Investments Pvt. Ltd.** | |
| (i). | **Cargo Handling Activity** | |
| | The proposal sets out the tariff for the handling of cars at a rate of ₹343.42 for loading or discharging of each car from the Ro-Ro vessel. The tariff is a composite rate comprising of the activities:<br>(a). allocation of storage space in the multilevel car park.<br>(b). providing adequate lighting.<br>(c). providing adequate security<br>(d). documenting the number of cars received at the car park and loaded into the ship.<br>(e). maintaining the document relating to the vessel.<br>(f). oversee the smooth loading of the cars into the ship by the exporter of authorized agent.<br><br>It is pointed out that the stevedoring activity of driving the cars from the car-carrying trucks to park at the multilevel car park, and followed by the driving of these cars into Ro-Ro vessels is absent in the proposed tariff.<br><br>The absence of the stevedoring activity as a chargeable tariff item for the BOT operator is not congruent with the terms of the tender which called for the selected bidder to construct, operate and maintain the project.<br><br>Such stevedoring activity includes driving, parking, guiding by Parking Guides / Parking Lot | The ship-to-shore and vice-versa operations will be carried out by the BoT operator. |

| | | |
|---|---|---|
| | supervisors, Staging and queuing supervising, Shift & co-ordination Supervising, Shuttle van driving and on-board lashing are essential functions of the BOT operator.<br><br>In addition, it is pointed out that the tariff for handling of break bulk cargo has correctly included this activity, viz. unloading, transporting to storage yard and loading onto importers' vehicle.<br><br>Therefore, PSA Chennai stipulate and request that the Authority consider the stevedoring activity of unloading of cars from the car-carrying trucks to the multi-level car park and the loading to the vessel as an activity by the BOT operator and to provide a tariff chargeable by the operator. | |
| (ii). | **Project Costs** | |
| | The project costs as estimated by Detailed Project Report of WAPCOS has not included the costs of these work:<br>(a). Mobilisation and demobilization costs of the dredgers.<br><br>(b). Disposal costs of dredged material. The site for dredged spoils disposal had not been specified. Therefore, the dredging rate of ₹300 per $m^3$ will be higher if the disposal site is further away.<br><br>In addition, the estimated costs of these works will need to be revised and increased:<br><br>(c). Section 4.9 of WAPCOS' DPR states the existence of boulders and concrete blocks over the proposed new berth which are currently placed there to protect the north groyne. Survey works such as side scan sonar may need to be carried out to determine the quantity of the boulders to be removed. As such, the costs of removal may be higher than ₹2,00,000 as estimated by WAPCOS.<br><br>(d). Dredging costs will be increased due to higher volume. The area for dredging is 36,000 $m^2$ (300 meters X 120 meters) and assuming a mean depth of 7.0 meters in the berth pocket to be dredged to 14.0 meters below chart datum, the volume estimate works out to 2,77,000 $m^2$ (300 m X 120m X 7m with a 10% margin for siltation). WAPCOS estimates of 200,000$m^2$ could be under-estimated.<br><br>(e). both the berth and multi-level car park construction costs were made in June 2011. These costs would be under estimated as inflation had remained elevated.<br><br>Consequently, the estimated project costs of ₹100.01 crores will be under-estimated. The PSA | (a). Dredging cost includes Mobilization and demobilization costs of the dredgers.<br><br>(b). The disposal site for the dredged spoils is adjacent to the Chennai Port Limits at the designated dumping site.<br><br>(c). As per the DPR consultant, for the removal of boulder the amount of ₹20 lakhs is sufficient. In addition for contingencies 10% also provided in the estimate. In view of the above, it is assumed that the amount allocated will be sufficient. However, the BOT operator has to make his own assessment.<br><br>(d). The quantity calculated based on the present pre-level and post-level (level to be achieved).<br><br>(e). The estimate was prepared based on rates as on June 2011 with 10% escalation. Between June and 2011 and July 2012 there may not be much variation. |

<table>
<tr><td></td><td>Chennai Investments has stated that WAPCOS estimates were completed before June 2011 and urged the Authority to review these latest estimates.</td><td></td></tr>
<tr><td>(iii).</td><td>Sales & Service Taxes</td><td></td></tr>
<tr><td></td><td>Please clarify whether Sales & Service Taxes are payable to the tax department for the construction of precast fabrications and other construction works. These taxes will increase the project costs.</td><td>The estimate worked out is inclusive of all taxes and duties, as applicable.</td></tr>
<tr><td>(iv).</td><td>Berth Hire Charges</td><td></td></tr>
<tr><td></td><td>PSA Chennai has provided a table showing the vessel related charges payable by the shipping lines calling at Chennai Port vis-à-vis the charges payable at the RORO berth as per the proposed Tariff:<br>
<table>
<tr><th></th><th colspan="2">ChPT current Tariff at General Cargo Berths</th><th colspan="2">Proposed Tariff at RoRo Berth</th><th>Remarks</th></tr>
<tr><td>Berth Hire</td><td>1,90,740</td><td>91,560</td><td>11,65,320</td><td>6,99,120</td><td>GRT 50000 T / Vessel Stay 24 Hours</td></tr>
<tr><td>Port Dues</td><td>5,62,925</td><td>2,70,350</td><td>5,62,925</td><td>2,70,350</td><td>GRT 50000 T</td></tr>
<tr><td>Pilotage</td><td>13,94,250</td><td>6,69,500</td><td>13,94,250</td><td>6,69,500</td><td>GRT 50000 T</td></tr>
<tr><td>Total</td><td>21,47,915</td><td>10,31,410</td><td>31,22,495</td><td>16,38,970</td><td>GRT 50000 T</td></tr>
</table>
<br>Current tariff at ChPT is USD0.00289/GRT hr for foreign-going vessels and INR0.0763/GRT hr for coastal vessels. Proposed tariff at RoRo terminal is at USD0.01766/GRT hr (INR0.9711/GRT hr @ 55 ex-rate) for foreign-going vessels and INR0.5826/GRT hr for coastal vessels.<br><br>A foreign-going and coastal RoRo vessel using the new RoRo berth will be paying 45% to 60% higher vessel charges respectively than vessels berthing at the existing general-purpose berths. The uncompetitive vessel charges at the RoRo terminal will severely affect the financial viability of the project.<br><br>Allocation of Annual Revenue Required (ARR) in Setting the Upfront Tariff:<br>As mentioned in para 1, as the tariff of the Stevedoring activity has not been included in the proposed upfront tariff, in Annexure 10 of the Detailed Project Report (DPR), the ARR is allocated to the berth and in so doing has caused the proposed berth hire charges to be allocated with a higher tariff than it should have been.<br><br>PSA Chennai has requested the Authority to set a competitive upfront tariff for berth hire.</td><td>For the investments that is contemplated to be made for the development of the Ro-Ro berth cum multimodal berths, berth facilities and wide type of vessels expected to be handled by this facility, the tariff as per the TAMP 2008 guidelines worked out to the value as indicated in the tariff proposal. The ARR calculation pertains to the berth hire consists of only berth cost following procedure indicated in the tariff guidelines. The stevedoring cost will not figure in the berth hire charges.</td></tr>
<tr><td>(v).</td><td>Financial Model by WAPCOS</td><td></td></tr>
<tr><td></td><td>The capacity of the project is 4,25,000 cars per year as computed in the DPR.<br><br>However, it is highlighted that the financial viability model completed by WAPCOS has not capped the capacity of the project to 4,25,000 cars per year but has taken the capacity of the project to 8,17,000 cars in the 30th year of the concession.<br><br>Therefore, the financial returns of the project have</td><td>The financial model will be worked out taking into consideration the assessment of the capacity of the berth including handling of general cargo and also the proposed tariff.</td></tr>
</table>

| | | |
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| | not been computed correctly and should the model correctly limit the capacity to 4,25,000 cars per year, the project returns will be lower.<br><br>PSA Chennai requests the Authority to review and re-work the financial model of the Project. | |
| **3.** | **Sical Logistics Ltd.** | |
| (i). | Since the Revenue from handling of break bulk and project cargo is not considered for financial analysis, it may be confirmed that there will no revenue sharing for the project cargo & break bulk handled by BOT operator. (Refer, final para of Chapter 2, pg no: 42 of DPR). | The financial model is reworked out taking into consideration both Ro-Ro vessels and the multipurpose cargo vessels and hence the BoT operator has to pay the revenue share for the entire cargo handling activities. It is also indicated that under the bulk cargo, the BoT operator is licensed to handle only steel, granite, logs and wood pulp. |
| (ii). | Financial IRR (Realistic) for the project itself show 1.50% only for the first 10 years of operation, will the BOT operator be exempted from Revenue share for the 1st 10 years of operation. (Chapter 7, Pt. no: 7.5, Pg.no: 116). | Financial IRR for 10 years is not comparable with the project financially. Hence, there would be revenue share all across the concession period. |
| (iii). | Can Chennai Port Trust (ChPT) put a cap on the size of export of cars from Chennai Port and make them to go to BOT operator for excess export in Cars. | With regard to handling of cars the Exclusivity Clause proposed in the DCA is reproduced below:<br>*"The Concessioning Authority shall not operationalise any additional facility within Port Limits for handling fully built automobile units either on its own or through any other Person until the earlier of (i) 5 (five) years from the Scheduled Project Completion Date; or (ii) the average annual volume of cargo handled at the Project Facilities and Services reaches a level of 75% (seventy five percent) of Project Capacity for 2 (two) consecutive years ("Exclusivity Period")."* |
| (iv). | Refer to para 5.5.9 Equipment Hire, Tariff Calculation, Pg no: 15.<br><br>It has been proposed that the BOT operator has to handle Project & Break Bulk at the Ro-Ro berth during 126 days of the year at 70% occupancy. However it is possible that the berth could be occupied for about 150 days for Project / Break Bulk cargo ships. In such an event the hiring of equipments viz.<br><br>(a) 100 Te capacity Harbor Mobile Crane<br>(b) Heavy Duty FLT 20 Te - 1 no<br>(c) FLT 10 Te - 1 no<br>(d) Tractor / Trailers - 5 nos.<br><br>for 126 days does not seem to be practical. The BOT operator has to procure these equipments and the expenditure for these equipments is to be included in the capital cost. Tariff needs to be reworked taking into account the O&M, Fuel etc. | The proposed berth is primarily Ro-Ro berth with a provision to handle break bulk cargo. As this is not an exclusive multi-purpose cargo berth flexibility is given to the BoT Operator to provide part of the equipment on ownership basis and rest of the equipment through hire. |
| (v). | A separate land area for car carriers to empty the cars may be included in the proposal, since the proposal envisages construction of G+5 floors for parking in the entire land area allotted. | The BoT operator has to manage these activities within the area allotted for the storage purpose. |

| 4. | **Cargo Motors Private Limited** | |
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| (i). | For the calculation of yard capacity the dwell time has been taken as 3 days. At present the dwell time is 4 days. The value of 3 days has been taken assuming that the elevated road project as well as Ennore Manali Road Improvement project would be completed. This is mentioned in point 5.2 of the Final Report on Upfront Tariff Fixation dated April 2012. The alignment of the elevated road itself is not finalised yet. Also there is recent news that Water Resources Department of Tamil Nadu has objected to the alignment of the elevated road project saying that in certain locations, it was on the Cooum river. The Ennore-Manali Road Improvement Project also has hurdles in its implementation. Recent news article reported that there are delays in this project due to relocating the Bhavani Amman Temple and evacuation of people of NTO Kuppam and Cherian Nagar.<br><br>Thus assuming that these difficult projects will be executed by the time the RoRo berth is operational might not be a fair assumption. The developer of the facility would have invested the entire capital cost but would find his capacity constrained due to a reason outside his control.<br><br>TAMP is requested to consider a dwell time of 4 days, which is more reasonable considering the above points. | This is one of the probabilities on which the project is proposed. The BoT operator has to take this into consideration and if necessary, they can conduct an independent assessment. |
| (ii). | The average vessel GRT for Ro-Ro vessels for calculating berth hire charges has been taken as 50885. Presently the average GRT of the vessels that are coming to Chennai port is in the range of 20000. The fleet of vessels of the car carrier companies cannot change drastically. They will continue to deploy the ships that are there in their fleet. Assuming that the average vessel GRT will go up by almost 2.5 times seems unreasonable.<br><br>TAMP is requested to look into the average GRT assumptions for RoRo vessels taken in the calculations. | The average GRT of the vessel taken as 50885 is based on the past records of the vessels called at Chennai Port. |
| (iii). | Hyundai is a major customer for the RoRo berth. The success of the RoRo terminal will depend largely on volumes from Hyundai. Chennai Port Trust has an MoU with Hyundai till 2019.<br><br>Clarification is requested on whether the Ro Ro terminal will be given priority to other berths at the Chennai port with respect to Ro Ro vessels, i.e. a vessel should be allowed to go to another berth only if the Ro Ro berth in the new Ro Ro terminal facility is occupied. This clarification is especially important in the light of the MoU of Hyundai with the Chennai Port Trust. | It is a fact.<br><br>"The port entered into long term space contract only with Hyundai. Till such time the agreement is in force the space allotted can't be transferred. The Hyundai has the right to berth a vessel either in the berth being developed under this proposal or any other berth in the Port.<br>However, regarding berthing of other Ro-Ro vessels and OEM's seeking parking space the Right of first refusal will be with the concessionaire." |

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| **5.** | **Hindustan Chamber of Commerce** | |
| (i). | **Stevedoring for Cars** | |
| | The proposed Tariff of ₹343.42 for handling cars from the OEM (or) Ro/Ro Ship encompasses the following activities detailed in clause 3.1.1 of the tariff proposal:<br>(a). Allocation of storage space in the multi-level car park.<br>(b). Providing adequate lighting at the car parking facility.<br>(c). Providing adequate security at the car parking facility.<br>(d). Documenting the number of cars received at the car parking facility and numbers loaded into the ship.<br>(e). Maintaining the document relating to the ship.<br>(f). To oversee the smooth loading of the cars into the ship by the exporter (or) his authorized agent.<br><br>However, the prescribed charge does not include stevedoring for the OEM's who are likely to utilize the facility.<br><br>It is noticed that the stevedoring activity (driving cargo from truck to yard and thereafter to the ship for loading) has been deliberately kept away from the scope of BOT operator. As with other BOT projects such as the privately operated container terminals at all Ports in India, the stevedoring activities are fully under the scope of the BOT operator. Further, it also known that several operators have expressed their unhappiness at tariffs being regulated at Major Ports and are therefore probably seeking to minimise the level of activities that fall under scope of the BOT operator and in-turn, overseen by the tariff regulator. The exporters find it more convenient to deal with a single a party especially in the event of any mishap (or) damages to the vehicles occur it will not be possible for BOT operator to escape blame by pointing figures at outside stevedores.<br><br>If the BOT operator is unwilling to carry our stevedoring activities, he should be disqualified from participating in this tender. | At the instance of TAMP, a meeting was held with the users / prospective bidders on 6.8.2012. As per the views of the users / bidders and based on the inputs received, the stevedoring activity has been included as part of the BOT operations and accordingly, the upfront tariff proposal has been suitably modified and submitted to TAMP on 9.8.2012. |
| (iii). | **Berth Hire Charges** | |
| | The Berth hire charges proposed in the tariff are of INR 0.9711 per GRT for a Foreign Going Vessel & ₹0.5826 for a coastal vessel are extremely high.<br><br>Presently, ChPT charges USD 0.00289 per GRT/hour for foreign going vessels and ₹0.0763 per GRT/hour for coastal vessels.<br><br>A comparative costing of vessel related dues payable by lines presently when calling at Chennai Port vis-à-vis the tariff payable as per | For the investments that is contemplated to be made for the development of the Ro-Ro berth cum multimodal berths, berth facilities and wide type of vessels expected to be handled by this facility, the tariff as per the TAMP 2008 guidelines worked out to the value as indicated in the tariff proposal. The ARR calculation pertains to the berth hire consists of only berth cost following procedure indicated in the tariff |

<table>
<tr><td></td><td>proposed SoR at RORO berth in this project are presented in table below:<br><br>
<table>
<tr><th>Vessel Related Charges</th><th colspan="2">ChPT Tariff as per SoR</th><th colspan="2">Ro/Ro Terminal Proposed SoR</th><th>Remarks</th></tr>
<tr><td>Berth Hire (INR)</td><td>1,90,740</td><td>91,560</td><td>11,65,320</td><td>6,99,120</td><td>GRT Assumed as 50000 T / Vessel Stay 24 Hours</td></tr>
<tr><td>Port Dues</td><td>5,62,925</td><td>2,70,350</td><td>5,62,625</td><td>2,70,350</td><td>GRT Assumed as 50000 T</td></tr>
<tr><td>Pilotage</td><td>13,94,250</td><td>6,69,500</td><td>13,94,250</td><td>6,69,500</td><td>GRT Assumed as 50000 T</td></tr>
<tr><td>TOTAL PER VESSEL</td><td>21,47,915</td><td>10,31,410</td><td>31,22,495</td><td>16,38,970</td><td>GRT Assumed as 50000 T</td></tr>
</table>
<br>Note: Vessel related costs presented in table above are in ₹ and an exchange rate of ₹55.00 for 1 USD has been considered.<br><br>The berth hire envisaged is too high. None of the vessels will ever call at the berth and would instead prefer to go to any other ChPT berths. At a time when all parties concerned are making determined efforts to ensure that India's exports are competitive and transaction costs are reduced, it is imperative that the high vessel related charges at all Indian Ports are addressed.</td><td>guidelines. The stevedoring cost will not figure in the berth hire charges.</td></tr>
<tr><td>(iv).</td><td>Area Allotted for Storage of Project and Steel Cargoes : Section 4.3 IMU Report</td><td></td></tr>
<tr><td></td><td>While this area is described as being allotted for storing project and steel cargo, it has to be used for offloading the cars from the car carrying truck when it arrives from the factory for which no other land has been allocated. Apart from using the land for both car offloading from trucks and storing project cargo, ChPT is requested consider increasing the area to 1 ha.<br><br>It is requested that realistic assumption and estimates are required. Bidders will not participate due to uncertainty on the viability of the Chennai Ro/Ro cum Multi-level car park project.</td><td>The BOT operator has to manage these activities within the area allotted for the storage purpose.</td></tr>
<tr><td>6.</td><td>Chennai Port Stevedores Association</td><td></td></tr>
<tr><td></td><td>No comments</td><td></td></tr>
<tr><td>7.</td><td>Indian National Shipowners' Association</td><td></td></tr>
<tr><td>(i).</td><td>This facility is being planned for common use of fully ready to use Car exported in Ro-Ro car carriers as well as conventional break bulk trade. An ultimate user of a manufactured car is in position of sharing greater burden than a common man, therefore when cost of common facility developed for common purpose is to be shared. This principle should be kept in mind is our earnest submission.</td><td>No comments.</td></tr>
<tr><td>(ii).</td><td>Calculation of berth hire as per the guidelines prescribe-<br><br>Quote:<br>"After calculating the revenue requirement as above, the berth hire per GRT is formulated taking into account the values of GRT of vessels considered for calculation of capacity. For arriving</td><td>The tariff is proposed based on the TAMP guidelines on the basis of common user facility only for both car handling and break unit cargo handling activities.</td></tr>
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| | at per hour berth hire rate, the value of berth hire per GRT is to be divided by number of working hours of the vessel which is 70% of 365 x 24 hours."<br><br>Unquote:<br>The calculations in the proposal suggest that total berth occupancy of three type of ships RORO (88.72 days), +BB (steel cargo) 31.48 days, + BB (other cargo) 61.56 add up to only 180 days.<br><br>Is it justifiable to have facility that would have occupancy of only 50%? We opine the total occupancy days should come to 0.7 x 365 = 255 days. And the berth hire should be calculated accordingly.<br><br>This in fact is reflecting on page 20 when arriving at optimal capacity of break bulk cargo, but the relevance of figures in that part is not reflected in berth hire calculations. | |
| (iii). | There is a serious anomaly when calculating Car Yard capacity. The proposal is for Multilevel Car Park but when calculating Car Yard capacity only one stack high is considered. Assuming three tier facility, the optimal capacity of yard would increase three fold. And in turn the revenue generation required per car will reduce. But if the trade is in position of bearing higher cost the overall allocation of "cargo handling charges requirement" between car and break bulk could be adjusted to reduce burden on break bulk and steel cargo.<br><br>Some of the break bulk/ steel cargo imports is for car manufacturing and thus the indirect benefit would go back to Car manufacturing industry also. | The berth hire calculation is modified. |
| (iv). | If the calculation of break bulk optimal capacity was done prior calculation for Car optimal capacity, figures would be different. Since Break bulk volume is much higher and growth is also there why not check first for break bulk & then RORO. | The multilevel car park has been designed for parking only one tier of cars in each of the floor. As such there is no possibility of parking cars in each floor more than one tier. |
| (v). | The break bulk quantity considered for revenue generation calculations is 2,79,803 tons. When the actual break bulk cargo handled in port during the year 2011-12 is Steel 1045412 + Other cargo 1270595 = 23,16,007 tons.<br><br>In other words for revenue generation the break bulk cargo quantity considered is about 12% of the total quantity the port handled in 2011-12.<br><br>But for Car the total number of cars considered 4,25,833 units against the 2,34,762 cars actually handled i.e. 181% of the actual handled in 2010-11.<br><br>Hence the responsibility for revenue generation is not assigned in equitable manner and definitely not in line with actual trade volume growth | The facility is primarily designed as RORO berth for car handling with a provision to handle break bulk cargo to utilize the berth fully. |

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| | witnessed by the port in break bulk sector and as shown on page 19 of the proposal.<br><br>The end effect of this is the per unit handling charge required in EXIM trade for break bulk cargo is coming very high to the tune of ₹144 per ton for steel and ₹150/- ton for other break bulk whereas for Car it is coming to ₹343/- unit.<br><br>INSA feel that the Car dependable can afford to pay more. | |
| (vi). | We take this opportunity to draw your attention to a common set of services & charges applicable to all type of ships including those that would call at this facility. Any they deserve a greater attention in detail. The point is enumerated below:<br><br>Since India is signatory to IMO conventions that makes it mandatory for ports to provide reception facilities for implementing MARPOL. Ports SOR should declare activities that it would carry out and charges for same instead of leaving it to vessel operators to find vendors.<br><br>The Directorate's latest guidance to ports on this matter is in Eng circ 31, 32 of 2004 and the reference to IMO MEPC circ 671 2009 can be looked in to.<br>MARPOL obligation of ports is in MARPOL Annex I oil – Reg. 38; Annex II – Noxious substances Reg. 18; Annex III – Packaged goods (IMDG) nil; Annex IV sewage – Reg.12; Annex V garbage – reg. 7; Annex VI Air pollution – Reg. 17 can be referred to for more details. Also ISO 21070 is comprehensive guide for ports waste management.<br><br>The port tariff should take all of the above into account and prescribe services & its charges as appropriate including statement of process involved & if any service can't be provided by it, so that ship managers are able to asses in advance with clarity.<br><br>The MARPOL Convention includes masters' obligation to report inadequacy of reception facility to flag State and in turn to IMO. That proves the importance of these services.<br><br>Hence, the port should include details of the service, procedures and level of charges with respect to above activities to fulfill statutory obligations and treat them as an integral part of port services. | As explained above the berth is primarily designed to cater to the requirement of RORO vessels which are used as car carriers. As this berth is the first berth proposed by the port for car handling with dedicated facilities the volume of handling is bound to be in higher proportion compared to the existing volume. It is also to be noted that the car cargo traffic is of recent development unlike the traditional break bulk cargo which are handled at in number at in number of berths at the port. |

2. A joint hearing in this case was held on 27 July 2012 at the Chennai Port Trust premises. At the joint hearing, ChPT and the concerned users/ organisation bodies have made the following submissions:

**Chennai Port Trust**

(i). Powerpoint presentation.

(ii). Generally, the parcel size of car vessels is around 3000 cars. We don't consider that it would be necessary to create storage facility for more than 5000 cars.

(iii). The existing building to be handed over will not be an infructuous expense. It can be used as an office space or used as a part of multilevel car parking after strengthening.

(iv). Our existing scale of rates for equipment hire is very competitive and close to market rates.

(v). Ship-to-shore operation will be done by BOT operator and he can deploy his own labour. Deployment of port labour is not mandatory.

(vi). Our estimates reflect current market rates and also contain provision for contingency.

**Hyundai Motor India Ltd.**

(i). Average parcel size of vessel would be around 3000-4000 cars. We endorse CHPT proposal to have car parking with capacity of 5000 cars.

**PNC Infratech**

(i). The capital cost estimates, particularly berth construction cost, may need to be updated to reflect current market rates.

**PSA Chennai Investments Pte. Ltd**

(i). The stipulation that stevedoring activity would be done by BOT operator was not indicated to us by port in the pre bidding meeting.

(ii). The port should allow coastal cars also to be handled at BOT berth.

(Port says, coastal volumes will be handled only at Port berth).

(iii). The proposed berth hire charges are very high compared to the existing berth hire at CHPT. It will be difficult for BOT operator.

(iv). Storage area of 0.5 hectare may not be adequate for the proposed breaks bulk traffic. We need at least 1 hectare.

3. After the joint hearing, comments were received from PNC Infratech Limited, a prospective bidder and Madras Chamber of Commerce & Industry, a user organization. These comments were forwarded to the ChPT vide our letter dated 9 August 2012 for its immediate remarks. The ChPT vide its letter dated 10 August 2012 has furnished its response on the users comments. A summary of the Comments received from the above mentioned bidders / users and ChPT's response thereon is furnished below:

| Sl. No. | Comments of users representative bodies and prospective users | Reply of ChPT |
|---|---|---|
| **1.** | **PNC Infratech Limited** | |
| (i). | Since RFP documents have not yet issued to the bidders, the bidders are | No comments. |

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| | having limited knowledge of project and concession conditions. Thus it is difficult to offer the comments on the issues related to fixation of the upfront tariff. | |
| (ii). | Provide the detail layout plan showing the existing car parking facility, proposed berth, location of the areas to be handed over to the successful bidder, location of the multi-level car parking areas and allied facilities. | The location of the area to be handed over the BOT operator will be issued during RFP stage. (Though the ChPT has stated that a copy of the drawing showing the location of the proposed berth, multilevel car park facility is attached, no drawing is found attached to the letter received by fax). |
| (iii). | As regards dredging, provide (a) Layout of the dredging area,(b) Soft copy of the bathymetric survey and quantity calculations, (c) Details of the geotechnical investigation and survey considered for estimation (d) Basis and assumptions for the dredging operations and estimation of dredging costs. | The ChPT has stated that available records will be shared during RFP stage. |
| (iv). | The lease rent considered for tariff calculations for whole lease period for the land to be allocated to the bidder may be provided. | The rate adopted for the developed area and the undeveloped area of ₹4542/- and ₹2390/- per 100 sq. m. per month respectively are updated rates as per existing scale of rates of Chennai port after taking into account escalation factor applicable. |
| (v). | Regarding the projection of the ro-ro traffic following information may be provided:<br>(a). Growth rates considered for car exports from India and basis and assumptions considered for arriving such desired growth rate.<br>(b). Growth rates considered for car exports through ChPT and basis and assumptions considered for arriving such desired growth rate.<br>(c). Basis of exports envisaged through Ennore Port Limited and basis and assumptions considered for arriving such desired growth rate. | Available details can be verified at Chennai Port office. However the details will be shared during RFP stage. |
| (vi). | The bidders are presuming that there will not be any other ro-ro/ similar facility under jurisdiction of Chennai Port during the concession period. The presumption need to be confirmed by the port authority. | Clarification in this regard has already been furnished in the Port's reply to RFQ bidders queries, an extract of the same is reproduced hereunder.<br>The port has entered into long term contract with Hyundai. Till such time the agreement in force the space allotted can't be transferred. The Hyundai has the right to berth a vessel either in the berth being developed under this proposal or any other berth in the Port.<br>However, regarding berthing of other Ro-Ro vessels and OEM's seeking parking space the Right of first refusal will be with the concessionaire. |
| (vii). | The norms and the basis to link the capacity of the parking area and the projected traffic may be provided. | As per TAMP guidelines. |

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| (viii). | Provide the projected growth rates considered for break bulk cargo at ChPT. | Available details can be verified at Chennai Port office. However, the details will be shared during RFP stage. |
| (ix). | Clarity is required to the bidders on their role in obtaining all statutory clearances including the environmental clearance. | Details will be given in the DVA to be issued to qualified bidders during RFP stage. |
| (x). | The cost of construction of berth is conservative – the cost considered in the report is ₹52.82 crore for a berth of 300m x 30m; i.e. it is about ₹58,600/ sq. m. – which is very less as compared to the current cost of construction of berth facility. The realistic costs of development will have effect on the tariff. These issues may need to be clarified. | The consultant who has prepared the DPR has prepared the estimate based on the CPWD rates and Tamil Nadu PWD rates prevailed during October 2011. |
| (xi). | The rate of interest on debt component of 10% is less in the current context. The realistic interest rate for debt component will have effect on the tariff. These issues may need to be clarified. | The interest rate of 10% is assumed by the consultant in the DPR. The bidders have to make their own assessment. |
| (xii). | There is no provision for Preliminary and Pre-occupation expenses in the project cost assessment and it also does not include interest during construction. Also no escalation has been taken into account. The adequate contingencies shall be considered for such parameters. These issues may need to be clarified. | As per the upfront tariff proposal 5% of the Capital cost was provided for IDC and preoperative expenses under the head other costs. |
| (xiii). | The relevant information related to the break bulk cargo on the lines of the above mentioned issues may also be provided. | Handling of bulk cargo is not contemplated in this proposal. |
| **2.** | **Madras Chamber of Commerce & Industry** | |
| (i). | The presentation by ChPT at the joint hearing may be circulated to the stakeholders. As indicated during the presentation the changes proposed therein can have significant positive impact on the projects viability. | Based on discussion during TAMP joint hearing, a meeting was held with bidders on 06.08.2012 and a revised proposal has been submitted on 09.08.2012. |
| (ii). | Confirm that stevedore for car loading/ unloading is to be appointed by BOT operator. | The Stevedoring activity is included in the BOT operations and charges for Car handling modified accordingly & revised proposal sent to TAMP. |
| (iii). | In their presentation, the ChPT has mentioned that the berth hire charges would be revised to INR 0.5986 per GT/ hour for foreign going vessels. The revised berth hire may be confirmed. | The calculations are re-checked and revised proposal sent to TAMP. |
| (iv). | ChPT indicated at the joint hearing that coastal movement of cars is to be undertaken from Chennai Port's berths in addition to the Ro Ro berth. As the Ro Ro berth is a BOT project where the operator has to invest considerable amount, coastal cars may be permitted to be handled from the proposed Ro Ro Jetty. The coastal tariff should be set, as per the TAMP guidelines at 60% of the foreign tariff. | Coastal Ro-Ro cargo is not contemplated in the present proposal. Hence, ChPT will handle coastal Ro-Ro cargo if any, in the other berths of Chennai Port. |

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