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Tariff Authority for Major Ports

G No. 157

New Delhi, 5 July 2012

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby cancels the Order No. TAMP/38/2010 - MOPT dated 18 February 2011 which was notified in the Gazette of India on 27 April 2011 vide Gazette No. 84, as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/38/2010-MOPT

Mormugao Port Trust

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Applicant

O R D E R

(Passed on this 18th day of June 2012)

This Authority fixed upfront tariff caps for coal handling terminal at Mormugao Port Trust (MOPT) vide its Order No.TAMP/23/2008-MOPT dated 7 August 2008. This Order was notified in the Gazette of India on 20 August 2008 vide Gazette No.141.

2.1. Clause 2.2 of the upfront tariff guidelines, 2008 stipulates that once tariff guidelines are set for handling different commodities or providing various services for a Port, they would apply to all terminals that are bid out subsequently in the same Port during the next 5 years for handling identical commodities or for providing similar services. The MOPT, however, filed a separate proposal in June 2010 for fixing upfront tariff at coal handling at berth no.11 to be developed on PPP mode. Since the proposal of MOPT was found to be not in line with clause 2.2. of the upfront tariff guidelines, a reference was made to the Ministry of Shipping vide our letter dated 14 July 2010 to examine and advise whether the proposal filed by MOPT for fixing another set of upfront tariff for coal terminal should be considered.

2.2. In response, the Ministry of Shipping vide its letter No. PD-25021/6/2010 – MOPT dated 4 November 2010 advised to consider fixing separate upfront tariff for proposed coal terminal at berth no.11 of the MOPT keeping in view of the different parameters and cost components as well as different service conditions for the cargo, pending amendments to clause 2.2. of the upfront tariff guidelines. The Ministry has also highlighted that the cost of the project at berth no.11 would be substantially higher viz-a-viz the project cost of berth no.7 mainly on account of storage and handling of cargo in covered domes and conveyor system in compliance with the direction of the Goa State Pollution Control Board and Hon'ble High Court of Bombay. The cost of dome storage facility alone would be around ₹ 192 crores resulting in escalation in the cost of storage of coal.

2.3. In compliance with the advice rendered by the Ministry of Shipping, this Authority disposed off the proposal of MOPT dated 21 July 2010 for fixing upfront tariff caps for coal handling at berth no.11, after following the usual consultation process. The relevant Order No. TAMP/38/2010-MOPT dated 18 February 2011 was notified in the Gazette on 27 April 2011 vide Gazette No. 84 and conveyed to all concerned.

3.1. The MOPT vide its letter no. CE/WKS/PC-38/1013 dated 14 May 2012 has proposed to adopt for berth no. 11, also the tariff which was earlier approved in August 2008 and requested for withdrawal of the subsequent Order dated 18 February 2011. It has sought a confirmation about adoption of the notification of 2008 for berth no. 11 project also.

3.2. While making the above request, the MOPT has referred to the meeting taken by Secretary (Shipping) on 13 December 2011 and indicated that berth no. 11 project has been recast and 2 nos. of sheds would be developed as covered storage facility instead of 4 nos. of domes proposed earlier. The revised project cost and capacity would be ₹ 204/- crores and 2.33 MT p.a. respectively as against the original project cost of ₹ 425/- crores and capacity of 4.4 MT p.a.

4.1. As pointed out earlier, fixation of a separate set of upfront tariff for berth no. 11 was not in line with the tariff guidelines of 2008, but was primarily driven by the consideration of the higher capital cost for the said project on account of provision of the high cost domes and conveyor systems. At the instance of the Ministry, the MOPT has now recast the project and excluded the dome structure for storage which has brought down the capital cost to ₹ 204 crores. In view of the significant change in the capital cost for berth no. 11, it may be necessary to review its earlier decision of fixing separate rate for the said project.

4.2. Since clause 2.2 of the tariff guidelines of 2008 is very clear and the premises based on which the 2nd tariff order of 18 February 2011 was passed no longer exist, the Authority is inclined to consider the request of MOPT and cancels the said order.

5. Consequently, the Order dated 7 August 2008 will apply to coal handling projects to be developed at MOPT for a period of 5 years from the date of notification of that Order, as envisaged by clause 2.2 of the tariff guidelines.

(Rani Jadhav)
Chairperson