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# TARIFF AUTHORITY FOR MAJOR PORTS

**G.No.169** **New Delhi,** **12 April, 2021**

## 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 representation made by Kalinga International Coal Terminal Paradip Private Limited (KICTPPL) to review or rectify the errors in the Order No. TAMP/68/2016-PPT dated 2 January 2017 fixing reference tariff for development of new coal berth for handling of import coal at Paradip Port Trust (PPT) on BOT basis as in the Order appended hereto.

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

# Tariff Authority for Major Ports

**Case No. TAMP/68/2016-PPT**

**Kalinga International Coal Terminal Paradip Private Limited - - - Applicant**

**QUORUM**

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Sunil Kumar Singh, Member (Economic)

**O R D E R**

(Passed on this 16th day of March 2021)

Based on a proposal filed by Paradip Port Trust (PPT), this Authority vide its Order no. TAMP/18/2008-PPT dated 14 July 2008 had fixed upfront tariff for construction and operation of a deep draught iron ore berth and a deep draught coal berth at the PPT, following the Upfront Tariff Guidelines of 2008.

1.2. Thereafter, based on a proposal filed by PPT, this Authority vide its Order no. TAMP/68/2016-PPT dated 2 January 2017 fixed Reference tariff for development of New Coal Berth for handling of Coal imports at the PPT, based on the stipulations prescribed in the Reference Tariff Guidelines of 2013. The Reference tariff so fixed in January 2017 was after applying an indexation factor of 35.08% over the upfront tariff approved on 14 July 2008 for the deep draught coal berth. This Order was notified in the Gazette of India on 21 February 2017 vide Gazette No. 61.

2. Subsequently, the PPT has awarded the project of "development of a deep draught Coal import terminal on BOT basis" to the successful bidder, and a Concession Agreement (CA) has been signed by PPT with Kalinga International Coal Terminal Paradip Private Limited (KICTPPL) on 04 August 2017.

3.1. In this backdrop, the KICTPPL vide its letter No. KICTPPL/TAMP/PPT/ 01 Dated 05 October 2020 has sought rectification of Storage charges approved vide Order no. TAMP/68/2016-PPT dated 2 January 2017. The submissions made by KICTPPL in its letter dated 05 October 2020 are given below:

(i). The KICTPPL is the Concessionaire (BOT Operator) for the Deep-Water Coal Import Terminal being developed at Paradip Port, Odisha as per the Concession Agreement (CA) of 4" August, 2017 with Paradip Port Trust (PPT).

(ii). Based on the PPT's letter of "Award of Concession" vide No. CE/Tech/DC/06/2015/28 of 19.04.2018, the Commissioning Date of the Project is 36 months i.e. on 18.04.2021. [KICTPPL has attached a copy of PPT's letter dated 19.04.2018 and a copy of the CA for reference]

(iii) The construction activity on the project is in an advance stage and the project is likely to be commissioned for trial operation during January 2021 and thereafter, it will be fully commissioned by February/ March, 2021, ahead of the scheduled Commissioning date of 18.04.2021.

(iv). The Deep-Water Coal Import Terminal being developed at PPT by KICTPPL now is based on Upfront Tariff Fixation proposal of PPT in which the TAMP fixed the same vide Gazette Notification No. 61 on 21.02.2017. This Upfront Tariff so fixed is primarily derived based on the tariff fixed by the Authority initially vide Gazette Notification of 14.07.2008 with due indexation since then by adopting the upfront tariff fixed for the Deep Draught Coal Berth in July 2008 and in pursuance of the Reference Tariff Guidelines of 2013.

(v). As the project is approaching for its trial operation within next 3/4 months, KICTPPL approached users who are importing large volumes of Coal currently at Paradip Port for Cargo Handling Service agreements with us. Many users of PPT whom KICTPPL approached for handling their Coal through the Mechanized Coal Import Terminal are positive on the terminal development as the same will enhance the efficiency of Port services. However, they have voiced their concern about the adverse ramification of the applicable reference Storage Charge rate as has been approved by the TAMP in February 2017.

(vi) Incidentally, it is understood that Tata Steel Ltd., the largest importer of Coal at Paradip Port has already approached TAMP on this matter with a request to review the said rate of reference Storage Charge structure on the basis of the Upfront Tariff of 2008 approved by TAMP earlier.

(vii). The TAMP as per the request of PPT initially approved the Upfront Tariff for the Deep Draught Coal Terminal at Paradip Port on 14.07.2008 along with the Upfront Tariff of the Deep Draught Iron Ore Terminal vide Gazette Notification No. G.133 on 16.08.2008. However, as both the projects did not take up, PPT approached TAMP separately for finalizing the new reference Tariff for New Iron Ore Terminal in 2014 followed by for Mechanization of the PPT's existing CQ-1 and CQ-2 berth on BOT basis for handling of import Coal and Lime Stone.

(viii) In case of the CQ-1 & CQ-2 Berth Mechanization Project for handling import Coal & Lime Stone, the Authority fixed the reference Tariff for the same in 2015 vide Gazette Notification of G.N. 335 dt.29.09.2015. It is noticed that the new reference Tariff for CQ-1 & CQ-2 Berth Mechanization Project was fixed and notified on the basis of the calculations done for Upfront Tariff for the Deep Draught Coal Import Terminal finalised in 2008 with due WPI based indexation of 35.08%.

(ix) With no follow up action for CQ-1 & CQ-2 Berth Mechanization Project, PPT approached TAMP for finalizing a new reference Tariff for development of a Deep Water Coal Import Terminal. As said above, the said reference Tariff was Gazette notified by the TAMP vide G. No. 61 on 21.02.2017 which has reference to the original Upfront Tariff Notification of 2008 and considering the WPI indexation factor as "NIL" for FY 2016-17, the Berth Hire and Cargo Handling Service rates remained at same rates as was done in 2015 for PPT's CQ-1 and CQ-2 Berth Mechanization Project. However, the reference Tariff in rate for Storage Charge and Free Time was modified in 2017 based on the Ministry of Shipping and Indian Ports Association suggestions on Dwell Time of import cargo to be considered as 30 days.

(x). The issue that has been highlighted by Tata Steel Ltd. In their letter of 25.09.2020 refers to primarily for review of the reference Tariff of Storage Charge notified by TAMP in 2017. In this connection, the 2008 Upfront Tariff notification for Storage Charge for Deep Draught Iron Ore Terminal as well as Deep Draught Coal Terminal development at Paradip Port is extracted from the said Order is furnished below;

| **Storage Charge for Deep Draught Coal Terminal as per TAMP Notification vide No. G-133 of 16.08.2008.** | | | **Storage Charge for Deep Draught Iron Ore Terminal as per TAMP Notification vide No. G-133 of 16.08.2008** | | |
|---|---|---|---|---|---|
| **Rate in ₹ per tonne** | | | **Rate in ₹ per tonne** | | |
| Rate for five days for the balance cargo remaining after the free period | Rate for sixth day to tenth day for the balance cargo | Rate for Eleventh day onwards for the balance cargo. | Rate for five days for the balance cargo remaining after the free period | Rate for sixth day to tenth day for the balance cargo | Rate for Eleventh day onwards for the balance cargo |
| 12 | 24 | 48 | 12 | 24 | 46 |

*NB.:* *(i) The Storage Charges for the cargo stored in the stackyard beyond the Free Period allowed for Coal is 10 days and for Iron Ore is 18 days respectively.*

*(ii) In both the cases, the rate of Storage Charge approved was on 'Per Ton" basis for different slabs after the respective Free days.*

(xi). From the above Tariff as was approved by your Authority, it is seen that the rate of Storage Charge for both Iron Ore and Coal Terminal was approved "**only on Per Ton**" basis with reference to different slabs after the specified free days. The rates there were **"not on Per Ton Per Day'** basis.

(xii). The tariff for Berth Hire and Cargo Handling Charge of 2015 (for CQ-1 & CQ-2) as well as for 2017 (Deep Water Coal Import Terminal) were notified by TAMP with due indexation of the Coal tariff approved for PPT in 2008, but unfortunately, the rate of Storage Charge having reference to the total tariff structure was made **"on Per Ton Per Day"** basis for different slabs instead of only "**on Per Ton"** basis. The Storage Charge Structure thus as per 2017 reference Tariff approved for Coal Import Terminal therefore will be costlier for the prospective user of the terminal despite increase in the Free Days from 10 days to 15 days basis clarification from Paradip Port Trust and the expected revenue will far exceed the 1% assumed as per TAMP guidelines of 2008.

(xiii) This can be evident from the comparative calculation done for import of 1,00,000 MT Coal with a possible Dwell Time of 30 days as shown in the following Table:

**Cost Impact of Storage Charge for Import Coal at PPT basis**
**Upfront Tariff of 2008 vrs. Reference Tariff of 2017**

| Quantity imported in a vessel (In MT) | Accruable storage Charge as per 2008 | | | | | Accruable storage charges as per 2017 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Average Time of Delivery** | **Delivery % of Parcel** | **Quantity (in MT)** | **Rate (in ₹ Per MT** | **Amount of Storage Charge (in ₹)** | **Average Time of Delivery** | **Delivery % of Parcel** | **Quantity (in MT)** | **Rate (in ₹). Per MT** | **Amount of Storage Charge (in ₹)** |
| **100000** | Within 10 days Free Days | 70 | 70000 | 0 | 0 | Within 15 days Free Days | 70 | 70000 | 0 | 0 |
| | First 5 Days after Free Days | 10 | 10000 | 12 | 120000 | From 16th day to 25th Day after Free Days** | 20 | 20000 | 16.21 | 1621000 |
| | From 6th Day to 10th Day after Free Days | 10 | 10000 | 24 | 240000 | | | | | |
| | From 11th Day onwards after Free Days | 10 | 10000 | 48 | 480000 | From 25th day onwards after free Days ## | 10 | 10000 | 32.42 | 810500 |
| | **Total** | | | | **840000** | | | | | **2431500** |
| | **Rate per Ton Overall** | | | | **8.4** | | | | | **24.32** |
| | **Comparision in % Over 2008 in 20017** | | | | | | | | | **289.46** |

** Total days of Storage Charge Calculated for average of 5 Days though the delivery can spread over 10 days slab rate Per MT Per Day.

## Total days of Storage Charge Calculated for average of 2.5 days though the delivery can be spread over 5 days upto 30th day.

$ Rates may vary depending upon delivery sequence of cargo.

NB. Free Days considered in 2008 was 10 Days and in 2017 as 15 Days respectively.

(xiv). Relevantly, though the Berth Hire and Cargo Handling Charges has been increased as per actual indexation by only 35.08% as has been allowed by TAMP over the 2008 rates, but the comparison in Storage Charge structure has an impact of approximately 289.46 % higher in 2017 tariff to 2008 tariff. This is considerably high and therefore needs complete review or correction as the same is much higher than the expected revenue of 1% in a project as per actual calculation.

(xv). This implies that the terminal would be very expensive to the prospective users and therefore if applied as per its extant notification; both Paradip Port and the Terminal Developer Port may have windfall revenue but the same will be very seriously user unfriendly. This may lead to a situation that no user will come for service from the Terminal and the assets created at the Terminal will remain idle. Simultaneously, the users may divert their vessels to neighboring private port which offers Free Days of 60 days and other Major Port which have better Storage structure in Tariff which will be detrimental effect on overall interest of PPT.

(xvi) In this regard, a comparison of Storage Charge approved by TAMP for Visakhapatnam Port for EQ1- A Project in 2013 (G.No.26 dt. 04.02.2013) for similar cargo like that of CQ-1 & CQ-2 Mechanization Project of PPT approved in 2015 in the Table Below:

**Comparison of Storage Charge of PPT Coal Tariff for CQ-1& CQ-2 Project Vs. EQ1-A Project of VPT**

| Rate in ₹. Per tonne per day or part thereof | | | |
|---|---|---|---|
| **Commodity (Coal Import)** | **Rate for first 5 days for the balance cargo remaining after the free period** | **Rate for 6th day to 10th day for the balance cargo** | **Rate for 11th onwards for the balance cargo** |

| | | | |
|---|---|---|---|
| Mechanisation Projects of PPT for CQ-1&CQ-2 berth(Tariff Order of 2015) | 16.21 | 32.42 | 64.84 |
| EQ1-A Vizag Port Trust (Tariff Order of 2013) | 1.61 | 3.22 | 6.44 |
| **Comparison in %** | **1006.83** | **1006.83** | **1006.83** |

This clearly shows that the Storage Charge structure of PPT Project in 2015 compared to a similar project in another Major Port (VPT) for same type of cargo is nearly higher by 1000 %.

(xvii). The 2017 reference Tariff Order for Deep Water Coal Import Terminal at PPT has a direct reference to 2015 TAMP order for CQ-1 & CQ-2 Mechanization Project and therefore, it can be concluded that the Storage Charge for our current Project at PPT is extremely high and needs correction to attract sufficient cargo for the project failing which the investment being done by us as KICTPPL will remain idle which will be a complete national loss.

3.2. Thus, the KICTPLL has requested this Authority to consider the following aspects:

(i). The Free Days for Coal Storage at least for 25 days as per Annexure III, item 2.0 of TAMP approved Tariff Fixation Guidelines of 2008.

(ii). To review the above discrepancy in reference Storage Charge for Deep Water Coal Import Terminal either based on similar lines considered for the Deep Water Iron Ore Terminal developed by JSW Paradip Terminal Private Limited at Paradip Port as per Tariff order Gazette Notification No. 97 of 03 March 2020 as both the terminals has the same Upfront Storage Charge Rate and slab on Per Ton only in 2008 TAMP notification. This essentially means, TAMP to consider dividing the reference rate of Coal Storage Charge slabs of "Per Mt Per Day" by 10 days (i.e. ₹.16.21 “Per Ton Per Day" would change to ₹. 1.62 "Per Ton Per Day" for the 1st slab of 10 days and ₹.32.42 to become ₹.3.24 "Per Ton Per Day" in the 2nd slab. If the same is not done, this will seriously defeat the Tariff Policy of 2008 which considers the Storage Charge revenue to be only 1% of a project, balance revenue being the Cargo Handling (98%) and other miscellaneous revenue (1%).

(iii). The terminal would go for trial operation by January 2021, the reference Tariff for Deep Water Coal Terminal of February 2017 for PPT with due changes as requested above as well as after allowing the due WPI based indexation benefit since FY 2017-18 may be notified for our terminal; i.e. as Tariff applicable for services in Kalinga International Coal Terminal Paradip Private Limited.

3.3. The KICTPPL, while representing to this Authority has also represented to Ministry of Ports, Shipping and Waterways (MOPSW) on the matter. No communication has been received from MOPSW on the matter, till this order is passed.

4.1 M/s Tata Steel Limited (TSL) vide its email dated 25 September 2020 has represented on the storage charges fixed for the coal import terminal. The submissions made by TSL are summarised below:

(i). Tata Steel Group currently imports ~ 7 million tonnes per annum of raw materials viz. coal, limestone, dolomite etc. at Paradip Port (PPT) for its steel plants in the state of Odisha and Jharkhand, and is the largest importer of dry bulk cargoes at PPT. In about 2016, PPT had approached TAMP for fixing reference tariff for development of a fully mechanised deep draft coal terminal at the port. Accordingly, TAMP had passed an order dated January 2, 2017 for fixing the reference tariff for the said terminal following Reference Tariff Guidelines, 2013. While doing so, the Authority have adopted the upfront tariff fixed in July 2008 for a coal terminal at Paradip Port as stated in para 4 (iii) of the said order:

*Given that an upfront tariff for handling of Thermal coal and Coal other than Thermal coal for a deep draught coal berth has already been approved for PPT vide Order no. TAMP/18/2008-PPT dated 14 July 2008, this Authority prefers to allow the PPT to adopt the said upfront tariff of July 2008 with appropriate indexation to arrive at the Reference tariff for the proposed new coal berth…….*

(ii). The tariff order of July 2008 referred to above is the order passed in case no. TAMP/18/2008-PPT dated July 14, 2008 in reference to the proposal from PPT for upfront tariff setting for construction of a deep draught iron ore berth and a deep draught coal berth.

As per the said order of 2017, in view of the fact reported by the Ministry of Shipping (MOS)/ Indian Ports Association (IPA) indicating that the dwell time for import cargo in the current scenario exceeds 30 days (refer para 4 (v) of the 2017 order), the Authority had agreed for changing the free time from 10 days to 15 days and also change storage slabs from 5 days slabs to 10 days slabs. However, while doing so, the storage charge tariff of ₹ 12/MT for 5 days was modified ₹ 16.21 MT per day for first 10 days. Thus, for a cargo to stay for 30 days, the storage charges itself would work out to ₹ (15 days free period + ₹ 16.21/t x 10 days + ₹ 32.42/t x 5 days) i.e. ₹ 324/t [~185% of the Cargo Handling Charges]. This defeats the principle of Upfront Tariff Guidelines of 2008 which require fixation of storage charges to cover 1% of Total Revenue Requirement of the Terminal. Moreover, it also says that storage charges should be levied beyond 25 days of allowable period. Below is the extract of norms for fixation of upfront tariff for services rendered at coal terminal as per the 2008 Guidelines:

(iii). **Annexure VI to Case No. TAMP/18/2008- PPT for which Order was passed on 14th day of July 2008 in the case of Proposal from Paradip Port Trust (PPT) for upfront tariff setting for construction of *<u>a deep draught iron ore berth and a deep draught coal berth at the Paradip Port</u>* is reproduced below:**
Storage charges- The storage charges for the cargo stored in the stackyard beyond the free period allowed shall be as below:

(Rate in ₹ Per ton)

| Sr. No. | Commodity | Rate for five days for the balance cargo remaining after the free period | Rate for sixth day to tenth day for the balance cargo | Rate for Eleventh day onwards for the balance cargo |
|---|---|---|---|---|
| 1. | Coal (all types) | 12 | 24 | 48 |

(iv). **Para 4 (iii) of TAMP Order dated 2nd day of January 2017 against case no. TAMP/68/2016-PPT passed in the case of Proposal from Paradip Port Trust for development of New Coal Berth for handling of Coal imports at Paradip Port on BOT Basis is reproduced below:**

*Given that an upfront tariff for handling of Thermal coal and Coal other than Thermal coal for a deep draught coal berth has already been approved for PPT vide Order no. TAMP/18/2008-PPT dated 14 July 2008, <u>this Authority prefers to allow the PPT to adopt the said upfront tariff of July 2008 with appropriate indexation to arrive at the Reference tariff for the proposed new coal berth</u>…..*

(v). **Further Para 4 (v) also mentions as follows:**

*The July 2008 Upfront tariff Order had prescribed 10 free days; and, the chargeable slab periods were 1st 5 days after free period, 6th – 10th days after free period and 11th day onwards. In the proposed Reference Tariff Schedule for the new Coal berth, the PPT has proposed a free period of 15 days and the chargeable slab periods as 1st 10 days after free period and from 26th day onwards. In support of the changes proposed in the free days and storage structure, the PPT has reasoned that the terminals that got commissioned in different ports have experienced serious operational issues and disputes with regard to the free days and storage slabs.*

(vi). However, the storage charges beyond free period which was originally fixed on "Rs per mt" was changed to "Rs per mt per day" without dividing the absolute nos. by no. of days in each block as per the original order of 2008. Thus ₹ 12 per mt for a 5 day charge was changed to ₹ 12 per mt per day for 5 days which was further indexed up for WPI factor. The Storage Charges so fixed is given below:

| Sr. No. | Commodity | Rate for first 10 days for the balance cargo remaining after the free period | Rate for 26th day onwards for the balance cargo |
|---|---|---|---|
| 1. | Coal (all types) | ₹ 16.21 per MT per day | ₹ 32.42 per MT per day |

**Notes:**

(i). 15 free days shall be allowed. Free period for import cargo shall commence from the actual date of the receipt of goods in the Port premises. For the purpose of calculation of free period, Custom notified holidays and Terminal's non-working days shall be excluded.

(ii). Storage charges shall be payable for all days including Terminal's non-working days and Custom notified holidays for stay of cargo beyond the prescribed free days.

(iii). Storage charges on cargo shall not accrue for the period when the terminal operator is not in a position to deliver/ ship the cargo when requested by the user due to reasons attributable to the Terminal operator.

(vii). As a user and largest coal importer at Paradip Port, we are inclined to avail the services of the New Coal Terminal being commissioned. However, the storage charges so fixed is detrimental to the trade and makes the New Coal Terminal economically very unattractive. We strongly feel that, being a port user of PPT for many decades, TAMP and Paradip Port Trust should take port user's views into confidence prior to such tariff setting.

We request you to review the storage charge structure so fixed for the New Coal Terminal at Paradip Port and correct it to reflect a true and fair position by a) increasing the free period to 25 days as per the Tariff Guidelines of 2008 instead of 15 days; b) Revising the Rs per mt per day tariff by dividing it by 5 days [i.e. Rs 16.21 per mt per day would change to Rs 3.24 per mt per day and similarly next slabs would also change].

4.2. The TSL has also endorsed a copy of its representation to PPT and KICTPPL requesting them to take up the issue with the Authority.

4.3. Similar representation was also received from the Steel Authority of India Limited (SAIL) vide its email dated 5 October 2020 to review the disparity in storage charges and pass necessary amendments to the tariff structure of KICTPPL. The submissions made by SAIL are summarised below:

(i). M/s. Kalinga International Coal Terminal Paradip Private Limited (KICTPPL) is developing a mechanised coal terminal at Paradip port on BOT basis. M/s KICTPPL has approached SAIL for using their facility which is under examination.

(ii). While going through their proposal, it has been observed that the storage charge as per TAMP notification to be applicable for the new coal terminal of KICTPPL is higher than Paradip port as well as in any contemporary facilities of nearby Major ports. It is noted that the storage charges mentioned *Per Day Per MT° for different period bands are exorbitantly high. In our assessment the charges indicated should be for the entire period within the band which translates to reasonable storage charges making it more or less comparable with other facilities in major ports like Paradip, Vizag being used for handling imported coal by trade including SAIL.

(iii). SAIL requests TAMP to review the above disparity in storage charge and pass on necessary amendment to the tariff structure of KICTPPL at the earliest as the new facility is going to be commissioned soon.

4.4. A copy each of the representation of KICTPPL, TSL and SAIL was forwarded to PPT to furnish its specific comments on the representation made by the above said parties vide letter dated 05 November 2020. The PPT was also requested to provide a copy of the bid documents including the draft Concession Agreement provided by the PPT to the bidders for the said Project. In this regard, the PPT vide its letter dated 13 November 2020 has made the following submissions:

(i). Tariff order for Development of New Coal Berth for handling of Coal Imports at Paradip Port on BOT basis was notified by TAMP vide Order No. TAMP/68/2016- PPT, dated 15.12.2016 under the Reference Tariff Guidelines, 2013. The background facts leading to the adoption of the above is detailed out chronologically in the TAMP Order itself.

[15.12.2016 is the date of communication of SOR to PPT as advance intimation to initiate necessary action for the project in view of urgency expressed by PPT for SOR]

(ii). As regards the storage charges, unit of levy, and free storage period etc., following are the facts.

(a). The bids have been invited specifying the applicable tariffs giving reference to TAMP Order No. TAMP/68/2016-PPT, dated 15.12.2016. The applicable storage charges, unit of levy, free storage period etc. are stipulated in the said TAMP order.

(b). Considering the fact that the above TAMP Order dated 15.12.2016 has been explicitly specified in the bid stage and subsequently reflected in the Concession Agreement, the details relating to storage charges mentioned in Tariff Order shall prevail and be followed.

(c). In the light of the facts given above, any changes in the applicable storage charges, unit of levy, free storage period etc. indicated in TAMP order dated 15.12.2016 would be construed as post bid changes beyond the scope of the Concessioning Authority for acceptance.

(iii). Further, the comments on Storage Charge communicated by SAIL and TSL are noted. However, the tariff notified by TAMP or any amendments thereof subsequent notified by TAMP charges are required to be followed. The BOT operator may also provide discount to their client/ users in the applicable charges that have been notified and incorporated in the Concession Agreement.

4.5. The PPT vide its email dated 13 November 2020 has also made available a copy of the bid documents including the draft concession Agreement provided by the PPT to the bidders for the said Project.

4.6. From the draft concession Agreement, forming part of the Bid documents, it is seen that the unit of levy of storage charge of 'per tonne per day' is indicated in the Appendix – 12 of the draft concession Agreement. This is seen to be as per Tariff Order of January 2017:

| Sl. No. | Commodity | Rate for 1st 10 days for the balance cargo remaining after the free period | Rate for 26th day onwards for the balance cargo |
|---|---|---|---|
| | Coal (All types) | ₹ 16.21 per MT per day | ₹ 32.42 per MT per day |

The above Schedule of storage charges forms part of the Concession Agreement signed by PPT with KICTPPL.

4.7. In the questions raised by various prospective bidders during the pre-bid meeting (which forms part of the Concession Agreement signed by PPT with KICTPPL), none of them have highlighted regarding the increased storage charges.

5.1. The Reference tariff sought by PPT for the coal project was an adoption of the Upfront tariff already fixed after hearing the concerned users. The Reference Tariff Guidelines, 2013 issued by the Ministry of Shipping does not require consultation with the users when a Port Trust proposes to adopt an upfront tariff already approved after consulting the users. Therefore, no joint hearing was set-up before notifying the Indexed Reference tariff Order dated 2 January 2017.

5.2. However, few users have represented with regard to the high storage charges approved vide the Order of January 2017 passed in respect of PPT. As stipulated in Clause 3.8.4 of the Upfront Tariff Guidelines of 2008, TAMP can enquire into wrong application of Scale of Rates. Clause 3.8.5. of the Upfront Tariff Guidelines of 2008 provides that TAMP can decide a question which arises, requiring clarifications or interpretation of the Scale of Rates and the statement of conditions of a private operator. Therefore, and in order to dispose of the representations made by KICTPPL, TSL and SAIL it was decided to give an opportunity of hearing to the concerned parties.

5.3. In view of the outbreak of COVID – 19 and in pursuance of the then Ministry of Shipping (MOS) letter No. 11053/30/2020-Coord. dated 16 April 2020 to hold virtual meetings, a joint hearing on the case in reference was held on 23 December 2020 through Video Conferencing. The KICTPPL made a Power Point presentation of the proposal. The KICTPPL, Users/ User Organisations and PPT have made their submissions at the joint hearing.

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

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

(i). Based on a proposal filed by Paradip Port Trust (PPT), this Authority vide its Order no. TAMP/68/2016-PPT dated 2 January 2017 approved Reference tariff for development of New Coal Berth for handling of Coal imports at the PPT, following the Reference Tariff Guidelines of 2013. The Reference tariff so approved in January 2017 was after applying an indexation factor of 35.08% over the upfront tariff approved in the year 2008 for the deep draught coal berth, based on the enabling provisions stipulated in the Reference Tariff Guidelines of 2013.

(ii). The PPT has awarded the project of development of a Deep-Water Coal Import Terminal on BOT basis to Kalinga International Coal Terminal Paradip Private Limited (KICTPPL) and has signed a Concession Agreement (CA) with KICTPPL on 04 August 2017. The KICTPPL has reported that the construction / mechanization of new coal terminal is in full swing and has reported that the project is likely to be commissioned for partial operation by 31 March 2021 and will be fully commissioned by April 2021.

(iii). In this backdrop, the KICTPPL in its representation of 05 October 2020 has pointed out errors in the Reference tariff Order of January 2017 passed for development of New Coal Berth for handling of Coal imports at Paradip Port on BOT basis and has thus, requested this Authority to rectify the errors. The KICTPPL has stated that storage charges prescribed in January 2017 order are very high and would be very expensive. Thus, unless the storage charge is corrected, the KICTPPL is of the view that it is not be in a position to attract sufficient cargo, thereby making the terminal unviable to the prospective users and making the terminal grossly under-utilized, which would be detrimental to the interest of PPT as well as KICTPPL.

(iv). Since the Reference tariff sought by PPT for this coal project was an adoption of the Upfront tariff already fixed after hearing the concerned users and prospective bidders and since Reference Tariff Guidelines, 2013 issued by the Ministry of Shipping do not require consultation with the users when a Port Trust proposes to adopt an upfront tariff already approved after following the consultation process, no joint hearing was set-up before notifying the Indexed Reference tariff Order dated 02 January 2017. It is noteworthy that though the Reference tariff for this project fixed vide Order dated 02 January 2017, formed part of the bid documents, none of the bidders have pointed out any of the 'so-called errors' then. Each of the errors pointed out by KICTPPL now and the analysis thereon is discussed in the subsequent paragraphs:

(v). **Free days:**

(a). <u>Submissions made by KICTPPL:</u>
As per 2008 Tariff Guidelines, free storage days for a coal terminal should be 25 days, and storage charges be applied only after that free period. However, in the reference tariff for this project, the free storage days provided are only 15 days.

(b). <u>Analysis:</u>

(i). In the proposal of PPT, which culminated into the Upfront tariff Order of July 2008, the PPT had considered a free period of 10 days, which was in variation to the norm of 25 free days, as stipulated in the upfront tariff guidelines. According to PPT, it was not necessary to allow 25 days free period as stipulated in the norms after the completion of unloading operation, based on the then prevailing conditions. Clause 3.2 of the upfront tariff guidelines allows this Authority to make necessary adjustments in the norms prescribed in the guidelines, based on the justification furnished by the concerned Port Trust, keeping in view the port specific conditions. Thus, a free period of 10 days was approved for the coal terminal in the 2008 Upfront tariff Order of PPT.

(ii). Thereafter, when the PPT came up with a proposal to fix reference tariff for the new coal berth at PPT by adopting the upfront tariff as fixed in July 2008, the PPT had proposed to increase the free period from 10 days to 15 days. In this regard, reference is drawn to para no. 4(v) of the Order dated 2 January 2017, which is reproduced below:

**"***The July 2008 Upfront tariff Order had prescribed 10 free days; and, the chargeable slab periods were 1$^{st}$ 5 days after free period, 6$^{th}$ – 10$^{th}$ days after free period and 11$^{th}$ day onwards. In the proposed Reference Tariff Schedule for the new Coal berth, the PPT has proposed a free period of 15 days and the chargeable slab periods as 1$^{st}$ 10 days after free period and from 26$^{th}$ day onwards. In support of the changes proposed in the free days and storage structure, the PPT has reasoned that the terminals that got commissioned in different ports have experienced serious operational issues and disputes with regard to the free days and storage slabs. In this connection, the Ministry of Shipping (MOS)/ Indian Ports Association (IPA) in their reports have indicated that the dwell time for import cargo in the current scenario exceeds 30 days. In* *view of this position, the PPT has proposed more number of free days and extended chargeable storage slab structure, as compared to the July 2008 Upfront tariff Order, keeping in view the report of IPA/ MOS. It is noteworthy that even with the proposed changes, the port does not expect any revenue loss, as additional cargo will be attracted due to overall cost of handling. Given that the change in the free days and storage slab structure is in view of the report of IPA/ MOS, as reported by the Port and since the port has also confirmed that there will not be any loss of revenue on account of the proposed changes in the storage slab structure, the proposal of the port in this regard, is approved by this Authority.*"

(iii). From the above, it can be seen that it was the conscious decision of the PPT to consider the free period of 15 days and the extended chargeable storage slab structure keeping in view the report of IPA/ MOS, and the same was approved by this Authority in its Order of January 2017. Infact, even in the pre-bid meeting (which forms part of the Concession Agreement), none of the prospective bidders have objected to the 15 days free period. Therefore, since there was no error on this aspect, there is no merit in the proposal of KICTPPL now to consider the free days as per the norm prescribed in the guidelines.

(iv). Nevertheless, it is relevant here to state that the rates approved by this Authority are ceiling rates and the operator can charge lower rate. That being so, the KICTPPL has full flexibility to give more free days than the prescribed 15 days.

As regards revenue share payable by the KICTPPL to the PPT, it is to state that the MOS vide its letter No. PD-13/1/2018-PPP cell dated 11 July 2018 has prescribed criteria for classification of PPP project as Stressed Project by Major Port Trusts. The said letter also prescribes the mechanism for payment of revenue share when the storage charge is rationalised i.e. when the storage charge is reduced or free period is increased for stressed PPP project. The principle enumerated in the said letter is that the BOT operator shall pay revenue share at the agreed rate as per the Concession Agreement on the actual revenue from storage charge or revenue share calculated on the ARR from the storage charge estimated in the original Order after applying applicable annual indexation, whichever is higher. In fact, the MOS in its said letter dated 11 July 2018 has referred to this Authority's letter dated 11 September 2015 wherein this Authority has recommended to the MOS on the similar line in the case of Visakhapatnam Port Trust (VPT) for one of their projects pertaining to high storage charge.

Thus, the PPT and the KICTPPL is, as regards revenue share payment on storage charge, mutually discuss and consider to adopt the mechanism prescribed in the MOS letter dated 11 July 2018 for stressed projects.

(vii). **Storage Charges:**

(a). <u>Submissions made by KICTPPL:</u>
The tariff for Berth Hire and Cargo Handling Charge of 2015 (for CQ-1 & CQ-2) as well as for 2017 (Deep Water Coal Import Terminal) were notified by TAMP with due indexation of the Coal tariff approved for PPT in 2008, but unfortunately, the rate of Storage Charge having reference to the total tariff structure was made **"on Per Ton Per Day"** basis for different slabs instead of only "**on Per Ton"** basis. The Storage Charge Structure thus as per 2017 reference Tariff approved for Coal Import Terminal therefore will be costlier for the prospective user of the terminal despite increase in the Free Days from 10 days to 15 days basis and the expected revenue will far exceed the 1% assumed as per TAMP guidelines of 2008.

Though the Berth Hire and Cargo Handling Charges have been increased as per actual indexation by only 35.08% as has been allowed by this Authority over the 2008 rates, but the Storage Charges fixed in 2017 is approximately 289.46 % higher than 2008 storage tariff. This is considerably high and therefore needs a complete review or correction as the same is much higher than the expected revenue of 1% in a project as per actual calculation. Thus, while both PPT and the Terminal Developer Port may have windfall revenue, the terminal would be very expensive to the prospective users. This may lead to a situation that no user will come for service from the Terminal and the assets created at the Terminal will remain idle.

(b). <u>Analysis:</u>

(i). In the Order dated 14 July 2008, which has formed the base for prescription of Reference tariff for the coal berth vide Reference tariff Order dated 02 January 2017, the unit of levy for storage charges for handling coal was prescribed on 'per tonne' basis only. However, while seeking approval for prescription of indexed Reference Tariff based on the July 2008 Order, the PPT had proposed the unit of levy for storage charges on 'per tonne per day' basis, which crept into the Indexed Reference tariff Order dated 02 January 2017, unintentionally.

(ii). The table as given below, brings out this position:

<table>
<tr><td rowspan="2">Approved vide Order dated 14 July 2008</td><td>Unit of levy of storage charges</td><td>Rate for first five days for the balance cargo remaining after the free period of 10 days</td><td>Rate for sixth day to tenth day for the balance cargo</td><td>Rate for 11th day onwards for the balance cargo</td></tr>
<tr><td>Rate in ₹ per tonne</td><td>12</td><td>24</td><td>48</td></tr>
<tr><td rowspan="2">Approved vide Order dated 02 January 2017 after applying indexation factor of 35.08%</td><td>Unit of levy of storage charges</td><td colspan="2">Rate for 10 days for the balance cargo remaining after the free period of 15 days</td><td>Rate for 26th day onwards for the balance cargo</td></tr>
<tr><td>Rate in ₹ per tonne per day</td><td colspan="2">16.21</td><td>32.42</td></tr>
</table>

Thus, in the Order dated 02 January 2017, though the storage charges were prescribed after applying an indexation factor of 35.08% over the storage rates approved vide the July 2008 Order with a modification in the free period and chargeable slab as discussed earlier, the unit of levy of storage charges was prescribed on 'per tonne per day basis', instead of 'per tonne' basis. The said error was not noticed by this Authority or by anyone else at that relevant time. It is only when now, it is about to be implemented, it has come to light.

(iii). The apportionment of revenue requirement from storage charges is only 1% of the total 100% revenue requirement to operate the terminal, as per the upfront tariff fixation guidelines of 2008. While fixing the upfront tariff in July 2008, the revenue requirement to the tune of ₹ 131 lakhs towards storage charges was proposed to be recovered by levy of storage charges at the rate of ₹ 12/-, ₹ 24/- and ₹ 48/- per tonne respectively, from levy of storage charges between 11th to 15th day, 16th to 20th day and 21st & beyond from the cargo that is remain after providing for 10 days free period. However, from the workings furnished by KICTPPL, the KICTPPL has established that by levying the indexed storage charges on per tonne per day basis, it would earn substantially enormous storage income and would end up earning more than the permitted 16% return. The levy of storage charges on per tonne per day basis would lead to the KICTPPL earning unjust return on capital employed, at the cost of the port users. Terminals are not operated for generating revenue in the form of storage charges. The apportionment of revenue requirement from storage charges is only 1% of the total 100% revenue requirement to operate the terminal, as per the upfront tariff fixation guidelines of 2008.

(iv). Since the PPT had invited bids specifying the Order no. TAMP/28/2016-PPT dated 02 January 2017 wherein the unit of levy of storage charges is "per MT per day", the contention of the PPT is that change in the unit of levy of storage charges from "per tonne per day" to "per tonne" would be construed as post bid change.

(v). There can be a view that Clause 2.8 of the upfront tariff setting guidelines of 2008 issued by the Ministry of Shipping (MOS) under Section 111 of the Major Port Trusts Act stipulates that the upfront tariff once determined by this Authority is subject to only indexation during the entire project period of 30 years and do not lend any scope to revise the upfront tariff fixed by this Authority during the project period. In this regard it is to state that in the case in reference, no change whatsoever, is effected to the upfront tariff fixed in the year 2008 and adopted as indexed Reference tariff in the year 2017. Only an anomaly, which had crept in the Reference tariff Order of January 2017 is being rectified. The reference point is the tariff Order dated 14 July 2008. This rectification, in no manner, shall be construed as amounting to review of the upfront/ reference storage charges, as approved by this Authority in July 2008/ January 2017.

(vi). Incidentally, in this connection, it is noteworthy to draw reference to similar matters which arose in another Major Port viz., Visakhapatnam Port Trust (VPT) as well as with other operators at PPT viz., JSW Paradip Terminal Private Limited (JPTPL) and Paradip East Quay Cargo Terminal Private Limited (PEQCTPL).

(a). Incase of VPT, after having the upfront tariff fixed for the West Quay - 6 (WQ-6) Berth in the Northern Arm of inner Harbour of VPT, the VPT awarded the development of the WQ-6 berth to West Quay Multiport Private Limited (WQMPL) on DBFOT basis. Thereafter, the WQMPL approached this Authority for notification of SOR in its name. The SOR was notified in the name of WQMPL. Subsequently, WQMPL filed a Writ Petition No.28595 of 2017 in the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and State of Andhra Pradesh, seeking interference of the Hon'ble Court, interalia, with the prayer to reduce storage charges prescribed in case of WQMPL. The Hon'ble High Court in its Order dated 14 December 2017 directed this Authority to consider and dispose of the WQMPL's representation. In compliance of the Order of the Hon'ble High Court, this Authority, after consultation with the VPT, vide its Order no. TAMP/85/2017-VPT dated 18 May 2018, had considered the representation of the WQMPL and prescribed the storage charges by dividing the earlier notified storage charges by 7 days, so as to prescribe storage charges on per tonne per day basis.

(b). Similarly, after having got a Reference tariff fixed for a new iron ore berth to be developed at PPT, the PPT awarded the Project to JPTPL on DBFOT basis. Thereafter, the JPTPL approached this Authority for notification of SOR in its name. While doing so, the JPTPL had made a request to rectify an error in the storage charges as notified in the Reference tariff Order, by prescribing the unit of levy of storage charges as 'Rate in ₹ per ton' instead of 'Rate in ₹ per MT per day'. After following the consultation process, this Authority vide its Order no. TAMP/54/2019-JPTPL dated 20 February 2020 has rectified the error in the prescription of the unit of levy of storage charges, while notifying the SOR in the name of JPTPL.

(c). Likewise, after having got a Reference tariff fixed for a new coal berth to be developed at PPT, the PPT awarded the Project to PEQCTPL on DBFOT basis. Thereafter, the PEQCTPL approached this Authority to rectify an error in the storage charges as notified in the Reference tariff Order, by prescribing the unit of levy of storage charges as 'Rate in ₹ per ton' instead of 'Rate in ₹ per MT per day'. After following the consultation process, this Authority vide its Order no. TAMP/12/2014-PPT dated 28 October 2020 has rectified the error in the prescription of the unit of levy of storage charges.

(vii). Infact, while disposing of the proposal of JPTPL as stated above, the PPT during the consultation process had stated that prescription of unit of levy as 'per tonne' for the JPTPL project will have ramifications on the PPP projects relating to mechanization of EQ-1, 2, 3 berths at PPT and development of new coal berth to handle coal imports at PPT vide tariff Orders dated 21 February 2014 and 22 January 2017 respectively. However, this Authority while disposing of the proposal of JPTPL as stated above had categorically stated that the said contention of PPT cannot act as a hindrance to rectify error in the prescription of storage charges at JPTPL. If an error has crept in the prescription of storage charges in the tariff Orders dated 21 February 2014 and 22 January 2017, the said error may have to be examined and rectified in consultation with PPT, when the concerned operators approach this Authority on the matter.

(viii). As brought out earlier, the major users, Tata Steel Limited and Steel Authority of India Limited have adequately highlighted the error that has crept into the tariff Order dated 2 January 2017 and the adverse consequences that would arise if the error is not rectified. The users have also prayed before this Authority to rectify the error. This Authority likes to treat the representation as received under Clause 3.8.4 of Upfront Tariff Guidelines, 2008, as a complaint. Clause 3.8.5 of Upfront Tariff Guidelines, 2008, requires this Authority to take a decision, if any question arises requiring clarification or interpretation of Scale of Rates and the statement of conditions prescribed therein. Therefore, this Authority is not in a position to disregard the representation received from the major users.

(ix). In view of the above position, this Authority is inclined to rectify the error in the unit of levy of storage charges. The rectification can be done in two ways:

(a). Prescribe the unit of levy of indexed storage charges at '₹ per tonne',

OR

(b). Considering that the storage charges are prescribed for a slab of 10 days, the proposed indexed storage charges is divided by 10 and the unit of levy of indexed storage charges is prescribed at '₹ per tonne per day'.

In this regard, given that the storage charges are prescribed on "₹ per tonne per day" basis, across the SOR of all the Major Port Trusts and Private Terminals operating thereat, it is appropriate to prescribe the storage charges on "per tonne per day" basis, as a uniform prescription. The storage schedule contains 2 chargeable slab periods after the free dwell time. The first chargeable slab has a 10 days dwell time. The second slab starts from 11th day onwards (after the free period) for an indefinite period. If the cargo continues to stay in the storage yard beyond the first chargeable slab period, and if the unit of levy is prescribed as "per tonne", it is likely that the users may continue to occupy the precious port storage area for a longer period, given that irrespective of the period for which the cargo stays in the port storage area, the users are liable to pay fixed storage charges for the quantity of cargo lying in the port premises. In such an instance, prescription of storage charges on per tonne per day basis, shall discourage an user to utilize the port area as Storage yard for longer period and thereby act as a deterrent.

Thus, incase of KICTPPL, this Authority is inclined to prescribe unit of levy for the storage charges on 'per tonne per day' basis, keeping in view the prescription of unit of levy of storage charges in all other major ports and BOT operators operating thereat. This approach was followed in the tariff Order No. TAMP/54/2019- JPTPL dated 20 February 2020 in the case of JPTPL and Tariff Order No. TAMP/12/2014-PPT dated 28 October 2020 in the case of PEQCTPL.

(viii). The KICTPPL in its proposal has indicated that the terminal would go for trial operation by January 2021. So, it has requested for notification of Scale of Rates in the name of KICTPLL at this juncture. In this regard, it is to be noted that this Authority follows a definite procedure of obtaining the completion certificate of the Independent Engineer of the Project from the Licensor Port and consultation with the Licensor Port before notification of SOR in the name of the Licensee. Therefore, before commencing of the commercial operations, the KICTPPL may approach this Authority alongwith a Completion Certificate of the Independent Engineer, appointed for the project certifying that the Project can be safely and reliably placed in the commercial service of the users thereof and declaring that the Project is fit for entry into commercial operation to enable this Authority to pass a separate Order notifying the SOR in the name of KICTPPL.

8.1. In the result, and for the reasons given above and based on a collective application of mind a Corrigendum rectifying the error in the prescription of the levy of storage charges is issued; and, the storage charges as prescribed at Section 4 in the Scale of Rates approved vide Order no. TAMP/68/2016-PPT dated 2 January 2017 is replaced with the following:

"

(Rate in ₹ per MT per day)

| Sl. No. | Commodity | Rate for first 10 days for the balance cargo remaining after the free period | Rate for 26$^{th}$ day onwards for the balance cargo |
|---|---|---|---|
| 1. | Coal (all types) | 1.62 | 3.24 |

"

8.2. All other Notes prescribed under Section- 4 (Storage Charges) of the Scale of Rates approved vide Order dated 02 January 2017 shall remain unaltered.

8.3. The PPT is advised to take note of the above amendment.

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

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

| | | |
|---|---|---|
| **F.No.TAMP/68/2016 - PPT** | **:** | **Communication received from Kalinga International Coal Terminal Paradip Private Limited (KICTPPL) regarding review or rectification of Storage charges related to reference tariff for Development of New Coal Berth for handling of import Coal at Paradip Port Trust (PPT) on BOT basis.** |

A summary of the arguments made by the KICTPPL, PPT and the users/ user organisations during the joint hearing held on 23 December 2020 through Video conferencing is given below:

**KICTPPL**

(i). Briefly explains about the project and its development and also briefed the sequence of events from the year 2008 to 2020, discussing about fixing of upfront tariff by TAMP in the year 2008 for Coal Berth to be developed at PPT, fixation of reference tariff by TAMP in the year 2015 for Coal Berth to be developed at PPT by applying indexation of 35.08% over the 2008 tariff and adoption of said reference of 2015 to the New Coal Berth for Handling of Coal Imports at PPT on BOT basis as reference tariff in 2017. The PPT has awarded the project to KICTPPL. Partial commencement of operations is expected by March 2021 and full commercial operation by April 2021.

(ii). As the terminal is expected to operate in coming 4 months' time, we have approached prospective customers of import coal, who have raised their concerns on the high storage charges as has been making unviable for them to use the terminal.

(a). Free time considered for the storage charges is only 15 days as against the current level of 30 day dwell time at PPT. In fact, around 100 indents are pending for evacuation of coal at Paradip Port. It is perineal issue at PPT port. Ministry's guidelines also suggest to consider coal dwell time as 30 days and Tariff Guidelines, 2008 stipulates 25 days for coal. The Neighboring private port offers free time of minimum 60 days.

(b). TAMP notification in 2008 prescribed storage charges in 3 slabs of 5 days on 'Per tonne' basis. In 2015 reference tariff, the storage charge was made on "Per day Per ton" basis. While adopting the reference tariff in 2017, the free days was increased to 15 days considering 30 days dwell time but the storage charges was made in 2 slabs retaining prescription of "Per day Per MT" [The KICTPPL. refers to a table in this regard in the power point presentation.] The Per tonne per day storage charges is becoming high and costlier affair to the importer of the coal.

(c). At Vizag Port, the tariff of storage charges are 10 times lower than the tariff approved for the terminal. Even at Paradip Port, land on lease basis is cheaper compared the storage charges of the terminal. Thus, the storage charges prescribed in per tome per day basis for the terminal makes unviable to the coal importers and the terminal is likely to be grossly underutilized, which may also detrimental to the interest of PPT and the terminal operator.

(d). As per our workings, the cost impact of storage charges with reference to 2008 and 2017 storage tariff, the rate based on 2017 tariff works out to ₹. 24.32 per ton as against ₹.8.40 per ton based on 2008 tariff. The percentage increase in 2017 tariff over 2008 tariff is 289.46%. Further, on comparing the revenue generation on storage charges with 2008 and 2017 tariff, it is found that revenue generated with 2008 tariff is ₹. 150 lakhs per annum, whereas, with 2017 tariff, it is ₹.810 lakhs per annum, as against the 1% of revenue requirement of ₹. 131 lakhs and ₹. 175.60 lakhs respectively. [The KICTPPL in its presentation has given an illustration to establish this position.]

(e). We request TAMP to look into the matter and correct the anomaly as required, so that it becomes user friendly and the terminal attracts adequate cargo. Our suggestion would be refix the storage charges as per the upfront tariff fixed for the Deep Water Coal terminal on per ton basis keeping 15 day free time or moderate the storage tariff as was done for the iron ore terminal (JSW) by the dividing with the no. of day of the slab. In our case, the first slab is for 10 days and second is beyond. As such, the rate may be divided with 10 days. This will make the terminal competitive to the neighboring port and attract adequate cargo.

(iii). Since, the terminal is expected to be operational by April, 2021, we also request TAMP to notify the reference tariff of 2017 after rectification of storage chares with due indexation in the name of KICTPPL.

[Member (F), TAMP: Why you have not noticed this aberration in the year 2017 after TAMP issued the order? Why you are coming after almost 3 years?

[ KICTPPL : We told the users that rate is competitive, but the users said that the existing tariff at PPT is much cheaper and the storage charges are very exorbitant to utilize the terminal.]

**<u>TATA Steel</u>**

(i). We have already made our representation. Government guidelines suggests 30 days dwell time and Upfront tariff guidelines, it was mentioned as 25 free days. With the issue of indents and rake availability, we are not able to take the cargo, so the dwell time is high. Hence, our request is to make the free days at 25 days as per the Upfront tariff guidelines.

The storage charges are very exorbitant. It becomes very difficult to manage cargo with such high tariff factor. The storage charges at PEQCTL is very high. So our request is in line with the KICTPPL to reduce the tariff.

**<u>SAIL</u>**

(i). SAIL is using all the ports in the east coast of India both private and Government Ports. We use Vizag port and Paradip Port as first call of Port and Haldia Port as second port of call. Storage charges at KICTPPL is compared to be very high with the terminals like VCGCB and VSPL at Vizag Port. We have made a representation to TAMP to review the storage charges at KICTPPL.

**<u>Paradip Port Trust (PPT)</u>**

(i). We have given our comments to TAMP regarding storage charges. TAMP can take a call on the matter. We have no other comments to offer.
[PPT is silent on the arguments made by KICTPPL backed by its power point presentation.]

(ii) At this juncture, we have nothing more to say.

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