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Tariff Authority for Major Ports

G.No. 235

New Delhi,

28 May 2016

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 V.O. Chidambaranar Port Trust for fixation of Reference tariff for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard on license basis for 10 years period, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
(No. TAMP/13/2016–VOCPT)

V.O. Chidambaranar Port Trust

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Applicant

QUORUM:

- (i). Shri. T. S. Balasubramanian, Member (Finance)
- (ii). Shri. Rajat Sachhar, Member (Economic)

O R D E R

(Passed on this 30th day of March 2016)

This case relates to the proposal dated 30 January 2016 received from V.O. Chidambaranar Port Trust (VOCPT) for fixation of Reference tariff for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard on license basis for 10 years period.

2.1. The main points made by VOCPT in its letter dated 30 January 2016 are given below:

- (i). It is proposed to implement a Mechanized evacuation of loading system by way of grant of license to the prospective bidder for evacuating the cargo from coal yard to marshalling yard through conveyor and Wagon loading system at the Marshalling yard on license basis for a period of 10 years.
- (ii). The Ministry of Shipping has fixed the timeline for issuing Letter of Award for the subject Project on or before 30.3.2016 and that the Board of trustees of VOCPT have accorded approval for the project in the Board meeting held on 13.01.2016.
- (iii). On the earlier occasions, no tenders were received on two occasions for the mechanization of loading system at the existing coal yard on licence basis for a period of 10 years on revenue share basis. Therefore, it was proposed to expand the scope of the work by including the cargo unloaded from VOCPT Berth III & IV and at the coal stack yard for implementing the project under PPP Mode.
- (iv). Industrial coal coming at the port is currently being stacked in the coal yard by the various Port users in their respective allotted slots and further transported to the end users through wagon/trucks as and when required. A broad gauge railway line is available in the middle of the phase -1 coal stack yard. At present, the cargo is moved by trucks from the coal yard to VOC Wharf behind the transit sheds for loading in the wagons placed on the wharf line. This consumes lot of time for loading each rake and resulting in less evacuation of cargo from the coal stack yard. The loading of one complete rake consisting of 59 wagons takes 8 hours. Till such time the railway locos/ wagons are being engaged for the completion of loading, it leads to payment of demurrage charges for the wagons by the port users. Hence, in order to minimize the time of loading of cargo in to the railway wagons and to reduce pollution, a suitable mechanised handling system is proposed to be installed at the coal stack yard.

2.2. The facility envisaged by VOCPT is as follows:

- (i). The coal unloaded from the ship will be stocked in the Coal Stack Yard. Coal stocked in the coal stock area will be transferred to the ground hopper using front end loaders and trucks. From the ground hoppers, the coal will be transferred to the Conveyor BC-1 laid under the ground through feeders. Suitable chute arrangement for feeding coal from feeders to Conveyor BC-1 shall be provided. BC-1 will be located partly underground and partly above the ground. This conveyor BC-1 will transfer Coal to conveyor BC-2 at Junction Tower JT-1.
- (ii). From Junction Tower JT-1 the coal is conveyed to the Wagon Loading Building through Conveyor BC-2. BC-2 conveyor will be sloping to reach the top of the Receiving Stock Bin of Rapid Wagon loading Station and it is along the existing railway track.

- (iii). The Wagon Loading Station is located near the existing marshaling yard. In the Wagon Loading Station, necessary facilities like receiving Stock Bin, feeding systems with hoppers, eccentric automated gates, weighing systems, Control system with panels etc. will be provided to match the requirements of the loading facility envisaged.
- (iv). Dust suppression system at the ground hopper area shall be provided to suppress the nuisance of coal and check the wastage of coal in the form of airborne particles. Suitable dust suppression system for the conveyors, Wagon Loading Station shall be envisaged. The ground hopper as well as the conveyor Tunnel shall be properly ventilated.
- (v). One substation building near JT-1 shall be located and another one transformer and panel near RWLS is envisaged. Other provisions like belt tensioning system, firefighting facilities, Pump house etc., shall be provided as per project standards.

2.3. The VOCPT has received Budgetary offers and the lowest offer of M/s Chennai Radha Engineering Works (P) Ltd, Chennai, for an amount of ₹ 64 crores has been considered as estimated cost of the project.

2.4. Approval of the Board of VOCPT was obtained by VOCPT in the meeting held on 13 January 2016 vide resolution No.106 to undertake the Project on revenue share basis at an estimated cost of ₹.64.00 Crores.

3.1. The details of the project are as follows:

(i). **Optimal Capacity:**

- (a). The optimal capacity of the stack yard as per the TAMP guidelines is $0.7 \times A \times U/100 \times Q \times T$ - tonnes
 A – Area of the yard as per feasibility report = 2,95,112 SQ.MTR
 U - Percentage of total yard area that could be used for stacking = 70%
 Q – Quantity stacked = 3 Ton/ sq.mtr(As per norms)
 T – Turnover ratio = 12
 Optimal capacity = $0.7 \times 2,95,112 \times 0.7 \times 3 \times 12 \times 50\%$ of cargo considered for wagon loading = 2,602,888 tonnes = **2.60 MTPA**
- (b). Considering Plant capacity based on conveyor capacity, i.e., 1000TPH, the plant capacity works out to, (1000TPH Conveyor x 365 days x 0.7 x 24 hrs x 0.70) = 4,292,400 million tonnes, i.e., **4.29 MTPA**
- (c). As 2.60 MTPA is the least one, optimal capacity is considered as 2.60 MTPA.

(ii). **Capital Cost:**

Feasibility Report has been obtained from M/s.i-maritime consultancy Pvt. Ltd, Mumbai for the facility planning. In view of the suggestions proposed by the participants during the meeting held on 17 April 2015, the holding capacity of Hoppers is modified as 150 Tonnes & capacity of the Conveyor is changed as 1000 TPH and budgetary offers were obtained. Based on the budgetary offer of M/s. M/s.Chennai Radha Engineering works (P) Limited, Chennai, the cost of Hopper, Conveyors including erection & commissioning and electrical works and the capital cost of Mechanical equipments were considered for the facility planning .

- (a). **Civil Works:**
Based on the budgetary offer of M/s.Chennai Radha Engineering works (P) Limited, Chennai, capital cost for civil works for conveyor system is considered as ₹7.16 Crores.
- (b). **Equipment & machinery cost:**

The following equipment are proposed for installation in the mechanized evacuation system:-

- (i). Conventional Fixed type Silo system for Wagon Loading: 1500 MT Capacity- 01 No
- (ii). Closed Conveyor 1000 TPH Rated capacity: 1500 meter (Approx)
- (iii). Trucks (Each 20 T Capacity): 15 Nos
- (iv). Front end loaders (3.5 Cu.Mtr): 5 Nos
- (v). Hoppers: 1 No
- (vi). Power distribution system & Control automation
- (vii). Misc.items.
 - (a). Magnet
 - (b). Metal Detectors
 - (c). Belt feeder
 - (d). Belt scales
 - (e). Movable head pulleys

Based on the budgetary offer, capital cost of equipment and mechanical works is proposed at ₹56.09 crores. Considering 5% towards Miscellaneous capital cost, the total cost of the project is considered at ₹66.41 crores. .

(iii). **Operating Cost:**

- (a). Power Cost:
Based on the TANGEDCO bill for January 2016, ₹10.87 per unit is considered for electricity consumption of 55,77,000 units for this project. [1500 KW X 3718 Hrs]

Calculation:

Working hours of conveyor capacity 1000 TPH for the evacuation of 2.6 MTPA (Optimal capacity of the system) is = $[2602888 / (1000 \text{ TPH} \times 0.7)] = 3718 \text{ Hours}$.

Electricity charges as per TANGEDCO bill dt.01.01.2016 is given under:

Electricity consumption = 8,48,878 units

Amount in the TANGEDCO bill = ₹92,23,936

Rate per unit = ₹92,23,936 / 8,48,878 units = ₹10.87/unit

Unit per Ton = 55,77,000 units/2602888 tonnes = 2.14 units/ ton

Power cost = 2602888 tonnes X ₹10.87 per unit x 2.14

= ₹6,05,47,860.00

= ₹605.48 lakhs

- (b). Fuel Cost:
The proposed equipment viz. Front end loaders and Trucks in the system will be operated by Fuel and hence fuel cost is considered in the annual revenue requirement. Fuel cost of ₹44.23 / ltr is considered as per the IOC Ltd, invoice for the month of January 2016.

Actual working hours for the evacuation through trucks:

Time required = $2602888 / (20 \times 0.7 \times 6 \times 12) = 2592 \text{ Hrs}$.

The Front End Loaders will also work for 2592 Hrs.

- (i). Fuel cost for Front end loaders: ₹114.20 Lakhs/ Year
- (ii). Fuel cost for trucks: ₹68.52 Lakhs/ Year
- (c). Repairs & Maintenance on civil works is considered at 1% on cost of civil works and 7% on cost of mechanical works.
- (d). Insurance is considered at 1% on capital cost.
- (e). Depreciation has been considered as per Companies Act at 6.33% on mechanical works and 3.17% on civil assets.

- (f). Lease rent:
The area comes under commercial category. Hence ₹355.65 per Sq. mtr as per Estate rental of VOCPT for the period 2015-16 is taken for calculating the lease rent & Way leave charges @ ₹.1.42 per sq. mtr is considered for the conveyor occupied area.

Sl. No.	Name of the equipment	Qty	Dimension of each equipment		Total Area in Sq.Mtr [C*D*E]	Way leave charges @ ₹1.42 per sq.mtr & Lease rent @ ₹ 355.65 per Sq.Mtr.
			Length In Meters	Width In Meters		
A	B	C	D	E	F	G
1	Conveyor area (Way leave charges)	LS	1500	4.5		9585.00 with Pension Levy@6.5%
2	Front end loaders	5 Nos	12	3	180	64017.00
3	Trucks	15 Nos	12	3	540	192051.00

- (iv). The return on capital employed is estimated at 16% on the gross block of assets.

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

Sl. No.	Particulars	Tariff for loading system
(i).	ROCE @ 16%	1,062.60
(ii).	Operating cost	1,983.99
(iii).	Total Revenue Requirement	3,046.59

- (vi). The relevant total Revenue Requirement of handling activity is apportioned to the Dry Bulk cargoes as per TAMP Guidelines 2008. The apportionment of revenue requirements for the remaining activities of Storage and Miscellaneous items does not arise.
- (vii). The cargo handling charges proposed by the VOCPT to meet the estimated revenue requirement is as follows:

Sl. No.	Commodity	Rate per in MT (in Indian Rupees)	
		Foreign	Coastal
1	Dry Bulk Cargo (Coal, Gypsum & Limestone)	117.05	70.23
2	Thermal coal	117.05	117.05

- (viii). The Performance standards as proposed by the Port is as follows:

The licensee shall meet both the following Performance standards:

- (a). The Minimum guaranteed availability of 90% of the Mechanised Loading system per month. The availability shall be calculated for the total mechanized system: and,
- (b). The licensee shall complete the loading of full rake consisting of 60 Wagons of each of 66 Tonnes carrying capacity in 240 minutes.

- 3.2. The Cost Statement submitted by VOCPT is as under:

Cost statement for fixation of Tariff for Mechanisation of loading system at the existing coal yard.				
Sl. No	Particulars	Workings	Estimates	
I	Optimal Capacity			
(a)	Yard Capacity 0.70 x 2,95,112x0.70 x 3T/Sq. mtr. x 12 (Turn over Ratio) (As per Guidelines)*50% of cargo considered for wagon loading	2,602,888	2.60	

(b)	Plant capacity based on Convoeyor capacity (1,000-T per hour x 24 hrs x 0.70 x 365 days x 0.70)	4,292,400	4.29	
Hence, the Capacity is restricted to (a) which is the least				2.60
			₹ in lakhs	
II	Capital Cost of the project			
	Civil Works		716.00	
	Mechanical Works		5609.00	
	Total		6325.00	
	Misc. cost (5% on total cost)		316.25	
	Total Capital cost			6,641.25
III	Operating cost			
1	Power Cost for conveyor, Silo etc	26,02,888*2.14 unit per MT*Rs.10.87 per unit (5577000 units/ 2602888Tons=2.14 unit per ton)	605.48	
2	Fuel cost:			
2(a)	Front end loaders	2582 Hrs*20 ltrs/Hr*Rs.44.23*5Nos	114.20	
2(b)	Trucks	2582Hrs*5Ltr/Hr*Rs.44.23*12 Nos	68.52	
3	Repairs & Maintenance cost			
3(a)	1 % on total cost of civil works	716*1.05*1%	7.52	
3(b)	7 % on total cost of Mech & Elect works	5609.00*1.05*7%	412.26	
3	Insurance (1% on capital cost)	6,641.25*1%	66.41	
4	Depreciation	As per Companies Act		
4(a)	6.33 % on total cost of Mech & Elect works(Rs.5609.00 Lakhs)	5,609.00*6.33%	355.05	
4(b)	3.17% on Civil assets	716.00*3.17%	22.69	
5	Rent (License Fee)			
5(a)	Plant			
	For the conveyor area -way leave charges	(1500*4.5) sqmtr*Rs.1.42 per sqmtr per annum with P.Levy	0.10	
5(b)	Trucks and Front end loaders	(12*3*12)+(12*3*5) Sq.Mtr *Rs.355.65	2.18	
6	Other Expense	5% of Gross fixed Asset Value	332.06	
	Total (1) to (6)			1,983.99
IV	ROCE 16% on capital cost			1,062.60
V	Annual Revenue Requirement			3,046.59
VI	Proposed handling rate per tonne			
		Foreign		117.05
		Coastal		70.23

4. In accordance with the consultative procedure prescribed, the proposal of the VOCPT dated 30 January 2016 was forwarded to the concerned users / user organizations / prospective applicants (as intimated by VOCPT) vide our letter dated 3 February 2016 seeking their comments. Some of the users/ user organizations/ prospective applicants have furnished their comments. These comments were forwarded to VOCPT as feedback information. The VOCPT has responded vide its letter dated 25 February 2016.

5.1. A joint hearing in this case was held on 12 February 2016 at the VOCPT premises. The VOCPT made a brief Power Point presentation of its proposal and briefly described the need for the project. At the joint hearing, the VOCPT and the concerned users/ user organizations/ prospective bidders have made their submissions.

5.2. As agreed by VOCPT at the joint hearing, the VOCPT vide its letter dated 17 February 2016 has confirmed that the proposed layout drawing of the system has been forwarded to Tuticorin Ship Agents Association (TSAA) and other port users/ prospective bidders who had participated in the hearing.

5.3. In this regard, the TSAA vide its letter dated 02 March 2016 has furnished its comments. These were forwarded to VOCPT for feedback information. The VOCPT vide its e-mail dated 03 March 2016 has furnished its comments.

6. Based on the preliminary scrutiny of the proposal, the VOCPT was requested to furnish additional information/clarifications on various points vide our letter dated 16 February 2016. The VOCPT vide its letter dated 20 February 2016 has furnished the information/ clarification sought by us. The information/ clarification sought by us and response of VOCPT thereon are tabulated below:

Sl. No.	Information/ clarifications sought by us	Response of VOCPT
I.	General:	
(i).	As already requested by us under cover of our letter of even number dated 03 February 2016, the VOCPT to.	
(a).	Furnish a copy of the Feasibility Report.	Copy of the feasibility report is furnished. (The VOCPT vide its e-mail dated 18 February 2016 has forwarded the Feasibility Report on the proposal in reference.)
(b).	Confirm about forwarding of the Feasibility Report to the concerned users/ prospective bidders as per the list enclosed under cover of our letter of even number dated 03 February 2016.	Copy of the Feasibility Report has been forwarded vide Mail dated.18.02.2016 to the concerned users/ prospective bidders.
(ii).	In its proposal of May 2015, which had culminated in the August 2015 Order, the cargo envisaged to be handled was coal, coke and limestone. In this regard, the VOCPT had then confirmed that coal, coke and limestone have similar handling rate and similar stacking height and hence had proposed the same rate for the above cargoes under the category of dry bulk cargo. The VOCPT had also informed then that out of the total cargo handled, 95% of cargo handled in the coal stackyard is coal. Now, in the proposal in reference, the cargo envisaged to be handled is coal, gypsum and limestone. In this regard, the VOCPT to clarify/ furnish the following:	
(a).	The reason to exclude coke and instead envisage handling gypsum and thermal coal in the current proposal under reference.	Coke may also be included in the proposed cargo handling charges in the proposal under reference.
(b).	The VOCPT to confirm whether the handling and stacking parameters in respect of gypsum and thermal coal will also be similar to that of coal, to justify prescription of a common handling rate.	The handling and stacking parameters in respect of gypsum and thermal coal will be similar to that of coal.
(c).	The VOCPT to confirm whether coal will continue to constitute 95% of cargo handled in the coal stackyard.	It is confirmed that coal will constitute 95% of cargo handled in the coal stack yard.
(iii).	The copy of the Minutes of the Board Meeting furnished by the VOCPT under cover of its letter dated 30 January 2016 reflects the approval given by the Board to undertake the Development of Dry Dock facility at VOCPT. It does not reflect approval of the Board with regard to the VOCPT proposal in reference. The VOCPT to furnish the copy of the Minutes of its Board meeting, approving the VOCPT proposal in reference.	Copy of the Minutes of the Board Meeting for the approval of the subject project is furnished. (The Minutes, inter-alia, reflect approval of the Board to undertake the project in reference.)
II.	Capacity:	
(i).	Considering the handling capacity of the Conveyor at 1000 tonnes per hour and for an operation of 365 days and 24 hours and at 70% utilisation (considered twice), the VOCPT has arrived at the Plant capacity at 4.29 MMTPA. In this regard, the VOCPT to clarify/ furnish the following:	
(a).	The upfront tariff guidelines for the coal terminal, which has been considered as base by the VOCPT in the proposal in reference, stipulate considering one-time optimization factor of 70% in the capacity calculation. In the case in reference, the VOCPT is seen to have considered the factor of 70% twice. The VOCPT to	Optimisation factor of 70% was considered once for the efficiency of the conveyor system and another towards the number of working days in a year as proposed in the earlier proposal which was also approved by TAMP.

	justify considering the factor of 70% twice in the plant capacity calculation.																																					
(b).	In its proposal of May 2015, which had culminated in the August 2015 Order, the plant capacity was based on the capacity of trucks. The reason for now determining plant capacity based on capacity of the Conveyor instead of capacity of trucks be explained.	Earlier proposal for which TAMP order dated, 4.8.2015 was passed w.r.t evacuation of coal from coal yard through Rail using Silo's, Trucks, Front End Loaders to feed the coal to Silo. Hence yard capacity @50% was matched with truck capacity to workout optimal capacity. However, currently evacuation is through conveyor to Marshalling yard. Hence, yard capacity of 50% matched with conveyor capacity being critical factor of input for calculation. Hence, the difference.																																				
(c).	From the workings furnished by VOCPT, it is seen that there is a wide gap between the yard capacity and the plant capacity. The plant capacity is 65% more than the yard capacity. Since yard capacity is reported to be a constraint, the VOCPT to look into the configuration of the Conveyor system and explore deploying a lower capacity Conveyor system, so as to keep the yard and the plant capacity in tandem.	The proposed project is formulated to load the full rake consisting of 59 wagons each carrying 66 Tonnes of cargo [59 x 66 = 3894 Tonnes]. This requires 1000 Tonnes capacity conveyor to load the full rake in 4 Hrs. Hence, the capacity of conveyor cannot further be reduced.																																				
III.	Capital costs:																																					
(i). (a).	The VOCPT in its proposal has indicated only the total civil costs at ₹7.16 crores. The VOCPT has, however, not furnished the individual breakup of civil capital costs which constitute the total civil capital costs. The letter of Chennai Radha Engineering Works Private Limited (CREWPL) dated 30 November 2015, as furnished by the VOCPT, does not reflect the civil costs at ₹7.16 crores. Therefore, the individual breakup of civil capital costs which constitute the total civil capital costs of ₹7.16 crores to be furnished.	The total civil cost of ₹7.16 crores as quoted by the firm M/s. Chennai Radha Engineering Works Pvt. Ltd., Chennai in the budgetary offer was considered in the TAMP Application. (The Price Schedule of CREWPL as furnished by VOCPT reflects a consolidated amount of ₹6.47 Crores towards Design and Construction of Civil works for hood type conveyor system. Thereafter, considering the VAT component and Service Tax component, the VOCPT has considered the Civil Works at ₹ 7.16 crores.)																																				
(b).	Documentary evidence in support of the cost of each item of civil costs to be furnished.																																					
(ii). (a).	Similarly, the VOCPT in its proposal has indicated only the total cost of mechanical works at ₹56.09 crores. The VOCPT has, however, not furnished the individual breakup of mechanical work costs which constitute the total cost of mechanical works. The letter of CREWPL dated 30 November 2015, as furnished by the VOCPT, does not reflect the mechanical works of ₹56.09 crores. Therefore, the individual breakup of mechanical work costs which constitute the total cost of mechanical works of ₹56.09 crores to be furnished.	The letter from CREWPL dated 02 February 2015 furnished by VOCPT reflects the follows: Width of Conveyor Trestle approximate 5 mtrs. Basic cost (without taxes, duties, P&F, freight, etc.) <table><tr><th>Sr. No.</th><th>Description</th><th>Quantity</th><th>Rate in Lakhs</th></tr><tr><td>1</td><td>Front End Loader</td><td>1 No</td><td>48</td></tr><tr><td>2</td><td>Truck</td><td>1 No</td><td>25</td></tr><tr><td>3</td><td>Silo (Mech & Structural)</td><td>1 Lot</td><td>1080</td></tr><tr><td>4</td><td>Balance mechanical & structural cost</td><td>1 Lot</td><td>2866</td></tr><tr><td>5</td><td>Total electrical cost</td><td>1 Lot</td><td>507</td></tr><tr><td>6</td><td>Hopper (Civil)</td><td>1 Lot</td><td>173</td></tr><tr><td>7</td><td>Balance Civil Cost</td><td>1 Lot</td><td>474</td></tr><tr><td colspan="3">Total</td><td>5173</td></tr></table>	Sr. No.	Description	Quantity	Rate in Lakhs	1	Front End Loader	1 No	48	2	Truck	1 No	25	3	Silo (Mech & Structural)	1 Lot	1080	4	Balance mechanical & structural cost	1 Lot	2866	5	Total electrical cost	1 Lot	507	6	Hopper (Civil)	1 Lot	173	7	Balance Civil Cost	1 Lot	474	Total			5173
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Total			5173																																			
(b).	Documentary evidence in support of the cost of each of the equipment considered in the calculation, to be furnished.																																					
(iii).	The VOCPT to furnish an analysis supported with workings to justify the number of each type of equipment envisaged to be used to evacuate the cargo, to show that given the productivity of each type of the equipment, the numbers of different equipment commensurate with the optimal capacity of coal envisaged to be evacuated from the stack yard.	The proposed project is formulated to load the full rake consisting of 59 wagons each carrying 66 Tonnes of cargo. [59 x 66 = 3894 Tonnes] This requires 1000 Tonnes capacity conveyor to load the full rake. Based on the conveyor capacity (1000 Tonnes/ Hr), 12 trucks each having capacity of 20 Tonnes and performing 6 trips/ Hr with 70% efficiency are considered. [20 x 12 x 6 x0.7 = 1008 Tonnes/ Hr]																																				
(iv).	In its proposal of May 2015, which had culminated in the August 2015 Order, the VOCPT, in order to enable it handle 2.60 MMTPA of coal per annum, had considered deployment of 4 nos. of 20 tonne capacity trucks. Now in the proposal in reference, to handle the same 2.60 MMTPA of coal per annum, the VOCPT has proposed deployment of 15 nos. of 20 tonne trucks. The VOCPT to justify deployment of 15 nos. of 20 tonne trucks and clarify the reason for deployment of more number of Trucks.	Further to reply w.r.t (iii) above, the earlier proposal contained 4 trucks to suit the evacuation system envisaged therein (i.e.,) using conveyor of 500 Meter length and to dump in Railway wagons in the coal yard. Current proposal of 12 Trucks is w.r.t evacuation required through conveyor of 1500 Meter to take the coal to Marshalling yard. This may, therefore, be admitted.																																				
IV.	Operating costs:																																					
(i).	In its proposal of May 2015, which had culminated in the August 2015 Order, the power consumption was considered at 1.18 units per MT. In the proposal under reference, the power consumption has been estimated at 2.14 units per MT. The VOCPT to therefore, furnish a detailed analysis with regard to the increase in the	Considering the length of the conveyor as 1500 Meters, the power requirement for this project is 1500 KW. Hence, there is increase in the power consumption.																																				

	power consumption from 1.18 units per tonne (in the August 2015 Order) to 2.14 units per tonne in the proposal under reference.	
(ii).	With regard to the fuel cost, VOCPT to clarify/ furnish the following:	
(a).	The reason for considering the fuel cost of front end loaders and trucks for only 2582 hours to be justified, given that in the August 2015 Order, the fuel cost of front end loaders and trucks was considered for 6132 hours. The workings towards 2582 hours also to be furnished.	Since the actual working hours for the evacuation through trucks is 2582 Hrs, the fuel cost of front end loaders and trucks was considered for 2582 hours. 2602888 Tonnes/ (20 tonnes x 0.7 utilisation x 12 nos. x 6 trips) = 2582 Hrs.
(b).	In the August 2015 Order, the fuel consumption of trucks was considered at 2.4 litres per hour. In the proposal under reference, the fuel consumption of trucks has been considered at 5 litres per hour. The VOCPT to therefore, furnish a detailed analysis with regard to the increase in the fuel consumption from 2.4 litres per hour (in the August 2015 Order) to 5 litres per hour in the proposal under reference.	Based on the earlier order passed by the authority, the fuel consumption of truck may be considered as 2.4 Ltrs/ Hr.
(c).	The fuel cost of trucks is seen to have been captured only in respect of 12 trucks, though the VOCPT has reported deployment of 15 trucks. The said anomaly to be rectified.	VOCPT has considered 12 number of trucks only in the cost statement working.
(iii).	In the calculation of Licence fee, the VOCPT is seen to have considered the licence fee for space in respect of 12 nos. of Trucks. The reason for not considering licence fee for space in respect of 15 nos. of Trucks, which is proposed to be deployed, to be explained.	VOCPT has considered 12 number of trucks in the cost statement working and hence the license fee is calculated accordingly.
(V).	Scale of Rates:	
(i).	The VOCPT has proposed general conditionalities prescribing criteria for categorization of a vessel as a foreign going vessel or coastal vessel. These proposed conditionalities to be modified in line with the amendments effected vide Order no. TAMP/53/2015-VOCPT dated 26 November 2015, wherein all the Major Port Trusts have been directed to amend their existing Scale of Rates by suitably incorporating the amended provisions.	Clause 2.2 (ii) (a) to (e) of General Conditions of proposed SoR to be modified are furnished.
(ii).	A conditionality to the effect that Users will not be required to pay charges for delays beyond a reasonable level attributable to the operator, to be proposed.	If a full rake is available for loading and the licensee could not able to fill the complete rake in 4 Hrs time as prescribed in the performance standards due to the delay attributable to the licensee, the user shall not be required to pay the charges for the cargo to be loaded beyond the 4 Hrs time . Subsequently, the VOCPT vide its e-mail dated 17 March 2016 has stated that the above said issue is between the users and the licensee and need not form part of the Scale of Rates.
(iii).	A general note governing application of Wholesale Price Index (WPI) based indexation factor is also to be prescribed in the proposed draft Scale of Rates.	The Note given below may please be incorporated in the proposed SoR:- "The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2016 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year"
(VI).	Performance Standards:	
	One of the Performance Standards proposed by the VOCPT is that the Licensee shall complete the loading of full rake consisting of 60 wagons of each 66 tonnes carrying capacity in 240 minutes. In this regard, it is to state that as observed from coal handling terminals, the loading of a rake consisting of 59-60 wagons, happens in about 60 minutes. In such a scenario, the prescription of a time of 240 minutes to load 60 wagons, is seen to be extremely on a higher side. The VOCPT to look into this aspect and consider prescribing a time period of 60 minutes to load 60 wagons.	The proposed project is formulated to load the full rake consisting of 59 wagons each carrying 66 Tonnes of cargo. [59 x 66 = 3894 Tonnes] This can be achieved by 1000 Tonnes capacity conveyor to load the full rake in 4 Hrs. [3894 / 1000 = 3.89, Say 4 Hrs] Hence, performance standards is proposed accordingly.

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

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

- (i). The industrial coal coming at the port is currently being stacked in the coal yard by the various port users in their respective allotted slots and further transported to the end users through wagon/ trucks as and when required. A broad gauge railway line is available in the middle of the phase -1 coal stack yard. At present, the cargo is moved by trucks from the coal yard to VOC Wharf behind the transit sheds for loading in the wagons placed on the wharf line. This consumes lot of time for loading each rake and resulting in less evacuation of cargo from the coal stack yard. Thus, in order to mitigate the poor evacuation rate and to increase cargo turnaround of the stack yard and to reduce pollution, the VOCPT had on earlier two occasions proposed to install a suitable mechanised handling system at the coal stack yard.

In this connection, based on a proposal filed by VOCPT in February 2015, this Authority vide its Order no. TAMP/9/2015-VOCPT dated 21 March 2015 had fixed Reference tariff for mechanization of loading system at the existing coal yard (i.e. transportation of cargo from the coal yard to wagon/ truck through conveyor system) on license basis for 10 years period. However, since there was no response for the project, the VOCPT, based on the decision of its Board of Trustees, and in consultation with the users and prospective bidders, reviewed their proposal. Thus, based on a proposal filed by VOCPT in May 2015, this Authority vide its Order no. TAMP/39/2015-VOCPT dated 04 August 2015 had fixed Reference tariff for the reviewed proposal of VOCPT.

However, since, no tenders were received for the mechanization project, the VOCPT has proposed to expand the scope of the work by including the cargo unloaded from VOCPT Berth III & IV and at the coal stack yard for implementing the project under PPP Mode.

Thus, the exercise under reference is to refix Reference tariff for mechanization of loading system at the existing coal yard, based on the proposal of VOCPT submitted on 30 January 2016.

- (ii). Clause 2.4 of the tariff guidelines of 2013 stipulates that if in the view of the Major Port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification. As stated earlier, the proposal in reference is for fixation of Reference tariff for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard on license basis for 10 years period on revenue share basis. Though upfront tariff is available for handling of various types of dry bulk cargo for the entire movement of cargo from ship to yard and yard to truck/ wagon, no upfront tariff is available for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard. That being so, the proposal is seen to have been filed by the VOCPT under 2013 guidelines by following the principles of 2008 guidelines. The proposal of VOCPT has the approval of its Board of Trustees.
- (iii). The cargo proposed to be handled under this project are coal, coke, gypsum and limestone, of which 95% of cargo handled would be coal, as confirmed by the VOCPT. Based on this position, the VOCPT is seen to have considered the norms prescribed in the 2008 upfront tariff guidelines for a coal terminal, as base to arrive at the handling charges. The VOCPT has also confirmed that the cargo items other than coal also have similar handling rate and similar stacking height. Based on the submission made by the VOCPT, the approach adopted by VOCPT to consider the norms prescribed in the 2008 upfront tariff guidelines for a coal terminal, as base to arrive at the handling charges, is considered in this analysis.

(iv). The proposal dated 30 January 2016 along with the information/ clarification furnished by the VOCPT during the proceedings of the case in reference are considered in the analysis.

(v). Optimal Capacity:

(a). Yard Capacity:

(i). Considering the area of the stack yard at 295112 sq. mtrs. with 70% utilisation, and taking into account the stack height of 3 tonne per sq. mtr. and a turnover ratio of 12, the VOCPT has arrived at the optimal yard capacity at 5.20 MMTPA. Thereafter, considering the position that only 50% of the stacked cargo would move by rail, the yard capacity has been assessed by VOCPT at 50% of 5.20 MMTPA i.e. 2.60 MMTPA.

(ii). Out of the said area of the stackyard, the VOCPT is seen to have taken into account 70% of the area as available for stacking, in line with the stipulation contained in the upfront guidelines for coal terminal for calculation of yard capacity.

(iii). The stack height of 3 tonne per sq. mtr. as considered by the VOCPT is as per the norm prescribed in upfront guidelines for coal terminal. In this connection, it is to state that in fixing upfront tariff for the coal terminal at Visakhapatnam Port Trust (VPT) a stack height of 6 tonnes per Sq. metre has been considered as against the norm of 3 tonnes per Sq. metre prescribed in the guidelines. However, even if stacking height of 6 tonnes per sq.mtr. is considered, the plant capacity in terms of capacity of the Conveyor is the limiting factor as can be noted from succeeding paragraphs.

(iv). The Turnover ratio of 12 considered by VOCPT is seen to be as per the norm of upfront guidelines for coal terminal and hence considered in the analysis.

(v). Based on the formula prescribed in the upfront guidelines for coal terminal and taking into account the various parameters as furnished by the VOCPT as discussed above, the yard capacity at 70% utilization works out to 5205776 tonnes per annum, as assessed by the Port.

(vi). Thereafter, considering the position that 50% of the yard capacity would pass through railway wagons, the optimal capacity works out to 2602888 tonnes as assessed by the Port. The position about 50% of the cargo would pass through railway wagons was earlier reported to be based on the Feasibility Report, which is relied upon.

(b). Plant Capacity:

(i). In the proposal under reference, the VOCPT has considered deployment of conveyor and has accordingly calculated the plant capacity by taking into account the capacity of the conveyor system. In the earlier proposal of May 2015, which had culminated in the August 2015 Order, the plant capacity was based on the capacity of trucks as the evacuation of coal from coal yard was envisaged through trucks. However, now since in the proposal under reference, evacuation is through conveyor, the plant capacity is computed based on the capacity of the conveyor system.

(ii). Considering deployment of conveyor with a capacity of 1000 tonnes per hour with a load factor of 70%, the plant capacity has been worked

out by VOCPT at 4.29 tonnes for a period of 24 hours and 365 days at 70% utilization.

- (iii). As per the formula prescribed in the 2008 guidelines, the factor of 70% is to be applied only once for determining the optimal capacity. The VOCPT has applied the factor of 70% at two stages. First, as the operating load factor of the conveyor efficiency and the second in the overall capacity calculation as prescribed in the norms. The norms do not allow separate cushion in each of the parameters relevant for determining the capacity. When pointed out, the port has clarified that the first 70% factor is applied towards the efficiency of the conveyor system and another 70% factor is as per the norms prescribed in the guidelines. The VOCPT has also stated that this approach is in line with the approach as considered in its earlier proposal and which was also approved by this Authority.

In this regard, it is relevant to mention here that while fixing the Reference tariff for mechanization of evacuation of cargo from Berth No.9 to interim stack yard on license basis for 10 years period vide Order no. TAMP/40/2015-VOCPT dated 18 August 2015, the cushion of 70% was considered twice in determination of the capacity of the conveyor. It is noteworthy that apart from the above order, such an approach was also considered while fixing reference tariff for handling of vessels using floating crane at anchorage which was approved by this Authority vide Order TAMP/53/2013-VOCPT dated 23 December 2013. Also, in case of fixation of upfront tariff for mechanized iron ore handling at WQ 1 berth of Visakhapatnam Port Trust (VPT) approved by this Authority vide Order No.TAMP/32/2010-VPT dated 29 November 2010, equipment efficient factor was reckoned to factor the time taken for operational requirements (over and above the norm of 70% prescribed in the guidelines). That being so, in the absence of prescribed norms available for the activity of transfer of cargo through conveyors, the approach followed by the VOCPT is relied upon and considered in the analysis.

- (iv). Thus, the plant capacity works out to 4.29 Million Metric Tonnes per Annum, as assessed by the VOCPT.
- (c). From the above, it can be seen that there is a wide gap between the yard capacity and the plant capacity. The plant capacity is 65% more than the yard capacity. Since yard capacity is reported to be a constraint, the VOCPT was requested to look into the configuration of the Conveyor system and explore deploying a lower capacity Conveyor system, so as to keep the yard and the plant capacity in tandem. In this regard, the VOCPT is of the view that since the proposed project is formulated to load the full rake consisting of 59 wagons each carrying 66 Tonnes of cargo [$59 \times 66 = 3894$ Tonnes], a 1000 Tonnes capacity conveyor is essential to load the full rake in 4 hours and that therefore, the capacity of conveyor cannot be reduced further. The judgment of the port in this regard, is relied upon.
- (d). Thus, the yard capacity, being lower among the two viz., Yard capacity and Plant Capacity, at 2602888 tonnes per annum i.e. 2.60 Million Metric Tonnes per Annum, is considered as the optimal capacity of the facility, as assessed by the VOCPT.
- (vi). Capital Cost:
 - (a). The capital cost as estimated by the VOCPT in its proposal is ₹66.41 crores of which, ₹7.16 crores is towards civil works, ₹56.09 crores towards Mechanical Equipment and ₹3.16 crores towards Miscellaneous capital costs.

- (b). **Civil Costs:**
The upfront tariff guidelines require consideration of the civil cost as per the estimates given by the Port Trust. In this regard, the VOCPT has estimated the civil costs towards design and construction cost for conveyor system at ₹7.16 crores. This estimated cost also pertains to the cost of Closed Conveyor (Capacity 1000 TPH) (1500 metres). The civil costs as given by the VOCPT is seen to be as per the budgetary offer and relied upon in the analysis. It is noteworthy that the civil costs are inclusive of all applicable taxes.
- (c). **Equipment/ Mechanical cost:**
- (i). The estimated Equipment cost to the tune of ₹56.09 crores pertains to the cost of 1 no. of Hopper, 1 no. of Silo for Rail Loading, 5 nos. of Front End Loaders, 12 nos. of 20 T Trucks and cost of Miscellaneous items viz., Other Mechanical & Equipment Costs, Electrical cost and applicable Taxes.
 - (ii). According to VOCPT, the coal unloaded from the ship will be stacked in the Coal Stack Yard. Coal stacked in the coal stack area will be transferred to the ground hopper using front end loaders and trucks. The coal will be transferred to the Conveyor using hoppers. The proposed project is formulated to load the full rake consisting of 59 wagons each carrying 66 Tonnes of cargo. Hence, a 1000 Tonnes capacity conveyor to load the full rake is envisaged. Considering the conveyor capacity (1000 Tonnes/ Hr), 12 trucks each having capacity of 20 Tonnes and performing 6 trips/ Hr with 70% efficiency [$20 \times 12 \times 6 \times 0.7 = 1008$ Tonnes/ Hr], would be required. The conveyor is envisaged to slope to reach the top of the Receiving Stock Bin of Rapid Wagon loading Station (along the existing railway track), with necessary facilities like receiving Stock Bin, feeding systems with hoppers, eccentric automated gates, weighing systems, Control system with panels etc. to match the requirements of the loading facility. Based on the above position, it appears that the productivity and the numbers/ capacity of each type of the equipment commensurates with the optimal capacity of dry bulk cargo envisaged to be evacuated from the stack yard.
 - (iii). Based on the above position and since none of the users/ prospective bidders have raised any objection with regard to the number of each and every equipment, the number/ capacity of each equipment as proposed by the port is considered in the analysis.
 - (iv). The costs of equipment as given by the VOCPT is seen to be as per the budgetary offer and relied upon in the analysis. It is noteworthy that the equipment costs are reported to be inclusive of all applicable taxes.
 - (v). The Other Mechanical & Equipment costs estimated as a lumpsum at ₹ 26.31 crores is seen to be as per the budgetary offer and considered in the analysis.
- (d). **Miscellaneous costs:**
The Miscellaneous capital costs have been estimated at 5% of the total civil and equipment costs as discussed earlier, which is seen to be as per the upfront guidelines and hence considered in the analysis.
- (e). Thus, the aggregate capital cost for the facility as estimated by the Port at ₹66.41 crores is relied upon in this analysis.

(vii). The VOCPT has calculated the return on capital employed at 16% of the estimated capital cost, as prescribed in the guidelines.

(viii). Operating cost:

(a). Power cost:

The Power cost has been calculated for the optimal capacity based on the power consumption at 2.14 units per tonne at the rate of ₹10.87 per unit.

With regard to the power consumption, it is relevant to recall that in its proposal of May 2015, which had culminated in the August 2015 Order, the power consumption was considered at 1.18 units per MT. In the proposal under reference, the power consumption has been estimated at 2.14 units per MT, considering the length of the conveyor at 1500 Meters and the power requirement for the project. The estimation with regard to the power consumption per tonne as furnished by the port is considered in the analysis.

The rate of ₹10.87 for per unit of power is validated by a documentary evidence and is accepted.

(b). Fuel cost:

(i). The fuel cost has been estimated in respect of front end loaders and trucks for a period of 2582 hours of operation and at the rate of ₹44.23 per litre.

(ii). The fuel consumption of 2582 hours in respect of trucks is based on the position that optimal capacity of 2602888 Tonnes will be evacuated by 12 nos. of 20 tonnes trucks each making 6 trips at 70% utilisation i.e. (2602888 Tonnes/ (20 tonnes x 0.7 utilisation x 12 nos. x 6 trips). The same operational hours is considered in respect of the front end loaders also by VOCPT. This position is relied upon.

(iii). In respect of front end loaders, fuel consumption has been considered at 20 litres per hour, as was considered in the August 2015 Order, which was then reportedly based on the actual consumption of Front End Loaders ascertained from the Port users. This position is taken into account.

(iv). In respect of trucks, the VOCPT had considered the fuel consumption at 5 litres per hour. Thereafter, the VOCPT has requested to consider the fuel consumption of Trucks at 2.4 litres per truck per hour. In this connection, it is relevant to mention here that in the Order of August 2015, a fuel consumption of 2.4 litres per hour per truck was considered as estimated by the Port then. Therefore, the fuel consumption in respect of trucks is considered at 2.4 litres per hour.

(v). The rate of fuel at ₹44.23 per litre is validated based on a documentary evidence and hence considered in the analysis.

(c). Repairs and maintenance cost on civil work is estimated by VOCPT at 1% on the civil cost including the component of civil cost forming part of the Miscellaneous Capital costs. Similarly, Repairs and maintenance cost on mechanical equipment and electrical equipment cost is estimated by VOCPT at 7% on mechanical equipment and electrical equipment cost including the component of Mechanical and Electrical costs forming part of the Miscellaneous Capital costs, which are in line with the norms prescribed in the guidelines.

- (d). Insurance cost is estimated at 1% of the gross fixed assets and other expenses are estimated at 5% of the gross value of fixed assets by VOCPT, which are in line with the norms prescribed in the guidelines.
- (e). (i). Depreciation, as per the guidelines, should be calculated following the depreciation rates as per Straight Line Method (SLM) prescribed in the Companies Act. The VOCPT has calculated depreciation @ 6.33% on mechanical and electrical cost, in line with the rate of depreciation considered in the August 2015 Order. This same position is now relied upon in the analysis. In addition, depreciation on the component of mechanical and electrical cost forming part of the miscellaneous capital costs is also considered in the analysis.
- (ii). The rate of depreciation at 3.17% on civil assets is in line with the rate of depreciation considered in the August 2015 Order and hence considered now in the analysis. In addition, depreciation on the component of civil capital cost forming part of the miscellaneous capital costs is also considered in the analysis.
- (f). (i). The guidelines for upfront tariff stipulate that licence fee for port land is to be estimated based on the rates prescribed in the Scale of Rates of the respective Major Port Trusts.
- (ii). Licence fee (Lease rent) has been estimated by the port in respect of Conveyor area of 1500 * 4.5 sq.mtr. and in respect of the area for occupation by 12 nos. of Trucks and 5 nos. of Front end loaders, each with a dimension of 12 * 3 sq.mtr.
- (iii). In respect of the area to be occupied by 12 nos. of Trucks and 5 nos. of Front end loaders, the VOCPT has adopted the rate of licence fee at ₹355.65 per sq. mtr., which is seen to be as per the prevailing Scale of Rates.
- (iv). In respect of Conveyor area, the VOCPT has adopted the rate of way leave charges at ₹1.42 per sq. mtr, which is also seen to be as per the prevailing Scale of Rates.
- (g). The total operating cost based on the above analysis works out to ₹1969.73 lakhs as against ₹1983.99 lakhs estimated by the VOCPT.
- (ix). The cost statement for fixing Reference tariff submitted by VOCPT is modified in line with the above analysis. A copy of the modified Cost statement is attached as **Annex - I**.
- (x). (a). The total Annual Revenue Requirement (ARR) works out to ₹3032.33 lakhs, which is an aggregate of operating cost (₹1969.73 lakhs) and 16% return on capital cost (₹1062.60 lakhs), as against the Annual Revenue Requirement estimated by the port at ₹3046.59 lakhs.
- (b). The VOCPT has envisaged recovery of the entire assessed ARR from the optimal capacity of the facility. Accordingly, considering the modified ARR at ₹3032.33 lakhs and the optimal capacity of the facility at 2602888 tonnes, the rate works out to ₹116.50 per tonne, instead of ₹117.05 per tonne estimated by the VOCPT.
- (c). Based on the position of VOCPT that cargo like coke, limestone and coal have similar handling rates, a common rate is prescribed for transportation of all types of cargo i.e. coke, limestone and coal from the coal yard to wagon/ truck through conveyor system, in line with the approach adopted by the VOCPT. Further, the VOCPT is of the view that the entire cargo handled would be only

foreign cargo. Nevertheless, coastal rate has been prescribed at 60% of the foreign rate, as proposed by the port.

- (xi). In the proposed reference tariff schedule, the VOCPT has proposed definitions for common terms like foreign going vessel, port, shift, per day, TAMP and tonne. These definitions are found to be in line with the definitions prescribed for the respective terms in the other upfront / reference tariff cases and Scale of Rates of other major ports and private terminals.
- (xii). The Government of India in the Ministry of Shipping (MOS) under cover of its letter No. PT-11033/51/2014-PT dated 11 November 2014 has forwarded a copy of the guidelines on priority berthing of coastal vessels at Major Port issued vide letter No. PT-11033/51/2014-PT dated 4 September 2014 to this Authority. Accordingly, this Authority vide its Order no. TAMP/52/2014-Genl. dated 28 November 2014 has, inter alia, approved the replacement of definition of 'Coastal Vessel' prescribed in the existing SOR of all the Major Port Trusts as follows:

“Coastal vessel” shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the Director General of Shipping/ Competent Authority.’

Therefore, the definition of Coastal Vessel proposed by the VOCPT has been modified in line with the above mentioned definition of 'Coastal Vessel'.
- (xiii). The VOCPT has proposed some general conditionalities like conditionalities governing levy of interest on delayed payments/ refunds, rounding off bills, not entertaining refund claims and not raising supplementary bills for the amount less than ₹ 100/-, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, which are found to be in line with the general conditionalities prescribed in the Upfront/ Reference tariff schedule of various major port trusts.
- (xiv). The general conditionalities prescribing criteria for categorization of a vessel as a foreign going vessel or coastal vessel are prescribed in line with the amendments effected vide Order no. TAMP/53/2015-VOCPT dated 26 November 2015, wherein all the Major Port Trusts have been directed to amend their existing Scale of Rates by suitably incorporating the amended provisions.
- (xv). Generally, in all upfront/ reference tariff cases, a general note to the effect that Users will not be required to pay charges for delays beyond a reasonable level attributable to the operator, is prescribed. Accordingly, the VOCPT was also requested to prescribe the said conditionality. In this regard, the VOCPT has proposed that if a full rake is available for loading and the licensee could not be able to fill the complete rake in 4 Hours' time as prescribed in the performance standards due to the delay attributable to the licensee, the user shall not be required to pay the charges for the cargo to be loaded beyond the 4 Hours' time. Subsequently, the VOCPT has stated that the said issue is between the users and the licensee and need not form part of the Scale of Rates. Therefore, a general note to the effect that Users will not be required to pay charges for delays beyond a reasonable level attributable to the operator, which is prescribed in all upfront/ reference tariff cases, is prescribed in the Reference tariff Schedule of VOCPT also.
- (xvi). Under the cargo handling charge, the VOCPT has proposed a note stating that the tariff rate is for transportation of cargo from coal yard to wagon/ truck through conveyor system and loading at Marshalling yard. The proposed note is approved.
- (xvii). A general note relating to indexation factor for automatic adjustment every year giving the base WPI to be considered for such indexation is prescribed in the Upfront/ Reference tariff cases. In this regard, the VOCPT has proposed a note to the effect that the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2016 and 1 January of the relevant year. Since the cost estimates considered in the reference tariff calculation

are based on the market rate pertaining to the year 2015, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2015. Thus, the note in this regard in the Reference tariff schedule is modified to this effect.

- (xviii). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. Though the revised guidelines of 2013 do not require this Authority to go into the Performance Standards proposed by the port it is not unreasonable to assume that the ports would propose reasonable and achievable Performance Standard. As brought out earlier, as per the Performance Standard Schedule proposed by the Port, the licensee shall meet both the Performance Standards i.e. The Minimum guaranteed availability of 90% of the Mechanised Loading system per month and the licensee completing the loading of full rake consisting of 60 Wagons of each of 66 Tonnes carrying capacity in 240 minutes. The Performance Standards as proposed by the Port is prescribed.

9.1. Subject to above analysis, the Reference Tariff Schedule and the Performance Standards as proposed by the port are attached as **Annex – II** and **Annex - III** respectively.

9.2. In the result, and for the reasons given above, and based on a collective application of mind, the Reference Tariff Schedule for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard on license basis for 10 years period on revenue share basis in VOCPT is approved for notification alongwith the Performance Standards.

10.1. As per clause 2.5 of the Revised Tariff Guidelines 2013, the Reference Tariff and Performance Standards notified by this Authority shall be mentioned in the bid document and subsequently in the Concession Agreement in respect of PPP Projects. Accordingly, the VOCPT is advised to incorporate the Reference Tariff and Performance Standards, in the bid document and subsequently in the Licence Agreement in respect of PPP Project.

10.2. From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire licence period.

However, the Licensee would be free to propose a tariff along with Performance Standards (the "Performance Linked Tariff") from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

10.3. The proposal shall be submitted to this Authority along with a certificate from the independent engineer appointed under the Licence Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the Licence Agreement or for the actual number of months of operation in the first year of operation as the case may be.

10.4. On receipt of the proposal, this Authority will seek the views of the VOCPT on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.

10.5. In the event of Licensee not achieving the Performance Standards as incorporated in the Licence Agreement in previous 12 months, this Authority will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

10.6. After considering the views of the VOCPT, if this Authority is satisfied that the Performance Standards as incorporated in the Licence Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

10.7. While considering the proposal for Performance Linked Tariff, this Authority will look into the Performance Standards and its adherence by the Licensee. This Authority will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the Licensee. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013

10.8. From the third year of operation, the Performance Linked Tariff proposal from the Licensee shall be automatically notified by this Authority subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The Licensee, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and this Authority shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

10.9. As stipulated in Clause 6.2 of the revised 2013 guidelines, in the event any user has any grievance regarding non-achievement by the Licensee of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the VOCPT. The VOCPT will be bound to take necessary action on the findings as per the provisions of the respective Licence Agreement.

10.10. As stipulated in Clause 6.3.1 of the revised 2013 guidelines, within 15 (fifteen) days of the signing of the Licence Agreement, the concerned operator will forward the Licence Agreement to this Authority which will host it on its website.

10.11. As stipulated in clause 6.3.2 of the revised 2013 guidelines, the Licensee shall furnish to this Authority quarterly reports on cargo traffic, ship berth day output as well as the tariff realized for each berth. The quarterly reports shall be submitted by the PPP operator within a month following the end of each quarter. Any other information which is required by this Authority shall also be furnished to them from time to time.

10.12. As stipulated in clause 6.3.3 of the revised 2013 guidelines, this Authority shall publish on its website all such information received from PPP operator. However, this Authority shall consider a request from the Licensee about not publishing certain data/ information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation of upon publication. This Authority's decision in this regard would be final.

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

10.14. The performance norms for the project should be clearly brought out in the bid documents. The Licensee is expected to perform at least at the performance norms brought out in the bid document/ Licence agreement.

10.15. The actual performance of the Licensee will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority shall enquire into such allegation and forward its findings to the VOCPT. If any action is to be taken against the operator, the VOCPT shall initiate appropriate action in accordance with the provisions of the relevant Licence Agreement.

(T.S. Balasubramanian)
Member (Finance)

**COST STATEMENT FOR FIXATION OF REFERENCE TARIFF FOR MECHANIZED EVACUATION SYSTEM FROM
COAL YARD TO MARSHALLING YARD THROUGH CONVEYOR AND WAGON LOADING SYSTEM AT THE
MARSHALLING YARD ON LICENCE BASIS FOR 10 YEARS PERIOD ON REVENUE SHARE BASIS AT V.O.
CHIDAMBARANAR PORT TRUST.**

Sr. No.	Particulars	Estimates by VOCPT in its proposal dated 30.01.2016	Estimates as considered by TAMP
I	<u>OPTIMAL CAPACITY</u>		
(i).	Yard Capacity:		
	- Area of the yard (A) (in sq. metres)	295112	295112
	- Percentage of total are used for stacking (P)	70%	70%
	- Quantity stacked (Q) (tonnes/ sq. metres)	3	3
	- Turnover Ratio (T)	12	12
	- Capacity (A x P x Q x T x 70%) (in metric tonnes)	5205776	5205776
	- Percentage of cargo moving through Rail	50%	50%
	- Relevant Capacity (in metric tonnes)	2602887.84	2602887.84
	- Relevant Capacity (in million metric tonnes)	2.60	2.60
(ii).	Plant capacity		
	- Capacity of Conveyor per hour (C) (in tonnes)	1000	1000
	- Load factor (L)	70%	70%
	- No. of hours in a day (H)	24	24
	- No. of days per annum (D)	365	365
	- Capacity (C x L x H x D x 0.7) (in metric tonnes)	42,92,400.00	42,92,400.00
	- Capacity (in million metric tonnes)	4.29	4.29
	OPTIMAL CAPACITY (in MMTPA) LOWER OF (i) and (ii)	2.60	2.60
II	<u>CAPITAL COST</u>	₹ in lakhs	
	(A). Civil Works		
	- Closed Conveyor (Capacity 1000 TPH) (1500 metres)	716.00	716.00
	- Design & Construction cost for conveyor system		
	(A)	716.00	716.00
	(B). Mechanical Works		
	- Hoppers (1 no. X ₹.173 lakhs)	173.00	173.00
	- Silo for Rail Loading (1 no. X ₹.1080 lakhs)	1080.00	1080.00
	- Front End Loaders (5 nos. X ₹.48 lakhs each)	240.00	240.00
	- Trucks (20 T) (12 nos. X ₹.25 lakhs each)	300.00	300.00
	- Other Mechanical & Equipment costs	2631.00	2631.00
	- Electrical cost	568.00	568.00
	- Taxes & VAT for above	617.00	617.00
	(B)	5609.00	5609.00
	(C). Miscellaneous cost @ 5%	316.25	316.25
	TOTAL CAPITAL COST (A + B + C)	6641.25	6641.25

Sr. No.	Particulars	Estimates by VOCPT in its proposal dated 30.01.2016	Estimates as considered by TAMP
III	<u>OPERATING COST:</u>		
(i).	Power Cost (VOCPT - 2602888 tonnes * 2.14 unit / tonne * ₹. 10.87 per Unit) (TAMP - 2602888 tonnes * 2.14 unit / tonne * ₹. 10.87 per Unit)	605.48	605.48
(ii).	Fuel cost:		
(a).	- Front end loaders (VOCPT - 2582 Hrs * 20 ltrs / Hr * ₹.44.23 * 5 Nos.) (TAMP - 2582 Hrs * 20 ltrs / Hr * ₹.44.23 * 5 Nos.)	114.20	114.20
(b).	- Trucks (VOCPT - 2582 Hrs * 5 ltrs / Hr * ₹.44.23 * 12 Nos.) (TAMP - 2582 Hrs * 2.4 ltrs / Hr * ₹.44.23 * 12 Nos.)	68.52	32.89
(iii).	Repairs & Maintenance cost		
(a).	Civil works (VOCPT - 1% on Civil Costs incl. The component of civil costs in Other Capital Costs) (TAMP - 1% on Civil Costs incl. the component of civil costs in Miscellaneous Capital costs)	7.52	7.52
(b).	Mechanical & equipment works (VOCPT - 7% on Mechanical & Electrical Costs incl. the component of Mechanical & Electrical costs in Other Capital costs) (TAMP - 7% on Mechanical & Electrical Costs incl. the component of Mechanical & Electrical costs in Miscellaneous Capital costs)	412.26	412.26
(iv).	Insurance (VOCPT - 1% on Capital Costs) (TAMP - 1% on Capital Costs)	66.41	66.41
(iv).	Depreciation:		
(a).	Civil Works (VOCPT - 3.17% on Civil Cost) (TAMP - 3.17% on Civil Cost incl. the component of Civil costs in Other Capital costs)	20.21	23.83
(b).	Mechanical & equipment works (VOCPT - 6.33% on Mechanical & Electrical Costs) (TAMP - 6.33% on Mechanical & Electrical Costs incl. the component of Mechanical & Electrical Costs in Miscellaneous Capital costs)	355.05	372.80
(v).	Lease Rent (License Fee)		
(a).	Conveyor area [VOCPT - (1500 * 4.5) sq.mtr. * ₹.1.42 per sq. mtr per annum] [TAMP - (1500 * 4.5) sq.mtr. * ₹.1.42 per sq. mtr per annum]	0.10	0.10
(b).	Front end loaders & Trucks [VOCPT - (5Nos. *12mtrs.*3mtrs.) + (12Nos. *12mtrs.*3mtrs)] * Rs.355.65/sq. mtr. [TAMP - (5Nos. *12mtrs.*3mtrs) + (12Nos. *12mtrs.*3mtrs)] * Rs.355.65/sq. mtr.	2.18	2.18
(vii).	Other Expense (VOCPT - 5% on Capital Costs) (TAMP - 5% on Capital Costs)	332.06	332.06
	TOTAL OPERATING COST	1,983.99	1,969.73
IV	ANNUAL REVENUE REQUIREMENT (ARR)		
(a).	Total Operating Cost	1,983.99	1,969.73
(b).	Return on Capital Employed @16%	1062.60	1062.60
	(c).Total Revenue requirement	3,046.59	3,032.33
	Optimal Capacity (Tonnes/ Annum)	2602888	2602888
	Per tonne handling rate (in Rs./Tonne)		
	- Foreign	117.05	116.50
	- Coastal	70.23	69.90

V. O. CHIDAMBARANAR PORT TRUST

REFERENCE TARIFF SCHEDULE FOR MECHANIZED EVALUATION SYSTEM FROM COAL YARD TO MARSHALLING YARD THROUGH CONVEYOR AND WAGON LOADING SYSTEM AT THE MARSHALLING YARD ON LICENSE BASIS.

CHAPTER 1 – DEFINITIONS & GENERAL TERMS & CONDITIONS

1.1. DEFINITIONS

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

- (i). “Coastal Vessel” shall mean any vessel exclusively employed in trading between any Terminal or place in India to any other Terminal or place in India having a valid coastal license issued by the Competent Authority/ Director General of Shipping.
- (ii). “Foreign-going Vessel” shall mean any vessel other than a coastal vessel.
- (iii). “Port” shall mean V.O.Chidambaranar Port Trust.
- (iv). “Shift” Shall mean shift of eight hours as applicable to Port employees.
- (v). “Per day” shall mean a calendar day or part thereof
- (vi). “TAMP” shall mean the Tariff Authority for Major Ports constituted under Section 47A of the Major Ports Act, 1963.
- (vii). “Tonne” shall mean one Metric Tonne or 1000 Kilograms or one cubic meter

1.2. General Terms & Conditions

- (i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for its classification as ‘coastal’ or ‘foreign-going’ for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii). System of classification of vessel for levy of Vessel Related Charges (VRC)
 - (a). A foreign going vessel of Indian flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order. Such vessel that converts into coastal run based on the Customs Conversion Order at her first port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.
 - (b). A Foreign going vessel of foreign flag can convert to coastal run on the basis of a Specified Period Licence issued by the Director General of Shipping and a custom conversion order.
- (iii). Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate
 - (a). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (b). In cases of such conversion coastal rates shall be chargeable till the vessel completes discharging operations at the last call of Indian Port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.

- (c). For dedicated Indian coastal vessels having a Coastal licence from the Director General of Shipping, no other document will be required to be entitled to coastal rates.
- (iv). Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate
 - (a). Foreign going Indian Vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:
 - (i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.
 - (ii). Not converted* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.

* The Central Board of Excise and Customs Circular no.15/2002-Cus. dated 25 February 2002 allows carriage of coastal cargo from one Indian port to another port in India, in Indian flag foreign going vessels without any custom conversion.
 - (b). In case of a Foreign flag vessel converted to coastal run on the basis of a Specified Period License issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.
- (iii). Interest on delayed payments/refunds.
 - (a). The user shall pay penal interest on delayed payments of any charge under this Scale of Rates. The rate of interest will be (prescribed at 2% above the Prime Lending Rate of State Bank of India)
 - (b). Likewise, the Terminal shall pay penal interest on delayed refunds. The rate of interest will be (prescribed at 2% above the Prime Lending Rate of State Bank of India)
 - (c). The delay in refunds will be counted beyond 20 days from the date of completion of services or on production of the documents required from the users, whichever is later. (The Terminal must specify specific documents to be submitted for claiming refund).
 - (d). The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the Terminal. This provision shall, however, not apply to the cases where payment is to be made before availing the services as stipulated in the Major Port Trusts Act, 1963 and/or where payment of charges in advance is prescribed in this Scale of Rates.
- (iv). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.
- (v). No claims for refund shall be entertained unless the amount refundable is ₹.100/- or more. Likewise, the license shall not raise any supplementary or under charge bills, if the amount due to Concessionaire is ₹. 100/- or less.
- (vi). (a). The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The license may, if it so desires, charge lower rates and/ or allow higher rebates and discounts.

(b). The license may also, if it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels. Provided that the license should notify the public such lower rates and / or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

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

2. Cargo Handling Charges:

Sl. No	Commodity	Rate per in MT (in Indian ₹)	
		Foreign	Coastal
1	Dry Bulk Cargo (Coal, Coke, Gypsum & Limestone)	116.50	69.90
2	Thermal coal	116.50	116.50

Note:-

1. The Tariff rate is for transportation of cargo from coal yard to wagon/ truck through conveyor system and loading at Marshalling yard.
2. Thermal coal will not come under Coastal Cargo category.

3. **GENERAL NOTES TO SCHEDULE ABOVE:**

- (i). The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1st January 2015 and 1st January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1st April of the relevant year to 31st March of the following year.
- (ii). From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire licence period.

However, the Licensee would be free to propose a tariff along with Performance Standards (the "Performance Linked Tariff") from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

- (iii). The proposal shall be submitted to TAMP along with a certificate from the independent engineer appointed under the Concession Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the Licence Agreement or for the actual number of months of operation in the first year of operation as the case may be.

- (iv). On receipt of the proposal, TAMP will seek the views of the Major Port Trust on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.
- (v). In the event of Licensee not achieving the Performance Standards as incorporated in the Licence Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.
- (vi). After considering the views of the Major Port Trust, if TAMP is satisfied that the Performance Standards as incorporated in the Concession Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.
- (vii). While considering the proposal for Performance Linked Tariff, TAMP will look into the Performance Standards and its adherence by the Licensee. TAMP will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the Licensee. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013
- (viii). From the third year of operation, the Performance Linked Tariff proposal from the Licensee shall be automatically notified by TAMP subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The Licensee, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and TAMP shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

PERFORMANCE STANDARDS

**REFERENCE TARIFF SCHEDULE FOR MECHANIZED EVALUATION SYSTEM FROM COAL
YARD TO MARSHALLING YARD THROUGH CONVEYOR AND WAGON LOADING SYSTEM
AT THE MARSHALLING YARD ON LICENSE BASIS.**

The licensee shall meet both the following Performance standards:

1. The Minimum guaranteed availability of 90% of the Mechanised Loading system per month. The availability shall be calculated for the total mechanized system: and,
2. The licensee shall complete the loading of full rake consisting of 60 Wagons of each of 66 Tonnes carrying capacity in 240 minutes.

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / USER ORGANISATIONS / PROSPECTIVE APPLICANTS IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

TAMP/13/2016-VOCPT	:	Proposal from the from V.O. Chidambaranar Port Trust (VOCPT) for fixation of Reference tariff for mechanized evacuation system from coal yard to marshalling yard through conveyor and wagon loading system at the marshalling yard on license basis for 10 years period.
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1. A summary of comments made by users / user organisation / prospective applicants and comments of VOCPT are as follows:

Sl. No.	Comments of the users / user organisations	Reply from VOCPT
1.	Chennai Radha Engineering Works Pvt. Ltd.	
(i).	The optimal capacity is taken based on the space available for storage of cargo and handling capacity of the conveyor system. This being a tender where the revenue share is based on evacuation of cargo through the railway wagons, the infrastructure facilities available at present in the number of rakes that can be loaded per annum with respect to the present infrastructure has to be taken into account and the tariff fixed. It is understood that at present only 2 rakes of wagons are being loaded per week. But as per the optimal capacity at least 14 rakes of wagon per week are necessary when the mechanized system comes to use. Therefore, the mechanization will give fruitful results only when the availability of the required number of rakes as stated above is ensured. Under such circumstances executing the above project with the present tariff rate fixed by the TAMP is not viable. Optimal capacity = 2602888 Tonne/ Annum Capacity of 1 rake of railway wagon = 60 wagon*66 Tonnes=3960MT The No. of rakes required to evacuate cargo = 2602888/3960=657.29 Rake Therefore rake to be arrived per day = 2602888/3960*360=1.80 Rakes Unless the minimum guaranteed arrival of rakes per annum is not ascertained/ ensured, the tariff rate fixed may not be correct. The availability of total number of rakes to evacuate the cargo determines the quantum of coal to be handled and in turn the conveyor capacity and optimal space that is required.	As per the Guidelines for upfront tariff fixation, tariff should be prescribed with reference to the optimal capacity of the terminal irrespective of any traffic forecast. The optimal capacity is considered in the TAMP application based on the following: 1. 2.6 MTPA based on the optimal capacity of the yard. 2. 4.29 MTPA based on the plant capacity. Among the above two, the minimum capacity of 2.6 MTPA is considered for upfront tariff Calculation. Hence, availability of rakes is not a factor to be considered for the calculation of upfront tariff.

(ii).	Minimum time of working of Loader and Tripper $657.29 \text{ Rakes} \times 4 \text{ hour / filling} = 2629.16$. For evacuation through trucks is given 2592 hrs and for the loader is also given as 2592 refer Page No.12 under IV. Operating Cost. The working is not clear since the 20;07; 6 and 12 in the denominator represents what in equation $2602888/20 \times 0.7 \times 6 \times 12$. Hence the diesel consumption and in turn the cost will also increase.	Minimum number of trucks envisaged in the subject project is 12 Numbers to match with the conveyor capacity of 1000 TPH. i.e., $12 \text{ Trucks} \times 20 \text{ T Capacity/ Truck} \times 6 \text{ Trips/ Hr} \times 70\% \text{ efficiency} = 1008 \text{ Tons/ Hr}$ Evacuation of 1008 Tons / Hrs is proportionate to the capacity of the conveyor proposed. i.e., 1000 TPH.
(iii).	The cargo that can be transported from coal yard to Ground Hopper should be as follows. $21 \text{ Tripper} \times 20 \text{ Tons} \times 80\% \text{ efficiency} \times 3 \text{ Trip / hr.} \times 4 \text{ hr} = 4032 \text{ Tonnes.}$ It is requested that tariff may be fixed after considering the above.	In the proposed project, 12 number of trucks is proposed to match with the conveyor capacity of 1000 TPH as stated above.
2.	Tuticorin Chamber of Commerce & Industry	
	(i). In Chennai port, the coal operation was shifted to Ennore port to avoid air pollution. In the enclosure there is no provision for the steps to be taken for air pollution. Even now there is frequent power cut in the Tuticorin Corporation area because the insulators fixed to the tower and to the lines gets stuck up with coal dust resulting in frequent power shut down. The TANGEDCO Engineers may be called upon to express their views on this technical subject. (ii). Further the chimney cannot be raised more than a particular height because the Tuticorin Air Port is not far away. (iii). Since the license is on a long term basis of 10 years the early revenue sharing may be kept low and it can be increased in stages. In this process the licensee will not stop modernization of the conveyor and further the exploitation of the port user will get reduced as the present BOT contractors charge very heavily for the containers and other services and the port users have to bleed red and pay the BOT contractors. (iv). No doubt any long term project requires heavy capital expenditure and that does not give any carte blanche right to charge whimsically. (v). If there is any contravention by the service provider, there should be provision for cancellation of the duration of the license period.	In the tender schedule, under Section – IV [Scope of work] in clause 1.1(ix), necessary arrangements for providing pollution control measures is incorporated and the licensee is required to install closed conveyor. A condition to the effect that the licensee should collect charges from the users as per the TAMP notified tariff will be included. “Termination for Default” clause is incorporated in the tender document. Other details mentioned in the letter are not related to fixation of upfront tariff for the subject project.

	(vi). Whether the existing Thermal plants can be permitted to bid for the conveyor system is a policy decision that has to be taken after analyzing the pros and cons of tagging the licensee along with that of thermal electricity generator.	
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2. A joint hearing in this case was held on 12 February 2016 at the VOCPT premises. The VOCPT made a brief Power Point presentation of its proposal and briefly describes the need for the project. At the joint hearing, the VOCPT and the concerned users/ user organizations / prospective bidders have made the following submissions:

V.O. Chidambaranar Port Trust (VOCPT)

- i. 50% of cargo will be moved by rail and 50% of cargo will be moved by road. That is port's assumption.

Tuticorin Ship Agents Association

- i. We received the notice three days ago only, we request at least 7 days' notice. Court case is pending for NCB – II.
- ii. We do not know the operation plan.
[VOCPT: Case relates to 9th berth: The project is from coal yard to Marshalling yard.]
[VOCPT: We will give our plan of the operation.]
- iii. Port may take responsibility for placement of wagon.
[VOCPT: It is the responsibility of the Railways. User has to arrange for wagons.]
- iv. No Concession is given for Coastal Thermal Coal. 40% concession may be given. 6 Thermal Power Plants are going to come. So, concession may be given for coastal thermal coal.

[VOCPT: It is as per the Government Policy.]

Chennai Radha Engineering Works Private Limited:

- i. Port may give guarantee for 2.60 MT of cargo.
[VOCPT: Operator has to estimate traffic and quote revenue share.]

Tuticorin Custom House Agents Association:

- i. Who will bear the demurrage for inefficiency of operator in loading cargo in wagon?

[VOCPT: We will propose a condition that if the rake is not loaded within 4 hours, operator has to bear the demurrage which will be passed on to the user.]

Tuticorin Ship Agents Association:

- i. Users should have the option to take delivery of cargo either by Road or Railway.

[VOCPT: We will not compel particular mode of delivery unless situation warrants.]

VOCPT

- i. We will give drawings and calculation of tariff immediately.

3. A summary of the comments of TSAA and the response of VOCPT thereon are tabulated below:

Sl. No.	Comments of TSAA	Reply from VOCPT
(i)	The layout forwarded by the port is not in detail to make expressively study the layout of the entire plot .This is raised because the contractors should not object moving the cargo from long distance and claiming extra charges from the port or consignee. The entire coal plot layout should cover this operation as there should be no claim later for extra costing etc., to the consignee.	In this proposed project, evacuation of coal from Coalyard –I [i.e., Plot No- 1 to 29, 33 to 58] &Lime stone from the Lime stone yard [i.e., plot No.1 to 18]are considered and other coalyard/ plots are not considered for evacuation.
(ii)	As per the drawing the silo is located far from the railway siding, and it's a wonder how it could be located from the silo to the wagon.	The silo unit will be located above the railway track so that the cargo will be directly loaded in to the wagons.
(iii)	Any demurrage charges will have to be borne by the contractor only, which kindly confirm in your order.	Scope of the subject project is to transfer the coal and loading in to the wagon. Performance standards are stipulated in the tender. Wagons are to be arranged by the Port users.
(iv)	As for the rate is concern, we would like to make it very clear that the port should charges 60% concessional charges only for coastal cargo as submitted in the meeting in view of the government of India proposing to move domestic coal to various industries, and in that even there should be a differential tariff of 60% of the foreign tariff.	Concession charges for coastal cargo shall be applicable as per the policy of Government of India.
