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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.256 **New Delhi,** **22 July, 2015**

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 disposes of the proposal received from the New Mangalore Port Trust for fixation of final rates for handling of vessels at Single Point Mooring facility at the New Mangalore Port as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/17/2014-NMPT

New Mangalore Port Trust - - - - - **Applicant**

QUORUM:

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Chandra Bhan Singh, Member (Economic)

O R D E R

(Passed on this 2nd day of July 2015)

This case relates to a proposal filed by the New Mangalore Port Trust (NMPT) for fixation of final rates for handling of vessels at SPM facility at NMPT.

2. The background of this case is as given below:

(i). This Authority had passed an Order No. TAMP/34/2010-NMPT dated 6 January 2012 approving the general revision of Scale of Rates of NMPT.

(ii). During the advanced stage of processing of the last general revision case [reference para 15 (vi)], the NMPT made a mention that it expected the Single Point Mooring (SPM) operations of the Mangalore Refinery and Petrochemicals Limited (MRPL) to commence in the year 2012-13. However, the NMPT had not proposed any separate rate for SPM operations as recorded in para 15(xix) of the said Order. Hence, the NMPT was advised to file a separate proposal for levy of tariff for SPM operations by MRPL well ahead of commencement of the proposed operation based on cost of such operations. The Order also stated that till a separate rate for SPM is determined, the wharfage rate prescribed for crude and POL in the Scale of Rates of NMPT will apply to crude oil and POL handled at the SPM.

(iii). (a). Subsequently, the MRPL vide its letter dated 21 August 2013 informed that the SPM project which is completely funded by MRPL at a cost of ₹1044 crores has been commissioned and is ready for use. It further stated that no separate tariff exists in the existing Scale of Rates of NMPT for pilotage/ wharfage charge for SPM operations and the NMPT is yet to file a proposal.

(b). The MRPL in the said letter has agreed to pay wharfage rate for SPM at ₹25 per tonne and pilotage fee as prescribed in Cochin Port Trust (COPT) Scale of Rates for SPM facility thereat on provisional basis.

(c). In this backdrop, the MRPL requested this Authority to direct NMPT to fix pilotage charge, tug hire charge and wharfage same as prescribed for SPM facility in COPT.

(iv). (a). In the context of submission made by MRPL, a letter dated 11 September 2013 was addressed to the NMPT forwarding a copy of the letter of the MRPL drawing reference to the Order dated 6 January 2012 and requesting the NMPT to file a suitable proposal for fixation of tariff for SPM operation at NMPT.

(b). Subsequently at the joint hearing held in another case of NMPT on 14 February 2014, this matter was again raised by the MRPL. The NMPT agreed to file a proposal for levy of tariff for SPM operations (by MRPL) at NMPT in a month's time i.e. by 14 March 2014 along with detailed calculation in support of its proposal. Further, the NMPT also agreed that as an interim measure it will file a proposal by 24 February 2014 for levy of rate on adhoc basis for SPM operations after obtaining consent from the concerned users as an interim arrangement till the final rates are determined.

(c). In this context, the NMPT was requested vide our letter dated 19 February 2014 to file its proposal as agreed by the port within the stipulated date.

(v). (a). In this backdrop, the NMPT vide its letter dated 24 February 2014 had filed a proposal seeking approval of rates for SPM operations on provisional basis till the final rates are determined by this Authority.

(b). The NMPT was requested vide our letter dated 25 February 2014 to forward consent from the concerned users with reference to its proposal dated 24 February 2014 for approval of provisional rates for SPM operations.

(c). In response, the NMPT, vide its letter dated 2 April 2014, forwarded the consent letter of MRPL dated 25 March 2014. The NMPT stated that the MRPL has conveyed consent for the adoption of the following rates prescribed in COPT for SPM operations in totality on provisional basis:

(a).	Port dues	@ US $ 0.377 per GRT
(b).	Pilotage charges	@ US $ 0.4259 per GRT
(c).	Wharfage	₹25/- per MT
(d).	Tug Hire charges	US $ 606.56 per hour

The NMPT has also stated that its letter dated 2 April 2014 supersedes its earlier letter dated 24 February 2014.

3.1. In view of the above and as the NMPT had furnished consent of the MRPL for the rates proposed by the port vide its letter dated 2 April 2014 and also recognizing that the commercial operations at the SPM had commenced, this Authority has passed a detailed Order No.TAMP/17/2014-NMPT dated on 20 May 2014 approving provisional rates for the SPM facility with retrospective effect from the date of commencement of the commercial operations i.e. 29 August 2013. The provisional rates approved by this Authority in the said Order are as follows:

Sr. No.	Particulars	Unit of levy	Foreign going vessels (in US $)	Costal vessels (in ₹)
(1).	Port dues	Rate per GRT	0.143	2.32
(2).	Pilotage fees for SPM operations	Rate per GRT	0.4259	11.69
(a).	Upto 30000 GRT			
(b).	30001 GRT to 60000 GRT			
(c).	60001 GRT and above			
(3).	Hire charges for tugs for SPM operations	Rate per tug hour or part thereof	606.56	16645.00
(4).	Wharfage on crude oil at SPM	Rate per MT	25.00	25.00

3.2. With reference to the said Order approving provisional rates for SPM, the NMPT vide its letter no.PT/FIN/REV/SOR/SPM/2013-14 dated 4 August 2014 has made submissions. The main submissions made by the NMPT in its letter dated 4 August 2014 are summarized below:

(i). The aforesaid Order approving provisional rates for SPM facility is not in conformity with the proposal filed by NMPT and the consent letter furnished by MRPL. NMPT had filed the proposal seeking approval for adoption of Cochin Port Trust rates in totality on provisional basis for handing vessels at SPM facility. However, in the orders passed by this Authority, the rate for Port dues is prescribed @ US $ 0.143 per GRT as prevailing in the SOR of NMPT instead of the rates proposed adopting the COPT Port dues @ US $ 0.377 per GRT.

(ii). The rate of Port dues of NMPT has not been revised from 2006 onwards. The NMPT has sent a modified proposal with detailed calculations for SPM operations to the Authority vide letter dated 21 July 2014. The modified proposal of NMPT seeks approval of rates for SPM facility which are higher than the provisional rates notified by the Authority. The provisional rates notified by the Authority is resulting in some refunds to be made to the parties for vessel related operations at SPM.

(iii). In view of the above position, the NMPT has requested to review the orders and to accord approval for adoption of the rates of COPT provisionally in totality by restoring the rates for Port dues as prevailing in the SOR of COPT till the final rates are determined. The port has also proposed to refund any amount due only after the final rates are determined by the Authority for SPM activities. NMPT has vide its letter dated 9 September 2014 followed up the same matter.

3.3. In this regard, it is clarified that the NMPT while filing its proposal for interim tariff arrangement for SPM operations had proposed port dues as prescribed in the Scale of Rates of Cochin Port Trust. The reason for prescribing port dues as prescribed in the existing Scale of Rates of NMPT while passing the Order approving interim tariff arrangement for SPM operations has been furnished is elaborately by this Authority in para 4.6 of the Order dated 20 May 2014. The relevant extract of said Order is reproduced below:

"4.6. The NMPT has proposed to adopt the port dues of US$0.377 per GRT per entry for foreign-going vessel as per the port dues prescribed in the existing Scale of Rates of the COPT. Port dues is a fee for entry of vessel into the port. At COPT, the port dues for Crude oil tankers at SBM has been prescribed at par with the port dues for tanker vessels at the berths. The existing Scale of Rates of NMPT prescribes uniform port dues for all categories of vessels referred as "Ships/ Steamers". Since port due is a fee for entry of the vessel and following the analogy followed in COPT, it is found appropriate to prescribe port dues for SPM vessel at par with port dues applicable in the existing SOR of NMPT for POL vessels i.e. USD 0.143 per GRT per entry for foreign-going vessel and ₹2.52 per GRT per entry for coastal vessel."

The grounds made out by the NMPT that its Port dues has not been revised from the year 2006 onwards is elaborately adhered in a subsequent paragraph of this Order.

4. After its proposal dated 25 February 2014 followed by its letter dated 2 April 2014 seeking approval for rates on provisional basis, the NMPT has filed a proposal dated 14 March 2014 for fixation of final rates for SPM operations along with detailed cost calculation. The rates proposed by NMPT in the proposal are as given below:

<table>
<tr><th>Sr. No.</th><th colspan="2">Item</th><th colspan="2">Rates proposed</th></tr>
<tr><td>(i).</td><td colspan="2">Wharfage charges on cargo handled at SPM</td><td colspan="2">₹62.25/- per GRT</td></tr>
<tr><td>(ii).</td><td colspan="2">Vessel related charges</td><td colspan="2"></td></tr>
<tr><td></td><td>(a).</td><td>Pilotage charges</td><td>(a). Upto 30,000 GRT
(b). 30,001 to 60,0000
(c). 60,001 and above</td><td>US $ 0.611 per GRT</td></tr>
<tr><td></td><td>(b).</td><td>Pull back Tug Hire charges</td><td colspan="2">@ US $ 2,098 per Hour</td></tr>
<tr><td></td><td>(c).</td><td>Port dues</td><td colspan="2">@ US $ 0.377 per GRT</td></tr>
<tr><td></td><td>(d).</td><td>Detention charges of the Vessel</td><td colspan="2">(i). for cancellation of a requisition for the services of the pilot with less than 2 hours' notice for pilotage between 0600 hours' notice for pilotage between 1800 hours and 0600 hours = US $75

(ii). for detention of pilot by a steamer for more than 30 minutes beyond the time for which the requisition was made

(a). For the first hour or part thereof = US$37.50

(b). For every subsequent hour or part thereof = US $31.25</td></tr>
<tr><td colspan="5">Corresponding rate for coastal Vessels shall be calculated at 60% of the proposed Foreign Rate as stated above at exchange rate as existing at the time of provision of service.</td></tr>
</table>

5. In accordance with the consultative procedure prescribed, a copy of the proposal of the NMPT was forwarded to the concerned users / user organisations seeking their comments. The comments received from users/ user organisations were forwarded to NMPT as feedback information. The NMPT, vide its letter dated 21 July 2014 has furnished its comments on the comments of the users.

6.1. The NMPT vide its letter dated 21 July 2014 has also submitted a revised proposal. The NMPT has also stated that the SPM operations have started from 29 August 2013 and therefore, it has requested that the proposal may be effective from 29 August 2013 onwards. The details of the revised proposal filed by NMPT dated 21 July 2014 are brought out below:

(i). Wharfage Charges:

The NMPT proposes to recover the revenue loss due to shifting of crude operation to the SPM by levying the proposed wharfage charge. The proposed wharfage charge is arrived based on the revenue loss to the port calculated at the existing wharfage rate of ₹51.8/ MT for crude divided by the cargo proposed to be handled at the SPM. Wharfage rate computation furnished by NMPT is tabulated below:

Sr. No.	Particulars	
(i).	Crude Handled in Berth 10 & 11 for 2012-13 (in MMT)	14.22
(ii).	Revenue recognized at revised costing rate @ ₹51.80/ MT (in crores)	73.66
(iii).	Volume of Crude handled at Berth No. 10 & 11 in 2013-14 (in MMT)	8.00
(iv).	Volume foregone at berths on account of SPM (i)-(iii) (in MMT)	6.22
(v).	Revenue foregone (iv) X rate in ₹ /MT (in crores)	32.22
(vi).	Proposed volume of Crude to be handled at SPM (in MMT)	7.00
(vii).	Minimum Rate per MT to be charged for SPM activity (v)/(vi) (in ₹)	46.03

(ii). Vessel Related Charges:

(1). The port proposes to recover the fixed cost and variable fuel cost of tugs from pilotage and pull back operations based on productive tug hours.

(2). The fixed cost consists of the hire charges for two tugs at ₹2.34 lakhs per tug per day for 365 days and the apportioned overhead expenses consisting of maintenance dredging, maintenance of tugs, buoys, and mooring launches, salary of the marine department and share of Management and General Overheads (MGA).

(3). The variable cost consists of fuel cost which is arrived based on the fuel consumption of tug at 1410 liters per hour taken from Marine Department.

(4). Apart from the above, port has considered proportionate depreciation, pilotage charges and proportionate return @ 16% for arriving at the total cost. The proportionate of SPM operations to overall port operations works out to 13%. This percentage has been applied for apportioning overhead expenses, depreciation, pilot salary and ROCE calculation.

(5). The port has considered depreciation on assets like capital dredging, tugs/vessels/ML, buoys, pollution control, VTMS and signal station for the year 2013-14 and apportioned 13% thereof to the SPM operations.

(6). The pilotage charges consists of the contract charges payable to the pilots deployed on contract basis.

(7). Return @ 16% is computed on the WDV of the assets like tugs, VTMS, pollution control, etc. as on 31 March 2014 of ₹4586.18 lakhs. The NMPT has apportioned 13% of the said return to SPM operations.

(8). Average US $ rate considered for calculation is ₹1 US$=₹61.

(9). At present the Port is deploying 2 tugs exclusively for SPM operations. SPM facilities are located 17kms from the base line of Port. One 50 tonne Bollard Pull Tug will continuously pull the mother vessel (pull back) to keep the vessel stationary after mooring till the vessel is released (unmoored) after vessel operations are completed. It takes nearly more than 1 ½ hours for going as also 1 ½ hours for returning after the mooring operations have been completed.

(10). The IInd Tug 50 tonne Bollard Pull is used for taking 2 Pilots, MRPL / SPM operating agencies personnel, custom officials, immigration officers, health officers, agents of the ship, CISF security persons. This Tug assists in mooring the mother vessel. Once mother vessel is tied to SPM and connected to the hose, it comes back with the above said officials to the shore.

(11). Two Pilots are deployed for the SPM operations. One Pilot is permanently stationed in one tug which is involved in the Pullback operations and remains there until entire SPM operations are completed and the vessel discharged.

6.2. The summary of the rates proposed by the NMPT in the revised proposal alongwith the rates initially proposed as well as the rates provisionally approved by this Authority in its Order dated 20 May 2014 are tabulated below:

<table>
<tr><th>Sl. No.</th><th colspan="2">Item</th><th>Rates proposed by NMPT in its original proposal dated 14 March 2014</th><th colspan="2">Provisional Rates approved by the Authority vide Order dated 20 May 2014 (based on COPT rates proposed by NMPT except for port dues)</th><th colspan="2">Revised Proposal dated 21 July 2014</th></tr>
<tr><td rowspan="2">(i).</td><td colspan="2" rowspan="2">Wharfage charges</td><td rowspan="2">₹62.25 per GRT</td><td>Foreign</td><td>Coastal</td><td colspan="2">Foreign</td></tr>
<tr><td>₹25.00 per MT</td><td>₹25 per MT</td><td colspan="2">₹46.03 per GRT</td></tr>
<tr><td>(ii).</td><td colspan="7">Vessel related charges</td></tr>
<tr><td rowspan="9"></td><td>(a).</td><td>Pilotage charges</td><td rowspan="4">US $ 0.611 per GRT</td><td>Foreign</td><td>Coastal</td><td>Foreign</td><td>Coastal</td></tr>
<tr><td rowspan="3"></td><td>(a). Upto 30,000 GRT</td><td rowspan="3">US $ 0.4259 per GRT</td><td rowspan="3">₹11.69 per GRT</td><td>US$1.92 subject to minimum US$ 5760 per GRT</td><td>₹70.21 per GRT subject to minimum of ₹210360/-</td></tr>
<tr><td>(b). 30,001 to 60,0000 GRT</td><td>US$ 57600 + $ 1.54 per GRT over 30,000 GRT</td><td>₹2106300 + ₹56.37 per GRT over 30,000 GRT</td></tr>
<tr><td>(c). 60,001 GRT and above</td><td>US$ 103800 + $1.36 per GRT over 60,00 GRT</td><td>₹3795600 + ₹49.66 per GRT over 60,000 GRT</td></tr>
<tr><td rowspan="2">(b).</td><td rowspan="2">Pull back Tug Hire charges</td><td rowspan="2">US $ 2,098 per Hour</td><td rowspan="2">US $ 606.56 per tug hour or part thereof</td><td rowspan="2">₹16645.00 per tug hour or part thereof</td><td>Foreign</td><td>Coastal</td></tr>
<tr><td>@ US $5345 per tug / hour US$ 1.57 per GRT</td><td>₹1,95,537 per tug / hour ₹57.55 per GRT</td></tr>
<tr><td rowspan="2">(c).</td><td rowspan="2">Port dues</td><td rowspan="2">US $ 0.377 per GRT</td><td rowspan="2">US $ 0.143 per GRT</td><td rowspan="2">₹2.32 per GRT</td><td>Foreign</td><td>Coastal</td></tr>
<tr><td>@ US $ 0.377 per GRT</td><td>Not indicated</td></tr>
<tr><td>(d).</td><td>Detention charges of the Vessel</td><td>(i). for cancellation of a requisition for the services of the pilot with less than 2 hours' notice for pilotage between 0600 hours' notice for pilotage between 1800 hours and 0600 hours = US $75
(ii). for detention of pilot by a steamer for more than 30 minutes beyond the time for which the requisition was made</td><td colspan="2">Not prescribed</td><td colspan="2">Not proposed</td></tr>
</table>

			(a). For the first hour or part thereof = US$37.50 (b). For every subsequent hour or part thereof = US $31.25		
			Corresponding rate for Coastal Vessels shall be calculated at 60% of the proposed Foreign Rate as stated above at exchange rate as existing at the time of provision of service.		

7. A copy of the revised proposal dated 21 July 2014 received from the NMPT was circulated to MRPL and concerned users seeking their comments vide our letter dated 21 August 2014. The comments received from the MRPL vide letter dated 22 December 2014 was forwarded to NMPT vide our letter dated 30 December 2014 as feedback information. The NMPT has furnished its views on the comments of MRPL vide its letter dated 12 February 2015 after the joint hearing held in this case on 5 January 2015.

8.1. A joint hearing in this case was held on 5 January 2015 at NMPT premises in Mangalore. At the joint hearing, the NMPT, MRPL and the concerned users/ organisation bodies have made their submissions.

8.2. As decided at the joint hearing, the NMPT was requested vide our letter dated 15 January 2015 to take action on the following points:

(i). The MRPL had raised significant issues based on its comments dated 22 December 2014 which was already forwarded to the NMPT vide our letter dated 30 December 2014. The NMPT to furnish point wise comments on the comments of the MRPL immediately as agreed at the joint hearing.

(ii). The NMPT to examine the points made by the MRPL emanating from MRPL's comments dated 22 December 2014 and to relook at its proposal and file a revised proposal. As agreed the NMPT to forward the revised proposal to this Authority by 20 January 2015 and simultaneously forward a copy of the same to the MRPL and the users / user associations with a request to furnish their comments to this Authority and to NMPT within five days thereafter.

8.3. As agreed at the joint hearing, the MRPL and the concerned users/ user associations were requested vide our letter dated 15 January 2015 to furnish their comments on the revised proposal (to be) filed by NMPT to this Authority and NMPT within five days thereafter.

9. At the joint hearing the KCCI and the MSAA vide their letters dated 5 January 2015 have given their written submissions. The NMPT vide its e-mails dated 7 March 2015 and 23 June 2015 has furnished its reply thereon.

10. After the joint hearing held in this case on 5 January 2015, the MRPL vide its letter dated 22 January 2015 has furnished their further comments. The said comments were forwarded to NMPT vide our letter dated 27 January 2015 to furnish its specific comments. The NMPT has furnished its views on the comments of MRPL vide its e-mail dated 12 February 2015.

11. Based on a preliminary scrutiny of the modified proposal dated 21 July 2014, the NMPT was requested vide our letter dated 3 February 2015 to furnish information/ clarifications on a few points. The NMPT vide its letter dated 12 February 2015 and subsequent emails dated 23 June 2015 has furnished its response. A summary of the queries raised by us and the replies furnished by the NMPT is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Queries raised by us</th><th>Reply furnished by NMPT</th></tr>
<tr><td>1.</td><td>Computation of the proposed wharfage charge:
It is seen that the proposed wharfage charge of ₹46.03 per tonne for crude oil at Single Point Mooring (SPM) is arrived to compensate the revenue foregone by NMPT on account of shifting of crude volume of 14.22 Metric Million Tonnes (MMT) handled at berth nos. 10 & 11 in the year 2012-13 to 8.00 MMT with commencement of commercial operations at SPM from 29 August 2013. In this regard, NMPT to clarify the following:</td><td></td></tr>
<tr><td>(i).</td><td>NMPT to clarify as to how the proposed wharfage rate arrived based on the revenue foregone at berth nos. 10 & 11 fits in to the cost plus return model prescribed under the 2005 guidelines. Even the Mangalore Refinery Private Limited (MRPL) in its comments dated 22 December 2014 forwarded to the NMPT as feedback information vide our letter dated 30 December 2014 and at the joint hearing has stated that the wharfage rate proposed by the NMPT is not a cost based rate.</td><td>(a). The details of the traffic handled at Jetty No.10 and Jetty No.11 and SPM facility during the period 2011-12 to 2014-15 (Upto January 2015) are as stated below:-
<u>Details of Crude imports/product exports</u>
(in MMT)
<table>
<tr><th rowspan="2">Financial year</th><th colspan="3">Crude imports</th><th colspan="3">Crude product exports</th><th rowspan="2">Total</th></tr>
<tr><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM*</th><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th></tr>
<tr><td>2011-12</td><td>6.06</td><td>7.02</td><td>0</td><td>3.24</td><td>3.13</td><td>-</td><td>19.45</td></tr>
<tr><td>2012-13</td><td>8.81</td><td>5.15</td><td>0</td><td>3.34</td><td>3.42</td><td>-</td><td>20.72</td></tr>
<tr><td>2013-14</td><td>6.55</td><td>3.29</td><td>5.05</td><td>2.89</td><td>4.61</td><td>-</td><td>22.39</td></tr>
<tr><td>2014-15 (upto Jan.2015</td><td>2.31</td><td>1.85</td><td>7.63</td><td>2.05</td><td>3.31</td><td>-</td><td>17.15</td></tr>
</table>
• SPM operations started from 28/8/2013
(b). <u>Statement of number of vessels</u>
(in MMT)
<table>
<tr><th rowspan="2">Financial year</th><th colspan="3">Crude imports</th><th colspan="3">Crude product exports</th><th rowspan="2">Total</th></tr>
<tr><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th></tr>
<tr><td>2011-12</td><td>73</td><td>85</td><td>-</td><td>76</td><td>86</td><td>-</td><td>320</td></tr>
<tr><td>2012-13</td><td>107</td><td>66</td><td>-</td><td>59</td><td>112</td><td>-</td><td>344</td></tr>
<tr><td>2013-14</td><td>81</td><td>39</td><td>38</td><td>58</td><td>94</td><td>-</td><td>310</td></tr>
<tr><td>2014-15 (upto Jan.2015</td><td>30</td><td>24</td><td>55</td><td>44</td><td>71</td><td>-</td><td>224</td></tr>
</table>
(c). <u>Statement of Crude Imports after SPM operations</u>
(in MMT)
<table>
<tr><th rowspan="2">Financial year</th><th colspan="3">Crude imports</th></tr>
<tr><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th></tr>
<tr><td>2012-13</td><td>8.81</td><td>5.15</td><td>0</td></tr>
<tr><td>2013-14</td><td>6.55</td><td>3.29</td><td>5.05</td></tr>
<tr><td>2014-15 (upto Jan.2015</td><td>2.31</td><td>1.85</td><td>7.63</td></tr>
</table>
(d). It can be seen from the above statements that the total volume of cargo and number of vessels handled at the dedicated oil jetty No.10 and 11 has substantially fallen due to the start of SPM operations from 28.08.2013.

(e). The whole idea of permitting SPM operations was to bring incremental traffic to the Port and not diversion of traffic from the two dedicated oil berths of Jetty Nos.10 and 11 to SPM jetty. The SPM operations started in end of August 2013. Between August 2013 to January 2015 crude imports handling in SPM facility are as stated below:
(in MMT)</td></tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><th>Year</th><th>No. of vessels</th><th>Quantity handled at SPM</th></tr>
<tr><td>2013-14</td><td>38</td><td>5.05</td></tr>
<tr><td>2014-15 (upto January 2015)</td><td>55</td><td>7.63</td></tr>
</table>
(f). The SPM operations started when the Port Tariff cycle of 1.4.2012 to 31.3.2015 is in force.
(g). It is felt that the Port should not end up losing the cargo which it had projected will be arriving at the oil berth Nos.10 and 11 but ended up getting diverted to SPM jetty. Hence the logic of wharfage at the main oil berths No.10 & 11 foregone is adopted for the calculations in arriving at the tariff rates at SPM facility.
(h). The Traffic projected in the Port proposal in 2010 which was notified by TAMP Order No.TAMP/19/2011-NMPT dtd.27.2.2012 for the Tariff cycle 2012 to 2015 are as stated below:-
<u>POL including Crude Oil</u>
(in MMT)
<table>
<tr><th>Year</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th></tr>
<tr><td>Coastal (MRPL)</td><td>3.86</td><td>3.88</td><td>4.33</td><td>4.38</td></tr>
<tr><td>Foreign (MRPL)</td><td>15.49</td><td>17.05</td><td>18.95</td><td>21.76</td></tr>
<tr><td></td><td>19.35</td><td>20.93</td><td>23.28</td><td>26.14</td></tr>
</table>
(i). The detailed Cost sheets for three years 2011-12, 2012-13, 2013-14 relating to Jetty No.10 and Jetty No.11 have been worked out from the Audited Accounts for the said years. The summarized position is given in Annexure 'A'. It can be seen that the average wharfage rate is in the range of ₹59.22/tonne to ₹61.43/tonne. The average wharfage rate for three years is ₹59.06/tonne.
</td>
</tr>
<tr>
<td>(ii).</td>
<td>Justify the proposed rate with reference to the cost of services offered at the SPM and also with reference to the overall surplus position reflected in the cost statement for wharfage activity from SPM operations which shows there is no expenditure incurred by the port for this activity.</td>
<td>No reply furnished by NMPT</td>
</tr>
<tr>
<td>(iii).</td>
<td>Notwithstanding the point made at 1(i) above, on perusing the wharfage rate computation it is seen that the NMPT has considered drop in crude oil traffic from 14.22 Million Metric tonnes (MMT) per annum handled at berth nos. 10 & 11 in the year 2012-13 to 8.00 MMT per annum in view of commencement of SPM operation from August 2013. In this context, please clarify whether any cargo other than crude oil like POL products or any other liquid cargo etc. are handled at these two berths. If so, the same should also be captured in the wharfage computation. Incidentally,</td>
<td>
(a). The detailed computation of the proposed wharfage rate/tonne based on three years average wharfage rate and based on Revenue foregone is ₹35/MT.
(b). If the TAMP notified rate for wharfage of ₹51.80/MT is considered instead of three years average wharfage rate/MT of ₹59.06/MT, than the revenue foregone in berth nos.10 and 11 is ₹21.34 crores and the proposed wharfage rate based on Revenue forgone comes to ₹31/MT.
(c). This rate is based on Crude handled at oil berths 10 & 11 during 2012-13 of 13.96 MMT when SPM
</td>
</tr>
</table>

<table>
<tr><td></td><td>even the MRPL in its comments dated 22 December 2014 which has been forwarded to the NMPT has raised this point. Further, the MRPL has also stated that with the addition of capacity of the refinery, the export quantity is likely to go up which is not captured in the wharfage calculation. The NMPT should consider this aspect in the wharfage computation.</td><td>operations had not started. The volume of crude handled at Berth No.10 & 11 in 2013-14 was 9.84 MMT leading to a fall of crude handled of 4.12 MMT.

(d). To the point raised by M/s. MRPL, it is stated that the export quantity of crude products handled at oil berths 10 and 11 and not at SPM facility. Hence the export quantity of crude products are considered for Jetty No.10 & 11 and not for SPM activity.</td></tr>
<tr><td>(iv).</td><td>Please furnish the total traffic handled at berth nos.10 and 11 during the year 2013-14 along with cargo-wise break up and the actual total income earned therefrom from such handling. The MRPL has at Sl. No.10 of its comments dated 22 December 2014 not agreed with the traffic figure considered by NMPT in the wharfage computation. The NMPT is requested to frontally address the point made by the MRPL in its letter dated 22 December 2014 in this regard.</td><td>The details of total traffic handled at berth No.10 & 11 and SPM during 2013-14 are already given in our reply to query (1). The corresponding income earned from such handling are as stated below:-
(Rupees in Crores)
<table>
<tr><th rowspan="2">Year</th><th colspan="3">Import</th><th colspan="4">Export</th></tr>
<tr><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th><th>Jetty No.10</th><th>Jetty No.11</th><th>SPM</th><th>Total</th></tr>
<tr><td>2013-14 (Income)</td><td>33.93</td><td>17.04</td><td>12.63 @ ₹25/-</td><td>14.97</td><td>23.88</td><td>---</td><td>102.45</td></tr>
</table></td></tr>
<tr><td>(v).</td><td>In light of the above observations the NMPT is requested to review the proposed wharfage rate.</td><td>The proposed wharfage earlier determined at ₹46.03/MT has been reviewed and reworked and it comes to ₹35/MT.</td></tr>
<tr><td>(vi).</td><td>The wharfage rate prescribed for SPM operated by the BPCL-Kochi Refinery at Cochin Port Trust (COPT) is ₹25 per tonne which is mutually agreed rate between the concerned parties. The same wharfage rate has also been approved by this Authority for the NMPT as mutually agreed provisional rate as an interim tariff arrangement vide Order No.TAMP/17/2014-NMPT dated 20 May 2014. The NMPT may justify the proposed wharfage rate which widely varies (i.e. is higher) from the interim tariff approved for SPM at NMPT.</td><td rowspan="2">In view of detailed costs sheets worked out for the three years of tariff cycle 2012 to 2015 TAMP is kindly requested to fix the wharfage rate for SPM at 35/MT instead of the interim rate earlier fixed of ₹25/MT which was based on COPT SPM wharfage rate.

As it can be seen from the facts stated above that, the wharfage rate of ₹35/MT proposed by the Port is reasonable taking the cargo which has been forgone during the year 2013-14 and 2014-15.</td></tr>
<tr><td>(vii).</td><td>NMPT is requested to furnish its comments on the suggestion made by the MRPL at point No. 13 of it latest dated 22 December 2014 to fix ₹25 per MT as wharfage rate for SPM.</td></tr>
<tr><td>2.</td><td>Computation of the proposed Vessel-Related Charges:</td><td></td></tr>
<tr><td>(i).</td><td>The GRT of the vessels handled at the SPM is considered for the period from August 2014 to March 2014 (i.e. 8 months). Vessel traffic at SPM is considered based on the vessels handled for the period from August 2013 to June 2014 (i.e. 11 months) and extrapolated for 12 months. The MRPL at the joint hearing has submitted that it has handled 71 vessels at the SPM instead of 55 vessels considered by the NMPT. The NMPT is requested to examine the point made by the MRPL on the vessel traffic and make necessary modifications in the tariff computation. Since the SPM is already in operation for more than a year, the NMPT may consider to update the vessel traffic</td><td>The points raised by M/s.MRPL that they are likely to handle 71 vessels instead of 55 vessels at SPM operations area not borne by facts. The details of SPM operations for the two years are as stated below:-
(in MMT)
<table>
<tr><th>Year</th><th>No. of vessels</th><th>Quantity handled at SPM</th></tr>
<tr><td>2013-14</td><td>38</td><td>5.05</td></tr>
<tr><td>2014-15 (upto January 2015)</td><td>55</td><td>7.63</td></tr>
</table>
It can be seen from the trend indicated in the statement that the Port during the financial year 2014-15 is not likely to handle 71 vessels at SPM as indicated by M/s.MRPL. In fact the total cargo handled at Jetty No.10 and 11 and SPM operations in respect of</td></tr>
</table>

<table>
<tr><td></td><td>and GRT with reference to the actual vessel traffic handled at SPM for the last one year.</td><td>M/s.MRPL have dropped by more than 1.5MMT. In the revised/modified proposal the number of vessels handled at SPM has been considered as stated below:-
<u>SPM Calculation sheet – vessel related charges</u>
<table>
<tr><th>Vessel size</th><th>AFRAM AX</th><th>VLCC</th><th>SUEZMA X</th><th>TOTAL</th></tr>
<tr><td>AVG GRT (MT)</td><td>58,000</td><td>150,000</td><td>80,000</td><td>288,000</td></tr>
<tr><td>NO OF VESSELS</td><td>9</td><td>1</td><td>50</td><td>60</td></tr>
<tr><td>TOTAL GRT (MT) [Avg. GRT x No.</td><td>522,000</td><td>150,000</td><td>4,000,000</td><td>4,672.000</td></tr>
</table></td></tr>
<tr><td>(ii).</td><td>In the calculation sheet for the vessel related charges the port has taken total 12 hours for berthing i.e. 6 hours per tug. At the joint hearing the MRPL has stated that as per its experience total of 9 hours are required for berthing. Please examine the point raised by the MRPL and, if necessary, modify the proposal.</td><td>The various observations raised by M/s.MRPL relating to Vessel Related Operations vide their letters dated 22 December 2014 and 22 January 2015 have been noted and duly taken into account. The observations made have been discussed in detail with the Marine Dept., and the calculations have been revised / modified wherever it is found necessary as stated below:
Old calculation - Pilotage time:
(in hours)
<table>
<tr><th>Berthing Time</th><th>Un-berthing time</th></tr>
<tr><td>12</td><td>10</td></tr>
<tr><td>6hrsx2Tugs</td><td>5Hrsx2Tugs</td></tr>
</table>
Revised/Modified Proposal- Pilotage time:
<table>
<tr><th>Berthing Time</th><th>Un-berthing time</th></tr>
<tr><td>10</td><td>3</td></tr>
<tr><td>5hrsx2Tugs</td><td>3Hrsx1Tugs</td></tr>
</table>
The details of revised calculations are enclosed along with its letter.</td></tr>
<tr><td>(iii).</td><td><u>Tug-hire Charges</u>:</td><td></td></tr>
<tr><td>(a)</td><td>(i). Please furnish a copy of the agreement entered by the NMPT for hiring of two tugs of 50 tons Bollard Pull to substantiate the estimated hire charges of tugs at ₹2.34 Lakhs / day / tug excluding taxes and fuel cost. Please confirm that the hiring contract awarded by the NMPT is based on competitive bidding process.</td><td>A copy of the work order for the hiring of 2 tugs of 50Tons Bollard Pull is enclosed alongwith this letter. It is confirmed that the contract has been awarded after following the normal competitive bidding process as per the CVC guidelines.</td></tr>
<tr><td></td><td>(ii). The NMPT in its initial proposal dated 14 March 2014 had considered the tug hire charges at a lower level of ₹1.98 lakhs per tug per day in the cost sheet. Explain the reasons for considering the hire charge at ₹2.34 lakhs in its modified proposal dated 21 July 2014.</td><td>The observations made by M/s MRPL and TAMP has been noted and proposal has been accordingly modified. The tug hire charges have been taken at ₹2,08,000 / day / per tug in the revised proposal. The said hire charges are exclusive of service tax and fuel cost.</td></tr>
<tr><td>(b).</td><td>The Kolkata Port Trust (KOPT) has recently filed a proposal for fixation of the charges for transloading facility wherein the tug hire charge is estimated at ₹2 lakhs/ day/ tug for a 50 T BP tug excluding fuel cost. In another proposal filed by the Kandla Port Trust (KPT) for providing marine services for dry bulk terminal tug hire charge is estimated at ₹1.775 lakhs/ day / tug for a 55 tonne BP excluding fuel cost. Justify the reasons for considering the estimated tug hire charges at ₹2.34 lakhs per day per 50 T bollard pull excluding fuel which is found to be on the higher in comparison to the tug hire charges estimated in the other Major Ports.</td><td>The information given by TAMP relating to KOPT and KPT has been noted. In the revised proposal, the NMPT has taken the rates for 50Tonne Bollard Pull tugs hired by the Port at ₹2,08,000/per day / tug excluding service tax and fuel cost as per the data based on the competitive bidding process.</td></tr>
<tr><td>(c).</td><td>(i). The total productive hours by two tugs</td><td>The observations made by M/s MRPL relating to tug</td></tr>
</table>

<table>
<tr>
<td></td>
<td>proposed to be taken on hire for SPM operation is estimated to be 2473 hours per annum. The NMPT may confirm whether the two tugs proposed to be taken on hire for SPM will be fully utilised for SPM operations. If not, the NMPT may explore whether there is possibility of utilising these tugs for the port operations and if so, the impact thereof (i.e. proportionate share of hire charges of tugs may be reduced to that extent) in the tariff computation.</td>
<td>productive hours has been noted and calculations have been accordingly revised/modified.
(a). Old Proposal
SPM Calculation sheet – vessels related charges
<table>
<tr><th>VESSEL SIZE</th><th>AFRAMAX</th><th>VLCC</th><th>SUEZMAX</th><th>TOTAL</th></tr>
<tr><td>AVG GRT (MT)</td><td>58000</td><td>150000</td><td>80000</td><td>288000</td></tr>
<tr><td>NO OF VESSELS</td><td>8</td><td>1</td><td>46</td><td>55</td></tr>
<tr><td>TOTAL GRT (MT) [Avg GRT x No.]</td><td>464,000</td><td>150,000</td><td>3,680,000</td><td>4,294,000</td></tr>
</table>
<table>
<tr><th>Sr. No.</th><th>Tug hours</th><th>Pilotage hours</th><th>Pull back hours</th><th>Total hours</th></tr>
<tr><td>(i).</td><td>For Pilotage</td><td></td><td></td><td></td></tr>
<tr><td>(a).</td><td>Berthing</td><td>12</td><td>-</td><td>12</td></tr>
<tr><td>(b).</td><td>Unberthing</td><td>10</td><td>-</td><td>10</td></tr>
<tr><td>(ii).</td><td>Pull back</td><td>-</td><td></td><td></td></tr>
<tr><td>(a).</td><td>AFRAMAX</td><td></td><td>16</td><td></td></tr>
<tr><td>(b).</td><td>VLCC</td><td></td><td>31</td><td></td></tr>
<tr><td>(c).</td><td>SUEZMAX</td><td></td><td>24</td><td></td></tr>
<tr><td>(iii).</td><td>TOTAL HOURS</td><td>22</td><td>71</td><td>93</td></tr>
<tr><td>(iv).</td><td>Productive tug hours for no. of vessels considered</td><td>1210</td><td>1263</td><td>2473</td></tr>
</table>
(f). Revised/modified proposal
(g). SPM Calculation sheet – vessel related charges
<table>
<tr><th>Vessel size</th><th>AFRAMAX</th><th>VLCC</th><th>SUEZMAX</th><th>TOTAL</th></tr>
<tr><td>AVG GRT (MT)</td><td>58,000</td><td>150,000</td><td>80,000</td><td>288,000</td></tr>
<tr><td>NO OF VESSELS</td><td>9</td><td>1</td><td>50</td><td>60</td></tr>
<tr><td>TOTAL GRT (MT) [Avg. GRT x No.]</td><td>522,000</td><td>150,000</td><td>4,000,000</td><td>4,672.000</td></tr>
</table>
<table>
<tr><th>Sr. No.</th><th>Tug hours</th><th>Pilotage hours</th><th>Pull back hours</th><th>Total hours</th></tr>
<tr><td>(i).</td><td>For Pilotage</td><td></td><td></td><td></td></tr>
<tr><td>(a).</td><td>Berthing</td><td>10</td><td>-</td><td></td></tr>
<tr><td>(b).</td><td>Unberthing</td><td>3</td><td>-</td><td></td></tr>
<tr><td>(ii).</td><td>Pull back</td><td></td><td></td><td></td></tr>
<tr><td>(a).</td><td>AFRAMAX</td><td>-</td><td>17.5</td><td></td></tr>
<tr><td>(b).</td><td>VLCC</td><td></td><td>32.5</td><td></td></tr>
<tr><td>(c).</td><td>SUEZMAX</td><td></td><td>25.5</td><td></td></tr>
<tr><td>(iii).</td><td>TOTAL HOURS</td><td>13</td><td>75.5</td><td></td></tr>
<tr><td>(iv).</td><td>Productive tug hours for no. of vessels considered</td><td>780</td><td>1,465</td><td>2245</td></tr>
</table>
</td>
</tr>
<tr>
<td></td>
<td>(ii). The addition of 124 tug hours at 5% of the total productive tug hours to the total productive tug hours to be justified.</td>
<td>The addition of 5% to the productive hours has been taken for any productive hours inadvertently left out in the calculations.</td>
</tr>
<tr>
<td>(iv).</td>
<td><u>Overhead expenses</u>:</td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>Please furnish the breakup of the total</td>
<td>The observations raised by M/s MRPL relating to</td>
</tr>
</table>

	expenditure of ₹44.92 crores estimated under the title “Overhead Expenses” for the year 2013-14 reportedly towards maintenance dredging, maintenance of tugs, buoys and mooring launches. Also, furnish a copy of the Audited Annual Accounts of the year 2013-14 and give reference to the said expenditure reported in the Audited Annual Accounts for the year 2013-14.	overhead expenses have been noted. The calculations have been revised /modified and wherein the relevant overhead viz., salary of the Marine Dept., has been considered for SPM operations. The other items like maintenance dredging, maintenance of tugs, buoys and mooring launches earlier included is now excluded in the revised proposal.
(b).	The NMPT has allocated maintenance dredging cost to SPM activity. In this regard, please furnish the quantum of the silt dredged at the SPM and the actual maintenance dredging expenditure incurred by the port in the year 2013-14 (from August 2013) and 2014-15 (till December 2014) to justify allocated maintenance dredging cost to the SPM operations.	The maintenance of dredging cost earlier included as part of overheads in the proposal has been excluded in the revised proposal for SPM operations.
(c).	As regards Management and General Administration overhead (MGA) of ₹. 24 lakhs allocated by NMPT, please clarify as to how all the items covered under MGA are relevant for SPM operations. The NMPT may relook this point and consider to allocate the MGA expenses to the extent they are relevant for the SPM operations.	(c), (d), (e) In the earlier proposal, management overheads of ₹638 lakhs for the year 2013-14 was considered. In the revised proposal only the relevant salary of the Marine Dept., including Marine Engineers have been allocated at 12% to SPM operations and hence the marine overhead expenses charged in the proposal is Rs.29.00 lakhs only.
(d).	The port has considered overhead expenses of ₹638 lakhs consisting of proportionate maintenance dredging, maintenance of tugs, buoys and mooring launches of ₹584 lakhs, salary of marine department allocated to SPM activity ₹30 lakhs and proportionate MGA expenses of ₹24 lakhs for estimating the overhead expenses for the SPM operations. The tariff determined in the last general revision of the NMPT approved by this Authority vide Order No. TAMP/34/2010-NMPT dated 6 January 2012 would already have captured the estimated expenses of the above items. In view of the above position, there does not appear to be any justification for the allocation of the above mentioned expenses to SPM activity.	
(e).	It is relevant to state here that for fixation of tariff for SPM operations at COPT approved by this Authority vide Order No. TAMP/32/2007-COPT dated 17 December 2008, apart from hire charge of tugs, fuel cost and water cost, overhead was considered which was at 10% of the tug hire charges. In the instant case, the overhead component estimated by the NMPT comes to 37.3% of the tug hire charge estimated by NMPT (i.e. ₹638 lakhs / ₹1708 lakhs). Please justify the estimated overhead of ₹638 lakhs to the SPM operations with reference to the serviced provided by the port in this regard, if at all the overhead component is to the considered.	

(v).	Fuel cost:	
(a).	The port has estimated the fuel consumption of 1410 liters per hour for the two tugs, namely ocean icon and ocean brigade and a diesel generator for each tug. Please explain the basis of considering the fuel consumption of 1410 liters per hour for two tugs (i.e. average 705 ltrs / hour / tug).	The observation made by M/s MRPL have been noted. The matter has been discussed in detail with the Marine Dept., and proposal has been suitably revised/modified wherever necessary. Fuel consumption per tug per hour had been earlier taken as 344.31 ltrs. / hour per engine/per tug as per the manufacturers data for fuel consumption at 100% MCR. After discussions with the Marine Dept., the fuel consumption has been revised to 176ltrs/hour for 2 engines for each of the 2 Tugs. There are 2 engines operating simultaneously in each of the 2 tugs. In addition, the DG set has been installed in each of the 2 tugs which consumes 33.158ltrs /hour which have also been considered in calculation. As per the work order the fuel has to be supplied by the Port to the Contractor.
(b).	The fuel consumption for the tugs considered by the KOPT in its proposal for fixation of the charges for transloading facility is 160 liters per hour per tug. The KPT in its recent proposal for providing marine services for dry bulk terminal proposal has indicated the fuel consumption for 50 T Bollard Pull tugs at around 170 liters per hour per tug. The COPT in its proposal for fixation of the charges for SPM in December 2008 has indicated the fuel consumption of 150 liters per hour per tug. In light of the above, the fuel consumption of 705 liters per hour/ tug considered by the NMPT for SPM operations for similar capacity tug appears to be on the higher side. Please justify the fuel consumption considered in the computation with reference to the actual fuel consumption for the tugs deployed for SPM operations during the last one year period. It may be noted that it is not sufficient to state that fuel consumption has been taken from marine department of the port.	The data relating to consumption of fuel to tugs in KOPT, KPT and COPT for 50tonne Bollard tug has been noted. [The NMPT has revised the fuel consumption as explained in their reply to the point (v) (a) above]
(c).	The NMPT has assessed the fuel cost for 2473 hours i.e. for the total tug hours. The MRPL in its comments dated 22 December 2014 has pointed out there is error in the fuel cost estimation and has furnished modified calculation of fuel cost in Annex-II. Even at the joint hearing the MRPL has reiterated that there is a calculation error in fuel charge estimation and that the NMPT should have considered the productive hours for pilotage and pull back separately on the respective fuel consumption to arrive at total fuel consumption. The NMPT is requested to examine this point raised by the MRPL and correct the estimation if any error is observed as agreed by the port at the joint hearing.	The observations made by M/s MRPL has been noted. After detailed discussions with the Marine Dept., the Tug hours for fuel consumption has been revised and the total tug hours have also been revised.
(d).	The total productive tug hours for two tugs is estimated at 2473 hours. Explain the	The total productive tug hours is revised to 2245 hours as stated below**:-**

<table>
<tr><td></td><td>reasons and basis for adding a factor of 5% thereon and estimating the fuel cost for 2597 tug hours.</td><td><table><tr><td>Pilotage Time</td><td>Pull back Time</td><td>Total hours</td></tr><tr><td>780 hours</td><td>1465 hrs.</td><td>2245 hrs</td></tr></table>[The reasons for considering factor of 5% is clarified by NMPT in earlier queries at 2 (iii) (c) (ii) above]</td></tr>
<tr><td>(vi).</td><td><u>Depreciation</u> :
The port has apportioned ₹117 lakhs depreciation to SPM operations towards capital dredging, tugs, buoys, pollution control, VTMS and signal station. Please confirm all the above mentioned assets considered in the cost estimation for arriving at the proposed tariff are relevant to the SPM activity and briefly explain the services provided by them to the SPM activity. It is also not clear, when the two tugs proposed to be deployed exclusively for SPM operations for pilotage and pull back operations are on hire basis, how is it relevant to apportion the depreciation of (other) tugs to the SPM operations. The NMPT to clarify the above point particularly with reference to the services provided by these tugs (considered for apportionment) to the SPM activity.</td><td>The points raised by TAMP has been noted. The depreciation charges considered earlier was ₹117 lakhs. This has been modified to ₹108 lakhs in the revised proposal. The cost relating to marine related activities are to be recovered by charging the same in the tariff, on GRT basis from the customers. A portion of the depreciation expenditure has been charged to SPM operations as the said operation is related to overall marine activity. The depreciation charges allocated to SPM activity at 12% of ₹899.84 lakhs i.e. ₹108 lakhs.</td></tr>
<tr><td>(vii).</td><td>The port has stated that pilots engaged for SPM operations are on contract basis. It has applied 10% escalation on the manning charges for contract pilots on the 2013-14 figures. This Authority has decided to allow escalation factor of 6% for the cases decided in the year 2014-15. The NMPT is, therefore, requested to modify the annual escalation factor to the stated level of 6%.</td><td>The calculations relating to manning charges charged to SPM operations has been modified/revised after discussion with the Marine Department. The observation made by TAMP that only 6% escalation is to be taken has been noted and complied with the revised proposal.</td></tr>
<tr><td>(viii).</td><td>Sl No V of the calculation sheet shows that the depreciation on capital dredging, tugs, buoys, pollution control, VTMS and Signal Station for the year 2013-14 is apportioned to the SPM activity. The tariff determined by this Authority in the last general revision of the NMPT approved vide Order No.TAMP/34/2010-NMPT dated 6 January 2012 would already have captured deprecation on the above assets. In view of the above, it appears that allocation of this expense to SPM will tantamount to double counting. The NMPT to examine this point to eliminate duplication of expenses in tariff fixation exercise.</td><td>The observation made by TAMP is noted. The depreciation of marine related Assets have to be recovered from Port users in the Form of GRT/vessel. As SPM operations forms a part of the overall Marine related activity a portion of depreciation cost is proposed to be recovered from the SPM activity.</td></tr>
<tr><td>(ix).</td><td><u>Computation of the ROCE</u>:</td><td></td></tr>
<tr><td>(a).</td><td>The proposal of the NMPT envisages deployment of two tugs exclusively for SPM operations on hire basis which is already considered in the cost calculation along with the relevant operating cost for operating the tugs. In this scenario, justify the reasons for apportioning ROCE @ 16% on the WDV of the port owned tugs, launches, etc., The NMPT to elaborate the services provided by the port owned tugs to the SPM operations</td><td>The point made by TAMP that the port has considered the assets deployment of various port related assets is not borne by facts. It has been repeatedly indicated in the joint meeting as also in our earlier clarification that the whole idea of permitting SPM operations was to get incremental traffic and incremental revenue. However, what actually has happened is diversion of traffic from the dedicated berth 10 & 11 to SPM Jetty. In fact, the total traffic handled during 2013-14 i.e. from August 2013 and also as per the trend in 2014-15 there is a fall</td></tr>
</table>

	apart from the tugs exclusively hired for SPM operations for apportioning these expenses. The observation at (vii) above of double counting as regards return on the port owned tugs, launches, etc., holds good here also. The NMPT to examine this point and modify the estimation suitably in the light of the above observation.	in the traffic handled relating to M/s. MRPL at berth No. 10 & 11 overall by 1.1 MMT besides there is also diversion of traffic to SPM during the said 2 years. As the SPM operations have commenced in the tariff cycle of 3 years viz., 2012 to 2015 the Port is well within its rights to take a portion of the ROCE to be recovered from SPM operations. The ROCE for marine related Assets has to be recovered in the form of GRT for Marine related activities. The SPM activities form the part of the total marine related activities, a portion of ROCE on the marine related assets are proposed to be recovered on GRT basis from vessels handled at SPM Jetty.
(b).	As per the cost plus return approach prescribed in the 2005 guidelines, 16% return on investment is allowed to the tariff of Major Ports / Private Terminals while fixing the tariff. The tugs proposed to be deployed by the port for the SPM operations are on hire basis. Since it appears from the proposal that the NMPT has not made any investment for the SPM, the port is requested to explain the basis for considering return at 16% in the tariff computation. Incidentally, it is brought out that for the SPM operation at the COPT this Authority vide its Order No.TAMP/32/2007-COPT dated 17 December 2008 has allowed 6% of the total cost as margin while arriving at the proposed tariff based on the approach mutually agreed between the COPT and the BPCL-KRL.	No reply furnished by NMPT on this point.
(x).	The cost statement furnished by NMPT for wharfage activity and the vessel related activity for SPM operations shows a surplus position for the seven months for the year 2013-14. The estimates for years 2014-15 to 2016-17 also reflect a surplus position. It is assumed that the estimates furnished are based on the existing interim tariff approved by this Authority for SPM operations. Justify the proposed tariff (i.e. increase sought from the prevailing interim tariff arrangement) in view of the actual surplus position reflected in the cost statements for wharfage and vessel related activity for the SPM operations and also estimated surplus for the years 2014-15 to 2016-17.	No reply furnished by NMPT on this point.
(xi).	Rates Proposed:	
(a).	This Authority is mandated as per the Major Port Trust Act, 1963 to prescribe the tariff as well as the conditionalities governing the tariff. The NMPT has proposed the tariff for the SPM operations. The port has, however, not proposed the conditionalities governing the proposed tariff. The NMPT is, therefore, requested to propose the conditionalities governing the proposed tariff, if any.	The earlier proposal has been revised/modified wherever found necessary and same submitted to TAMP on 11/02/2015. The conditionalities applicable to general notified Tariff for NMPT by TAMP for cargo and vessel related charges will be equally applicable to SPM activities.
(b).	It is seen that for arriving at the proposed vessel related tariff the unit rate arrived for	The observation made by TAMP has been noted. The point made has been duly taken care off in the

	coastal vessel is escalated to arrive at the rate for foreign-going vessel and exchange rate for 1US$=61 is applied for proposing the dollar denominated rate in US$ for foreign going vessel. (For example, the pilotage charge for coastal vessel is arrived by NMPT first at ₹55.10 per GRT. The proposed US$ 1.51 for foreign going vessel is arrived by ₹55.10 *100/ 60 = ₹91.83 / exchange rate 61 = US 1.51). By doing so, the revenue likely to be realised will be more than the estimated revenue requirement. Hence for deriving the unit rate, the NMPT is requested to consider the share of foreign going and coastal vessels and the impact of coastal concession and arrive at the rate as done in the upfront tariff computation of berth hire charges. The NMPT may refer the upfront tariff Orders hosted in the website of TAMP, if necessary. The basis for adopting the share of foreign and coastal vessel may also please be indicated.	Revised/modified proposal.

12.1. With reference to point of action decided at the joint hearing brought out in para 8.2.(i)., the NMPT has furnished its comments on the comments of MRPL letter dated 22 December 2014.

12.2. With reference to the point of action decided at the joint brought out at para 8.2.(ii)., the NMPT has vide its letter dated 11 February 2015 filed a revised proposal along with detailed cost workings. The main submissions made by the NMPT and the modifications done by the NMPT in the (final) revised proposal are as follows:-

(i). **Wharfage Rate**:

(a). Assumptions made by NMPT and submissions regarding proposed wharfage charge at SPM are as follows:

(i). Crude import traffic of 13.96 MMT handled at Oil Jetty No.10 & 11 by M/s.MRPL for the year 2012-13 when there was no SPM operations has been taken into consideration for arriving at proposed wharfage calculations.

(ii). As per detailed cost sheets prepared for the 3 years 2011-12 to 2013-14, average wharfage rate for 3 years comes to ₹59.06/ MT.

(iii). Traffic foregone due to SPM operations in 2013-14 is 4.12 MMT. Detailed traffic statement for 2013-14 is furnished.

(iv). Revenue foregone at Berths 10 & 11 on account of SPM activity comes to ₹24.33 Crores to be recovered from SPM operations.

(v). Proposed volume of Crude to be handled at SPM is 7.00 MMT.

(b). The computation of wharfage rate in its (final) revised proposal dated 11 February 2015 is tabulated below:

Sr. No.	Particulars	Estimates
1.	Crude Handled in Berth 10 & 11 for 2012-13	13.96 MMT
2.	Revenue recognised at revised rate arrived by NMPT	82.45 Crores

	for the years 2011-12 to 2013-14 @ ₹59.06/ MT * 13.96 MMT	
3.	Volume of Crude handled at Berth No. 10 & 11 in 2013-14	9.84 MMT
4.	MMT foregone at berths on account of SPM (1)-(3)	4.12 MMT
5.	Revenue foregone (4) x ₹59.06/MT	24.33 Crores
6.	Proposed volume of Crude to be handled at SPM	7.00 MMT
7.	Minimum Rate per MT to be charged for SPM activity (5)/(6)	35.00 ₹/MT

Note:
If the TAMP notified rate for wharfage of ₹51.80 is considered in the above calculation, the revenue forgone in berth no.10 & 11 shall be ₹21.34 crores. Accordingly, the minimum wharfage rate to be charged for SPM activity will come to ₹31 per MT instead of ₹35.00/MT as computed above.

(ii). **<u>Vessel related charges:</u>**

(a). Assumptions made by NMPT and submissions regarding vessel related charges proposed at SPM are as follows:

(i). The actual number of vessels handled has been taken as 60 based on the trend for 2013-14 and 2014-15 (up to January 2015). Details of break up of number of vessels, type of vessels, average parcel size, rate of discharge for 11 months are furnished.

(ii). Total GRT has been calculated by taking the product of number of vessels of each type and average GRT for each type.

(iii). Two tugs of 50T Bollard Pull have been hired by NMPT on daily basis exclusively for SPM operations. The hiring charges are ₹208000/day per Tug excluding service tax and also excluding fuel.

(iv). Fuel consumption for tugs/hour has been taken from Marine department and same is considered at 176 ltrs./ hour/ tug. Bulk supplies of diesel rate taken for calculation is ₹61.78/ltr.

(v). Productive hour for pull back operations is arrived based on the discharge hours given by M/s MRPL.

(vi). The Port is deploying contract pilots and their salary is considered.

(vii). The fixed overheads include (a) Maintenance of Expenses of Marine vessels (b) Maintenance dredging (c) Salary of permanent Marine Department personal including Marine Engg. Sections. [The NMPT in calculation furnished along with the final revised proposal has not considered item (a) and (b) stated above.]

(viii). The proportion of SPM operations to overall operations of Port works out to roughly 12%. This percentage has been applied for apportionment of overhead expenses, depreciation and ROCE.

(ix). The Marine related assets such as Capital Dredging, Tugs, Vessels, Marine Launches, Buoys, Pollution Control, VTMS, Signal Station has been identified for depreciation calculation. Depreciation is computed on straight line basis.

(x). ROCE is taken at 16% of written down value of Marine assets i.e. tugs, pilot launches, VTMS, pollution control equipment attributable to SPM activities.

(xi). Average US$ rate considered for calculation is ₹1US$ =₹61 for arriving at US dollar denominated rate.

(xii). At present the Port is deploying two tugs exclusively for SPM operations. SPM facilities are located 17 Kms away from the base line of Port. One 50T Bollard Pull tug will continuously pull the mother vessel (Pull back) to keep the vessel stationery after (mooring) till the vessel is released is released (Unmoored) after vessel operations are completed. It takes nearly more than 1½ hours for going as also 1½ hours for returning after the mooring operations have been completed.

(xiii). The second tug 50T Bollard Pull is used for taking two pilots, MRPL/SPM operating agencies personnel, Custom officials, immigration officers, health officers, agents of the ship, CISF security persons. This tug assists in mooring the mother vessel. Once mother vessel is tied to SPM and connected to hose, it comes back with the above said officials to the shore.

Two pilots are deployed for SPM operations. One pilot permanently stationed in one tug which is involved in the pull back operations and remains there until entire SPM operations are completed and the vessel discharged.

(b). A summary of the computation for Pilotage and towing fees, Pull back charges and Port dues in its (final) revised proposal dated 11 February 2015 and its earlier revised proposal dated 21 July 2014 is given below:

(i). <u>Pilotage charges and Pull back charges:</u>

Sr. No.	Particulars	NMPT's revised proposal dated 21.7.2014			NMPT's (final) revised proposal dated 11.2.2015		
		Pilotage	**Pull back**	**Total**	**Pilotage**	**Pull back**	**Total**
(i).	PRODUCTIVE TUG HRS	1,210	1,263	2,473	780	1,465	2,245
(ii).	ALLOCATION OF TOTAL COST ON TUG HRS (in ₹ Lakhs)	2,255	2,353	4,608	747	1210	1957
(a)	ALLOCATION OF FIXED COST ON TUG HRS (in ₹ Lakhs)	Covered under total cost at Sl No (ii) above			537	1,010	1,547
(b).	ALLOCATION OF FUEL COST ON TUG HRS (in ₹ Lakhs)	Covered under total cost at Sl No (ii) above			210	200	410
(iii).	DEPRECIATION ALLOCATED (in ₹ Lakhs)	57	60	117	38	70	108
(iv).	PILOTAGE CHARGES ALLOCATED (in ₹ Lakhs)	8	9	17	23	44	67
(v).	TOTAL COST in ₹ Lakhs	**2,320**	**2,422**	**4,742**	**808**	**1,324**	**2,132**
(vi).	Add: 10% Contingencies	--	--	--	81	132	213
(vii).	TOTAL COST in ₹ Lakhs	**2,320**	**2,422**	**4,742**	**889**	**1,456**	**2,345**
(viii).	ROCE @ 16% as per workings in ₹ Lakhs	46	49	95	31	57	88
(ix).	TOTAL COST in ₹ Lakhs	**2,366**	**2,471**	**4,837**	**920**	**1,513**	**2,433**
(x).	TOTAL GRT	**4,294,000**	**4,294,000**	**--**	**4,672,000**	**4,672,000**	**--**
(xi).	PILOTAGE RATE/GRT (in ₹)	**55.10**	--	--	19.69	--	--

Sr. No.	Particulars	NMPT's revised proposal dated 21.7.2014			NMPT's (final) revised proposal dated 11.2.2015		
		Pilotage	Pull back	Total	Pilotage	Pull back	Total
(xii).	PILOTAGE RATE/GRT in US$	Slab wise tariff as given at Para 13.3.(iii). **First slab rate = US$ 1.92 / GRT for vessels upto 30000 GRT**	--	--	**0.3228 per GRT** for all the slabs	--	--
(xiii).	Tug hire RATE/TUG HRS in ₹	--	195,645	--	--	103,276	--
(xiv).	Tug hire RATE/TUG HRS in US$	--	**5345**	--	--	**1693**	--

(ii). Port dues:

In the proposal of 21 July 2014, the NMPT had proposed port due of US$ 0.377/GRT as notified by this Authority in the SOR of COPT. No detailed working was furnished. In the (final) revised proposal dated 11 February 2015, the NMPT has furnished computation for arriving at port dues as given below:

Sr. No.	Particulars	Amout
(i).	Depreciation on Marine Assets for 2013-14	476,12,615.00
(ii).	Depreciation of Floating Crafts earlier considered as CH Activity	63,201,503.00
(iii).	Maintenance Dredging and marine survey expenses	377,755,465.00
(iv).	Pollution Control expenses	5,274,544.00
(v).	Water Supply to Shipping	5,081,058.00
(vi).	Fire Fighting Expenses	60,719,817.00
(vii).	Operation & Maintenance of Navigational Aids	14,270,927.00
(viii).	Administration & General Expenses	18,540,106.00
(ix).	TOTAL COST	592,456,035.00
(x).(a).	ADD: MGA Apportioned Cost- 6% of MGA Expenses	42,394,524.00
(b).	ADD: Dry Docking Expenses of Tugs/ML/PLs	55,800,000.00
(xi).	TOTAL COST	690,650,559.00
(xii).	TOTAL GRT HANDLED IN 2013-14 (in MT)	34,054,755.00
(xiii).	Rate per GRT (in ₹) (xi)/(xii)	20.28
(xiv).	Rate per GRT (in UD $) ($1=Rs.61) (for foreign going vessel)	**0.332**
(xv).	Rate per GRT (in ₹) (60% of Foreign Rate) (for Coastal vessel)	**12.17**

12.3. To summarise, the rates proposed by the NMPT in its (final) revised proposal vis-à-vis its earlier revised proposal dated 21 July 2014 are given below:

(i). Wharfage:

No.	Type of vessel	Rate as per Proposal dated 21.07.2014		Rate as per Proposal dated 11.02.2015	
		Rate per GRT		Rate per GRT	
		Coastal (₹)	Foreign (US $)	Coastal (₹)	Foreign (US $)
1.	Crude oil at SPM-per tonne	46.03	46.03	35.00	35.00

(ii). Port Dues for vessels calling at SPM:

No.	Type of vessel	Rate as per Proposal dated 21.07.2014	Rate as per Proposal dated 11.02.2015	
		Rate per GRT	Rate per GRT	
		Foreign (US $)	Coastal (₹)	Foreign (US $)
1.	Crude Oil Tanker	0.377 (As notified for COPT)	12.17	0.332

(iii). Pilotage and Towing Fees for vessels handled at SPM:

No.	Size of vessel	Rate as per Proposal dated 21.07.2014		Rate as per final revised proposal dated 11.02.2015	
		Rate per GRT		Rate per GRT	
		Coastal (₹)	Foreign (US $)	Coastal (₹)	Foreign (US $)
(i).	Upto 30000 GRT	70.21 subject to min of ₹2,10,630	1.92 subject to min of $5760	11.59	0.3228
(ii).	30001 to 60000 GRT	21,06,300 + ₹56.37 per GRT over 30,000 GRT	57,600 + $1.54 per GRT over 30,000 GRT		
(iii).	60001 and above	37,95,600 + ₹49.66 per GRT over 60,000 GRT	1,03,800 + $1.36 per GRT over 60,000 GRT		

(iv). Pullback charges of vessels calling at SPM:

No.	Particulars	Rate as per earlier revised proposal dated 21.07.2014		Rate as per final revised Proposal dated 11.02.2015	
		Rate per Tug Hour or part thereof		Rate per Tug Hour or part thereof	
		Coastal (₹)	Foreign (US $)	Coastal (₹)	Foreign (US $)
1.	Tug Charges towards pullback activity at SPM	195,642	5,345	61,966	1,693

(v). Pilot attendance / detention charges at SPM:

No.	Particulars	Rate as per earlier revised proposal dated 21.07.2014		Rate as per final revised Proposal dated 11.02.2015	
		Rate per Tug Hour or part thereof		Rate per Tug Hour or part thereof	
		Coastal (₹)	Foreign (US $)	Coastal (₹)	Foreign (US $)
(i).	Pilot cancellation / detention charges towards SPM activity	Not proposed		5,124	140

12.4. As decided at the joint hearing, the NMPT vide its letter dated 11 February 2015 has forwarded its modified proposal dated 11 February 2015 to the MRPL, MSAA, KCCI Indian National Shipowner's Association (INSA) and Shipping Corporation of India Limited (SCI). The comments received from users/ user organisations were forwarded to NMPT as feedback information. The NMPT has furnished its reply on comments of users / user organisations vide its letters dated 28 March 2015 and 24 April 2015 respectively.

12.5. A copy of the NMPT comments on comments of MRPL was forwarded to MRPL. The MRPL has vide its letter dated 24 April 2015 has furnished its further additional comments on reply of NMPT and endorsed the same to NMPT. The NMPT has also furnished its response thereon vide its letter dated 11 May 2015. Some of the points made by the MRPL are reiteration of their earlier comments on which the NMPT has already furnished its comments.

13. The NMPT vide its letter dated 27 April 2015 has furnished a copy of the Board Resolution no.218/2014-15 passed by NMPT's Board of Trustees in the meeting held on 30 March 2015 approving the final revised proposal filed by NMPT to TAMP.

14.1. In the meanwhile, M/s.Atlantic Shipping Pvt. Ltd. (ASPL) vide its letter dated 8 June 2015 has furnished the following submissions:

(i). M/s.ASPL are handling crude vessels calling at MRPL SPM at NMPT. Initially ASPL have paid Pilotage of ₹239,335,821/- including service Tax to NMPT based on TAMP Notification No.TAMP/34/2010 notified in the Gazette of India on 21 February 2012 wherein minimum pilotage charge is prescribed at US$ 95,100 for 60,000 GRT and US$ 1.232GRT for vessels above 60,000GRT.

(ii). As per the revised TAMP Order No. TAMP/17/2014-NMPT passed on 20 May 2014 which supersedes all its earlier Order, the Pilotage charges were revised and finalized as USD 0.4259 per GRT instead of above rates claimed earlier. The revised pilotage charges amounts to ₹68,664,334/- including service tax.

(iii). In consequence to the same, the vessel owners are entitled for refund of the excess pilotage charges of ₹170,671,487 including service tax paid by them from time to time. Similarly ASPL has to obtain refund of ₹3,486,538/- towards pull back tug hire charges.

(iv). The owners are following up constantly and insist that the above refund should be passed to them prior to year end closure. ASPL are following up with the NMPT and understand that they are still awaiting decision of the Authority in this regard.

(v). ASPL has requested to advice NMPT while passing final Order so that the above refund can be paid to them and the same can be passed on to the respective vessel owners.

14.2. Under cover of the said letter ASPL has furnished a copy of NMPT letter dated 21 August 2014 addressed to the shipping line of the consignee. In the said letter, it is seen that NMPT has stated that the interim order received from this Authority has created ambiguity with regard to the rates to be charged for Port Dues for SPM operations. The NMPT has stated that it has requested the Authority to give the provisional rates relating to Cochin Port Trust (COPT) in totality. However, it is seen that with regard to port dues the interim order passed by the Authority is not in conformity with the request made by the Port. The matter has been taken up with the TAMP to take a review and to modify the interim order earlier given so that the rates are in conformity with the SOR rates for SPM charges by COPT in totality. The decision of the Authority is awaited. However, the port as a temporary measure will follow the interim order already received from this Authority until the review / modified / final order is received from the Authority.

15. 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

parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). The proposal is for fixation of final rates for operations at the Single Point Mooring (SPM) commissioned by the Mangalore Refinery and Petrochemicals Limited (MRPL) at New Mangalore Port Trust (NMPT). The operations have reportedly commenced on 29 August 2013. The new SPM facility mainly caters to handling of crude oil which earlier was unloaded at the two Jetty Nos. 10 and 11 of NMPT. The investment on SPM is made by MRPL while vessel operations are continued to be arranged by NMPT.

(ii). The NMPT while filing its proposal for fixation of final rate had also simultaneously filed a proposal seeking approval of the rate on provisional basis adopting the rates prescribed for SPM operations at the Cochin Port Trust. The NMPT had furnished consent of the MRPL for the rates proposed by the port on provisional basis. That being so, this Authority vide its Order No. TAMP/17/2014-NMPT dated on 20 May 2014 approved provisional rates for the SPM facility as proposed by the NMPT except for port dues. For port dues for reasons recorded in para 4.6. of the said Order, this Authority approved the port dues prescribed in the Scale of Rates of the NMPT itself. The provisional rates were approved with retrospective effect from the date of commencement of the commercial operations i.e. 29 August 2013 for a period of one year from 29 August 2013 or till the effective date of implementation of the Order disposing of the proposal filed by NMPT for fixation of final rate for SPM, whichever is earlier.

(iii). As brought out in the preceding paragraphs bringing out the factual position, the initial proposal was filed by the NMPT in March 2014. The said initial proposal filed by NMPT in March 2014 was completely revised by it vide its modified proposal dated 21 July 2014. Subsequently, after the joint hearing, the NMPT has filed a completely revised proposal vide its letter dated 11 February 2015. The NMPT has furnished its comments on the comments of the MRPL on its final revised proposal vide its letter dated 11 May 2015. Therefore, the case has been taken up for finalization after receipt of comments of NMPT.

In the final revised proposal filed by the NMPT in February 2015, it is seen that the NMPT has attempted to modify most of the deficiencies pointed out by the MRPL in the computation of the rate proposed by it earlier. The final revised proposal dated 11 February 2015 filed by the NMPT along with the information/ clarification/ comments obtained during the processing of this case is considered for fixing the final rates for SPM operations at the NMPT.

(iv). Before proceeding ahead with this case, it is relevant to mention here that the NMPT had filed the proposal under the tariff guidelines of 2005. The Ministry of Shipping (MOS) vide its communication No. 8(1)/2014-TAMP dated 13 January 2015, under Section 111 of the Major Port Trusts Act, 1963 (38 of 1963), has issued a new Tariff Policy for Major Port Trusts, 2015 for determination of Tariff for Major Port Trusts. In compliance with the policy direction issued by the MOS, this Authority has notified the said Tariff Policy, 2015 vide Gazette Notification No.30 dated 27 January 2015 and the said Tariff Policy, 2015 is effective from 13 January 2015. Subsequently, in compliance with Clause 1.5 of the Tariff Policy, this Authority has, in consultation with all the Major Port Trusts, notified the Working Guidelines to operationalize the said Tariff Policy for Major Port Trusts, 2015 vide Gazette Notification No. 207 dated 4 June 2015.

Clause 5.7.1. of the Working Guidelines to operationalize the said Tariff Policy 2015 stipulates that whenever a specific tariff for a service/ cargo is not available in the SOR, of that particular port, the concerned Major Port Trust can approach this Authority for notification of tariff for the said new cargo/ equipment/ service adopting the tariff and performance standards, if any, fixed for comparable cargo/ equipment/ service in any other Major Port Trust. If there is no rate available in any other Major Port Trust or if the rate available is not representative enough of the proposed new cargo/ service/ facility, then the port may file the proposal for notification of tariff for the said new cargo/ equipment/ service with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment. If determination of tariff based on the above prescribed options is not possible, then the Major Port Trusts after giving sufficient reasons may propose rates based on Cost plus 16% return formula.

It is seen that clause 5.7.1. of the Working Guidelines under Tariff Policy 2015, allows the Major Port Trusts to propose rate for new cargo/ service for which rate is not available in the SOR of the concerned port based on cost plus 16% return formula. Recognising that the entire processing of this case including the joint hearing and fixation of provisional rate was done following the tariff guidelines of 2005 applicable to Major Port Trusts prior to the announcement of the new Tariff Policy for Major Ports, 2015, this Authority proceeds based on the proposal of the NMPT which is based on the cost plus return model and in line with options prescribed in the Working Guidelines issued under the Tariff Policy 2015 for new cargo/service.

(v). The five main tariff items proposed by the NMPT for SPM operations are (a). Port Dues, (b). Pilotage fees, (c). Hire charge for Tug for pull back operations (d). Wharfage rate and (e). Pilot attendance / detention charges at SPM. Each of the above tariff items are discussed in the subsequent paragraphs.

(vi). **Port Dues:**

(a). The NMPT in its initial proposals of March 2014 and July 2014 had proposed the port dues as prescribed in the SOR of the COPT at US$0.377 per GRT. Subsequently, in the final revised proposal, the NMPT has proposed port dues at US$0.332 per GRT. For this purpose, the NMPT has considered apportioned cost items like Depreciation on Marine Assets, Depreciation on Floating Crafts, Maintenance Dredging and marine survey expenses, Pollution Control expenses, Water Supply to Shipping, Operation & Maintenance of Navigational Aids, Administration & General Expenses, apportioned Management and General Overheads and dry docking expenses of tugs/ mooring launches/ pilot launch and spread over the total GRT of vessels of SPM.

The MRPL, and the Kanara Chamber of Commerce and Industry (KCCI) both have objected the proposed port dues which leads to an increase of 132% from the existing provisional port dues. The only argument put forth by the NMPT is that Port dues of NMPT has not been revised from 13.06.2006 onwards and is overdue for revision. Notwithstanding the objection of MRPL and KCCI and NMPT's comments thereon, it is relevant to mention that port dues is a fee for entry of a vessel into the port. The apportioned cost components now considered by the NMPT for arriving at the proposed port dues like marine survey, port conservancy, pollution control, harbour patrol as a safety & security measure, dredging etc for SPM operations are already captured in the General revision proposal of the NMPT approved vide Order no. TAMP/34/2010-NMPT dated 6 January 2012 while approving the port dues. The existing Scale of Rates of NMPT already prescribes uniform port dues for all categories of vessels referred as "Ships/ Steamers" at US$ 0.143 per GRT for foreign-going vessel and ₹2.32 per GRT for coastal vessel. It is relevant here to mention that for SPM operations commissioned by Bharat Petroleum Corporation Limited - Kochi Refineries Limited (BPCL-KRL) at Cochin Port

Trust, the port dues prescribed in SOR of the COPT is made applicable for vessels arriving at the SPM as per the proposal of the port. At the Kolkata Port Trust, same rate of port dues is levied for operations at Haldia and Kolkata. Likewise, the same rate of port dues is applicable at Mumbai Port Trust for operations at its Docks and the Jawahardeep where marine oil terminal is located. Since Port dues is a fee for entry of vessels, the rate of Port dues for SPM vessels cannot be different from the other vessel categories.

Hence, adopting the analogy followed in COPT, it is found appropriate to prescribe port dues for SPM vessel at par with port dues applicable in the existing SOR of NMPT for POL vessels i.e. USD 0.143 per GRT per entry for foreign-going vessel and ₹2.52 per GRT per entry for coastal vessel. This is in line with the decision taken while approving the provisional rates for SPM operations.

The NMPT has already filed a proposal for revision of the existing SOR of the port under the Tariff Policy, 2015 where all tariff items including the port dues is proposed for revision by the NMPT. The said proposal of the NMPT is being processed by this Authority separately. The port dues to be approved by this Authority in the general revision of the SOR of the NMPT, will automatically apply to the vessels arriving at the SPM also.

(b). While approving provisional rates for SPM operations at NMPT, this Authority had considered the proposal of the NMPT for adoption of the rates prescribed at COPT for SPM operations in respect of wharfage, pilotage fee and hire charge for tug. As regards port dues, this Authority had approved the port dues prescribed in the SOR of the NMPT for SPM operations as against the proposal of the NMPT to adopt the port dues prescribed in the SOR of COPT. The NMPT has requested to review the Port dues approved in the Tariff Order of May 2015 and has requested to approve the Port dues prescribed for COPT. The reasons for prescription of Port dues at the level of NMPT SOR is recorded in detail in para 4.6. of the Order dated 20 May 2014. This Authority has in the said Order stated that port due is a fee for entry of the vessel and following the analogy followed in COPT, port dues for SPM vessel is prescribed at par with port dues applicable in the existing SOR of NMPT for POL vessels i.e. USD 0.143 per GRT per entry for foreign-going vessel and ₹2.52 per GRT per entry for coastal vessel while approving the provisional rates for SPM operations. For the reasons already cited in the said Order, the request made by the NMPT to review and approve the COPT adopted rate on provisional basis is not conceded to. In fact, the final rate for the SPM operations is the same as approved on provisional basis.

(c). As brought out earlier, during the processing of the case, there was a representation from M/s.Atlantic shipping Pvt. Ltd. (ASPL). The ASPL has submitted that Pilotage fee as per Order No. TAMP/34/2010 notified in the Gazette of India on 21 February 2012 is minimum US$ 95,100 for 60,000 GRT and US$ 1.232GRT for vessels above 60,000GRT. The ASPL has further stated that as per the revised Order No.TAMP/17/2014-NMPT passed by this Authority on 20 May 2014 which supersedes all its earlier Orders (in the views of ASPL), the Pilotage charges was revised and finalized as USD 0.4259 per GRT instead of above rates claimed earlier and hence has requested for directions to refund of pilotage fee.

In this context, the ASPL should note that the pilotage fee prescribed in the SOR of NMPT in the Order notified on 21 February 2012 is with reference to the general revision of the SOR of the port. The Order No.TAMP/17/2014-NMPT dated 20 May 2014 does not supersede all the earlier orders of this Authority as claimed by ASPL. The said Order is approval of provisional rates for SPM operations commenced at NMPT in August 2013. The Order dated 20 May 2014 is for a new pilotage service and has no relevance to the pilotage fee prescribed in the Order dated 21 February 2012 in the general revision of the SOR for rendering pilotage service for vessels other than vessels calling at the SPM.

Further, the unit rate of pilotage fee quoted by ASPL is not as per the pilotage fee prescribed by this Authority in the general revision Order notified on 21 February 2012. The rates for foreign going vessels of 30001 GRT to 60000 GRT is US $ 9600 + US $ 0.256 per GRT over 30,000 and for vessels above 60,000 GRT the pilotage fee prescribed is US $ 17280 + US $ 0.224 per GRT over 60,000 GRT.

The reply furnished by NMPT vide its letter dated 21 August 2014 to ASPL as forwarded by ASPL relates to port dues provisionally approved by this Authority. The point made by the NMPT in the said letter that the interim order approved by this Authority has created ambiguity with regard to the rates to be charged for Port Dues for SPM operations is totally baseless. The Order passed by this Authority is explicit and a reasoned speaking Order. There is no ambiguity in the said Order. Para 4.6. of the Order approved on 20 May 2014 approving provisional rates for SBM operations explicitly deals with the matter. This has also been brought out in the earlier paragraph and hence not reiterated.

It is seen that the NMPT in its letter 21 August 2014 addressed to ASPL has not addressed or made any remarks on the pilotage fee matter referred by the ASPL. That being so, the NMPT is advised to examine the issue raised by the ASPL and initiate appropriate action applying the applicable rates approved by this Authority.

(vii). Pilotage fee and Hire Charge for Tugs for pull back operations:

The above mentioned two tariff items viz. (a). Pilotage fee and (b). Hire Charge for Tugs for pull back operations both revolve around mainly tug services. The NMPT has arrived at the total cost for these two services and apportioned between the two tariff items based on tug hours for arriving at the proposed rates. The analysis relating to this two tariff items are discussed together as hereinunder:

(a). Hire charge for two tugs:

The NMPT has reported to have hired two tugs each 50T Bollard pull exclusively for SPM operations at a cost of ₹208000/tug /per day (excluding taxes and fuel). The NMPT recognising the point made by the MRPL has considered the hire charges of two tugs at 208000/tug /per day excluding service tax component instead of ₹2.34 lakhs /tug/ day considered by it in its earlier proposal dated 21 July 2014 which included the service tax component. The NMPT has substantiated the hire charge with copy of the hiring contract and has confirmed that the hiring contract was awarded following competitive bidding process. The work order dated 30 April 2014 placed by NMPT for hire of two numbers of 50T Bollard pull tug shows that the contract for hire of two tugs is for a period of five years and further extendable for two years @ ₹208000 per tug per day excluding service tax and fuel. Thus, the tug hire rate is not subject to any variation during the contract period. The unit cost of hiring the tug is, therefore, relied upon.

The NMPT has estimated hire cost of two tugs for 365 days at ₹1518.00 lakhs. The KCCI and Mangalore Steamer Agents Association (MSAA) have submitted that the SPM will be operational only during fair weather. During monsoon period for about 3-4 months there will not be any operation at SPM and hence port may use these hired tugs for other port operation and capture its impact in cost calculation. The NMPT has clarified that according to MRPL SPM operations will be carried out during monsoon also subject to favourable weather and sea condition and hence tugs are made available round the year. In view of the clarification furnished by the NMPT and also recognising that the NMPT has hired the two tugs exclusively for SPM operations, the charges for hire of tugs need to be borne by the SPM vessels. That being so, the hire cost of two tugs is considered as estimated by the NMPT at ₹1518.40 lakhs (i.e. ₹2.08 Lakhs per day per tug x 365 days x 2 tugs) without rounding off to ₹1518.00 as lakhs as done by NMPT.

(b). Fuel cost:
As per the work order for hire of tug, fuel has to be supplied by the Port to the Contractor. The estimate of fuel cost is explained as hereinunder:

(i) The MRPL has pointed out that there is a calculation error in fuel charge estimation and that the NMPT should consider the productive hours for pilotage and pull back separately for estimation of fuel consumption. In the final revised proposal the NMPT has addressed this point and estimated fuel cost for pilotage and pull back operations separately as suggested by the MRPL. In the final revised proposal, the fuel cost is estimated to reduce to ₹410 lakhs as against ₹2262 lakhs estimated by the port in its July 2014 proposal.

(ii) The NMPT in the final revised proposal has considered total fuel consumption of 210 litres/ hour for a tug and DG set deployed for pull back operations. For pilotage operations, the NMPT has considered total fuel consumption of 416 litres/ hour in respect of two tugs and DG sets. The revised fuel consumption is reportedly based on the actual past data of the port for SPM operations carried out since August 2013 to January 2015. None of the users including MRPL have raised any objection on the fuel consumption considered by the NMPT. That being so, fuel consumption as considered by the NMPT is relied upon.

(iii) The SPM facility is located 17 Kms away from the base line of Port. For pilotage operations, the port had earlier considered 12 hours for berthing a vessel and 10 hours for unberthing a vessel considering two tugs. The MRPL has pointed out that as per its experience, 9 hours is required for berthing a vessel. Based on the observation made by the MRPL and based on the fuel details available with the Port, in the final revised proposal the NMPT has considered 10 hours for berthing a vessel and 3 hours for unberthing a vessel i.e. total 13 hours for pilotage operations. Recognising that the berthing/ non-berthing hours for pilotage operations for SPM vessel considered by the NMPT is based on the actual data for SPM operations, the same is relied upon and considered.

For pull back operations, the NMPT has stated that one tug will continuously pull the mother vessel (Pull back) to keep the vessel stationary after (mooring) till the vessel is released (Unmoored). The NMPT has estimated tug hours for pull back operations at 17.5 hours, 25.5 hours and 32.5 hours for Aframax vessel, suezmax vessel and VLCC respectively. The MRPL has requested to consider the pull back hours at 27, 40 and 45 for the corresponding categories of vessels. It is relevant to mention that the pilotage operations and pull back operations for SPM operations are carried out by the NMPT since last one and half years since commencement of the SPM operations. Recognising that the pull back hours considered by the NMPT which is reportedly based on the data available with the port on the actual pull back hours for SPM operations for almost one and half years i.e. from August 2013 to January 2015), the pull back hours considered by the NMPT are reckoned with in the computation.

(iv) The NMPT had earlier estimated total 55 no. of vessels to be handled at SPM. Subsequently, in the revised proposal, the NMPT has increased total of vessels at SPM to 60 numbers comprising of 9 AFRAMAX, 50 SUEZMAX and 1 VLCC reportedly based on the 55 number of vessels handled by NMPT at SPM for ten months in the year 2014-15 (i.e. upto January 2015). The MRPL has requested to consider 71 number of vessels projected by it. It is seen that vessel projection of 71 indicated by the MRPL vide its email dated 22 December 2014 is projection under the best scenario for Crude throughput of 14.90 million Tonnes. The said email of MRPL also indicates vessel projection of 65 and 68 for crude throughput of 14.00 and 14.50 million tonnes. The MRPL has stated that crude oil import has reduced as they are depleting the stock first for refinery. Even the NMPT has stated that the traffic of MRPL has declined in the year 2014-15. The NMPT has categorically stated that the crude throughput of MRPL has reduced and it is not likely to handle 71 vessels at SPM.

It is relevant here to mention that the actual number of vessels reported to have been handled by NMPT at SPM is 55 vessels in the year 2014-15 (upto January 2014-15). When 55 number of vessels reportedly handled for 10 months of the year 2014-15 is extrapolated for the full year it comes to 66 vessels instead of 60 vessels considered by the NMPT. That being so, in our computation number of vessels is considered at 66 i.e. 10% higher than the number of vessels considered by the NMPT. Increase in number of vessels will have impact on fuel cost of tugs and GRT hours for both pilotage and tug hire charge for pull back operations.

(v) The NMPT has computed total productive hours of tugs for pilotage operations and pull back operations at 780 hours and 2245 hours respectively and added 5% towards contingency. The NMPT has clarified that addition of 5% is to take care of any productive hours inadvertently left out in the calculations. The MRPL or any other user organization has not raised any pointed objection on consideration of 5% contingency in the productive tug hours. In view of the clarification furnished by the NMPT 5% contingency estimated in the productive tug hours is considered in line with the approach followed by the NMPT.

(vi) Consequent to above analysis and subject to modification in number of vessels, the total number of tug hours for pilotage comes to 900.9 hours as against 819 hours considered by NMPT and 1690.5 hours instead of 1538 hours considered by NMPT for pull back operations. The total number of hours for both the operations comes to 2591.4 hours as against 2357 hours considered by the NMPT. The modified number of hours is considered for estimation of fuel cost.

(vii) The unit rate of fuel i.e. High Speed Diesel (HSD) considered by NMPT is ₹61.78 per litre reportedly based on the bulk supply of the HSD rate. The NMPT has requested to update the unit rate of fuel with the prevailing rate. The NMPT has argued that since revision is sought from August 2013, it has not updated fuel rate at the prevailing level. While fixation of tariff the unit rate of fuel is updated to the prevailing rate in all the tariff cases. Hence, the unit cost of fuel is updated with the prevailing rate of HSD at ₹55.71/Ltr in line with the approach followed in the other tariff cases of Major Port Trusts.

(viii) In view of the above analysis, the total fuel cost for two tugs comes to ₹208.79 lakhs (416 ltrs * 900.9 hour of pilotage * ₹55.71 per ltr) as against ₹210.00 lakhs estimated by NMPT. For pull back operations, fuel cost comes to ₹197.77 lakhs (i.e. 210 ltrs *1690.5 hours of pull back * ₹55.71 per ltr) as against ₹200 lakhs estimated by NMPT.

(c). Overheads:

The NMPT had earlier allocated 13% of the overhead, depreciation, ROCE to the SPM. In the final revised proposal the NMPT has allocated overhead, depreciation, ROCE to SPM activity at the rate of 12% which is reportedly arrived by dividing total crude handled at SPM over total cargo handled by the port as whole in a year for the period from August 2013 (inception of SPM activity) to July 2014. The NMPT has given a detailed working for arriving at 12% which is relied upon. Neither the MRPL nor any user has made any adverse remark on 12% adopted by the NMPT for allocation of the cost items.

The overheads estimated by the NMPT in its 21 July 2014 proposal was ₹638 lakhs comprising of allocated maintenance dredging, maintenance of tugs, buoys and mooring launches, maintenance dredging and management and general overheads. In the light of the observation made by this Authority and the MRPL and other user associations about the relevance of these items for SPM operations, the NMPT in the final revised proposal has excluded allocation of maintenance dredging, maintenance of tugs, buoys and mooring launches. The NMPT has stated that it has considered only relevant salary of its Marine department at ₹233.70 lakhs and allocated 12% thereof to SPM operations which works out to ₹28 lakhs. The NMPT has allocated management and general overheads at 3.6% of the allocated salary of the marine department which comes to ₹1 lakhs. The total overheads comprising of allocated salary of the marine department and allocated management general overheads considered by NMPT is ₹29 lakhs. Even the MRPL in its comments dated 10 March 2015 has captured this figure. The overhead is considered in the computation as furnished by the NMPT. The overhead captured in the SPM operations should be excluded from the ARR computation in the general revision proposal under Tariff Policy for Major Port Trusts 2015 by the NMPT to avoid double counting of expenses.

(d). Depreciation:

The port has apportioned ₹108 lakhs depreciation to SPM operations towards capital dredging, tugs/ vessels/ mooring launches, pollution control, VTMS and signal station. MRPL and most of the user associations have raised objection on depreciation cost on capital dredging and tugs allocated to SPM operations. When requested to confirm whether all the above mentioned assets considered in the cost estimation for arriving at the proposed tariff are relevant to the SPM activity and briefly explain the services provided by them to the SPM activity, the NMPT has in a general way stated that the cost relating to marine related activities are to be recovered by charging the same in the tariff, on GRT basis from the customer and hence a portion of the depreciation expenditure has been charged to SPM operations as the said operation is related to overall marine activity without examining the relevance of each of the items for SPM operations.

As stated earlier, entire investment made for SPM operations is incurred by the MRPL. There is no capital dredging done by the NMPT with reference to the SPM operations as stated by the MRPL. Since apportionment of depreciation on capital dredging is not found relevant to SPM operations it is excluded.

As regards depreciation of tugs/ mooring launch as already stated earlier, the port has hired two tugs exclusively for SPM operations and all the operating cost and hire cost of tugs are proposed to be recovered from SPM vessels. Hence, tugs/ mooring launch providing services at port berths are not engaged for SPM operations. Hence depreciation on this item is also excluded. It is relevant to state that whilst depreciation on these two items are excluded, the NMPT cannot be stated to be at any disadvantageous position as depreciation on tugs and capital dredging related to port operations would have already been captured while determining the tariff for the port in its general revision proposal.

As regards the point made by the MRPL that for the last seven or eight years, VTMS has not been used and no Vessel Traffic Management Services have been provided to the Vessels entering or departing the main Harbour, the NMPT has clarified that VTMS is very much operational and is being actively used for SPM operations. New VTMS costing more than ₹17 Crores is also in the process of being installed in the Port in April 2015. That being so, depreciation of VTMS is considered as estimated by the NMPT.

Pollution control system and signal station are found relevant for SPM operations and hence depreciation on these two items are captured as estimated by the NMPT.

Subject to above modification, depreciation considered for SPM operations comes to ₹6.39 lakhs as against ₹108 lakhs estimated by the NMPT.

The NMPT should, ensure that in the general revision proposal filed by it, the cost items included in SPM operations are excluded so as to avoid double counting of these same cost items.

(e). Pilot Salary on contract basis for SPM operations:

The port has stated that pilots are engaged for SPM operations on contract basis. It has considered annual salary of two pilots taken on contract basis for operations of tugs. The port has considered 6% annual escalation in the total annual cost.

The annual escalation allowed by this Authority for the tariff cases decided in the year 2014-15 is 6%. Recognising that the figures considered by the NMPT are based on 2013-14 actuals, application of 6% annual escalation to arrive at the salary cost for the year 2014-15 does not appear to be unreasonable. Neither the MRPL nor any other user associations has made any pointed objection to this estimate. Hence, salary of two pilots as estimated by NMPT is considered.

(f). 10% contingency on the total cost

Based on the above analysis, the total cost comes to ₹2027.05 lakhs of which ₹772.15 lakhs is for pilotage services and ₹1254.90 lakhs is for pull back services as against the estimate by NMPT at ₹808.00 lakhs for pilotage services and ₹1324.00 lakhs for pull back services aggregating to

₹2132.00 lakhs. In the final revised proposal of February 2015, the NMPT has applied 10% contingency on the total cost estimated by it and arrived at the total cost including 10% contingency at ₹889.00 lakhs for pilotage services and ₹1457.00 lakhs for pull back services aggregating to ₹2346.00 lakhs.

The NMPT has stated that contingencies have been provided at 10% for Pilotage and pull back based on the SPM proposal submitted by Cochin Port to TAMP. As stated earlier, the NMPT has considered 5% contingency in productive tug hours which has been allowed based on the reasons stated by the port. It is relevant to mention here that no contingency of 10% of total cost was considered while fixing the tariff for SPM operations at the COPT as claimed by the NMPT. 10% of tug hire charge was considered as overheads as estimated by the COPT. In the case of NMPT, overhead is already estimated separately. That being so, 10% contingency estimated by the NMPT is excluded in the computation modified by us.

(g). Return:

The NMPT has considered 16% ROCE on the net value of assets on port owned tugs, pilot launches, mooring vessels, VTMS and pollution control and allocated 12% thereof to the SPM operations. As rightly stated by MRPL when hired tugs are deployed for SPM operations and hire charges are already captured in the computation, it is not correct to apply 16% ROCE on the port owned tugs, pilot launches and mooring vessels. These port owned tugs/vessels/mooring launches are not being used for SPM activity and hence excluded from the computation for ROCE. The VTMS and pollution control system are found relevant for SPM operations and hence return thereon needs to be allocated to the SPM activity. This Authority has decided to allow 16% return on the capital employed. The NMPT has also computed return at 16% and allocated 12% thereon to the SPM. Following the approach adopted by the NMPT subject to items excluded as stated above, Return allocated to SPM activity comes to ₹2.75 lakhs as against ₹88 lakhs considered by the NMPT.

As per the cost plus return approach prescribed in the 2005 guidelines as well as in 2015 Tariff Policy 2015, 16% return on investment is allowed in the tariff of Major Ports / Private Terminals while fixing the tariff. In the instant case, since the tugs deployed by the NMPT are on hire basis, it is not entitled for return on investment on the two tugs taken on hire. Thus, in this exercise for pilotage and pull back services offered by NMPT using hired tugs, the NMPT is only being reimbursed for the expenses incurred by the port. In a similar case at COPT where the port had taken tugs on hire for SPM operations by BPCL- KRL, the COPT had considered 6% of the total cost as margin while arriving at the proposed tariff. This Authority while passing Order No.TAMP/32/2007-COPT dated 17 December 2008 had accepted the approach followed by the COPT in this regard. The MRPL has also agreed that some return of 3% or 6% can be allowed. Flowing from the approach accepted in the case of SPM operations at COPT, 6% margin on the total modified cost is considered while arriving at the tariff for pilotage fee and pull back charges.

(h). It is relevant to mention that the NMPT has allocated cost of hire charge of tugs, overheads, salary of pilot, depreciation and ROCE between the pilotage and pull back operations in the ratio of the productive tug hours at 780 and 1465.25 respectively for these two operations. The NMPT has not considered 5% contingency in the tug hours which it has considered for fuel estimation for allocation of the cost between the two services. Since the fuel cost considered is with 5% contingency in tug hours, it is appropriate to consider the same while allocating the expenses. That being so, in the modified cost statement prepared by us the modified expenses are allocated with reference to the modified productive hours for pilotage and pull back services at 900.90 hours and 1690.50 hours respectively .

(i). Based on the above analysis, the total cost plus return which is in other terms Annual Revenue Requirement (ARR) comes to ₹2151.43 lakhs of which ₹819.44 lakhs is for pilotage services and 1331.99 lakhs is for pull back services as against the estimate by NMPT at ₹920.00 lakhs for pilotage services and 1513.00 lakhs for pull back services aggregating to ₹2433.00 lakhs

(j). Proposed rate for pilotage fee:

(i). For arriving at the proposed rate of pilotage fee, the NMPT has spread over the total estimated ARR of ₹920.00 lakhs over the GRT of vessel assessed at 46,72,000 GRT from 60 SPM vessels estimated by the NMPT. The NMPT has considered the average GRT of vessel at 58000, 80000 and 150000 in respect of Aframax vessel, suezmax vessel and VLCC vessel respectively based on the statistics of the vessels at SPM handled from the commencement of operations i.e. August 2013 to January 2015. This position is relied upon as it is based on past actual operations at SPM. As stated earlier, the number of vessels has been modified to 66 instead of 60 vessels considered by NMPT. Consequently, total GRT of vessel comes to 51,30,000 GRT. The vessel parameter of average GRT of vessel is considered as given by the NMPT.

Following the approach adopted by the NMPT and by spreading over the total modified ARR of ₹819.44 lakhs over the modified GRT of vessel assessed at 51,30,000 GRT, the pilotage fee works out to ₹15.97 per GRT. The pilotage fee for foreign going vessel is arrived by adopting the exchange rate of 1US$=63.51 (i.e. 15.97/ 63.51) prevailing at the time of finalizing this case as against exchange rate of 1US$=61 considered by the NMPT. Accordingly, pilotage fee comes to US$0.2515 / GRT as against US$0.3228/ GRT proposed by the NMPT. Even at COPT, the Pilotage fee prescribed for SPM operation is uniform for the three slabs. Since the proposal of NMPT is also for uniform rate for the three slabs, the same approach is followed as proposed by the Port.

The MRPL has confirmed that crude is imported and all vessels will be foreign-going vessels. Coastal vessel is expected in rare cases only. The NMPT has proposed pilotage fee for coastal vessel applying 40% concession eligible for this category of vessel. Pilotage fee for coastal vessel is prescribed at 60% of the rate prescribed for its foreign counter part in the event any coastal vessel is to be handled which is rare case as pointed out by MRPL.

(k). Proposed rate for pull back operations:

(i). For arriving at the proposed rate of for pull back operations, the NMPT has spread over the total estimated ARR of ₹1513.00 lakhs over the total 1465 tug hours for pull back operations for 60 SPM vessels and arrived at tug hire charge of ₹103,276/ tug hour. Here also the NMPT has not considered tug hours of 1538 (inclusive of

5% contingency) as considered by it in fuel cost. In the modified cost statement prepared by us, tug hours is considered as 1690.50 hours as considered for estimation of fuel cost.

Following the approach adopted by the NMPT and by spreading over the total modified ARR of ₹1331.99 lakhs over the modified 1690.50 tug hours for pull back operations for 66 vessels, tug hire charge works out to ₹78,792.72 per tug hour. The pull back charges for foreign going vessel is arrived by adopting the exchange rate of 1US$=63.51 (78,792.72 / 63.51) prevailing at the time of finalizing this case as against exchange rate of 1US$=61 considered by the NMPT. Accordingly, pull back charges comes to US$ 1240.63 / tug hour as against US$ 1693.00/ tug hour proposed by the NMPT. Pull back charges for coastal vessel is prescribed at 60% of the rate prescribed for foreign going vessel in line with the approach followed by the NMPT.

(ii). A copy of the Cost statement relating to fixation of Pilotage fee and tug hire charges for SPM operations installed by MRPL is attached as **Annex-I**.

(viii). Wharfage:

The NMPT in its July 2014 proposal had proposed wharfage charge of ₹46.03 per tonne for crude oil at the SPM. This is revised to ₹35.00 per tonne in the final revised proposal of February 2015. As brought out in the earlier paragraphs bringing out the factual position, the proposed wharfage rate is arrived by the NMPT following the revenue foregone model. The NMPT has estimated revenue foregone by it on account of shifting of crude volume handled at berth nos.10 & 11 in the year 2012-13 to SPM in August 2013 and arrived at the wharfage rate for SPM operations so as to compensate the revenue forgone. For arriving at the revenue loss, the NMPT has computed average wharfage rate for crude for the years 2011-12 to 2013-14 at ₹59.06/ per tonne. It has, however, by way of a note stated that if the wharfage rate for crude notified by this Authority in the existing Scale of Rates of the NMPT at ₹51.80/ per tonne is considered instead of ₹59.06/ per tonne, then the wharfage rate based on revenue forgone comes to ₹31/MT instead of the proposed rate of ₹35/- per tonne. The MRPL has also while objecting to the revenue foregone model, furnished calculation of wharfage rate following the revenue forgone approach adopted by the NMPT but has modified the crude traffic figures considered by the NMPT at berth no 13 and 14 and has also adopted a different wharfage rate of crude computed on its own at ₹22.19 per tonne which is not the rate approved by this Authority in the last tariff Order in the general revision of the SOR of the NMPT.

The computation of wharfage rate done following the revenue foregone model is not found to be in line with the cost plus return model prescribed in the 2005 guidelines under which the NMPT had filed its proposal nor is it in line with the clause 5.7.1. of the Working Guidelines, where revenue foregone model is not one of the options for proposing rate for new Cargo \ Service.

Whilst the NMPT has followed the cost plus return model for pilotage and pull back charges, it has not followed so for proposing wharfage rate. Since the methodology followed by the NMPT is not in line with the cost plus return adopted for determination of tariff of Major Port Trusts by this Authority, the wharfage calculation furnished by the NMPT as well as MRPL is not delved upon.

As stated earlier, Clause 5.7.1. of Working Guidelines, allows prescription of rates for new cargo / service adopting the rates prescribed for similar cargo / service at any of the Major Port Trusts.

The wharfage rate prescribed for SPM operated by the BPCL-Kochi Refinery at Cochin Port Trust (COPT) is ₹25 per tonne which is mutually agreed rate between the concerned parties. The same wharfage rate has also been approved by this Authority for the NMPT as mutually agreed provisional rate as an interim tariff arrangement vide Order No.TAMP/17/2014-NMPT dated 20 May 2014. That being so, it is found appropriate to prescribe the wharfage rate for SPM operations at ₹ 25 per tonne as approved in the tariff Order approved in May 2014 while approving provisional tariff for SPM operations. This is in line with the one of the approaches prescribed in Clause 5.7.1. of the Working Guidelines.

(ix). Pilot cancellation/ detention charges:
The port in the final revised proposal of February 2015 has proposed pilot cancellation/ detention charges at US$ 140 per tug/ hour for foreign going vessel. The NMPT has not furnished any cost calculation for arriving at the proposed rate.

It is relevant to mention that the existing Scale of Rates of the NMPT notified by this Authority in February 2012 already prescribes charges for cancellation of requisition of services of pilot at US$ 75 for foreign going vessel and charges for detention of pilot is prescribed at US$ 37.50 for the first hour of part thereof and US$ 31.25 for every subsequent part thereof. The charges for cancellation of requisition of services of pilot and detention charges are to act as a deterrent. In the absence of any cost calculation furnished by the NMPT in support of the rate proposed by it, the charges prescribed in the existing Scale of Rates can apply for this item. It is relevant to state here that even at COPT no separate Charges for Pilot detention/ cancellation for SPM activity is prescribed. Hence, a note is prescribed stating that Charges for Pilot detention/ cancellation for SPM activity will be as prescribed in Schedule 2.3. under Chapter II – Vessel Related Charges of the Scale of Rates of the NMPT. A note is also inserted that the definitions, general terms and conditions and the other relevant conditions prescribed in the Scale of Rates of the NMPT shall be applicable. A separate note to this effect is prescribed in the Scale of Rates of the NMPT also.

(x). As stated earlier, the proposal of NMPT is filed under Tariff Guidelines 2005. The NMPT has not proposed any performance standards for this service as there is no such requirement under tariff guidelines 2005. Clause 5.7.1. of the Working Guidelines notified by this Authority to operationalize the Tariff Policy 2015, however, requires this Authority to notify performance standards along with tariff in respect of new cargo / service. In this context, it is relevant to state that the SPM operations are carried out by MRPL. The NMPT provides vessel related services mainly in terms of entry of vessel only into the port and pilotage. There is no berthing of vessel involved. Hence, it is not clear how far the productivity parameters in terms of Gross output and vessel turnaround time may be relevant in this case. The port is advised to examine and suitably propose Performance Parameter for SPM operation during the next revision based on the experience gained in the operations.

(xi). Ordinarily the rates approved by this Authority have prospective effect. The NMPT has, however, sought approval of the final proposed rate from August 2013 i.e. from the commencement of the SPM operations. This Authority while approving the provisional rate adopting the rate of COPT as proposed by the NMPT has held that if, at the time of fixation of final rate, it is found that adoption of COPT rates on provisional basis will cause hardship to the port, then fixation of final rate will be dealt with in an appropriate manner following Clause 2.12 of the 2005 tariff guidelines.

From the analysis of the case, it is seen that the final wharfage rate and port dues approved by this Authority for SPM operations is same as approved in the tariff approved provisionally in May 2014. The only difference in the provisional rate and final rate is in respect of pilotage fee and pull back charges both of which fall under vessel related operations at the SPM. As regards pilotage fee the rate approved is found to be 41.00% lower than the provisional rates and for pull back operations it is 104.54% higher than the provisional rates approved by this Authority in May 2014 Order. Though in terms of percentage there appears to be gap, a working of revenue estimation for a year at the provisional rates and at the rates approved by this Authority based on the vessel traffic of 66 nos. and the GRT parameters and tug hours as considered in the calculation shows that the variation in absolute terms is not significant so as to cause hardship to the port. The final rate for SPM operations is, therefore, given effect prospectively. The rate approved will come into effect after expiry of 30 days from the date of notification of the Order in the Gazette. The provisional rate approved by this Authority from 29 August 2013 or from the commencement of operation of SPM, whichever is earlier, and levied by the COPT till the final rates approved in this Order comes into effect is regularized as such. The period of validity of the provisional rates approved in the Order dated 20 May 2014 stands modified to this extent.

(xii). Tariff guidelines of 2005 and Tariff Policy 2015 prescribe that the rates approved by this Authority will have three year validity period. As stated earlier, the NMPT has already filed a proposal for revision of its Scale of Rates under Tariff Policy 2015 which is being processed separately. It is, therefore, found appropriate that the validity of the rates approved for SPM operations are made co-terminus with the validity of the general scale of rates to be revised by this Authority so that this tariff can be reviewed in future alongwith the general revision of the SOR of the NMPT at one go.

18. In the result, and for the reasons given above, and based on collective application of mind, this Authority approves the final rates for SPM operations operated by MRPL at New Mangalore Port Trust as per **Annex-II** and replace it in the existing Scale of Rates of NMPT in place of provisional rates approved by this Authority in the tariff Order dated 20 May 2014.

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

COMPUTATION OF PILOTAGE FEE AND TUG HIRE CHARGE (PULL BACK) FOR SINGLE POINT MOORING (SPM) OPERATIONS AT NEW MANGALORE PORT TRUST FOR SPM INSTALLED BY MRPL

₹ in lakhs per Tug

Sr. No.	Particulars	Estimates furnished by NMPT in its revised proposal dated 21.07.2014			Estimates furnished by NMPT in its final revised proposal dated 11.02.2015			Modified by TAMP			Note
1	**Hire charges of Tugs**										
	Total hire charges for 2 Tugs	1708.00			1518.00			1518.40			
		(Rs. 2.34 Lakhs per day per tug x 365 days x 2 tugs)			(Rs. 2.08 Lakhs per day per tug x 365 days x 2 tugs)			(Rs. 2.08 Lakhs per day per tug x 365 days x 2 tugs)			
2	**Fuel Cost**										
(i)	For Pilotage	--			210.00			208.79			
					(Fuel for 2 Tugs 416 ltrs * 819 hour of pilotage * Rs 61.78 per ltr.)			(Fuel for 2 Tugs 416 ltrs * 900.9 hour of pilotage * Rs 55.71 per ltr.)			**(W.N.1&3)**
(ii)	For Pull Back	--			200.00			197.77			
					(Fuel for Tug 210 ltrs * 1538 hours of pull back * Rs 61.78 per ltr.)			(Fuel for Tug 210 ltrs *1690.5 hours of pull back * Rs 55.71 per ltr.)			**(W.N.1&4)**
	Total Fuel Cost [Sr.No.2(i) + 2 (ii)]	2262.00			410.00			406.56			
		(1410 ltr / hour * Rs.61.78/ltr * 2597 tug hours)									
3	**Overheads**										
(i)	Annual Salary of Marine Department allocated to SPM	--			28.00			28.04			
					(233.70Lakhs p.a. * 12%)			(233.70Lakhs p.a. * 12%)			
(ii)	Management and General admin expenses allocated to SPM	--			1.00			1.01			
					(2800000*30%*12%)			(2800000*30%*12%)			
	Total Overheads [Sr.No.3(i) + 3(ii)]	638.00			29.00			29.05			
4	**TOTAL COST (Sr. No.1+2+3)**	**4608.00**			**1957.00**			**1954.01**			
	Allocation of cost between Pilotage and Pull back	**Pilotage**	**Pull back**	**Total**	**Pilotage**	**Pull back**	**Total**	**Pilotage & Towing**	**Pull back**	**Total**	
5	Actual Tug hours	1210.00	1263.00	2473.00	780.00	1465.00	2245.00	900.90	1690.50	2591.40	**(W.N.1)**
6 (i)	Hire charges of tug				527	991	1518	527.87	990.53	1518.40	
(ii)	Overheads				10	19	29	10.10	18.95	29.05	
7	Total of allocated Fixed cost on tug hours	--	--	--	537	1010	1547	537.97	1009.48	1547.45	
8	Allocation of fuel cost on tug	--	--	--	210	200	410	208.79	197.77	406.56	**(W.N.5)**
9	Allocation of total cost	**2255**	**2353**	**4608**	**747**	**1210**	**1957**	**747**	**1207**	**1954**	
10	Depreciation allocated	57	60	117	38	70	108	2.22	4.17	6.39	**(W.N.6)**
11	Pilotage charges allocated	8	9	17	23	43	67	23.17	43.48	66.65	**(W.N.7)**
12	**Total Cost (Sr.No. 9+10+11)**	**2320**	**2422**	**4742**	**808**	**1324**	**2133**	**772.15**	**1254.90**	**2027.05**	
13	Add: 10% contingencies	0	0	0	81	132	213	0.00	0.00	0.00	
14	**Total Cost (12+13)**	**2320**	**2422**	**4742**	**889**	**1457**	**2346**	**772.15**	**1254.90**	**2027.05**	
15	(i) ROCE @ 16% on common assets.	46	49	95	31	57	88	0.96	1.79	2.75	**(W.N.8)**
	(ii) Margin @ 6% on total cost considered by TAMP **(Sr No 14 *6%) as done in COPT**	0	0	0	0	0	0	46.33	75.29	121.62	
	Total ROCE (15(i)+15(ii))	46	49	95	31	57	88	47.28	77.09	124.37	
16	**Total Cost plus Return (ARR) (Sr.no.+14+15)**	**2366**	**2471**	**4837**	**920**	**1513**	**2433**	**819.44**	**1331.99**	**2151.43**	
17	**Total GRT**	42,94,000	42,94,000	--	46,72,000	46,72,000	--	51,30,000	51,30,000	--	**(W.N.2)**

18	**(a). Pilotage in ₹ / GRT (Sr. No16/17)**	55.09	--	--	19.69	--	--	15.97	--	--	
	(b). Pilotage rate /GRT in US$ (Foreign Going Vessel)										
	(i). Upto 30000 GRT	1.92 subject to min of $5760									
	(ii). 30001 to 60000 GRT	57,600 + $1.54 per GRT over 30,000 GRT	--	--	**0.3228**	--	--	**0.2515**	--	--	
	(iii). 60001 and above	1,03,800 + $1.36 per GRT over 60,000 GRT									
	(c). Pilotage rate /GRT in Rs. (For Coastal Vessel)										
	(i). Upto 30000 GRT	70.21 subject to min of ₹2,10,630									
	(ii). 30001 to 60000 GRT	21,06,300 + ₹56.37 per GRT over 30,000 GRT	--	--	**11.59**	--	--	**9.58**	--	--	
	(iii). 60001 and above	37,95,600 + ₹49.66 per GRT over 60,000 GRT									
19	(a). Tug hire /TUG hours in ₹ **(Sr. No.16 /5)**	--	1,95,645	--	--	1,03,276	--	--	78,792.72	--	
	(b). Tug hire rate /tug hour in US$ (For Foreign going vessel)	--	**5345**	--	--	**1693**	--	--	**1,240.63**	--	
	(c).Tug hire rate /tug hour in ₹ (For Coastal Vessel)		**195627**			**61966**			**47,275.45**		

Working Note: 1 (Tug hours)

Sr. No.	Particulars	Estimates furnished by NMPT in its revised proposal dated 21.07.2014				Estimates furnished by NMPT in its final revised proposal dated 11.02.2015				Estimates considered by TAMP			
		No. of vessals	Pilotage (hours/ vessal)	Pull back (hours/ vessal)	Total	No. of Vessals	Pilotage (hours/ vessal)	Pull back (hours/ vessal)	Total	No. of Vessals	Pilotage (hours/ vessal)	Pull back (hours/ vessal)	Total
(i).	**For Pilotage**												
(a).	Berthing	--	12	0	12	--	10	0	10	--	10	0	10
			(6hrs * 2Tugs)				(5hrs * 2Tugs)				(5hrs * 2Tugs)		
(b).	Unberthing	--	10	0	10	--	3	0	3	--	3	0	3
			(5hrs * 2Tugs)				(3hrs * 1Tug)				(3hrs * 1Tug)		
(ii).	**For Pull back**												
(a).	AFRAMAX	8	0	16	16	9	0	17.5	17.5	10	0	17.5	17.5
(b).	VLCC	1	0	31	31	1	0	32.5	32.5	1	0	32.5	32.5
(c).	SUEZ MAX	46	0	24	24	50	0	25.5	25.5	55	0	25.5	25.5
		55	22	71	93	60	13	75.5	88.5	66	13	75.5	88.5
(iii).	**Total productive tug hours (No. of vessals * hours)**	--	1210.00	1263.00	2473.00	--	780.00	1465.00	2245.00	--	858.00	1610.00	2468.00
(iv).	**Add: 5% Contingency**	--	60.50	63.15	123.65	--	39.00	73.25	112.25	--	42.90	80.50	123.40
(v).	**Total productive tug hours ((iii)+(iv))**	--	1271	1326	2597	--	819	1538	2357	--	900.90	1690.50	2591.40

Working Note: 2 (GRT of vessels)

Sr. No.	Particulars	Estimates furnished by NMPT in its revised proposal dated 21.07.2014			Estimates furnished by NMPT in its final revised proposal dated 11.02.2015			Estimates considered by TAMP		
		Average GRT	No of vessels	Total GRT	Average GRT	No of vessels	Total GRT	Average GRT	No of vessels	Total GRT
(i).	AFRAMAX	58000	8	464000	58000	9	522000	58000	10	580000
(ii)	SUEZ MAX	80000	46	3680000	80000	50	4000000	80000	55	4400000
(iii)	VLCC	150000	1	150000	150000	1	150000	150000	1	150000
	Total			4294000		60	4672000		66	5130000

Working Note: 3 (Fuel in litres for 2 tugs / hour)

Sr.No.	Particulars	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015	Estimates of NMPT considered by TAMP
(i).	**Tug:1**		
(a).	**Ocean Icon**	176	176
(b).	**Diesel Generator**	30	30
(2).	**Tug:2**		
(a).	**Ocean Breeze**	176	176
(b).	**Diesel Generator**	34	34
	Total	416	416

Working Note: 4 (Fuel in litres for 1 tug / hour)

Sr.No.	Particulars	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015	Estimates of NMPT considered by TAMP
(a).	**Tug - Ocean Breeze**	176	176
(b).	**Diesel Generator**	34	34
	Total	**210**	**210**

Working Note: 5 (Fuel cost)

Sr.No.	Particulars	Unit	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015			Modified by TAMP		
			Pilotage	Pull back	Total	Pilotage	Pull back	Total
(i).	**Consumption for no. of tugs**	**Tugs**	2	1	--	2	1	--
(ii).	Consumption	**Litres**	416	210	626	416	210	626
(iii).	No. of hours	**Hours**	780	1465	2245	858	1610	2468
(iv).	Add: 5% contingency	**hours**	39	73	112	42.9	81	123.4
(v).	Total hours	**hours**	819	1538	2357	900.9	1690.5	2591.4
(vi).	Total consumption	**hours**	340704	322980	663684	374774.4	355005	729779.4
(vii).	Rate per litre (in Rs.)	**Rs.**	61.78	61.78	--	55.71	55.71	--
(viii).	**Total fuel cost (in Rs.)**	**Rs.**	210.00	200.00	410.00	208.79	197.77	406.56

Working Note: 6 (Depreciation)

Rs in lakhs

Sr.No.	Particulars	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015	Modified by TAMP
(i).	**Assets:**		
(a).	Capital Dredging	214.59	0.00
(b).	Tugs/Vessels/ML	632.01	0.00
(c).	Buoys	4.01	4.01
(d).	Pollution control	5.19	5.19
(e).	VTMS	43.91	43.91
(f).	Signal Station	0.13	0.13
(ii).	**Total**	**899.84**	**53.24**
(iii).	**Allocated to SPM @12% of total**	**107.98**	**6.39**
(iv).	**Total Depreciation Allocated to SPM**	**108**	**6.39**

Working Note: 7 (Pilotage charges)

Rs in lakhs

Sr.No.	Particulars	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015	Modified by TAMP
(i).	**Manning Contract Charges:**		
(ii).	**Average monthly salary of 2 pilots**	324000	324000
(iii).	**Add: Additional SPM allowance**	200000	200000
(iv).	**Total**	524000	524000
(v).	**Annual salary**	6288000	6288000
(vi).	**Add: 6% escalation**	377280	377280
(vii).	**Total**	6665280	6665280
(viii).	**Total Rs. In lakhs**	67	66.65

Working Note: 8 (ROCE)

Rs in lakhs

Sr.No.	Particulars	Estimates furnished by NMPT in its final revised proposal dated 11.02.2015	Modified by TAMP
(i).	**Assets:**		
(a).	Tug varahi	18309837	0.00
(b).	Tug Swarna	52314899	0.00
(c).	Tug Kabini	117701657	0.00
(d).	Tug Eswari	179671191	0.00
(e).	Tug Thunga	3147378	0.00
(f).	ML Roza	4608493	0.00
(g).	Pilot launch (PL) Krusudai	27370941	0.00
(h).	PL kaveri	8483013	0.00
(i).	Pl mallika	1276749	0.00
(j).	Sl anveshana	1555061	0.00
(k).	Mooring Vessels mallya	29861565	0.00
(l).	VTMS	13279854	13279854
(m).	Pollution control equipments	1037920	1037920
(ii).		458618558	14317774
(iii).	ROCE @ 16%	73378969.28	2290844
(iv).	ROCE allocated to SPM @ 12%	8805476.314	274901.3
(v).	**Total ROCE considered for SPM activity**	88	2.75

Annex - II

Replace the provisional rates approved by the Authority vide Order No.TAMP/17/2014-NMPT dated 20 May 2014 with the following final rates for SPM operations in the existing Scale of Rates of the New Mangalore Port Trust approved vide Order No.TAMP/34/2010-NMPT notified in the Gazette of India on 21 February 2012 vide Gazette No.38.

(i). Schedule 2.1. - Port Dues under Chapter II – Vessel Related Charges in the existing Scale of Rates of the NMPT:

Vessels chargeable (Sea going vessels of 15 tonnes and above)	Rate per GRT		Frequency of payment in respect of the same vessel	
	Foreign-going vessel (in US $)	Coastal vessel (in ₹)	Foreign-going vessels (in US $)	Coastal vessels (in ₹)
Crude Oil Tanker at SPM	0.143	2.32	Each entry	Each entry

(ii). Item (iii) in the Schedule 2.2. - Pilotage under Chapter II – Vessel Related Charges in the existing Scale of Rates of the NMPT:

Classification of the vessels	Rate per GRT	
	Foreign - going vessel (in US $)	Coastal vessel (in ₹)
(iii). Pilotage fee for SPM operations		
(a). Upto 30000 GRT	0.2515	9.58
(b). 30001 GRT to 60000 GRT		
(c). 60001 GRT and above		

(iii). Schedule 2.2.1. - Charges for Hire of Tugs for SPM operations under Chapter II – Vessel Related Charges in the existing Scale of Rates of the NMPT:

2.2.1. Charges for Hire of Tugs

Particulars	Rate per tug hour or part thereof	
	Foreign - going vessel (in US $)	Coastal Vessel (in ₹)
Tug hire charges for SPM operations	1,240.63	47,275.45

(iv). Sl. No.3(j) under Schedule 3.2. Bulk Cargo under Chapter III – Schedule of Wharfage Charge in the existing Scale of Rates of the NMPT:

Sl. No.	Cargo	Unit	Foreign (in ₹)	Coastal (in ₹)
3.	**P.O.L.**			
	(j). Crude oil at SPM	MT	25.00	25.00

Notes:

(i). Charges for cancellation of requisition of Pilotage services / Detention of pilot shall be levied as prescribed in the Schedule 2.3.-Detention charges of the vessel under Chapter – II Vessel related charges in the existing SOR of the NMPT.

(ii). Definitions, General Terms and Conditions prescribed in Schedule 1.1. and 1.2. respectively and any other relevant conditions prescribed in the Scale of Rates of the New Mangalore Port Trust shall be applicable.

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

F.No.TAMP/17/2014-NMPT	**:**	**Proposal received from New Mangalore Port Trust for fixation of final rates for handling of vessels at SPM facility at New Mangalore Port.**

A summary of the comments received on proposal dated 14 March 2014 from the users/ user organizations and the comments of New Mangalore Port Trust (NMPT) thereon are summarized and tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of users / user organizations</th><th>Comments of NMPT</th></tr>
<tr><td>1.</td><td>Mangalore Refinery and Petrochemicals Ltd.</td><td></td></tr>
<tr><td>(i).</td><td>The MRPL has built up Single Point Mooring (SPM) with unloading and loading facilities (Located Off Mangalore Coast, 16 Kms from shore line at 30Mtrs draft), 48'' dia Sub Sea Pipeline from SPM to Land Fall Point (LFP)/Booster Pumping Station, Booster Pumping station etc. with an estimate cost of ₹1044 crores.</td><td rowspan="3">No comments furnished by NMPT.</td></tr>
<tr><td>(ii).</td><td>The full investment has been made by MRPL and the facility is also being maintained by MRPL. The rates proposed by NMPT are exorbitantly high and, as such, is detrimental to MRPL refinery operations and also the very viability of operating this asset.</td></tr>
<tr><td>(iii).</td><td>MRPL has observed that even after considering profits at TAMP prescribed rates, the NMPT calculations indicate a huge surplus. While ports are allowed a specific return, are not to have surplus beyond the profit margins. This concept attains more significance considering that the pilotage service is proposed to be sourced by hiring of Tugs.</td></tr>
<tr><td>(iv).</td><td>Wharfage Charges:</td><td></td></tr>
<tr><td>(a).</td><td>NMPT has not indicated any cost calculation for backing up their proposed wharfage rates.</td><td>The Cost calculations for wharfage is furnished.</td></tr>
<tr><td>(b).</td><td>NMPT has indicated wharfage rates in GRT terms instead of volume of cargo handled. This, we understand, is not in line with the existing practice either at NMPT or any other ports.</td><td>The proposal submitted earlier had inadvertently shown the wharfage as rate per GRT. The wharfage rate now proposed is on per tonne basis. This was inadvertent error and the error is regretted.</td></tr>
<tr><td>(c).</td><td>A comparison of effective wharfage in terms of cargo volume in MT terms for different classes of vessels are as under:
<table>
<tr><th>Types of Vessel</th><th>Aframax</th><th>Suezmax</th><th>VLCC</th></tr>
<tr><td>Avg. GRT of Vessels</td><td>58,000</td><td>80,000</td><td>1,50,000</td></tr>
<tr><td>Avg. Parcel size in MT</td><td>90,000</td><td>1,33,000</td><td>2,50,000</td></tr>
<tr><td>Proposed wfg. Rate per GRT (₹)</td><td>62.25</td><td>62.25</td><td>62.25</td></tr>
</table></td><td>Details of type of vessel, average parcel size, Rate of Discharge, average GRT, Actual No. of vessels handled, no. of vessels to be handled are extrapolated to 12 months.
<table>
<tr><th>Vessel size</th><th>Average parcel size (MT)</th><th>Rate of Discharge (MT/HR)</th><th>Average GRT</th><th>Actual No. of Vessel handled in 11 months</th><th>No. of vessels to be handled extrapolated to 12 months</th></tr>
<tr><td>SUEZ MAX</td><td>133000</td><td>5500</td><td>80,000</td><td>42</td><td>46</td></tr>
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<tr>
<td></td>
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<table>
<tr><td>of Vessels</td><td></td><td></td><td></td></tr>
<tr><td>Effective wharfage on average parcel size in MT terms</td><td>40.12</td><td>37.44</td><td>37.35</td></tr>
<tr><td>Cochin rate paid presently (₹ Per MT)</td><td>25.00</td><td>25.00</td><td>25.00</td></tr>
</table>
From the above it can be seen that wharfage rates proposed now for all the three classes of vessels are higher as compared to Cochin port SPM rate.
</td>
<td>
<table>
<tr><td>AFRA MAX</td><td>90000</td><td>5500</td><td>58,000</td><td>7</td><td>8</td></tr>
<tr><td>VLCC</td><td>250000</td><td>8000</td><td>150,000</td><td>1</td><td>1</td></tr>
<tr><td>TOTAL</td><td></td><td></td><td></td><td>50</td><td>55</td></tr>
</table>
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<tr>
<td>(d).</td>
<td>NMPT vide its letter dated 12.03.2014 had conveyed its in principle acceptance to charge rates equivalent to Cochin SPM rate. MRPL has also conveyed its acceptance for NMPT charging Cochin SPM rates provisionally vide letter dated 25.03.2014. However, without any consultation with MRPL, a totally different rate has been proposed by NMPT.</td>
<td>The acceptance given by M/s MRPL for paying charges/ rates equivalent to Cochin SPM rates is purely interim/ provisional arrangement until the final rates are notified by TAMP. The detailed proposals relating to NMPT – SPM operations are submitted to TAMP to enable the authorities to notify the final wharfage rate.</td>
</tr>
<tr>
<td>(e).</td>
<td>The wharfage charges at SPM being charged by other ports are much lower as detailed below:
<table>
<tr><th></th><th>Ports</th><th></th><th></th><th></th></tr>
<tr><th></th><th>Cochin</th><th>Vizag</th><th>Vadinar</th><th>Paradip</th></tr>
<tr><td>Wharfage Charges ₹/ MT</td><td>25</td><td>17</td><td>12</td><td>5.45</td></tr>
</table>
In view of the above and considering that investment is fully made by MRPL and the anticipated increase in volumes of cargo, due to MRPL and ISPRL operations, it is requested that the wharfage rates to be kept at much lower level.</td>
<td>The point made by M/s MRPL has been noted. The Port has submitted its proposal based on the cost incurred in the Port for SPM operations. It is for TAMP to notify the final wharfage rate/ tonne.</td>
</tr>
<tr>
<td>(f).</td>
<td>MRPL has requested to consider the following aspects and revise the proposed wharfage rate downward:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i). The entire Investment for SPM and all associated facilities are made by MRPL.</td>
<td>In arriving at the wharfage rate to be charged for SPM operations, the port has taken the estimated revenue to be foregone in the berth due to starting of the SPM operations.</td>
</tr>
<tr>
<td></td>
<td>(ii). The maintenance of SPM facilities are being undertaken by MRPL.</td>
<td>The actual volume of traffic relating to SPM handled in berth Nos. 10 & 11 by MRPL from August 2013 to June 2014 has been considered in the calculations.</td>
</tr>
<tr>
<td></td>
<td>(iii). Large volumes being handled by MRPL at SPM.</td>
<td rowspan="2">Estimated crude cargo proposed to be handled at berth Nos. 10 & 11 is 8 MMT and in SPM is 7 MMT per annum for the years 2014-15 to 2016-17 as given by MRPL are taken in the calculations.</td>
</tr>
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<td></td>
<td>(iv). Expected large volumes to be handled by M/s. ISPRL at SPM.</td>
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<tr>
<td>(g).</td>
<td>Considering all the above aspects as mentioned and as it is observed that NMPT has not provided any workings / supporting documents for proposing exorbitantly high wharfage charges, we request you to consider a nominal wharfage charges of ₹10/Mt. Further, it may be noted that the proposed wharfage charges is much higher</td>
<td>Detailed proposal giving the calculations sheet alonwith assumptions has been submitted to TAMP.</td>
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<tr><td></td><td>than the existing notified tariffs in other ports.</td><td></td></tr>
<tr><td>(v).</td><td>Vessel Related Charges</td><td></td></tr>
<tr><td>(a).</td><td>Comparison with Jetty/Background

On comparing the proposed rates with the rates of jetty operations it is noted that:

-Port dues are 263% higher in comparison to Jetty.
-Pilotage fee is 143% higher than Kochi SPM rates.
-Tug charges are 345% higher than Kochi SPM rates.

The proposed rates are compared with existing vessel related charges at MRPL Jetty and Kochi rates, as under:

<table>
<tr><th>Sl. No.</th><th>Item</th><th>Jetty</th><th>SPM Proposed Rates</th><th>Kochi</th></tr>
<tr><td>(i).</td><td>Port Dues (USD per GRT)</td><td>0.143</td><td>0.377</td><td>0.377</td></tr>
<tr><td>(ii).</td><td>Pilotage Fees USD</td><td>9600 + 0.256 *(GRT>30000)</td><td>0.611 * GRT</td><td>0.4259* GRT</td></tr>
<tr><td>(iii).</td><td>Tug Charges per hour</td><td>NA</td><td>2098</td><td>606.56</td></tr>
</table></td><td>The port dues, pilotage and towing, pull back charges have been calculated and have been arrived at based on the TAMP guidelines.</td></tr>
<tr><td>(b).</td><td>Specific Charges:</td><td></td></tr>
<tr><td></td><td>Port Dues:
The port dues were recently notified in NMPT after due approval of TAMP. As this has nothing to do with operating cost there is no justification for increase / revision in the rates. Further, no cost analysis for the proposed increase has been given by NMPT. Hence, it has requested that the current notified rates at NMPT be continued. Also considering ₹ - $ conversion ratio the $ denominated rate will give undue surplus to the Port.</td><td>Port dues of NMPT has not been revised from 13.06.2006 onwards and is overdue for revision. As per the notified Scale of Rates any vessel coming within the limits of the Port is liable to pay Port dues to the port irrespective of whether the cargo is handled by the port or not. The port has proposed to adopt the port dues rate already notified by TAMP in respect of Cochin Port Trust viz., 0.377/GRT</td></tr>
<tr><td></td><td>Pilotage Fees:</td><td></td></tr>
<tr><td></td><td>(i). NMPT has attached two separate cost sheets showing calculation of pilotage based on 1 tug and 2 tugs. However, at the end when proposing pilotage charges it has been considered as two tugs. No rate has been indicated if single tug is operated.</td><td>NMPT has hired two tugs exclusively for SPM operations at a cost of ₹208000/tug per day (excluding taxes and fuel). The two tugs are 50T Bollard pull each, suitable for SPM operations, and the same are deployed for SPM operations. After mooring the vessel to the SPM, one of the tug returns to the base while the other continues to engage in the pull back operation. The pull back operation lasts for 17/20 hours depending on the type of the vessel and the parcel size of the cargo and rate of discharge of the cargo. The SPM operations are located 17kms away from the base line of port. Futher it takes 1 ½ hours to reach the SPM site and same time for returning to the base after the mooring operations have been completed.

As communicated by M/s.MRPL, it may be</td></tr>
</table>

<table>
<tr><td></td><td></td><td>noted that M/s.MRPL wants to carry out the SPM operations during monsoon also subject to favourable weather and sea condition. Hence the tugs are made available for the purpose of SPM operation around the year.</td></tr>
<tr><td></td><td>(ii). The estimated average net surplus to port is indicated as 24.94% during 2013-14 and 26.82% for the years 2014-15 to 2016-17. This is very high considering the fact that NMPT has not made any investment in the SPM project and this is considering returns at 12% on the operating cost derived from outsourced services.</td><td rowspan="3">The calculations given in the proposals are based on TAMP guidelines.</td></tr>
<tr><td></td><td>(iii). The fixed overheads like depreciation and Mgt. & General Admn. Charges have been allocated. However no basis has been given for this. NMPT may be directed to provide the same.</td></tr>
<tr><td></td><td>(iv). While proposing the rates of pilotage and tug hire charges, NMPT has inflated the cost based rates by an adhoc factor of 100/60 to arrive at rates for foreign vessels is USD. The calculations are shown below:
<table>
<tr><th>Particulars</th><th>Pilotage</th><th>Tug Charges</th></tr>
<tr><td>Cost based rate – ₹ per GRT</td><td>22.37</td><td>21.09</td></tr>
<tr><td>Converted rate in USD per GRT (considering USD 1 = ₹ 61)</td><td>0.3667</td><td>0.3457</td></tr>
<tr><td>Cost based rate – ₹ per tug hour</td><td>88,312</td><td>76,780</td></tr>
<tr><td>Converted rate in USD per HR (considering USD 1 = ₹ 61)</td><td>1447.74</td><td>1258.69</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Rate proposed by NMPT in USD per GRT (which is inflated by a ratio of 100/60)</td><td>0.611</td><td>0.5762</td></tr>
<tr><td>Rate proposed by NMPT in USD per HR (which is inflated by a ratio of 100/60)</td><td>2,413</td><td>2,098</td></tr>
</table>
Instead of proposing the cost based rate for foreign vessels and considering the reduced rate (of 60%) for domestic vessels, NMPT has inflated cost based rate itself. This results in extra realisation to the extent of 66.67% on adhoc basis over and above the cost based rate for NMPT. This anomaly needs to be rectified while finalizing the rates of Pilot age and Tug hire charges.</td></tr>
<tr><td></td><td>(v). The hired Tugs are indicated as dedicated tugs for MRPL. However, we anticipate that these tugs will be used for other cargo movement also. No credit for such income accruing is considered in the cost calculation.</td><td>As already indicated, two 50T Bollard pull tugs are being used for SPM operations. These tugs have been taken at hire at the rate of ₹208000/day excluding service tax which is to be paid extra at prevailing rates. Further, the rate is exclusive of fuel which the port has to provide for vessel operations. Accordingly the same have been taken in the proposal submitted to TAMP.</td></tr>
<tr><td></td><td>(vi). Therefore, NMPT may be requested to review the workings.</td><td></td></tr>
<tr><td>(c).</td><td>Tug Charges:</td><td></td></tr>
<tr><td></td><td>NMPT has considered lump sum amount for fuel consumption for the Tugs. Fuel consumption as proposed by NMPT needs a review by bifurcating the consumption</td><td>The tug & towage charges and pull back and mooring is already explained in the earlier points raised. The proposal sent to TAMP are based on the TAMP guidelines.</td></tr>
</table>

	figures in three parts i.e. (i). Mooring (ii). Pull Back (iii). Idling In its experience of operating the tugs for pull back operation in the last one year, the considered consumption quantity for calculation is higher by almost 20% to 25%. This is required to be reduced accordingly in the calculations. Further, NMPT has considered ₹69/Lt. as cost towards diesel whereas in the market the current diesel rates are around ₹59/Lt. This has to be adjusted. Also, since NMPT has already considered the entire hire charges for the Tugs, there is no requirement to consider overheads @ 10%. This appears to have been added to increase the rates. The revised computation is attached giving the above adjustments & with this the rate comes out to 0.31 USD/GRT & USD 374/Tug Hours. TAMP is requested to consider our observations and direct the Port to modify their proposal without considering any further factors so as to fix the tariffs for SPM operations.	
2.	**Mangalore Steamer Agents Association (MSAA)**	
(i).	The NMPT has proposed to fix final rates for handling of vessels at SPM facility at NMPT created by the sole user MRPL. It is unable to understand the basis for this exorbitant rates for the simple reason that the said facility was created by MRPL by investing more than ₹1000 crores in order to handle large vessels which will result in saving of freight. In this connection, it is submitted as under:-	No comments furnished by NMPT.
(a).	Wharfage charges:	
	Wharfage dues is payable for using the wharf for loading or unloading the cargo. As per the normal practice the wharfage fees is calculated on the weight, measurement or unit basis. However, the proposed rate is calculated on per GRT basis. As the port does not have any expenditure in terms of investment or maintenance, unlike in the case of existing berths/jetties, the NMPT should revise the wharfage and charge only nominal and proportional wharfage in line with neighboring SPM tariff	The proposal submitted earlier had inadvertently shown the wharfage as rate per GRT. The wharfage rate now proposed is rate per tonne. This was inadvertent error and the error is regretted.

<table>
<tr><td></td><td>with due consideration to investment criteria.</td><td></td></tr>
<tr><td>(b).</td><td>Port Dues :</td><td></td></tr>
<tr><td></td><td>At most of major Indian ports, where the infrastructure has been created by the port authority, the port dues payable remains same both at jetty and SPM. However, at NMPT the port has not provided any infrastructure and yet the proposed rate is more than double from US $ 0.143(prevailing tariff for jetty) to US $ 0.377.</td><td>Port dues of NMPT has not been revised from 13.06.2006 onwards and is overdue for revision. As per the notified Scale of Rates any vessel coming within the limits of the Port is liable to pay Port dues to the Port irrespective of whether the cargo is handled by the Port or not. The Port has proposed to adopt the Port dues already notified by TAMP in respect of Cochin Port Trust viz. 0.377/GRT.</td></tr>
<tr><td>(c).</td><td>Pilotage:</td><td></td></tr>
<tr><td></td><td>Presently, NMPT is using only 1 tug for berthing of vessels at SPM and no tug is being used for unberthing from SPM. Pull back tug assists the NMPT tug for berthing and same tug takes care of unberthing formalities. In reality, only 1 tug is being deployed for berthing only and whereas the cost sheet for proposed rate shows calculation of pilotage based on 2 tugs.

Further, the port has computed tug hire charges for 2 tugs for arriving at pilotage and pull back tug hire. Whereas the SPM will be operational only during fair weather. During monsoon (about 3-4 months) there may not be any operation at SPM. During this period, these tugs can be used for other port operation and hence, this usage to be considered while calculating costings.</td><td>NMPT has hired two tugs exclusively for SPM operations at a cost of ₹208000/tug per day (excluding taxes and fuel). The two tugs are 50T Bollard pull each, suitable for SPM operations, and the same are deployed for SPM operations. For mooring the vessel to the SPM, one of the tug returns to the base while the other continues to engage in the pull back operation. The pull back operation lasts for 17/20 hours depending on the type of the vessel and the parcel size of the cargo and rate of discharge of the cargo. The SPM operations are located 17kms away from the base line of port. Futher it takes 1 ½ hours to reach the SPM site and same time for returning to the base after the mooring operations have been completed.

As communicated by M/s MRPL, it may be noted that M/s MRPL wants to carry out the SPM operations during monsoon also subject to favourable weather and sea condition. Hence the tugs are made available for the purpose of SPM operation around the year.</td></tr>
<tr><td>(d).</td><td>Pull Back tug:</td><td></td></tr>
<tr><td></td><td>As per the prevailing scale of rate, the rate for 50 bp tug is US $1761.64 per hour. The rate has been increased to US $ 2098 per hour without any valid reasons. Of all the major ports, the rate as per current proposal is the highest rate.

To avoid under-utilisation of these two tugs, same can be used for other berthing/sailing programmes when SPM is not operational view of the same, proportion of tug hire to be considered for calculation.</td><td>NMPT has hired two tugs exclusively for SPM operations at a cost of ₹208000/tug per day (excluding taxes and fuel). While computing the cost, the cost incurred by NMPT is taken into account. It may be noted that SPM 17/20 hours depending on the type of the vessel and the parcel size of the cargo and rate of discharge of the cargo. SPM facilities are located 17kms away from the base line of Port. Further it takes 1 ½ hours to reach the SPM site and same time to return to the base after the mooring operations have completed.
<table>
<tr><th>No.</th><th>Coastal in ₹</th><th>Foreign in US$</th></tr>
<tr><td>Per tug hours</td><td>195,645</td><td>5,345</td></tr>
<tr><td>Per GRT</td><td>57.55</td><td>1.57</td></tr>
</table></td></tr>
<tr><td>(e).</td><td>Detention charges of the vessel:</td><td></td></tr>
<tr><td></td><td>The pilot, who carries out inward movement, remains on board the vessel throughout the cargo operations. After completion of cargo operation, the same attending pilot completes outward movement and returns</td><td>The pilotage operations relating to SPM facility is already elaborated. In case the operations are postponed/ delayed on the request of the agent/ MRPL then the applicable detention charges relating to Pilot will apply. In case the</td></tr>
</table>

	along with tug. Hence, the question of requisition or cancellation of pilot does not arise.	delay is on Port account no detention charge is applicable.
(ii).	The proposed rate is exorbitant considering the following reasons:	
	(a). The port has not created any facility/infrastructure for this SPM. The entire project cost was borne by MRPL.	No specific comments furnished by NMPT
	(b). In addition to the initial investment, the SPM need to be periodically inspected and necessary maintenance to be carried out. All these jobs are being undertaken by MRPL and hence, there is no expenditure incurred by the NMPT on account of this.	
.	(c). The NMPT had assured that the tariff will be similar to that of rate for SPM situated at Kochi. However, the proposed rate at NMPT is much higher than Kochi scale of rates, despite the fact that the Kochi facility was entirely created by Kochi Port itself.	
	In view of above facts, MSAA has requested to advise NMPT to furnish revised rate with calculation.	
3.	**Kanara Chamber of Commerce & Industry (KCCI)**	
(i).	In the interest of the energy needs of our nation, NMPT to be realistic to Market conditions. For the last three/ four years the Shipping Industry as well as the sea borne trade has been struggling to survive the adverse market conditions at the national and global level. Hence to be competitive, NMPT has to embrace the larger picture i.e. to be a facilitator at the interphase level to generate revenue, employment and growth to the region and at the State / National leve.	No comments furnished by NMPT.
(ii).	Wharfage: What is the total investment made to claim wharfage. Secondly, what is the service provided for loading and unloading of pipeline cargo beneath the surface of the water. Nowhere wharfage is calculated on the basis of GRT. Volume of a Vessel has no relationship to the term wharfage. NMPT should look at the repercussion from Tanker Owners worldwide. INTERTANKO, ICS etc. if this GRT concept on wharfage is introduced. The KCCI suggests that wharfage, if any, should be symbolic and a token minimal tariff.	The wharfage rates has been arrived at based on the POL traffic foregone in the main berth due to the starting of the SPM operation/ facilities. The proposal submitted earlier had inadvertently shown the wharfage as rate per GRT. The wharfage rate is now proposed on per tonne basis.
(iii).	Port Dues: NMPT needs to introspect as to infrastructure provided at SPM. Has there been a Dredging channel made or a Jetty constructed? What is the basis to charge US$ 0.377 when the prevailing tariff for an existing Jetty is US$ 0.143; KCCI opines Port Dues concept of NMPT is a case of unjust enrichment and an unfair monopolistic trade practice.	Port dues of NMPT has not been revised from 13.06.2006 onwards and is overdue for revision. As per the notified Scale of Rates any vessel coming within the limits of the Port is liable to pay Port dues to the Port irrespective of whether the cargo is handled by the Port or not. The port has proposed to adopt the Port dues rate already notified by TAMP in respect of Cochin Port Trust viz., 0.377/GRT.

(iv).	Pilotage: Presently, NMPT is using only 1 tug for berthing of vessels at SPM and no tug is being used for unberthing from SPM. Pull back tug assists the NMPT tug for berthing and same tug takes care of unberthing formalities. In reality, only 1 tug is being deployed for berthing and whereas the cost sheet in the proposed rate shows calculation of pilotage based on 2 tugs. Further, the port has computed tug hire charges for 2 tugs for arriving at pilotage and pull back tug hire. The SPM will be operational only during fair weather. During SW monsoon period (about 3-4 months) there will not be any operation at SPM. During this period, these tugs will be used for other port operation and hence, this usage to be considered while calculating costings.	NMPT has hired two tugs exclusively for SPM operations at a cost of ₹208000/tug per day (excluding taxes and fuel). The two tugs are 50T Bollard pull each, suitable for SPM operations, and the same are deployed for SPM operations. For mooring the vessel to the SPM, two tugs are required. After mooring the vessel to the SPM, one of the tug returns to the base while the other continues to engage in the pull back operation. The pull back operation lasts for 17/20 hours depending on the type of the vessel and the parcel size of the cargo and rate of discharge of the cargo. The SPM operations are located 17kms away from the base line of port. Further it takes 1 ½ hours to reach the SPM site and same time for returning to the base after the mooring operations have been completed. As communicated by M/s MRPL, it may noted that M/s MRPL wants to carry out the SPM operations during monsoon also subject to favourable weather and sea condition. Hence the tugs are made available for the purpose of SPM operation around the year.
(v).	Pull Back tug: As per the prevailing scale of rate, the rate for 50 BP tug is US$1761.64 per hour. The rate has been increased to US$.2098 per hour without any merit or valid reasons. Of all the major ports, the rate as per current proposal is the highest rate. To avoid under-utilisation of these two tugs, same can be used for other berthing/ sailing programmes when SPM is not operational. In view of the above, proportion of tug hire to be considered for cost calculation.	NMPT has reiterated its reply furnished at Sr. No. 2(d) above.
(vi).	Detention charges of the vessel: The pilot, who carries out inward movement, remains on board the vessel throughout the cargo operations. After completion of cargo operation, the same attending pilot completes outward movement and returns along with the tug. Hence, the question of requisition or cancellation of pilot does not arise.	The pilotage operations relating to SPM facility is already been elaborated. In case the operations are postponed/ delayed on the request of the agent/ MRPL then the applicable detention charges relating to Pilot will apply. In case the delay is on Port account no detention charge is applicable.
(vii).	Computation of Depreciation: The VTMS was installed on 21 June 2002. It was operational for three to four years only. For the last seven eight years, VTMS has not been used. No Vessel Traffic Management Services have been provided to the Vessels entering or departing the main Harbour. Hence NMPT has to justify the claim for claiming cost of VTMS of 6.59 Crores when the life of 13 years out of 15 has already expired. Besides SPM is one additional berth to the fifteen existing berths present and putting a 33 percent burden for a service not provided is un fair and unreasonable.	The port operations relating to vessel related activities includes use of VTMS for tracking the vessel while entering the SPM area as also when the vessel sails out when the operations and also from the safety of the Port operations. Hence the depreciation loss for use of VTMS has been considered in the proposal as per TAMP guidelines. As regards the observation made relating to the age of the VTMS it is stated that the VTMS is operating normally till date. Further, it is stated that the Port is in process of purchasing and installing new VTMS costing more than ₹14.00 crores. The work order is likely to be placed in November 2014.

<table>
<tr><td>(viii).</td><td>Economics of Scale:
The very fact MRPL had to opt for SPM was to handle additional crude from Suez Max and VLCC Vessels to bring down transportation costs.

NMPT has to consider that a PSU too has to recover its Return of investment from an operating window of 300 days in a year due to SW monsoons for 3 months.

The import of Crude oil when maximised at SPM would automatically lead to more export traffic and vessels from NMPT. Hence, NMPT has a lot to gain in the long run.</td><td>The Port has started the SPM operations facility from August 2013 onwards. The tariff rates for SPM operations have been calculated based on the TAMP guidelines and submitted to for notification. The following data has been considered for the proposal.
<table>
<tr><th>Vessel size</th><th>Average parcel size (MT)</th><th>Rate of Discharge (MT/HR)</th><th>Average GRT</th><th>Actual No. of Vessel handled in 11 months</th><th>No. of vessels to be handled extra polated to 12 months</th></tr>
<tr><td>SUEZMAX</td><td>133000</td><td>5500</td><td>80,000</td><td>42</td><td>46</td></tr>
<tr><td>AFRAMAX</td><td>90000</td><td>5500</td><td>58,000</td><td>7</td><td>8</td></tr>
<tr><td>VLCC</td><td>250000</td><td>8000</td><td>150,000</td><td>1</td><td>1</td></tr>
<tr><td>TOTAL</td><td></td><td></td><td></td><td>50</td><td>55</td></tr>
</table>
The data is based on the actual SPM operations handed at New Mangalore Port during the period of August 2013 to May 2014.</td></tr>
<tr><td>(ix).</td><td>The landing cost of crude oil will affect the common citizens pockets too as higher port handling cost leads to inflationary trends.
The same way NMPT has to be competitive neighbouring ports, MRPL too has to be competitive Refineries in the Private and Public Sector.
KCCI prays to TAMP that NMPT reworks its tariff taking into consideration what is cited above so that it is a healthy win situation to all in that best interests of all parties concerned.
KCCI strongly objects to the present method of SPM tariff calculations adopted by NMPT.</td><td>--</td></tr>
</table>

1.2. A summary of the comments received on revised proposal dated 21 July 2014 from the MRPL and the comments of New Mangalore Port Trust (NMPT) thereon are summarised and tabulated below:

<table>
<tr><th>Sr. No.</th><th>Comments of MRPL</th><th>Reply furnished by NMPT</th></tr>
<tr><td>1.</td><td>Wharfage charges:</td><td></td></tr>
<tr><td>(i).</td><td>The SPM was commissioned by MRPL at an investment of ₹1,044 Crore in August 2013 (FY 2013-14) and there was no investment by NMPT for this facility.</td><td>Considering the investment made by M/s. MRPL, NMPT is not charging any Berth hire charges for SPM operation.</td></tr>
<tr><td>(ii).</td><td>In the letter dated 21.07.2014 of NMPT addressed to TAMP, it has been mentioned by NMPT that the point-wise replies to observations made by MRPL, KCCI and MSAA have been attached. However, no such attachment is found with the letter.</td><td>No comments furnished by NMPT
[The point wise comments of Port to replies of users are internal communication between port and TAMP and are not forwarded to users. However, they form part of Order.]</td></tr>
<tr><td>(iii).</td><td>The quantity of Crude and Petroleum Products cargo handled at jetty No.10 & 11 in the last three years is as per table below: (in MMT)
<table>
<tr><th>Financial Year</th><th>Crude Imports</th><th>Products export/ Coastal dispatches</th><th>Total Cargo Volume</th></tr>
<tr><td>2011-12</td><td>13.00</td><td>6.54</td><td>19.54</td></tr>
</table></td><td>The Crude oil only has been considered for calculation Wharfage of escalation as the SPM is specifically provided to handle the Crude Oil. The revised proposal of Wharfage charges is furnished. (copy of the revised calculations sheets also duly indicating the Old Calculation is furnished).</td></tr>
</table>

<table>
<tr><td></td><td><table><tr><td>2012-13</td><td>14.19</td><td>7.75</td><td>21.94</td></tr><tr><td>2013-14</td><td>10.03*</td><td>7.75</td><td>17.78</td></tr></table>*Less as SPM was commissioned in August, 2013.
Therefore, we deny the claim of NMPT that cargo handled at jetty No.10 & 11 during 2012-13 is only crude oil, as they have not considered product handled in the same jetty.</td><td></td></tr>
<tr><td>(iv).</td><td>The Traffic projection of crude foregone does not consider additional product movement due to increase in crude import. As additional Refinery Capacity has been added by MRPL, our export quantity is likely to go-up. This has been kept out of calculation of NMPT since only crude oil is being considered. Further, the volume of additional import of 3 MMT of crude oil is not in the original volume of cargo. Hence, the NMPT method of computation of wharfage is not appropriate, and this has to be a cost based calculation.</td><td rowspan="5">No comments furnished by NMPT.</td></tr>
<tr><td>(v).</td><td>Further, as we have requested for consideration of mutually agreed wharfage charges for jetty No.10 & 11, which were built under an MOU between MRPL and NMPT, for periods subsequent to MOU period, considering ₹51.80 as base wharfage is not appropriate, pending decision on the issue. NMPT is requested to provide a cost based computation for operating this facility.</td></tr>
<tr><td>(vi).</td><td>NMPT has not provided any cost statement for computation of wharfage charges. The computation is simply based on crude volume estimated to be handled at SPM which is not acceptable to MRPL and is also not a correct basis for computation of wharfage charges, since it does not consider the capital investment made by MRPL and also incremental volume of traffic that accrue from investment in the Refinery expansion and up gradation project.</td></tr>
<tr><td>(vii).</td><td>NMPT has not attached any cost based working for arriving at the wharfage rates for SPM. Instead, they have considered reduction in revenue for Jetty No.10 & 11 on account of SPM operations by taking notified rate of ₹51.80 and arrived at wharfage rate applicable to SPM with an objective to recover the same. This basis is not appropriate considering the fact that the notified rate of ₹51.80 is taking into account Dredging expenses, Return on Capital employed etc. which are not applicable to SPM since SPM facility does not require dredging and port has not made any investment in the project. We observe that NMPT is showing dredging cost recovery twice by once including under POL activities and again under Vessel related activities.</td></tr>
<tr><td>(viii).</td><td>TAMP in its earlier order notifying ₹51.80 as wharfage charges for oil products has considered allocation of surplus of earlier years</td></tr>
</table>

	only to the extent of 50% and 1/10th of the same has been spread over 3 years term, resulting in non-availability of benefit of balance amount of surplus. Therefore, this method of computation will have a significant impact on wharfage charges currently proposed for SPM, since the proposed rates are based on the notified wharfage rate.	
(ix).	While proposing Tariff rates for the Jetty (which is notified in February 2012), NMPT has not furnished detailed element-wise cost statements as required by TAMP. The order of TAMP had stated that "it is to be noted that the estimates are purely adhoc as detailed working of allocation of cost to this activity is not made available. The NMPT is advised to file the sub activity wise cost statements under the cargo handling activity relating to the POL on a scientific and rational basis at the time of next tariff review". Therefore, basing the wharfage rate computation on the notified rate is not acceptable and NMPT may be asked to submit the cost statement justifying the wharfage charges proposed by them.	No comments furnished by NMPT.
(x).	NMPT while proposing the wharfage rates for SPM has considered the tonnage of crude handled at Jetty No.10 & 11 of 14.22 MMT. However, they have not considered the tonnage pertaining to exports and other domestic dispatches through these Jetties. As per MRPL records during the year 2012-13, the total tonnage handled at these Jetties against MRPL crude/ products was 21.94 MMT. NMPT has considered a tonnage of 6.22 MMT as volume forgone at Jetty No.10 & 11 and 7.00 MMT as proposed volume of crude handled at SPM. However these cargo volumes are not matching with MRPL's anticipated cargo volumes. [Copy of E-mail dated 27.06.2014 by GGM (TS, CP & BD) - MRPL to FA&CAO - NMPT is furnished by MRPL. As per the statement attached therein, the expected volume of cargo to be handled at SPM will be greater than 10 MMT. If we consider the same in the methodology proposed by NMPT itself, the wharfage rate per MT will be much lower than what is proposed.	
(xi).	SPM has been constructed with 100% investment by MRPL and the maintenance of the facility is completely undertaken by MRPL. NMPT has completely overlooked this fact, and has gone on fixing tariff basis revenue protection to port. In view of completion of MoU periods for Jetty No.10 & 11, NMPT has been seeking General Tariff rates for the two berths. If NMPT has freedom to fix their own rates for the berths, it is not in the interest of commercial port users, making huge investments in setting-up their own facilities to be governed by port's revenue protection	

<table>
<tr><td></td><td>obligations. This may also lead to violation of the provisions of Competition Act. TAMP may kindly consider these facts while finalizing the wharfage rates.</td><td rowspan="3">No comments furnished by NMPT.</td></tr>
<tr><td>(xii).</td><td>In the cost statement for sub-activity 'wharfage at SPM' under cargo handling activity as attached to the port's letter shows a net surplus of 100% of operating income which is highly unreasonable and needs to be revisited.</td></tr>
<tr><td>(xiii).</td><td>Since NMPT has not furnished any detailed cost workings in support of the proposed wharfage charges, TAMP may consider ₹25/- per MT which is as per interim order and matching with rates prevailing at nearest port, i.e. Cochin Port. This is in line with the extant guidance available in this regard considering non-submission of the detailed cost based wharfage rates. Besides, as already submitted by MRPL the wharfage rate proposed by NMPT is very high compared to others ports.</td></tr>
<tr><td>2.</td><td>Pilotage and pull back tug charges:</td><td></td></tr>
<tr><td>(i).</td><td>Number of vessels to be handled at SPM is taken as total 55 vessels by NMPT as against MRPL's estimate of 71. [Copy of email from GGM (TS, CP&BD)-MRPL dated 27 June 2014 is furnished by MRPL. Due to this, the computation may need a revision.</td><td>The points raised by M/s MRPL that they are likely to handle 71 vessels instead of 55 vessels at SPM operations not borne by facts. It can be seen from the trend indicated in the statement that the Port during the financial years 2013-14 and 2014-15 is not likely to handle 71 vessels at SPM as indicated by M/s MRPL. In fact the total cargo handled at jetty No.10 and 11 and SPM operations in respect of M/s MRPL has dropped by more than 1.5. In the revised /modified proposal the number of vessels handled at SPM has been taken as 60 as shown in the statement. (copy is attached)</td></tr>
<tr><td>(ii).</td><td>As per actual experience, time required for berthing is 9 hours and Pilot does not go for un-berthing as against 12 hour for berthing and 10 hours for un-berthing considered by NMPT.</td><td>As per revised proposed on consultation with Marine department pilotage time taken for berthing is taken as 10 hrs and for unberthing 3 hours. (Revised calculation is attached)</td></tr>
<tr><td>(iii).</td><td>Pull back tug utilization time as per MRPL experience is as under:
<table>
<tr><th></th><th>As per MRPL (based on actual experience) (Hrs)</th><th>As considered by NMPT (Hrs)</th></tr>
<tr><td>Aframax</td><td>27</td><td>16</td></tr>
<tr><td>VLCC</td><td>42</td><td>31</td></tr>
<tr><td>Suez Max</td><td>40</td><td>24</td></tr>
</table></td><td>Pull back tug utilization time has been modified in the revised proposal as given below:
<table>
<tr><th>Vessel types</th><th>Pull back hours considered Revised Proposal (in hours)</th></tr>
<tr><td>Aframax</td><td>17.5</td></tr>
<tr><td>VLCC</td><td>32.5</td></tr>
<tr><td>Suez Max</td><td>25.5</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>NMPT has mentioned in the assumptions that Tug Hire charges incurred by them is ₹2,08,000 per day per tug excluding Service Tax. However, an amount of ₹2.34Lakh has been considered including Service Tax. Since, Service Tax is eligible for Cenvat Credit, only basic Hire charges of ₹2,08,000 per day per tug may be considered instead of ₹2,34,000 per</td><td>Point raised by MRPL is considered and only ₹2,08,000/- per day per tug has been taken excluding service tax and excluding fuel in the revised proposal.</td></tr>
</table>

	day per Tug.	
(v).	Port has added Overhead expenses considering the Maintenance Dredging + Maintenance of Tugs, buoys and mooring launches, by allocating such expenses on the basis of GRT handled at port vis-à-vis GRT at SPM. It is pertinent to note here that there is no maintenance dredging for SPM. Besides, the SPM facility is entirely maintained by MRPL. As stated by NMPT, Tugs for SPM operation are hired by NMPT exclusively, in which case, there won't be any other tug maintenance expenses additionally to be incurred by NMPT, as the aforesaid expenses are already covered under hire charges, therefore, charging the same once again on SPM is totally unjustified and needs to be eliminated.	The total over head of the marine related activities are to be recovered by Port from the GRT/Per vessel. Hence, SPM operations being a part of Marine related activity is also charged proportionately.
(vi).	To arrive at fuel cost, NMPT has considered hourly diesel consumption for 2 engines and 1 diesel generator per tug for total 2 tugs. It is a fact that both the engines would not be operated simultaneously throughout the productive hours. Hence, a reasonable estimate of fuel consumption to be arrived at basis actual consumption during past period, which in our estimate will be lower than estimate of NMPT. Further, based on current HSD price, the estimated rate of HSD also will have to be revised.	The observation made by M/s MRPL is noted. The matter has been discussed in detail with the Marine Dept., and proposal has been suitably revised/ modified wherever necessary. Fuel consumption per tug per hour was taken as 344.31 ltrs. / hour per engine per Tug, as per the manufacturers data for fuel consumption at 100% MCR. After discussions with the Marine Dept., the fuel consumption has been revised to 176 ltrs / hour for 2 engines for each of the 2 tugs. There are 2 engines in operating simultaneously in each of the 2 tugs. In addition, the DG set has been installed in each of the 2 tugs which consumes 33.158 ltrs/hour which has also been considered in calculation. As per the work order, the fuel has to be supplied by the Port to the Contractor. The data relating to consumption of fuel to tugs in KOPT, KPT and COPT for 50 tonne Bollard Pull Tug has been noted. The observations made by M/s MRPL are noted. After detailed discussions with the Marine Dept., the hours for fuel consumption has been revised and the total tug hours also have been revised in the modified proposal.
(vii).	There is a major error in the calculation of fuel cost as furnished by NMPT. As there are two tugs, out of which initially two tugs catering to pilotage for the duration indicated and only one catering to Pull Back service, the total of productive hours of both Pilotage and pullback tugs cannot be applied on a service together. After berthing activity is over, only one of the tugs would be catering to pull back service and accordingly NMPT ought to have considered productive hours for pilotage activity and productive hours for pull back activity separately on respective hourly consumption to arrive at total consumption of fuel for both the tugs put together. When this error is rectified the fuel cost considered by NMPT would straight away get half barring other corrections/ adjustments to be made. The modified calculation along with NMPT's calculation is shown for ready reference.	
(viii).	NMPT has allocated depreciation on Capital dredging, tugs & Vessels, Buoys, Pollution control Equipments, VTMS and Signal station. It is highly illogical to consider Capital dredging for SPM facility which is situated at a distance of 17 Kms from the shore. Port would have incurred capital dredging cost for its berths and has not made any investment on SPM project. Allocation of depreciation pertaining to Tugs and vessels is also not logical as none of the	No comments furnished by NMPT. [However, on the same point, the NMPT has furnished its comments earlier.]

	existing tugs and vessels would be catering to SPM. Besides, the pollution control equipments, VTMS and signal stations referred above pertain to port's existing berths and have not been procured for SPM. Pollution control Equipments & VTMS, if at all used, such operational cost would be miniscule. Even if, expenses related to pollution control and VTMS to be allocated to SPM, it has to be on a pragmatic basis.	
(ix).	For allocation of common expenses, wherever applicable, considering the GRT proportion for the period of August 2013 to March 2014 is not representative of whole year's operation as SPM would be mostly idle during monsoon seasons. Alternatively, GRT ratio for the period of one year of operation, i.e. August 2013 to July 2014 may be suitable as this covers one full year. Further, all the facilities of oil berth including capital dredging, firefighting facility etc. were built under user funding and fully paid by MRPL. Hence, to allocate these costs again, amounts to double counting. Therefore, these should be totally eliminated from the computation.	The observation of MRPL relating to overhead expenses has been noted. The calculations have been revised/ modified and wherein the relevant overhead viz., salary of the Marine Dept., has been considered for SPM operations. The other items like maintenance dredging, maintenance of tugs, buoys and mooring launches earlier included are now excluded in the revised proposal. The maintenance of dredging cost earlier included as part of overhead has been excluded in the revised proposal for SPM operations. In the earlier calculations management overhead of ₹70.66 crores for the year 2013-14 was considered management overhead expenses. In the revised calculation only the relevant salary of the Marine Dept., including Marine Engineers have been allocated at 12% to SPM operations. The overhead expenses of ₹29.00 lakhs only have been charged in the calculation.
(x).	For computing Pilotage charges NMPT has allocated salaries of Pilots (with 10% escalation) in the proportion of GRT ratio. The said GRT Ratio is based on vessels handled during the period from August 2013- March 2014. As pointed out in the previous paragraph, this ratio needs to be revisited.	
(xi).	Port has claimed Return on Capital Employed @ 16%. When NMPT has not made any investment in the project claiming ROCE is not appropriate, particularly when tugs are being hired for the operation. Besides, the observations made for depreciation as above also would hold good in this case also. Further, as per TAMP guidelines it is only 12%.	The point made that the port has considered the assets deployment of various port related assets is not borne by facts. It has been repeatedly indicated in the joint meeting as also in our earlier clarification that the whole idea of permitting SPM operations was to get incremental traffic and incremental revenue. However, what actually has happened is diversion of traffic from the dedicated berth 10 & 11 to SPM Jetty. In fact, the total traffic handled during 2013-14 i.e. from August 2013 and also as per the trend in 2014-15 there is a fall in the traffic handled relating to M/s. MRPL at berth No.10 &11 overall by 1.1 MMT besides there is also diversion of traffic to SPM during the said 2 years. As the SPM operations have commenced in the tariff cycle of 3 years viz., 2012 to 2015 the Port is well within its rights to take a portion of the ROCE to be recovered from SPM operations. The ROCE for Marine related assets for marine related activities has to be recovered in the form of GRT and as the SPM activities form part of the total

<table>
<tr><td></td><td></td><td>marine related activities, a portion of ROCE on the marine related assets are proposed to be recovered in the form of GRT from vessels handled at SPM berth.</td></tr>
<tr><td>(xii).</td><td>Port has allocated 13% of Salary of Marine Department including Marine Engineers based on GRT ratio as discussed in earlier paras. The allocation ratio needs to be revised as already pointed out.</td><td>No comments furnished.
[However, in the comments on point (x), the NMPT has stated that in the revised calculation 12% of this expenses, is allocated to SPM.]</td></tr>
<tr><td>(xiii).</td><td>It can be seen from NMPT’s current proposal for SPM, NMPT expects to earn surplus of 31.45%, 27.38%and 22.90% for the years 2014-15 to 2016-17 under SPM-vessel related activity. This being a sub activity under "vessel related activity", NMPT should not be allowed to earn more than what is allowed for the main activity for the current tariff cycle. As such the rates sought by NMPT is very high.</td><td rowspan="2">No comments furnished by NMPT.</td></tr>
<tr><td>(xiv).</td><td>NMPT has considered total GRT for SPM of 42,94,000 MT with corresponding total cargo volume of 70,88,000 MT. As estimated by MRPL and conveyed to NMPT through e-mail communication, MRPL is expected to handle a total volume of 99,40,000 MT during 2014-15 at SPM. Accordingly GRT needs to be proportionately revised, which comes to 56,36,000 MT as against 42,94,000 MT considered by NMPT. Since it has been stated by NMPT that the vessel traffic figures have been taken as per MRPL, wherever figures are not matching with MRPL's estimation, the same needs to be done.</td></tr>
<tr><td>(xv).</td><td>The rates for pilotage and pull back service have been proposed both in ₹ and in USD for coastal and foreign vessels separately. SPM is expected to handle mostly foreign vessels as major portion of crude oil is imported. All the back-up calculations are based in ₹ and the final values are converted in USD to arrive at Foreign Vessel charges. It is mentioned in the assumptions by NMPT that average US$ rate considered is ₹61. The rates proposed by NMPT in USD are much higher compared to their own rates in rupee converted with this exchange rate. Accordingly, this needs to be reviewed downwards.
The following table shows the comparison:
Pilotage and Towing:
<table>
<tr><th>Particulars</th><th>Coastal in ₹ (as per NMPT)</th><th>Foreign in USD (with exchange rate of 1US$=₹61)</th><th>Foreign in USD as per NMPT</th></tr>
<tr><td>Per Tug hrs</td><td>1,95,537</td><td>3,206</td><td>5,343</td></tr>
<tr><td>Per GRT</td><td>55.10</td><td>0.90</td><td>1.51</td></tr>
</table>
Pull Back Charges:
<table>
<tr><th>Particulars</th><th>Coastal in ₹ (as per NMPT)</th><th>Foreign in USD (with exchange rate of 1US$=₹61)</th><th>Foreign in USD as per NMPT</th></tr>
</table>
</td><td>The rates for pilotage and pull back services have been first arrived at in Rupees and then converted into US$. Average US$ rate considered is ₹61.</td></tr>
</table>

<table>
<tr><td></td><td><table><tr><td>Per Tug hrs</td><td>1,95,645</td><td>3,207</td><td>5,345</td></tr><tr><td>Per GRT</td><td>57.55</td><td>0.94</td><td>1.57</td></tr></table>As can be seen from the above there are many anomalies in the calculation furnished by NMPT.</td><td></td></tr>
<tr><td>(xvi).</td><td>In addition to rates based on Per Tug Hours and Per GRT for Coastal and Foreign vessels separately, the Port has also proposed slab wise rates for 3 different categories with varying GRTs. Since, port has not given any back-up workings or assumptions, these rates could not be verified by MRPL. However, it is our view that separate rates based on classification of vessels basis GRT would not be required and Per Tug hour rates alone would be sufficient for the port to raise the invoice on a consistent basis, since, tug utilization rate will be same irrespective of GRT of the vessel and dedicated tug operating cost are being considered in fixing the tariff.</td><td rowspan="2">The Port has taken on the slab rates only. The revised calculation statement with detailed computation for pilotage and Tug hire charges is furnished.</td></tr>
<tr><td>(xvii).</td><td>Detailed computation for Pilotage and Tug hire charges considering the above observations is furnished.</td></tr>
<tr><td>3.</td><td>Port Dues:</td><td></td></tr>
<tr><td></td><td>Port has preferred to arrive at proposed wharfage based on General Tariff at Port berths. Besides, Pilotage and Tug hire charges are based on workings made taking into account certain assumptions. Port has proposed the rates for port dues on the basis of rates prevailing at Cochin port for the reasons best known to them. Port in this regard may be either directed to arrive at a cost based rate or accept the rate already notified by TAMP, vide order dated 20 May 2014 which is as under:<table><tr><th></th><th>Rate per GRT</th></tr><tr><td>Foreign going vessels (in US$)</td><td>0.143</td></tr><tr><td>Coastal vessel (in ₹)</td><td>2.32</td></tr></table>Alternatively, TAMP may prescribe rates similar to rates prevailing at Cochin for a similar facility for all charges (vessel as well as cargo related charges).</td><td>The revised computation of Port Dues has been prepared considering the points raised by MRPL. The revised statement for computation of Port dues is furnished.</td></tr>
<tr><td>4.</td><td>Conclusion:</td><td></td></tr>
<tr><td></td><td>In view of the anomalies and errors found in NMPT's calculations and assumptions, TAMP is requested to consider and notify the rates which are same as rates notified for similar facility and operating at similar situation at Cochin Port.</td><td>No comments furnished by NMPT.</td></tr>
</table>

2. A joint hearing in this case was held on 5 January 2015 at NMPT premises in Mangalore. At the joint hearing, the NMPT, MRPL and the concerned users/ organisation bodies have made the following submissions:

New Mangalore Port Trust (NMPT)

(i). In the last tariff revision in January 2012, TAMP has approved tariff for all the items including wharfage rate on POL and crude based on the cost position following cost plus return model. The tariff approved is valid till 31 March 2015.

(ii). The MRPL has shifted 7.0 MT of crude from port's berth to SPM with the commencement of SPM operations in August 2013. On account of wharfage, we are losing ₹26.80 per tonne i.e. wharfage rate of ₹51.80 at jetties – ₹25.00 at SPM on 7 MMT of crude traffic shifted to SPM.

(iii). If separate rate is fixed for SPM without looking into the aspect of loss of revenue to the port on account of crude oil shifting to SPM, we will lose revenue of around ₹15 to ₹20 crores per annum.

(iv). Wharfage is to be recovered for landing of cargo.

(v). We agree that port dues should continue as per the rates prescribed in the existing SOR of the port for vessels calling SPM also.

(vi). Tugs takes 20 or 30 hours for pull back operations depending on the size of the vessel.

(vii). There is no increase in GRT figures though SPM operation has commenced since August 2013.

(viii). Our tariff is due for revision on 1 April 2015. We are submitting the proposal to TAMP for tariff revision. Till new tariff is re-fixed based on cost position, MRPL may agree to pay tug hire charge as per existing SOR. Alternatively, let tariff for SPM be fixed on cost based approach following principle of COPT, if required.

Mangalore Refinery and Petrochemical Limited (MRPL)

(i). Wharfage Rate

(a). NMPT has derived wharfage rate based on loss of traffic and loss of revenue. Wharfage rate proposed by the NMPT is not a cost based rate. Further, ₹51.80 taken as a base by the NMPT to arrive at the revenue foregone is also not a cost based rate. All the relevant cost items should be considered and wharfage rate should be arrived on cost based approach.

(b). There is no capital employed by NMPT for SPM operation. All investment is done by MRPL. Proposed wharfage rate of ₹51.80 include ROCE which is not relevant to SPM.

(c). TAMP while approving wharfage rate of ₹51.80 for crude in the last tariff revision Order has considered adjustment only to the extent of 50% of the past period surplus. 30% of the same (1/10th every year) has been adjusted for three years. Balance is not adjusted.

(d). NMPT has considered the traffic of crude oil handled at jetty nos.10 and 11 at 14.22 MT. The NMPT has not considered total tonnage handled at these two jetties. Crude export and other POL products handled at berth nos.10 and 11 are not captured in the calculation.

(e). Crude oil was handled at berth nos.10 and 11 beyond March 2012 due to delay in commencement of SPM operation. Hence, it is not correct to consider 2013-14 traffic of Jetty Nos.10 and 11. Traffic of Jetty Nos.10 and 11 as of March 2012 should be taken as the base.

(f). Due to fall in crude price, the crude oil import has reduced as we are depleting the stock first for refinery. But, we will maintain 15 MMTPA traffic at berth nos.10 and 11 which is beyond the minimum guaranteed traffic of 7 MMTPA per berth. We will handle total traffic at port berths and SPM to the tune of 23 to 24 MMTPA in the year 2014-15.

(g). The approach of port to protect its revenue will discourage commercial users to make huge investments for setting up facilities in port premises.

(h). We agree to pay wharfage rate but it should be reasonable. Being a major user of the port, we request to keep the wharfage rate for SPM at par with nearby port for similar operations.

(ii). Pilotage and Pull Back Charges

(a). Vessel handled by us at SPM is 71. As against that, NMPT has taken 55 vessels only. The number of vessels considered for arriving at the pilotage and pull back charges needs to be updated.

(b). There is calculation error in fuel charge estimation. The NMPT should have considered the productive hours for pilotage and pull back separately on the respective fuel consumption to arrive at total fuel consumption. We have in our comments dated 30 December 2014 furnished modified calculation of fuel cost in Annex-II. Port needs to correct the fuel cost estimation.
[NMPT (Chairman): We will examine this point and correct it, if any, error is observed.]

(c). The NMPT has considered hourly diesel consumption for 2 Engines and 1 diesel generator for total 2 tugs. Engines will not be used throughout the productive hours of tug. The NMPT should look into this aspect and consider number of hours of diesel consumption by generators and engines based on past actuals.

(d). Diesel rate has come down. Please consider the prevailing rate.

(e). NMPT has taken total 12 hours for berthing i.e. 6 hours per tug. Our experience is total hours 9 hours are required for berthing.

(f). Tug hire cost considered is very high.

(g). Tug cost of ₹2.34 lakhs include Cenvat. We request to exclude service tax as NMPT will get credit of Cenvat.
[NMPT: We will look into this aspect and modify the proposal.]

(h). Many components like overheads, depreciation, etc. which are not relevant to SPM are added in pilotage and pull back charges.

(i). Port has allocated overheads in respect of maintenance dredging cost, maintenance of tugs, buoys, etc. There is no maintenance dredging for SPM. Tugs are hired in which case there will be no maintenance cost on tugs to be incurred by the port. They will be maintained by contractor.

(j). We request to exclude the overhead component in the computation of pilotage and pull back charges.

(k). Allocation of ROCE, depreciation related to other tug charges of the port should not be loaded on us as port tugs are not deployed for SPM operations.

(l). Depreciation on Capital dredging should not be considered.

(m). Port has claimed ROCE @ 16%. When port has not made any investments and tugs are hired and hire charges are paid, it is not correct to apply 16% ROCE. Some return of 3% or 6% can be allowed.

(n). Cost statement for SPM filed by NMPT shows surplus position. The proposed tariff should, therefore, be reduced as per the cost plus return model.

(o). As we are importing crude, we will have only foreign vessel. Coastal vessel is expected in rare cases.

(p). Tugs would not be used for 365 days. Port will use tugs for port operations. So, some part of credit should be given in the calculation to that extent.

Kanara Chamber of Commerce and Industry (KCCI)

We are concerned that major users like Kudremukh Iron Ore Company Limited (KIOCL), are going sick. We want the NMPT to support adjacent industries to prosper.

3. The summary of the written submissions given by the KCCI and MSAA at the joint hearing and reply furnished by NMPT thereon are tabulated is tabulated below:

Sr. No.	Written submissions made by users	Replay furnished by NMPT
1.	**Kanara Chamber of Commerce & Industry (KCCI)**	
(i).	Wharfage charges:	
	It is reiterated that the SPM facility was fully funded by MRPL and there was no investment by NMPT for this project. Future maintenance of SPM facility will be completely undertaken by MRPL and there is no liability to NMPT on account of this facility. For using the water front area of NMPT limits, a token minimal tariff may be considered as per the interim order of TAMP in this regard.	Considering request of KCCI and taking into account the investment made by the M/s.MRPL, the NMPT is not charging any Berth Hire Charges for SPM Operations. Detailed cost sheets have been prepared for the two oil jetties 10 & 11 and wharfage rate per ton worked out is furnished.
(ii).	Port dues:	
	As there is already tariff available in the SOR for jetties funded by Port, for a new facility funded by user, the tariff ought to have been lesser that the prevailing tariff. However, NMPT has not furnished detailed cost statement and hence, the tariff already notified by TAMP may be considered.	Separate cost sheet has been prepared for Port Dues and same is already forwarded to KCCI as part of revised calculation. Details of Port Dues calculations are again furnished.
(iii).	Pilotage and pull back tug:	
(a).	NMPT has proposed Pilotage and Towing and Pull Back Rates for Foreign Vessels at 166% of Cost Based Rates. The Approved method of fixing rates for Foreign and Coastal Vessels is to calculate rates for Coastal vessels at 60% of proposed foreign vessels rates and that the proposed foreign vessels rates are to be based on actual cost basis. However, it is observed that NMPT has in both the original proposal dated 11 April 2014 as well as in proposal dated 21 July 2014, calculated the rates for Coastal Vessel based on cost basis and thereafter, hiked the said rates by 166% to arrive at the rates applicable for foreign vessels. In the revised proposal, the Pilotage and	The rates for pilotage and pull back services have been first arrived at in Rupees and then converted into US$ considering the average US$ rate = ₹61.

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<td></td>
<td>Towing rate of ₹1,95,537.00 per tug hour or ₹55.10 per GRT as well as Pull Back Charges of ₹1,95,645.00 per Tug Hour or ₹57.55 per GRT are computed as vessel related charges at the SPM and the cost elements that went into the rate calculations were irrespective of vessel being coastal or foreign. The cost estimates related to vessels like AFRAMAX, VLCC and SUEZMAX.
The TAMP guidelines of 2005 and the coastal concession policy of the Government requires prescription of concessional rate for coastal vessel towards vessel related charges at 60% of the rate prescribed for its foreign counterpart. NMPT has completely violated both TAMP guidelines and coastal concession policy of the Government.
Without prejudice to KCCI's other objections and submissions, the NMPT revised proposal should be modified in the following lines:
<table>
<tr><th>Particulars</th><th>Rate in ₹</th><th>Rate in $ at ₹61/$</th><th>Coastal vessel rate at 60% of rate</th></tr>
<tr><td>Pilotage per tug hour</td><td>1,95,537</td><td>3205</td><td>1,17,322</td></tr>
<tr><td>Pilotage per GRT</td><td>55.10</td><td>0.90</td><td>33.06</td></tr>
<tr><td>Pullback per tug hour</td><td>1,95,645</td><td>3207</td><td>1,17,387</td></tr>
<tr><td>Pullback per GRT</td><td>57.55</td><td>0.94</td><td>34.53</td></tr>
</table>
Instead of calculating rates for coastal vessels at 60% below the cost based rates applicable for foreign vessels, NMPT has adopted this method of calculating rates for foreign vessels at 66% above the cost based rates both in the original as well as revised proposals. This does not apparent mistake since the erroneous method was adopted on both occasions leading to question bona fide intensions of the NMPT Financial Department in presenting approved methodology of computing rates.
Number of vessels taken by NMPT for computation is not in line with MRPL's estimate.</td>
<td></td>
</tr>
<tr>
<td>(b).</td>
<td>For berthing operations 2 tugs are used. After completion of berthing, one tug will return to port and the average duration of this operation is about 4.5 hours. The second (pull back) tug remains at SPM throughout the ship's stay and same tug assists the vessel for unberthing operation. This factor is to be applied while calculating consumption of fuel. The tug hours should be calculated based on following data:
Berthing = 4.5*2 = 9 hours
Unberthing = 0 hours</td>
<td>With regard to Pull back tug utilization time in the revised proposal port has taken as 75.50 hrs. for different vessel category wise.
After detailed discussions with the Marine Dept., the hours for fuel consumption has been revised and the total tug hours also have been revised in the modified proposal. Likewise, after detailed consultations with Marine Dept., pilotage time taken for berthing is revised and taken as 10 hrs and for unberthing 3 hours.
With regard to Fuel consumption in earlier calculations, 344.31ltrs/hour per engine per 50 Tonne Bollard Pull Tug was taken as per the manufacturers data for fuel</td>
</tr>
</table>

		consumption at 100% MCR. After discussions with the Marine Dept., the fuel consumption has been revised to 176ltrs/hours for each of the 2 nos. of 50Tonne Bollard Pull tugs. There are 2 engines operating simultaneously in each of the 2 tugs. In addition, the DG set has been installed in each of the 2 tugs which consumes 33.158ltrs /hour which have also been considered in calculation. As per the work order the fuel has to be supplied by the Port to the Contractor.
(c).	No. of vessels (as per MRPL's projection) are 16 (Aframax), 24 (Suezmax), 31 (VLCC). Total no. of vessels= 71	The points raised by M/s.MRPL that they are likely to handle 71 vessels instead of 55 vessels at SPM operations is not borne by facts. It can be seen from the trend indicated in the statement that the Port during the financial years 2013-14 and 2014-15 is not likely to handle 71 vessels at SPM as indicated by M/s.MRPL. In fact the total cargo handled at Jetty No.10 and 11 and SPM operations in respect of M/s.MRPL have dropped by more than 1.5 MMT. In the revised/modified proposal the number of vessels handled at SPM has been taken as 60 based on the trend seen during 2013-14 and 2014-15.
(d).	None of the assets mentioned in the Annexure II is being used for SPM facility. Of all the assets mentioned under depreciation charges, only single station is being used for berthing / unberthing activity at SPM. SPM is one amongst 16 berths available at NMPT. The percentage allocation to SPM activity should be calculated pro-rata basis. The users should not be penalized only because the other berths of NMPT are idle due to various reasons.	The observations raised by KCCI & M/s.MRPL with regard to overhead expenses have been noted. The calculations have been revised/ modified and wherein the relevant overhead viz., salary of the Marine Dept., has been considered for SPM operations. The other items like maintenance dredging, maintenance of tugs, buoys and mooring launches cost earlier included as part of overheads has been excluded in the revised proposal for SPM operations. In the earlier calculations management overhead of ₹70.66 crores for the year 2013-14 was considered. Management overhead expenses in the revised calculations includes the relevant salary of the Marine Dept., including Marine Engineers which have been allocated at 12% to SPM operations and it works out to ₹29.00 lakhs only.
		Overhead and other expenses are allocated to SPM activity at the rate of 12% which is arrived by dividing total crude handled at SPM over total cargo handled by the port as whole, in a year. Period from August 2013 (inception of SPM activity) to July 2014 is considered as one year for above computation. The working for the same is as follows: Total Crude handled at SPM from August 2013 to July 2014 (in MT) (A) : 39,65,842 Total Cargo handled by the port as a whole

		for above period(B): 3,23,63,920 Percentage of Crude Handled over total Cargo Handled (A/B) : 12%
(iv).	<u>Computation of Depreciation:</u>	
	The VTMS was installed on 21 June 2002. It was operational for three to four years only. For the last seven eight years, VTMS has not been used. No Vessel Traffic Management Services have been provided to the Vessels entering or departing the main Harbour. Hence, NMPT has to justify the claim for claiming cost of VTMS when the life of 13 years out of 15 has already expired. Besides SPM is one additional berth to the fifteen existing berths present and putting a 33% burden for a service not provided is unfair and unreasonable.	The VTMS is very much operational and is being actively used for SPM operations. New VTMS costing more than ₹17 Crores is also in the process of being installed in the Port in April 2015. The depreciation charges considered earlier was ₹117 lakhs. This has been modified to ₹108 lakhs in the revised calculations. The cost relating to marine related activities are to be recovered by charging the same in the tariff, on GRT basis from the customers. A portion of the depreciation charges related to Marine related Assets has been included for SPM operations as it is related to overall marine activity. The depreciation charges allocated to SPM activity at 12% of ₹899.84 lakhs i.e. ₹108 lakhs.
(v).	<u>Existing Scenario:</u>	
	The industries in and around NMPT viz MCF, KIOCL have already suffered various setbacks due to market conditions. This in turn has effected the economy, commerce and employment factors of this region. MRPL too as a Public Sector is faced with challenges on Gross Refining Margins. The very fact MRPL had to opt for SPM was economics of scale to bring down the landing cost of crude and to be competitive when compared with private players who operate their own SPMs, Terminals and Refineries. KCCI being a major users as loss making sick units or grow progressively in fostering healthy partnerships. KCCI wants a supporting NMPT that all adjacent industries prosper.	The point made that the port has considered the assets deployment of various port related assets is not borne by facts. It has been repeatedly indicated in the joint meeting as also in our earlier clarification that the whole idea of permitting SPM operations was to get incremental traffic and incremental revenue to Port. However, what actually has happened is diversion of traffic from the dedicated berth 10 & 11 to SPM Jetty. In fact, the total traffic handled during 2013-14 i.e. from August 2013 and also as per the trend in 2014-15 there is a fall in the traffic handled relating to M/s. MRPL at berth No. 10 & 11 overall by 1.50MMT besides there is also diversion of traffic to SPM Jetty during the said 2 years. As the SPM operations have commenced in the tariff cycle of 3 years viz., 2012 to 2015 the Port is well within its rights to take a portion of the ROCE to be recovered from SPM operations. The ROCE for Marine related assets for marine related activities has to be recovered in the form of GRT and as the SPM activities form part of the total marine related activities, a portion of ROCE on the marine related assets are proposed to be recovered in the form of GRT from vessels handled at SPM berth. *Wharfage rate per tonne has been revised/modified based on the Average cost per tonne incurred by Port in the Jetty No. 10 & 11 dedicated to M/s. MRPL. The cost sheet is furnished along with this letter.*(Annexure -4)
(vi).	<u>National Interest:</u>	
	MRPL will be handling ISPRL crude at the SPM	It is stated that the NMPT is a Major Port

	for storage in MSEX. NMPT should factor responsibility to its calculations as this issue can have a far reaching effect at the national level as every citizen of India is involved and pays the price for energy consumption. Questions of 'Unjust Enrichment' of a Port Trust can arise. KCCI is not convinced on the calculations presented by NMPT and re affirms they be re worked.	and is a Public body of the Central Govt. The resources of the National Exchequer are involved. The Port has to face keen competition from neighboring Ports like Cochin, Ennore, Tuticorin, Chennai besides Private Ports. The overall traffic likely to be achieved in 2014-15 will be only 37.5 MMT against 39.10 MMT achieved in 2013-14. The share of captive players like M/s. MRPL & M/s. KIOCL to whom dedicated berths have been allowed have significantly contributed to decline in traffic for year 2014-15 by more than 1.5 MMT and 2.50 MMT respectively.
(2).	**Mangalore Steamer Agents Association (MSAA)**	
(i).	Port Dues:	
(a).	NMPT has prevailing tariff for port dues available in the SOR for various jetties belonging to NMPT. For a facility fully funded and installed by the user, the tariff should have been lesser if not same.	
(b).	NMPT has not furnished detailed cost statement.	
(c).	NMPT has been selective in using tariff available at nearby ports. In the absence of any cost based rate, NMPT preferred to accept the prevailing tariff at Kochi for monetary benefit.	
(d).	NMPT may be directed to provide cost based rate or accept the rate already notified by TAMP	
(iii).	Pilotage and pull back tug:	
(a).	The TAMP guidelines of 2005 and the coastal concession policy or the Government requires prescription of concessional rate for coastal vessel towards vessel related charges at 60% of the rate prescribed for its foreign counterpart.	
(b).	Instead of calculating rates for coastal vessel at 60% below the cost based rates applicable for foreign vessels, NMPT has adapted this method of calculating rates for foreign vessels at 66% above the cost based rates proposals.	
(c).	NMPT has completely violated both TAMP guidelines and coastal concession policy of the Government.	
(d).	Number of vessels taken by NMPT for consumption is not in line with MRPL's estimate.	
(e).	For berthing operations 2 tugs are used. After completion of berthing, one tug will return to port and the average duration of this operation is about 4.5 hours. The second (pull back) tug remains at SPM throughout the ship's stay and same tug assists the vessel for unberthing operation. This factor to be applied while calculating consumption of fuel. The tug hours should be revised accordingly.	
(f).	Newly hired 2 tugs (Ocean Icon and Ocean	

	Breeze) are being used for SPM operation. Same tugs are also being used for other vessel movements in the port. Hence, the cost of these two tugs should not be charges entirely for SPM facility.	
(g).	MRPL's estimate for no. of vessels handled at SPM and actual usage of the two tugs for other vessel movement at NMPT also to be considered at arrive at productive tug hours.	
(h).	None of the assets mentioned in the Annexure II is being used for SPM facility. Of all the assets mentioned under depreciation charges, only single station is being used for berthing / unberthing activity at SPM.	
(i).	SPM is one amongst 16 berths available at NMPT. The percentage allocation to SPM activity should be calculated pro-rata basis. The users should not be penalized only because the other berths of NMPT are idle due to various reasons.	
(j).	NMPT has not made any investment on SPM project. SPM is situated about 17kms from shore and there is not requirement of port tugs and launches, VTMS and buoys for berthing / unberthing of vessels. The capital dredging, firefighting facility etc. were fully paid by MRPL.	
(k).	MRPL is the largest user of NMPT and port thriving because of MRPL. Moreover, this SPM will also be used for Indian Strategic Petroleum Reservers Ltd. (ISPRL) to store crude oil to ensure energy security of Govt. of India. Hence, NMPT should be reasonable in submitting their proposal for fixation of tariff for this facility.	

The NMPT has not furnished any point wise comments on the comments of MSAA.

[It has reiterated its comments commonly on the comments of KCCI, MRPL and MSAA. Hence, not reiterated.]

4. The summary of the further comments furnished by the MRPL after joint hearing and the reply furnished by NMPT thereon on are tabulated below:

<table>
<tr><th>Sr. No.</th><th>Comments of MRPL</th><th>Reply furnished by NMPT</th></tr>
<tr><td>1.</td><td>There is arithmetical error in computation of fuel consumption by NMPT. The basis of error is explained with reference to the computation of NMPT:

(a). No. of Vessels:
<table>
<tr><th>Afra Max</th><th>VLCC</th><th>Suez Max</th><th>Total</th></tr>
<tr><td>8</td><td>1</td><td>46</td><td>55</td></tr>
</table>

Tug hours:
<table>
<tr><th>Tug hours</th><th>Pilotage (hours)/ Tug / Vessel</th><th>Pull back</th></tr>
<tr><td>Berthing 6 hrs</td><td>6</td><td></td></tr>
<tr><td>Unberthing 5 hrs</td><td>5</td><td></td></tr>
<tr><td>Pull back:</td><td></td><td></td></tr>
</table>
</td><td>The revised proposal, calculations, statements / cost sheets / working notes has clarified the observations referred by MRPL.</td></tr>
</table>

Afra Max	-	16
VLCC	-	31
Suez Max	-	24
	11	71

Productive Tug hours:
Berthing and unberthing 11 hrs / Tug * 55 Vessels * 2 Tugs = 1210 hrs
Pull back:
Afra Max: 16hrs/Vessel * 8 Vessels = 0128 hrs
VLCC: 31hrs/Vessel * 1 Vesses = 0031 hrs
Suez Maz: 24hrs/Vessel * 46 vessels= 1104 hrs
Total hours = 1263 hrs
Total Tug operation hours = 2473 hrs

(b). Computation of fuel:

Tug 1	**Ltrs / hour**	**Tug 2**	**Ltrs / hour**
329.09 ltr/hr/engine * 2	658	344.31 ltr/hr/engine * 2	689
DG	30	DG	33
Total	688	Total	722

Total fuel consumption by 2 Tugs: 1410 Tugs/ hrs.
Cost of Diesel : ₹61.78/ ltr

Applying this on productivity tug hours, berthing and unberthing activity (2 Tugs with 2 engines / hour operating fully during operation), the cost comes to-

Pilotage operation:
11*688+11*722*55vessels*61.78 =₹5.27 crores
Pull back operation:
1263 hrs / vessel * 688 / ltr / hr / vessel * 61.78 = ₹5.37 crores
Total = ₹10.64 Crores

(c). For pull back operation, only one Tug will be in use and that too the tug that had gone for berthing operation and this will operate with only one engine working. Hence, fuel consumption should be much lower for this operation than what is considered.

Total fuel charges as per NMPT computation should have been ₹10.64 crore as against ₹22.61 crore considered in their computation. Even this will be lower since during berthing and unberthing operation, it is indicated that both engines will be in use. However, in practice except during towing operation, only one engine may be in use. Further, indicated fuel consumption is higher as compared to our experience of operation. Hence, fuel consumption / hrs indicated is on higher side.

	This may be rationalized. Further, if the cost of fuel as on 22 January 2015 is considered, this cost will be only ₹8.75 crores (Approximately).	

5. The summary of comments received from the users/ user organisations on the final revised proposal of the NMPT and the comments of NMPT thereon is tabulated below:

Sl. No.	Comments of users / user organizations	Reply furnished by NMPT
1.	**Mangalore Refinery and Petrochemicals Ltd.**	
(i).	**Wharfage charges:**	
(a).	The Single Pont Mooring facility has been constructed with 100% investment by MRPL and the maintenance of the facility is also completely undertaken by MRPL. NMPT has completely overlooked this fact, and has gone on fixing tariff, on the basis of revenue protection to port. As this is a rate fixation proposal for new facility, it should be fully guided by the method of cost incurred and reasonable ROI. This guiding principle is ignored by NMPT while proposing the wharfage charges for this facility. In view of completion of MOU periods for Jetty No.10 & 11, NMPT has been seeking General Tariff rates for the two berths. If NMPT has freedom to fix their own rates for the berths, it is not in the interest of commercial port users, making huge investments in setting-up their own facilities to be governed by port's revenue protection obligations.	It has reiterated that considering the investment made by M/s.MRPL, NMPT is not charging any Berth hire charges for SPM operations. The SPM operations have been started in August 2013 i.e. in the Tariff cycle 2012-15. It has reiterated that the whole idea of permitting SPM operations was to bring incremental traffic and corresponding incremental revenue to the Port and not diversion of traffic from the two dedicated oil berths of Jetty No.10 and 11 to SPM jetty. It is felt that the Port should not end up losing the cargo which it had projected will be arriving at the oil berths No.10 and 11 but ended up getting diverted to SPM jetty. Hence the logic of wharfage at the main oil berths No.10 & 11 foregone is adopted for the calculations in arriving at the tariff rates at SPM facility. Detailed cost sheets for wharfage rate for Jetty Nos. 10 & 11 have been worked for the year 2011-12 to 2013-14.
(b)	NMPT has furnished some cost workings showing wharfage rates for Jetty No.10 and 11 for the years 2011-12 to 2013-14. The wharfage proposed for SPM facility has been linked with this calculation to arrive at revenue loss to NMPT on account of commissioning of SPM facility. The following are the observations relating to the cost statements submitted by NMPT:-	
	(i). No back-up calculations for individual elements in the cost statement has been provided with the calculations. In the absence of the same, the individual cost heads could not be verified.	M/s.MRPL in their earlier letter No.MRPL/F&A/Port/SPM/ 2014-15 dated 22 December 2014 and 22 January 2015 has raised the point that detailed cost statements may be submitted. Accordingly detailed statements for 3 years 2011-12 to 2013-14 for jetty No.10 & 11 as also detailed break up giving the individual items was already submitted to the Authority as Annexure 3A, 3B,3C as per the Audited Accounts (Copy of the same is again furnished).
	(ii). Considering ROCE on Jetty No.10 & 11 assets for arriving at wharfage rate for SPM is totally unjustified as NMPT has not made any investment in SPM facility. Hence, this cost item has to be fully eliminated. It is also noticed that NMPT has applied 16% ROCE on Jetty specific assets as well as common assets. It is pertinent here to	The Costs Sheet has been worked out considering the Audited Accounts for the year 2011-12 to 2013-14. There was no loan repayment in the statement during the said 3 years and therefore same does not form part of the cost sheet.

	note that NMPT has fully recovered the Jetty investment by considering the loan repayment in wharfage calculation during MOU period for these two Jetties from MRPL. Besides, during MOU period 3% return has been allowed on Jetty specific assets and 18% on other common assets. Hence, it is illogical to recover the same once again during future periods. Further, as per TAMP guidelines also, ROCE is at 12% which can be at best considered only for assets located at anchorage. This is suggested as we do not use any other assets. Usage of Tugs etc. are covered under vessel related charges, hence, cannot be considered here in wharfage.	The 16% ROCE on the Assets relating to Jetty No.10 & Jetty No.11 is based on TAMP 2005 guide lines assuming capacity utilization of more than 70%.
	(iii). Dredging cost has been included under the head "Port and Dock Charges". Since, this has been included under vessel related charges for fixing the SOR Tariff, including the same, once again under wharfage calculation would result in double recovery of the cost element. There is no justification to include the dredging cost in wharfage tariff, as SPM facility does not require dredging. It may be noted that such double recovery has resulted during fixation of General Tariff Rates during 2012 itself. However, since, at that time, since NMPT had not shared any cost statements, we could not point-out such double recovery in POL wharfage as well as vessel related charges. Hence, TAMP may consider and direct NMPT to revise the General Tariff rate also.	The Dredging Cost i.e. Maintenance Dredging expenditure and Depreciation on Capital Dredging expenditure forms part of Port and Dock charges. For arriving at Wharfage charges the Cost Sheet clearly indicates that only cargo handling and storage expenditure, Railway expenditures have been included. The amount in terms of rupees has been arrived based on the Cargo handled ratio for Jetties 10 & 11 for each of the three years. It is clear from the above that no maintenance dredging expenditure and depreciation for capital dredging have been included in the cost sheet. Hence it is again confirmed that none of the vessel related charges have been considered for computing the Wharfage/ Average Wharfage rate for the three years 2011-12 to 2013-14. Thus the observations made by M/s.MRPL are wrong and not borne by the facts.
	(iv). NMPT has proposed an alternate wharfage rate considering the notified wharfage of ₹51.80 for the Jetties. This basis is not appropriate considering the fact that the notified rate of ₹51.80 is taking into account Dredging expenses, Return on Capital employed etc. which are not applicable to SPM since, SPM facility does not require dredging and port has not made any investment in the project. Besides, it is submitted that TAMP in its earlier order notifying ₹51.80 as wharfage charges for POL has considered allocation of surplus of earlier years only to the extent of 50% and 1/10th of the same has been spread over 3 years term, resulting in non availability of benefit of balance amount of surplus. Further, while proposing Tariff rates for the Jetty (which is notified in February 2012), NMPT has not furnished detailed element-wise cost statements as required by TAMP. Therefore, basing wharfage rate for SPM on Notified rate is in-appropriate.	The notified warfage rate of ₹51.80 for crude/POL products for Jetty No.10 & 11 does not include any Dredging expenses. This point may kindly be again confirmed by TAMP to M/s.MRPL. Detailed element wise cost statements has already been furnished to TAMP vide our letter No. NMPT/FIN/REV/SOR/2013-14 dated 11 Feb 2015 and to M/s.MRPL vide letter No. NMPT/ FIN/ REV/ SOR /2013-14 dated 12 Feb 2015.
	(v). NMPT while proposing the wharfage rates for SPM, has considered a tonnage of 4.12 MMT as volume forgone at Jetty No.10 & 11 and 7.00 MMT as proposed volume of crude handled at SPM.	The port is in receipt of the letter from M/s.MRPL relating to the volume of crude to be handled at SPM as also the type of Vessels. However, the projections are found to be far

<table>
<tr><td></td><td>However, these cargo volumes are not matching with MRRL's anticipated cargo volumes. Copy of e-mail dated 27.06.2014 from MRPL to NMPT is enclosed herewith vide Annexure-I. As per the statement attached therein, the expected volume of cargo to be handled at SPM will be greater than 9 MMT. If we consider the same in the methodology proposed by NMPT itself, the wharfage rate per MT will be much lower than what is proposed. It can be seen from NMPT's statement showing "details of crude imports/ products exports" itself that, during 2014-15 a volume of 7.63 MMT has been already handled at SPM upto January 2015. Besides, upto February 2015, a volume of 8.5 MMT has already been handled at SPM and this will go up further, since, during March 2015 we are expecting highest throughput to meet the MOU target provided to us by our parent Company ONGC, which is duly vetted by the MOPNG & DPE.</td><td>from reality. Actual volume of crude as also type and size of the vessels handled during the two years 2013-14 and year 2014-15 already given to TAMP has been taken for the calculation in the NMPT SPM proposal.</td></tr>
<tr><td></td><td>(vi). It is also seen from statement showing Income and Expenditure Furnished by NMPT that, very high surplus is earned on "Cargo Handling & Storage" activity as shown under:
<table>
<tr><td>Surplus in Cargo Handling & Storage as % of income under this head</td><td>77.61%</td><td>70.73%</td><td>64.21%</td></tr>
<tr><td>Net Surplus as % of Total Income</td><td>44.74%</td><td>43.89%</td><td>34.79%</td></tr>
</table>
Since, port has proposed a very high wharfage rates, this would add up to the operating cost of MRPL and resulting into high negative impact on bottom-line of the Company and also resulting into SPM operations being unviable.</td><td>The modified proposal for SPM does not contain any projections of revenue, surplus and net surplus. The data given by M/s.MRPL on the subject matter is not correct.
The income relating to financial year 2013-14 are as stated below:-
(₹ in Crores)
<table>
<tr><th rowspan="2">Year</th><th colspan="3">IMPORT</th><th colspan="3">EXPORT</th><th rowspan="2">TOTAL</th></tr>
<tr><th>Jetty No 10</th><th>Jetty No-11</th><th>SPM</th><th>Jetty No 10</th><th>Jetty No-11</th><th>SPM</th></tr>
<tr><td>2013-14 (Income)</td><td>33.93</td><td>17.04</td><td>12.63 @ ₹25</td><td>14.97</td><td>23.88</td><td>-</td><td>102.45</td></tr>
</table></td></tr>
<tr><td></td><td>(vii). We have recalculated the wharfage charges for SPM using the cost statements furnished by NMPT after making above adjustments. Such wharfage rate comes to ₹9 per MT as shown in our calculations. We request TAMP to consider the same and fix tariff as proposed by us.</td><td>The Wharfage computations made by M/s.MRPL is not based on facts and is not correct and should not be considered by TAMP.</td></tr>
<tr><td>(ii).</td><td><u>Pilotage and pull back tug charges</u>:</td><td></td></tr>
<tr><td>(a).</td><td>Number of Vessels to be handled at SPM is taken as total 60 vessels by NMPT as against MRPL's estimate of 71. Due to this, the computation needs revision.</td><td>The points rose by M/s.MRPL that they are likely to handle 71 vessels instead of 60 vessels at SPM operations not borne by facts. It can be seen from the trend indicated in the statement that the Port during the financial years 2013-14 and 2014-15 is not likely to be handle 71 vessels at SPM as indicated by M/s.MRPL. In fact the total cargo handled at Jetty No.10 and 11 and SPM operations in respect of M/s.MRPL have dropped by more than 1.5MMT. In the revised/modified proposal the number of vessels handled at SPM has been taken as 60 as show in the statement based on the trend for year 2013-14 and 2014-15.</td></tr>
<tr><td>(b).</td><td>It has been indicated in e-mail from GGM (TS, CP & BD)-MRPL, dated 27.06.2014 that average discharge time for suez max vessel is 30-35 hours</td><td>The average discharge time and vessel handling time in NMPT proposal is based on the actual feedback data given by the Marine</td></tr>
</table>

<table>
<tr><td></td><td>whereas average vessel handling time is 40-45 hours. Accordingly, considering actual experience, it is requested to consider the following time durations for Pull back tug:
<table>
<tr><th></th><th>As per MRPL (based on actual experience) (Hrs)</th><th>As considered by NMPT (Hrs)</th></tr>
<tr><td>Aframax</td><td>27</td><td>17.5</td></tr>
<tr><td>VLCC</td><td>45</td><td>32.5</td></tr>
<tr><td>Suez Max</td><td>40</td><td>25.5</td></tr>
</table></td><td>department. Relevant portion of the statement is furnished.</td></tr>
<tr><td>(c).</td><td>It could be seen that petroleum prices have come down drastically on account of reduction in crude oil prices during current year ad it is expected to remain low for some time. Based on the current HSD price, the operating cost is required to be regulated.</td><td>This rate given by the M/s. MRPL is for the present fuel rates. However, the rates to be fixed from Aug 2013 onwards for 3 years. Hence the rate of ₹61.78 is taken. During that period the cost of the fuel was very high. Further the Port is treated as a bulk customer for purpose of purchase of diesel. As per new govt. policy the Diesel rates for bulk customers are much higher than the retail Diesel rates. Infact fuel cost has also to be recovered through vessel related charges. Hence, the comment given by M/s.MRPL is not correct.</td></tr>
<tr><td>(d).</td><td>NMPT has considered a contingency of 10% in computation of Pilotage and Pull back charges. This needs to be eliminated to keep the charges at par with the costs incurred by port.</td><td>The contingencies have been provided at 10% for Pilotage and pull back based on the SPM proposal submitted by Cochin Port to TAMP.</td></tr>
<tr><td>(e).</td><td>NMPT has considered total GRT for SPM of 46,72,000 MT with corresponding total cargo volume of 77,10,000 MT. As estimated by MRPL and conveyed to NMPT through e-mail communication, MRPL is expected to handle a total volume of 99,40,000 MT during 2014-15 at SPM. Accordingly GRT needs to be proportionately revised, which comes to 57,06,000 MT as against 46,72,000 MT considered by NMPT.</td><td>The details of type of vessels namely AFRAMAX, VLCC, SUEZMAX corresponding GRT, no of vessels, average parcel size, Rate of discharge/ hour (MT), berthing time, unberthing time are based on the data for two years 2013-14 and 2014-15 given by the Marine department. The same has been taken for the calculation in the proposal for SPM sent to TAMP.</td></tr>
<tr><td>(f).</td><td>Computation statement for Pilotage and Tug hire charges considering the above observations are furnished.</td><td>The Pilotage and Tug were charges for SPM operations proposal have been arrived based on the data provided by the Marine department for last two year 2013-14 and 2014-15.</td></tr>
<tr><td>(g).</td><td>Apart from the above points, the MRPL has reiterated its earlier comments on depreciation allocated by NMPT for pilotage fees computation.</td><td>The NMPT has also reiterated its earlier comments on the point raised by MRPL.</td></tr>
<tr><td>(iii).</td><td><u>Port dues</u>:</td><td></td></tr>
<tr><td></td><td>While computing Port dues, NMPT has considered depreciation on marine assets, floating crafts, maintenance dredging, pollution control water supply to shipping, firefighting expenses. However, as explained in earlier paras, these facilities are not at all connected with SPM operation as the same cater only to the vessels berthing at the Jetties inside the port. Pollution Control and Fire Fighting expenses, if at all incurred for SPM could be charged by port at actual on happening of any such eventuality. As such all these expenses would have to be excluded from the computation.

Computation statement showing port dues after taking into account, above observations,</td><td>The Port dues have not been revised by the port for 15 years (5 Tariff cycles). Detailed costing has been done for arriving at the Port dues based on the international practices followed. The Port dues are entry fees for entering the Port and will be common for all vessels whether at berth or at SPM. There cannot be a separate port dues only for SPM operations as demanded by M/s.MRPL.</td></tr>
</table>

	furnished.	

6. A copy of the NMPT comments on comments of MRPL was forwarded to MRPL. The MRPL has vide its letter dated 24 April 2015 furnished its further additional comments on reply of NMPT and endorsed the same to NMPT. The NMPT has also furnished its response thereon vide its letter dated 11 May 2015. Some of the points made by the MRPL are reiteration of their earlier comments on which the NMPT has already furnished its comments. A summary of the further additional comments of MRPL and response of NMPT thereon are tabulated below:

Sr. No.	Additional comments furnished by MRPL	Reply furnished by NMPT
(i).	**Wharfage Charges:**	
(a).	The points made earlier on this and further points made by us need to be considered as port has fixed tariff basis revenue protection to port.	NMPT once again reiterated the reply furnished earlier on 28 March 2015 to TAMP vide letter no. NMPT/FIN/REV/SOR/SPM/2013-14 with reference to fixation of tariff, so as to provide continued better services not only to valued customers like M/s. MRPL but also to other Port Users and at large the society.
(b).	For arriving at wharfage charges for jetty No.10 & 11 for the years 2011-12 to 2013-14, the cargo handling charges have been allocated abnormally compared to the total expenditure incurred by port. A statement has been furnished, which shows that port has allocated 103%, 92% & 63% of expenditure incurred by port under the head “Cargo Handling & Storage” to jetty No. 10 & 11. Charging more than actual expenditure in once itself shows the anomaly in port’s computation. In case the cargo handled ratio is to be considered, as per NMPT’s own working such ratio for jetty No.10 & 11 together comes to 59.33%, 55.89% and 44.08% for the years 2011-12, 2012-13, and 2013-14 respectively. TAMP may kindly look into this aspect wherein there is a huge gap in the calculation sheet for wharfage and the statement made by NMPT. Besides, the following additional points also need to be considered in respect of wharfage: Further, there is no reasoning for allocation of Railway charges to Jetty No.10 & 11 as the same comes under separate income generating activity “Railway earnings”. Port has allocated Finance and Miscellaneous expenses only to Jetty No.10 &11 without allocating Finance and Miscellaneous income. This is not at all logical. Either both income and expenditure should be considered for allocation or both should be excluded. It is also further reiterated that the port should not consider ROCE for J no.10 & 11 as the port has fully recovered the jetty investment by considering loan repayment in wharfage calculation during MOU.	The wharfage charges for Jetty nos. 10 & 11 for the years 2011-12 to 2013-14 has been allocated on the basis of Audited figures for cargo handling and storage charges on cargo handled ratio. In addition, portion of medical expenses, port security and pension payment directly attributable towards cargo handling charges has also been allocated to Jetty no. 10 & 11. The overall wharfage charges are apportioned on Cargo Handled Ratio. The ratio of allocation and reconciliation statement has already been sent to TAMP. The same may be forwarded by TAMP to MRPL. The amount so allocated towards cargo handling activities is reduced from FME and only the balance amount has been allocated as FME. Service rendered for railways has to be recovered in Cargo Related charges only. Accordingly, a portion of Railway charges is charged to Jetty No. 10 & 11 in the cost sheet. The method adopted for computation of Wharfage rate per MT is based on “Cost plus Return on Capital Employed” as per TAMP guidelines, 2005 and hence question of allocating Finance & Miscellaneous income does not arise. The Costs Sheet has been worked our considering the Audited Accounts for the year 2011-12 to 2013-14. There was no loan repayment in the statement during the said 3 years and therefore same does not form part of the cost sheet. The 16% ROCE on the Assets relating to Jetty Nos.10 &11 is based on TAMP 2005 guide lines assuming capacity utilization of more than 70%.
(c).	NMPT has not addressed M/s.MRPL’s points relating to the notified rate. Hence, it is once again requested not to consider the notified rate of	The TAMP notified wharfage rate of ₹51.80 for crude/POL products for Jetty No.10 & 11 in 2012 does not include any Dredging expenses.

<table>
<tr>
<td></td>
<td>₹51.80 per MT as the basis for arriving at wharfage rate for SPM. TAMP had notified the SOR for the port vide Order dated 6 January 2012. It can be seen from the “Cost statement for POL activity”, which is a part of the order (Annex-I(c) of the Order), the following amounts have been considered towards dredging in the estimates for 2011-12 to 2014-15:
(₹ in Lakhs)
<table>
<tr><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th></tr>
<tr><td>2815.87</td><td>2485.64</td><td>2634.78</td><td>2792.87</td></tr>
</table>
POL activity is a sub activity under the head Cargo Handling activity. Wharfage is the revenue item under “Cargo Handling Activity”. Besides, port had also confirmed that the maintenance dredging has been booked under “Port and Dock Charge”. Accordingly, it is clear that effect of revenue dredging would have to be backed-out for the purpose of wharfage calculation.</td>
<td>This point may kindly be again confirmed by TAMP to MRPL.
Detailed element wise cost statements has already been furnished to TAMP vide our letter No.NMPT/FIN/REV/SOR/2013-14 dated 11 Feb 2015 and to M/s. MRPL vide letter No. NMPT/FIN/REV/SOR/2013-14 dated 12 Feb 2015.</td>
</tr>
<tr>
<td>(ii).</td>
<td><u>Traffic Handled for the purpose of wharfage and vessel related charges:</u></td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>Port has alleged that MRPL’s projections of traffic and number of vessels handled are not borne by facts. However, as could be seen from the actual data for the year 2014-15, MRPL’s estimations have been conservative and actual traffic handled is more than the projections as shown hereunder:
<table>
<tr><th>Particulars</th><th>Projected</th><th>Actual</th></tr>
<tr><td>Number of Vessels at berths</td><td>204</td><td>156</td></tr>
<tr><td>Traffic at berths (TMT)</td><td>10,610</td><td>11,013</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Number of vessels at SPM</td><td>71</td><td>129</td></tr>
<tr><td>Traffic at SPM (TMT)</td><td>9,940</td><td>10,021</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>Total number of vessels</td><td>275</td><td>285</td></tr>
<tr><td>Total Traffic (TMT)</td><td>20,550</td><td>21,034</td></tr>
</table>
The above numbers include cargo vessels belonging MRPL and OMPL handled at Jetty No.10, 11 and SPM only. NMPT may furnish details of cargo pertaining to other oil companies if any handled in the berths.</td>
<td>The Port is in receipt of the letter from M/s. MRPL relating to the volume of crude to be handled at SPM as also the type of Vessels. Actual volume of crude as also type and size of the vessels handled during the two years 2013-14 and year 2014-15 (upto Jan 2015) has been taken for the calculation in the NMPT SPM proposal already forwarded to TAMP.</td>
</tr>
<tr>
<td>(iii).</td>
<td><u>Pilotage and Pull back charges:</u></td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>MRPL has provided the actual number of vessels and the traffic at Jetty No.10, 11 and SPM for the year 2014-15. The same may be considered by TAMP for finalizing wharfage as well as vessel related charges for SPM.</td>
<td>The data upto the actual handled upto Jan 2015 has been taken for sending proposal to TAMP. It is also already stated in the earlier reply given to TAMP & MRPL that Port is not entitled to any Berth Hire charges for vessels handled at SPM. Accordingly, Vessel Related income of the port will be lower to the extent of Berth Hire Charges.</td>
</tr>
<tr>
<td>(b).</td>
<td>It could be seen from Income and Expenditure details of 2011-12 to 2013-14 furnished by the port that port is already generating very high surplus than the stipulated ones. Comparison of surplus earned by port as derived from port’s own statement has been furnished at Annexure-II.</td>
<td>The charges levied for the port related services are strictly as per the rates notified by TAMP which has also been duly audited by C&AG.</td>
</tr>
</table>

(c).	NMPT may be advised to review number of hours per operation based on actual experience for the year 2014-15, since this is the first full year operation of SPM.	The average discharge time and vessel handling time in NMPT proposal is based on the actual feedback data given by the Marine department.
(d).	As the petroleum prices have been downward during 2014-15 and it is expected to be stable for next few years, considering the highest rate of ₹61.78 per litre is not correct. Under the revised HSD pricing policy of the Government, the retail and bulk prices for HSD are same as there is no under recovery in retail prices. Current diesel price is around ₹52 per ltr. Hence TAMP may consider an average price of ₹54/- suggested by us.	This rate given by the MRPL is not for the present fuel rates. However, the rates are to be fixed from August 2013 onwards for 3 years. Hence the rate of ₹61.78 is taken. During that period the cost of the fuel was very high. Further the Port is treated as a bulk customer for purpose of purchase of diesel. As per new govt. policy the Diesel rates for bulk customers are much higher than the retail Diesel rates. Infact fuel cost has also to be recovered through vessel related charges. Hence, the comment given by M/s. MRPL is not correct.
(e).	Port cannot take recourse to Cochin port basis on partial basis since, they have not agreed for the Cochin port based rates in the earlier and current instances.	No comments furnished by NMPT
(f).	GRT would have to be considered in proportion to the actual traffic handled at SPM. Since, M/s.MRPL do not have the GRT data with them, they have taken prorated GRT for the actual traffic handled. Alternatively, TAMP may direct NMPT to furnish details relating to actual GRT for the year 2014-15.	

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