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Tariff Authority for Major Ports

G.No.324 **New Delhi,** **23 September 2015**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from V.O. Chidambaranar Port Trust (VOCPT) for fixation of reference tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berths to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/41/2015-VOCPT

V.O. Chidambaranar Port Trust … Applicant

QUORUM

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

O R D E R

(Passed on this 10th day of August 2015)

This case relates to the proposal dated 22 May 2015 received from V.O. Chidambaranar Port Trust (VOCPT) for fixation of reference tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berths to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis.

2. It is relevant here to mention that this Authority had passed an Order no.TAMP/8/2015-VOCPT dated 21 March 2015 fixing reference tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berth to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis, based on Reference Tariff under 2013 guidelines following the principles of upfront tariff guidelines of 2008 in line with clause 2.4 of the tariff guidelines of 2013 on the proposal filed by the VOCPT. The said Order was notified in the Gazette of India on 21 April 2015 vide Gazette No. 132.

3.1. Now, the VOCPT vide its letter no.MEE/P&M/ F.III/IVth Berth/2015/D.2186 dated 22 May 2015 has again come up with the proposal for fixation of reference tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berths to Wagon/ Truck loading system on license basis for 10 years period stating that only one tender was received within the extended due date of inviting bids/ offer to 27 March 2015.

3.2. The submissions made by the VOCPT in its proposal are as given below:

(i). In response to the NIT Published on 16.02.2015 for the project only one tender was received within the extended due date of 27.3.2015.

(ii). When the above was informed to the Board of Trustees of VOCPT, the Board in the meeting held on 30.03.2015 suggested to go in for re-tender for all three mechanization projects including this project after re-visiting the capacity and cost of the projects.

(iii). In view of the above, the VOCPT had a meeting with port users/prospective bidders on 17.04.2015 to obtain the views/suggestions of the prospective bidders regarding viability of the Project and suggestions were obtained. Based on the suggestions, the revised proposal is submitted to the Authority.

4. The main highlights of the proposal are summarized below:

(i). **Need for the Project:**

(a). For loading the wagons, the cargoes are loaded into the trucks using front end loaders from the berth and transported & dumped near the wagon loading point situated about 70 meters away from the hook point. Then, the dumped cargoes are loaded into the rail wagons using front end loaders placed on the railway lines and it consumes lot of time resulting in poor evacuation of cargo from the berth which increases the cycle time of loading the railway racks. For loading one complete rake consisting of 59 wagons, it takes 8 hours, till such time the railway locos/wagons are being engaged for completion of loading and this leads to payment of demurrage charges for the wagons by the Port users. Because of the manual operation, the evacuation of cargo from VOC IV berth is slow in the system of using Front end loaders and trucks.

(b). This method of cargo handling using front end loaders and trucks causes dust pollution at the unloading point and also at the wagon loading point.

(c). In order to ensure quick evacuation of bulk cargoes at IV berth to reduce turnaround time of the vessel, to reduce the cycle time of loading the Railway racks and to reduce pollution caused due to the operation of front end loaders, it is proposed to provide a Mechanized cargo handling system in VOC Wharf IV.

(d). The proposed project will be implemented as a common user facility.

(ii). **Details of Equipment to be deployed**:

Following equipments are proposed for installation in the proposed mechanization of cargo transfer from III/ IV berths to wagon/ truck loading.

Sr. No.	Details of Equipments to be deployed.	Type	Quantity	Capacity	Size
(a).	Tyre mounted Mobile Hoppers	Mobile Hopper	4 Nos.	150 TPH	10 x 10 meters (L XB)
(b).	Tele stack for wagon loading	Mobile Tele stack	2 Nos.	600 TPH	20 x 4 meters (LX B)
(c).	Customized trucks		10 Nos.	20 Tonnes capacity	(12 meters x 3 meters)

(iii). **Optimal capacity of Evacuation system**:
The optimal handling capacity is restricted to the capacity of berth viz. 2.19 Million Tonnes Per Annum (MTPA) arrived as under:

Particulars		Remarks.
Optimal capacity per day	12,500MT per day	The rate considered by the TAMP in the proposal of fixation of Tariff for up-gradation of Mechanical handling equipments in VOCPT.
Percentage share of cargo handled at III/IV Berth during 2014-15	68.61%	(i.e.,Coal, Gypsum & limestone)
Total Optimal capacity of berth as per VOCPT is:	2.19 MT (12,500 T X 365 X0.7 X 0.69	Optimal Capacity per day X 365 days X Capacity Utilization X Percentage share of Cargo handled at Berth III/IV during year 2014-15.

(iv). **Share of Cargo:**

Percentage share of cargo handled at III/ IV Berths (i.e., Coal, Gypsum & limestone) during 2014-15 is considered in the evacuation system. The entire cargo expected to be handled is assumed as "Foreign cargo".

(v). **Capital Cost**:
Initially, Feasibility Report was obtained from M/s.i-maritime Consultancy Pvt.Ltd, Mumbai for this project. No change is proposed in the capacity of telestackers and Trucks. The capital cost of telestackers and Trucks are considered as given in the

Feasibility Report and as considered by the Authority in the tariff Order approved on 21 March 2015. The capital cost of hoppers is however, reduced from ₹300 lakh/unit given in the Feasibility Report proposed earlier and considered by the VOCPT in the earlier fixation of Reference Tariff to ₹73 lakh/unit. The capital cost estimated by the VOCPT is given below:

(₹ in Lakhs)

Sl. No.	Particulars	Estimates by VOCPT in its proposal dated 22.5.2015		
		Total	For Wagon Loading	For Truck Loading
	Capital Cost			
(i)	For Hoppers	292.00	175.20	116.80
		(100%* ₹73 lakhs/unit*4 unit)	(60%* ₹73 lakhs/unit*4 unit)	(40%* ₹73lakhs/unit*4 unit)
(ii)	For Telestacks	900.00	900.00	-
		(100%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	-
(iii)	For Trucks	250.00	250.00	-
		(100%* ₹25lakhs/unit*10 unit)	(100%* ₹25lakhs/unit*10 unit)	-
(iv)	Sub Total (iv=i+ii+iii)	1,442.00	1325.20	116.80
(v)	Miscellaneous cost @ 5 % (v=iv*5%)	72.10	66.26	5.84
	Total Capital cost (iv +v)	**1,514.10**	**1391.46**	**122.64**

(vi). **Operating Cost**:

(i). (a). The operating cost estimated by the VOCPT is given below:

(₹ in Lakhs)

Sr. No.	Particulars	Estimates by VOCPT in its proposal dated 22.5.2015		
		Total	For Wagon Loading	For Truck Loading
	Fuel cost			
(a)	Hoppers	60.52	36.31	24.21
		(6132 hrs * 5 ltr/hr*₹49.35/ltr *4 hopper)	(60%*₹60.52 lakhs)	(40% * ₹60.52 Lakhs)
(b)	For Telestack	30.26	30.26	-
		(6132hrs*5ltr/hr*₹49.35/ltr*2 telestackers	-	-
(c)	For Trucks	72.63	72.63	-
		(6132hrs*2.4ltr/hr*₹ 49.35/ltr*10 truck)	-	-
	Total Fuel Cost	163.41	139.2	24.21
(ii)	Repairs & maintenance cost @ 5%	75.71	69.57	6.13
		(5%*₹1514.10 lakhs)	(5%*₹1391.46 lakhs)	(5%*₹122.64 lakhs)
(iii)	Insurance @ 1 %	15.14	13.91	1.23
		(1%*₹1514.10 lakhs)	(1%*₹1391.46 lakhs)	(1%*₹122.64 lakhs)
(iv)	Depreciation	95.84	88.08	7.76
		(6.33%*₹1514.10 lakhs)	(6.33%*₹ 1391.46 lakhs)	(6.33%*₹122.64 lakhs)

(v)	Rent (lease Rent)	2.99	2.42	0.57
		(840 sq.mtr* ₹355.65per Sq.Mtr)	(400 sq.mtr* 60%) + (80 Sq.Mtr + 360 Sq.Mtr)* ₹355.65per Sq.Mtr	(400 sq.mtr* 40%) * ₹355.65per Sq.Mtr
(vi)	Other Expenses@ 5 %	75.71	69.57	6.13
		(5% * ₹1514.10 lakhs)	(5% * ₹1391.46 lakhs)	(5% * ₹122.64 lakhs)
(vii)	**Total operating cost [(i)to (vi)]**	**428.79**	**382.76**	**46.03**

(b). The VOCPT has stated that the equipment in the system will be operated by fuel and hence fuel cost is considered in the annual revenue requirement.

(c). Fuel cost of ₹49.35/ ltr is considered as per the IOC Ltd., invoice dated 28 April 2015.

(d). License Fee:
Lease rent has been considered for the equipments as given below:

Sr.no	Name of the equipment	Qty	Dimension of each equipment		Total Area in Sq.Mtr [C*D*E]	Lease rent @ ₹348.68 per Sq.Mtr/annum [F*348.68]
			Length In Meters	Width In Meters		
A	B	C	D	E	F	G
1	Hoppers	4 Nos	10	10	400	139472.00
2	Telestackers	2 Nos	10	4	80	27894.40
3	Trucks	10 Nos	12	3	360	125524.80
					Total ₹	292890.80

The area comes under commercial category. Hence ₹348.68 per sq.mtr/ per annum as per estate rental of VOCPT for the period 2014-15 is taken for calculating the lease rent.
[In the cost calculation, it is seen that the VOCPT has considered unit rate of ₹355.65 per sq.mtr/annum after considering 2% annual escalation. The total lease rent as per the cost statement is ₹2.99 lakhs and not ₹2.93 lakhs as given in the above table.]

(vii). **Annual Revenue Requirement**:
The total Annual Revenue Requirement (ARR) is apportioned to the handling activity of Dry Bulk cargoes of coal, Gypsum & lime stone as per TAMP Guidelines 2008. The apportionment of revenue requirements for Storage and Miscellaneous service does not arise for this project. The computation of the proposed rate is given below:

(₹ in Lakhs)

Sr. No.	Particulars	Estimates by VOCPT in its proposal dated 22.5.2015		
		Total	**For Wagon Loading**	**For Truck Loading**
(a)	Total operating cost	428.79	382.76	46.03
(b).	Return on capital Employed @ 16 %	242.26	222.63	19.62
(c).	Total Revenue Requirement	**671.05**	**605.39**	**65.65**
(ii)	Optimal Capacity (Tonnes/Annum)	**2,191,232**	**1,314,739**	**876,493**

(iii)	Proposed Rate	**Per tonne handling rate (in ₹ Tonne)**		
(a)	Foreign Cargo		**46.05**	**7.49**
(b)	Coastal cargo		**27.63**	**4.49**

(viii). The proposed Scale of Rates is furnished by VOCPT. The reference tariff proposed by VOCPT is given below:

(a). Cargo Handling Charges for Wagon Loading using Hoppers, Trucks and Telestackers:

Sl. No.	**Commodity**	**Rate per in MT (in ₹)**	
		Foreign	**Coastal**
1	Dry Bulk Cargo (Coal, Gypsum & Limestone)	46.05	27.63
2	Thermal coal	46.05	46.05

(b). Cargo Handling Charges for Truck loading using Hoppers & Port users trucks:-

Sl. No.	**Commodity**	**Rate per in MT (in ₹)**	
		Foreign	**Coastal**
1	Dry Bulk Cargo (Coal, Gypsum & Limestone)	7.49	4.49
2	Thermal coal	7.49	7.49

Note :-
(i). The Tariff rate is proposed for transportation of cargo from 3rd /4th berth to Wagon/ Truck loading system.
(ii). Thermal coal will not come under Coastal Cargo category.

(ix). The VOCPT has proposed the following Performance Standards for Mechanisation of the cargo transfer from VOC Wharf III/ IV Berth to Wagon/Truck loading system:

(a). Minimum Guaranteed availability percentage and Minimum Guarantee efficiency for Mechanisation of the cargo transfer from VOC Wharf III/ IV Berth to Wagon/Truck loading system.

(b). **Performance standards for Truck loading:**

The licensee shall meet both the following Performance standards:

(i). The Minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III/IV. The availability shall be calculated on the total mechanized system: and,

(ii). The licensee shall load 7 trucks per hour per hopper of each 20 Tonnes capacity (approx.) trucks or proportionately.

(c). **Performance standards for Wagon loading:**

The licensee shall meet both the following Performance standards:

(i). The Minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III/IV. The availability shall be calculated on the total mechanized system: and,

(ii). The licensee shall complete the loading of half a rake consisting of 30 Wagons each of 66 Tonnes (approx.) carrying capacity in two hours.

5. A comparative position for the cost statement considered by this Authority vide Order No.TAMP/8/2015-VOCPT dated 21 March 2015 while applying reference tariff for transfer of cargo from wharf III/ IV to wagon/ truck loading system at VOCPT vis a vis the cost statement filed by VOCPT in its current proposal dated 22 May 2015 is tabulated below: (The modifications done by VOCPT are highlighted for ease of understanding)

Sr. No.	**Particulars**	**As considered by TAMP in Order No. 8/2015-VOCPT dated 21 March 2015.**			**Proposal dated 22 May 2015.**		
		Total	**For Wagon Loading**	**For Truck Loading**	**Total**	**For Wagon Loading**	**For Truck Loading**
I.	**Optimal Capacity**		**60%**	**40%**		**60%**	**40%**
(i)	**Total optimal capacity (Tonnes/Annum)**	**31,93,750.00**			**2,191,231.87**		
		(12500T/day*365days*70%)			(12500T/day*365days*70%* **68.61%**)		
(ii)	Optimal Capacity for wagon loading and Truck loading system in the ratio of 60 % and 40 % respectively on the total optimal capacity (Tonnes/Annum)	3193750.00	1916250.00	1277500.00	**2,191,232**	1,314,739	876,493
		(12500T/day* 365days*70%)	(3193750 T/annum*60%)	(3193750 T/annum*40%)	**(12500T/day* 365days*70%* 68.61%)**	(2191232 T/annum*60)	(2191232 T/annum*40)
(iii)	Optimal Capacity (in Million Tonnes per annum (MTPA))	3.19	1.92	1.28	2.19	1.31	0.87
II.	Capital Cost	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
(i)	For Hoppers	1,200.00	720.00	480.00	292.00	175.20	116.80
		(100%* **₹300lakhs**/unit*4 unit)	(60%* ₹ 300 lakhs/unit*4 unit)	(40%* ₹ 300 lakhs/unit*4 unit)	(100**%* ₹ 73 lakhs**/unit*4 unit)	(60%* ₹ 73 lakhs/unit*4 unit)	(40%* ₹ 73lakhs/unit*4 unit)
(ii)	For Telestacks	900.00	900.00	**-**	900.00	900.00	-
		(100%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(0%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(0%* ₹450 lakhs/unit*2 unit)
(iii)	For Trucks	250.00	250.00	-	250	250.00	-
		(100%* ₹25lakhs/ unit*10 unit)	(100%* ₹25lakhs/ unit*10 unit)	(0%* ₹25lakhs/ unit*10 unit)	(100%* ₹25lakhs/ unit*10 unit)	(100%* ₹25lakhs/ unit*10 unit)	(0%* ₹25lakhs/ unit*10 unit)
(iv)	Sub Total	2,350.00	1,870.00	480.00	1,442.00	1325.20	116.80
(v)	Other expenses @ 5 %	117.50	93.50	24.00	72.10	66.26	5.84
		(5%*₹2350 lakhs)	(5%*₹1870 lakhs)	(5%*₹480 lakhs)			
(vi)	**Total Capital cost (iv +v)**	**2,467.50**	**1,963.50**	**504.00**	**1,514.10**	**1391.46**	**122.64**
III.	**Operating cost**						
(i)	Fuel cost						
(a)	Hoppers	61.91	37.15	24.76	60.52	36.31	24.21
		(6132 hrs * 5 ltr/hr* **₹50.48/ltr** *4 hopper)	(60%* ₹61.91 lakhs)	(40% * ₹61.91 Lakhs)	(6132 hrs * 5 ltr/hr***₹49.35/ltr** * 4 hopper)	(60%* ₹60.52 lakhs)	(40% * ₹60.52 Lakhs)
(b)	For Telestack	30.95	30.95	0.00	30.26	30.26	
		(6132hrs*5ltr/ hr*₹50.48/ltr*2 telestacks)	(6132hrs*5ltr/ hr*₹50.48/ltr* 2 telestacks)		(6132hrs*5ltr/hr*₹49.35/ltr*2 telestackers		
							0.00
c	For Trucks	74.29	74.29		72.63	72.63	
		(6132hrs* 2.4ltr/hr* ₹50.48/ltr*10 trucks)	(6132hrs* 2.4ltr/hr* ₹50.48/ltr*10 trucks)		(6132hrs*2.4ltr/hr*₹49.35/ltr*10 trucks		
(ii)	Repairs & maintenance cost @5%	123.38	98.18	25.20	75.71	69.57	6.13
		(5%* ₹2467.50 lakhs)	(5%* ₹1963.50 lakhs)	(5%* ₹504 lakhs)	(5%* ₹1514.10 lakhs)	(5%* ₹1391.46 lakhs)	(5%* ₹122.64 lakhs)
(iii)	Insurance @ 1 %	24.68	19.64	5.04	15.14	13.91	1.23

Sr. No.	Particulars	As considered by TAMP in Order No. 8/2015-VOCPT dated 21 March 2015.			Proposal dated 22 May 2015.		
		Total	For Wagon Loading	For Truck Loading	Total	For Wagon Loading	For Truck Loading
		(1%* ₹2467.50 lakhs)	(1%* ₹1963.50 lakhs)	(1%* ₹504 lakhs)	(1%* ₹1514.10 lakhs)	(1%* ₹1391.46 lakhs)	(1%* ₹122.64 lakhs)
(iv)	Depreciation	156.19	124.29	31.90	95.84	88.08	7.76
		(6.33%* ₹ 2467.50 lakhs)	(6.33%* ₹ 1963.50 lakhs)	(6.33%* ₹ 504.0 lakhs)	(6.33%* ₹1514.10 lakhs)	(6.33%* ₹1391.46 lakhs)	(6.33%* ₹122.64 lakhs)
(v)	Rent (lease Rent)	2.93	2.37	0.56	2.99	2.42	0.57
		(840 sq.mtr* ₹ **348.68** per Sq.Mtr) (Note 1)	(400 sq.mtr* 60%)+(80 Sq.mtr+360 sq.mtr))* ₹ 348.68/ Sq.Mtr)	(400 sq.mtr*40%* ₹ 348.68 per Sq.Mtr)	(840 sq.mtr* ₹ **355.65 per** Sq.Mtr)	(400 sq.mtr* 60%) + (80 Sq.Mtr + 360 Sq.Mtr)* ₹ 355.65 per Sq.Mtr	(400 sq.mtr* 40%) * ₹ 355.65 per Sq.Mtr
(vi)	Other Expenses @ 5 %	123.38	98.18	25.20	75.71	69.57	6.13
		(5%* ₹ 2467.50 Lakhs)	(5%* ₹ 1963.50 Lakhs)	(5%* ₹ 504 Lakhs)	(5% * ₹ 1514.10 lakhs)	(5% * ₹ 1391.46 lakhs)	(5% * ₹ 122.64 lakhs)
(vii)	**Total operating cost [(i)to (vi)]**	**597.69**	**485.04**	**112.65**	**428.79**	**382.76**	**46.03**
(vii)	**Total Operating Cost [(i) to (vi)]**						
IV	**Annual Revenue Requirement (ARR)**						
	(a)Total operating cost	597.69	485.04	112.65	428.79	382.76	46.03
	(b) Return on capital Employed @ 16 %	394.80	314.16	80.64	242.26	222.63	19.62
	c)Total Revenue Requirement	**992.49**	**799.20**	**193.29**	**671.05**	**605.39**	**65.65**
(ii)	Optimal Capacity (Tones/Annum)	**3,193,750**	**1,916,250**	**1,277,500**	**2,191,232**	**1,314,739**	**876,493**
(iii)	Per tonne handling rate (in ₹ Tonne)						
	(a) For Foreign Cargo	--	**41.71**	**15.13**		**46.05**	**7.49**
	(b) For Coastal cargo	--	**25.02**	**9.08**		**27.63**	**4.49**

6. In accordance with the consultative procedure prescribed, the VOCPT proposal dated 22 May 2015 was circulated to the concerned users/ user organisations and prospective bidders (as forwarded by VOCPT) seeking their comments by 8 June 2015. The users were informed that no further extension will be granted to respond and if no comments are received from them, it may be presumed that they have no comments to offer. None of the users/ prospective bidders furnished their comments till the case was taken up for finalisation.

7. On preliminary scrutiny of the the proposal dated 22 May 2015, the VOCPT was requested vide our letter dated 22 June 2015 to furnish information/ clarifications on a few points. The VOCPT has responded vide its letter dated 16 July 2015. The port has also furnished revised cost calculation and revised proposed rates. A summary of information/ clarification sought by us and the response of VOCPT is tabulated below:

Sl. No.	Additional information / Clarification sought by us.	Reply from VOCPT
i.	For assessing the optimal capacity, the VOCPT has applied share of cargo i.e coal, limestone, Gypsum handled at berth III/IV at 68.61% and arrived at optimal capacity for the facility at 2.191 Million Tonnes (MT) (12500T/day ×365days × 70% ×68.61%). As per the clause 3.1 at the Annex V of the 2008 Guidelines, prescribing the norms for fixation of Multipurpose berth, for assessing the Optimal capacity under 2008 guidelines, the percentage	In the III or IV berth, out of various cargo handled, the facility proposed is meant for handling coal, Gypsum, lime which constitutes 68.61% . The system proposed is for quick evacuation of coal, Gypsum, lime stone through wagon loading system/ truck loading system and to reduce pollution. Hence, the optimal capacity is considered as 68.61% of optimal

	share of capacity of different types of cargo to be handled at the berth with reference to the handling rate of the equipment proposed to be deployed is to be considered based on the formula for optimal capacity calculation prescribed therein. The total percentage share of cargo to be considered for ascertaining the optimal capacity should be 100%. The total of the percentage share of cargo considered by VOCPT for estimation of optimal capacity is, however, 68.61%. The VOCPT has not captured the balance percentage share of cargo (100%-68.61%) i.e. 31.39% in optimal capacity calculation. The VOCPT to make necessary corrections in the estimation of optimal capacity in the light of the above observation.	capacity of the berth. [The VOCPT has furnished its working along with proposal.]
ii.	The capital cost estimated for hoppers in the present proposal is ₹ 73 lakhs per unit, as compared to ₹300 lakhs estimated by the VOCPT earlier with reference to the same project vide Order No. TAMP/8/2015 dated 21 March 2015. The revised (reduced) capital cost for hoppers to be substantiated with the documentary evidence in form of budgetary quotation, work order etc. bringing out the reasons for downward revision of unit cost of the hopper.	The holding capacity of movable hopper is reduced to 150 Tonnes from the earlier proposal of 600 Tones for which budgetary offer was received from M/s.IMC Ltd, Mumbai vide offer dated, 28.04.2015. As the capacity of Hopper is reduced to150 T from 600 T, i.e., ¼th of the capital cost also reduced from Rs.300 lakhs to Rs.73 lakhs. [The port has furnished a copy of the budgetary offer.]
iii.	The proposal filed by the VOCPT is for the Mechanization for transfer of cargo transfer from VOC wharf III/IV Berth to Wagon/Truck loading system. Whereas the feasibility report furnished by VOCPT along with the proposal shows that Mechanization pertains to cargo transfer from VOC Wharf IV to Wagon/Truck loading system. The reasons for mismatch in the proposal and the Feasibility Report as regards berth nos. for which mechanization is envisaged to be explained.	The capacity of both the berths III & IV are same. The proposed system will be operated either in IV Berth (OR) in the III Berth due to the mobile nature of hoppers. The facilities envisaged in the project are movable and can be used in Berth No.III also. Since it is adjacent to Berth No. IV, the proposed system will be operated either in Berth No-III or Berth No.IV. Though the feasibility report is prepared for IV Berth, the proposed system could be used for either III Berth (or) IV berth depending upon the requirement so as to have flexibility in operation.
iv.	The proposal of VOCPT envisages deployment of equipment which may be used either at Berth III/IV or berth III as well as IV. The Authority while approving reference tariff with reference to the earlier proposal of VOCPT on the same project has in at para 10.3 of the Order dated 21 March 2015 held that reference tariff is fixed for optimal capacity of dry bulk cargo handled at either berth no. III or IV or in combination. If at any point of time during the project period, dry bulk cargo handled by the BOT operator either at berth No III or Berth No IV or at Berth No III as well as IV, exceeds optimal capacity, the reference tariff prescribed by the Authority will be reviewed and VOCPT being the licensor port should ensure that the reference tariff is	The proposed equipment will be used either in III Berth (or) IV Berth. Whenever the optimal capacity exceeds the optimal capacity considered in the proposal, the Reference Tariff fixed by the Authority may be reviewed.

	reviewed. The same approach may have to be followed in the current proposal as well, because the VOCPT has not assessed optimal capacity for two berths separately. Instead it envisages the equipment to be deployed at either berth no III or IV or in combination at the two berths.	
v.	The VOCPT to furnish the Copy of Board Resolution approving the subject proposal.	Board accorded approval for the project in the meeting held on 30.05.2014 vide Resolution No. 176(Agenda Item No- 37). [The copy of Board approval has been furnished.] When the fact of receipt of only one tender was informed to the Board, Board in the meeting held on 30.03.2015 vide Resolution No. 317(Agenda Item No- 17)resolved to discharge the present tender received and do retendering after restructuring the project. [A copy of the said Board Resolution is furnished.] Hence, based on the suggestion received from the prospective bidders in the meeting held on 17.04.2015, the present proposal was formulated.

8.1. A joint hearing in this case was held on 26 June 2015 at the VOCPT premises. The VOCPT made a brief presentation of its proposal. Hard copy is given. At the joint hearing, the VOCPT and the concerned users/ organization bodies have made their submissions.

8.2. At the joint hearing, it was decided that the VOCPT will initiate action on the following points.

(i). In view of the submissions made by the Tuticorin Stevedores Association (TSA), VOCPT agreed to examine whether dusty cargo like rock phosphate, copper concentrate, fertilizers handled at berth nos III/IV is to be covered under this project.

(ii). The VOCPT stated that it will modify the handling rate of 12,500 T/day and file a revised proposal. The VOCPT was allowed 5 days' time i.e. upto 30 June 2015 to file its revised proposal to us and forward it to all the stakeholders for their comments within 3 days thereafter.

9. Since subsequently, the VOCPT has furnished final revised calculation vide its letter dated 23 July 2015 by addressing the points raised by us on the optimal capacity calculation, (which is finally considered for fixation of reference tariff for this project), the earlier revised proposal dated 16 July 2015 filed by the VOCPT is not brought out in the order.

10.1. On perusing the reply furnished by VOCPT vide its letter dated 16 July 2015, it was seen that the reply furnished by the port did not adequately address a few points. Further, the VOCPT had not responded on the two action points decided at the joint hearing .The VOCPT was, therefore, vide our letter dated 17 July 2015 requested to furnish the information/ clarifications to the extent of the gaps observed in its reply. The VOCPT has vide its letter dated 23 July 2015 furnished its response along with revised cost calculation and the revised proposed rates. Thus, the gaps in the information pointed out by us to VOCPT vide our letter dated 17 July 2015 and response furnished by VOCPT vide its letter dated 23 July 2015 are tabulated below:

Sl. No.	Points observed by TAMP	Reply from VOCPT
(i).	At the joint hearing, the V.O. Chidambaranar Port Trust (VOCPT) was to initiate the action on the following points: (a). In view of the submission made by the Tuticorin Stevedores Association (TSA) in the joint hearing, the VOCPT was to examine whether other dusty cargo like rock phosphate, copper concentrate, fertilizers handled at berth nos III/IV is to be covered under this project. (b). At the joint hearing, the VOCPT stated that it will modify the handling rate of 12500 T/day and file a revised proposal. The VOCPT was allowed 5 days time i.e. upto 30 June 2015 to file its revised proposal to us and forward it to the users/ user organisations for their comments within 3 days thereafter It is observed that the points of action decided at the joint hearing brought out above is not addressed by VOCPT. The VOCPT, therefore, to examine whether other dusty cargo like rock phosphate, copper concentrate, fertilizers handled at berth nos III/IV are to be covered under this project in view of submissions made by Tuticorin Stevedores Association (TSA) in this regard at the joint hearing.	This is a factual position. In the III or IV berth coal, gypsum, limestone, and dusty cargoes like Rock phosphate, sulphur, fertilizers will also be handled through the mechanization system. [In the final revised cost statement, the VOCPT has not made any modification in the handling parameter.]
(ii).	Further, the points raised at Sl.No (i) in para. 2 of our letter dated 22 June 2015 is not addressed satisfactorily. In the said query, it is pointed out that as per the clause 3.1 at the Annex V of the 2008 Guidelines, prescribing the norms for fixation of Multipurpose berth, for assessing the Optimal capacity under 2008 guidelines, the percentage share of capacity of different types of cargo to be handled at the berth with reference to the handling rate of the equipment proposed to be deployed is to be considered based on the formula for optimal capacity calculation prescribed therein. <u>The total percentage share of cargo to be considered for ascertaining the optimal capacity should be 100%.</u> The total of the percentage share of cargo considered by VOCPT for estimation of optimal capacity is, however, 68.61%. The VOCPT has not captured the balance percentage share of cargo (100%-68.61%) i.e. 31.39% in optimal capacity calculation. The VOCPT to make necessary corrections in the estimation of optimal capacity in the light of the above observation.	As suggested by the Authority, considering the 100 % capacity of the berth, the optimal capacity is revised to 3.19 MTPA and the revised cost statement furnished by VOCPT.
(iii).	The VOCPT in the response has stated that of the various cargo handled at berth nos III or IV, facility proposed is meant for handling coal, gypsum, lime stone which constitute 68.68%. Hence share of cargo is considered at 68.61% (in the calculation the VOCPT has considered	As replied vide Sl. No. (ii), the optimal capacity is considered as 3.19 MTPA. The revised cost statement is furnished.

	the share at 84.15% for assessing the optimal capacity). In this regard it is relevant to mention that as per clause 3.3.2 of the Upfront Tariff 2008 Guidelines the tariff has to be prescribed for the optimal capacity of the terminal irrespective of the traffic forecasts. As stated earlier the optimal capacity is to be assessed with reference to the equipment proposed to be deployed of the terminal and irrespective of the traffic forecast. Further, as stated in our query the total percentage share of cargo for ascertaining the optimal capacity should be 100%. The VOCPT is therefore again requested to reassess the optimal capacity considering the total percentage share of the cargo as 100% and not 84.15% as seen from its calculation.	
(iv).	The VOCPT has expressed urgency in disposal of this case. We are not in a position to take up this case for processing since the query raised on optimal capacity which is vital in upfront tariff fixation is not addressed by the port satisfactorily. The VOCPT to make necessary correction in the optimal capacity calculation and file a revised proposal immediately. Further, as decided at the Joint hearing, the revised proposal (to be) filed must be simultaneously forwarded to all the concerned users for their comments in 3 days and VOCPT should respond thereon in 1 day.	As the optimal capacity is revised to 3.19 MTPA considering 100 % berth capacity, the Authority is requested to consider the Proposal and fix the upfront tariff for the subject project at the earliest.

10.2. The VOCPT has furnished final revised cost statement. A comparative position of the cost statement as per proposal dated 22 May 2015 and the final revised cost calculation statement filed by VOCPT vide its letter dated 23 July 2015 is tabulated below. (The modifications done by VOCPT are highlighted for ease of understanding)

Sr. No.	Particulars	As per proposal dated 22 May 2015.			As per final revised proposal dated 23 July 2015.		
		Total	For Wagon Loading	For Truck Loading	Total	For Wagon Loading	For Truck Loading
I.	**Optimal Capacity**		**60%**	**40%**		**60%**	**40%**
(i)	**Total optimal capacity (Tonnes/Annum)**	2,191,231.87			**31,93,750**		
		(12500T/day*365days*70%* 68.61%)			**(12500T/day*365days*70%)**		
(ii)	Optimal Capacity for wagon loading and Truck loading system in the ratio of 60 % and 40 % respectively on the total optimal capacity (Tonnes/Annum)	2,191,232	1,314,739	876,493	3,193,750	1,916,250	1,277,500
		(12500T/day* 365days*70%* 68.61%)	(2191232 T/annum*60)	(2191232 T/annum*40)	**(12500T/day*365 days*70%)**	**(31,93,750/annum * 60%)**	**(31,93,750/annum*40%)**
(iii)	Optimal Capacity (in Million Tonnes per annum (MTPA))	2.19	1.31	0.87	3.19	1.92	1.28
II.	Capital Cost	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
(i)	For Hoppers	292.00	175.20	116.80	292.00	175.20	116.80
		(100%* ₹ 73 lakhs/unit*4 unit)	(60%* ₹ 73 lakhs/unit*4 unit)	(40%* ₹ 73lakhs/unit*4 unit)	(100%* ₹73 lakhs/unit*4 unit)	(60%* ₹73 lakhs/unit*4 unit)	(40%* ₹73lakhs/unit* 4 unit)
(ii)	For Telestacks	900.00	900.00	-	900.00	900.00	-
		(100%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(0%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(100%* ₹450 lakhs/unit*2 unit)	(0%* ₹450 lakhs/unit*2 unit)
(iii)	For Trucks	250	250.00	-	250	250.00	-
		(100%*	(100%*	(0%*	(100%*	(100%*	(0%*

Sr. No.	Particulars	As per proposal dated 22 May 2015.			As per final revised proposal dated 23 July 2015.		
		Total	**For Wagon Loading**	**For Truck Loading**	**Total**	**For Wagon Loading**	**For Truck Loading**
		₹25lakhs/ unit*10 unit)	₹25lakhs/ unit*10 unit)	₹25lakhs/ unit*10 unit)	₹25lakhs/unit*10 unit)	₹25lakhs/unit*10 unit)	₹25lakhs/unit* 10 unit)
(iv)	Sub Total	1,442.00	1325.20	116.80	1,442.00	1325.20	116.80
(v)	Other expenses @ 5 %	72.10	66.26	5.84	72.10	66.26	5.84
(vi)	**Total Capital cost (iv +v)**	**1,514.10**	**1391.46**	**122.64**	**1,514.10**	**1391.46**	**122.64**
III.	**Operating cost**						
(i)	Fuel cost						
(a)	Hoppers	60.52	36.31	24.21	60.52	36.31	24.21
		(6132 hrs * 5 ltr/hr*₹49.35/ltr * 4 hopper)	(60%* ₹60.52 lakhs)	(40% * ₹60.52 Lakhs)	(6132 hrs * 5 ltr/hr* ₹49.35/ltr *4 hopper)	(60%* ₹60.52 lakhs)	(40% * ₹60.52 Lakhs)
(b)	For Telestack	30.26	30.26		30.26	30.26	-
		(6132hrs*5ltr/hr* ₹49.35/ltr*2 telestackers			(6132hrs*5ltr/hr* ₹49.35/ltr*2 telestackers)		
				0.00			
c	For Trucks	72.63	72.63		72.63	72.63	-
		(6132hrs*2.4ltr/hr*₹49.35/ltr*10 trucks)			(6132hrs*2.4ltr/hr* ₹49.35/ltr*10 trucks)		
(ii)	Repairs & maintenance cost @5%	75.71	69.57	6.13	75.71	69.57	6.13
		(5%* ₹1514.10 lakhs)	(5%* ₹1391.46 lakhs)	(5%* ₹122.64 lakhs)	(5%* ₹1514.10 lakhs)	(5%* ₹1391.46 lakhs)	(5%* ₹122.64 lakhs)
(iii)	Insurance @ 1 %	15.14	13.91	1.23	15.14	13.91	1.23
		(1%* ₹1514.10 lakhs)	(1%* ₹1391.46 lakhs)	(1%* ₹122.64 lakhs)	(1%* ₹1514.10 lakhs)	(1%* ₹1391.46 lakhs)	(1%* ₹122.64 lakhs)
(iv)	Depreciation	95.84	88.08	7.76	95.84	88.08	7.76
		(6.33%* ₹1514.10 lakhs)	(6.33%* ₹1391.46 lakhs)	(6.33%* ₹122.64 lakhs)	(6.33%* ₹1514.10 lakhs)	(6.33%* ₹1391.46 lakhs)	(6.33%* ₹122.64 lakhs)
(v)	Rent (lease Rent)	2.99	2.42	0.57	2.99	2.42	0.57
		(840 sq.mtr* ₹ 355.65 per Sq.Mtr)	(400 sq.mtr* 60%) + (80 Sq.Mtr + 360 Sq.Mtr)* ₹ 355.65 per Sq.Mtr	(400 sq.mtr* 40%) * ₹ 355.65 per Sq.Mtr	(840 sq.mtr* ₹355.65per Sq.Mtr)	(400 sq.mtr* 60%) + (80 Sq.Mtr + 360 Sq.Mtr)* ₹355.65per Sq.Mtr	(400 sq.mtr* 40%) * ₹355.65per Sq.Mtr
(vi)	Other Expenses @ 5 %	75.71	69.57	6.13	75.71	69.57	6.13
		(5% * ₹ 1514.10 lakhs)	(5% * ₹ 1391.46 lakhs)	(5% * ₹ 122.64 lakhs)	(5% * ₹1514.10 lakhs)	(5% * ₹1391.46 lakhs)	(5% * ₹122.64 lakhs)
(vii)	Total operating cost [(i)to (vi)]	428.79	382.76	46.03	428.79	382.76	46.03
IV	**Annual Revenue Requirement (ARR)**						
	(a)Total operating cost	**428.79**	**382.76**	**46.03**	**428.79**	**382.76**	**46.03**
	(b) Return on capital Employed @ 16 %	**242.26**	**222.63**	**19.62**	**242.26**	**222.63**	**19.62**
	c)Total Revenue Requirement	**671.05**	**605.39**	**65.65**	**671.05**	**605.39**	**65.65**
(ii)	**Optimal Capacity (Tones/Annum)**	**2,191,232**	**1,314,739**	**876,493**	**3,193,750**	**1,916,250**	**1,277,500**
(iii)	**Per tonne handling rate (in ₹Tonne)**						
	(a) For Foreign Cargo	**--**	46.05	7.49	--	**31.59**	**5.14**
	(b) For Coastal cargo	**--**	27.63	4.49	--	**18.96**	**3.08**

11. 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.

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

(i). The proposal is to fix reference tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berths to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis.

(ii). It is relevant hereto mention that this Authority had passed an Order no.TAMP/8/2015-VOCPT dated 21 March 2015 for fixation of reference tariff for the same project based on Reference Tariff under 2013 guidelines following the principles of upfront tariff guidelines of 2008 on the proposal filed by the VOCPT. The said Order was notified in the Gazette of India on 21 April 2015 vide Gazette No. 132.

(iii). Citing that only one tender was received in response to its project on the reference tariff approved by this Authority within the extended due date of inviting bids offer to 27 March 2015, the port has come up with a proposal for fixation of reference tariff for the same project.

(iv). Before proceeding ahead with analysis of this case, it is relevant here to state that the tariff guidelines of 2008 for upfront tariff fixation prescribe norms/ guidelines for dedicated facilities such as coal, iron ore, container, liquid handling terminal and multipurpose cargo terminal. The guidelines of 2008 for upfront tariff fixation do not prescribe any exclusive norms / guidelines for one leg of operation i.e. transfer of cargo from berth to wagon loading system/ transfer to port user's truck envisaged in this project.

The proposal of the VOCPT for fixation of Reference tariff is for transfer of dry bulk cargo covering coal, limestone and gypsum from berth No III/ IV to wagon loading system/ truck through hoppers and Port users trucks. Since the proposal envisages handling of dry bulk cargo, the VOCPT is seen to have adopted the norms prescribed for the multipurpose cargo terminal in the 2008 upfront tariff guidelines for estimating a few items of operating cost. In the absence of any specific norms prescribed in the 2008 guidelines and in view of urgency expressed by the VOCPT for seeking reference tariff for this project, the approach adopted by VOCPT of adopting the norms prescribed in the 2008 upfront tariff guidelines for a multipurpose cargo terminal to the extent relevant to arrive at the reference charges for this project is relied upon.

(v). The proposal filed by the VOCPT is for the Mechanization for transfer of cargo from VOC wharf III/IV Berth to Wagon/Truck loading system. Whereas the feasibility report furnished by VOCPT along with the proposal shows that Mechanization pertains to cargo transfer from VOC Wharf IV to Wagon/Truck loading system. On pointing out this mismatch in the proposal and the Feasibility Report, the VOCPT has clarified that the proposed system will be operated either in Berth No. IV (OR) in the Berth No. III due to the mobile nature of hoppers. As the facilities envisaged in the project are movable and can be used in Berth No.III also, since it is adjacent to Berth No. IV, the proposed system will be operated either in Berth No-III or Berth No. IV. The port has confirmed that though the feasibility report is prepared for IV Berth, the proposed system could be used for either III Berth (or) IV berth depending upon the requirement so as to have flexibility in operation. The clarification furnished by the VOCPT is relied upon.

(vi). Optimal Capacity:

(a). The port in the proposal envisages to handle three cargo categories viz. coal, limestone and gypsum at the berth nos. III/IV.

(b). With reference to the point made by Tuticorin Stevedores Association, the VOCPT has, however, confirmed that other dusty cargo like rock phosphate, sulphur, fertilizer will also be handled through the proposed mechanisation. For assessing the optimal capacity, the port has considered the handling rate of 12,500 tonnes/ day with 70% utilization in 365 days. The port in its initial proposal dated 22 May 2015 and revised calculation dated 16 July 2015, applied the percentage share of cargo at 68.61% and 84.51% respectively while arriving at the optimal capacity of 2.19 (MTPA) and 2.70 (MTPA) respectively.

Clause 3.1 in Annex V of the tariff guidelines of 2008, prescribes norms for fixation of the upfront tariff for Multipurpose cargo, for assessing the Optimal capacity. The total percentage share of cargo capacity of different types of cargo to be handled at the berth with reference to the handling rate of the equipment proposed to be deployed to be considered based on the formula for optimal capacity calculation prescribed therein should come to 100%.

On being pointed out, the VOCPT, has in its final revised proposal dated 23 July 2015 modified the optimal capacity to 3.19 MTPA. For this purpose, the VOCPT has considered the handling rate of 12,500 tonnes/ day with 70% utilization for 100% share of cargo for 365 days, and has assessed the optimal capacity at 3.19 MTPA. Since all the parameters adopted and optimal capacity assessed is same as approved in the tariff Order no.TAMP/8/2015-VOCPT dated 15 March 2015, this Authority proceeds ahead with fixation of reference tariff based on the optimal capacity of 3.19 MTPA which may be handled either in Berth No.III or Berth No.IV or in combination as assessed by the VOCPT.

The proposed system will be operated in Berth No.III or Berth No.IV. The total optimal capacity considered by the VOCPT for arriving of the proposed reference tariff is 3.19 MTPA. It is relevant to state here that for assessing the optimal capacity of 3.19 MTPA, the VOCPT has not assessed optimal capacity of two berths i.e. III and IV separately though it envisages the equipment proposed for this project to be handled at either berth no. III or IV or in combination of two berths. The VOCPT has during the processing of the case submitted that this Authority may review its reference tariff fixed if it exceeds the optimal capacity of 3.19 MTPA.

That being so, as agreed by the VOCPT, it is stipulated that if at any point of time during the project period, cargo handled by the BOT operator either at berth No III or Berth No IV or at Berth No III as well as IV, exceeds optimal capacity of 3.19 MTPA, the reference tariff to be prescribed by this Authority is reviewed and VOCPT being the licensor should ensure that the reference tariff is reviewed. The VOCPT should, therefore, make the above position abundantly clear in the bid document at the time of bidding stage itself to all the prospective bidders as well as in the Concession Agreement.

(vii). The evacuation of optimal capacity of 3.19 MMT of cargo of berth No IV is segregated by the VOCPT between the cargo transferred into railway wagons and cargo transferred into port user's truck through hoppers at the berth itself in the ratio of 60% and 40% respectively. Accordingly, applying the above percentages, the total optimal capacity of 31,93,750 tonnes is segregated into 19,16,250 tonnes (i.e. 1.916 MTPA) for transfer of cargo into railway wagon and 12,77,500 tonnes (i.e. 1.278 MTPA) for cargo transferred into port user's truck using hoppers at the berth itself.

It is relevant to state that in March 2015 Order for the same project, based on the proposal of VOCPT, evacuation of the optimal capacity has been considered as 60% for the Wagon/ truck loading system and 40 % for movement through port user's trucks. In the proposal under reference, the VOCPT has considered the same percentage share for cargo movement by the wagon loading system and the port users truck. The above segregation of the optimal capacity between the two modes of cargo transfer is relied upon and considered in the analysis.

(viii). Capital Cost:

The capital cost estimated by the VOCPT at ₹ 14.42 crores is towards mechanical equipment. Of the total capital cost estimated by the VOCPT at ₹ 14.42 crores, the VOCPT has considered ₹ 13.25 crores for handling dry bulk cargo for transfer of cargo into railway wagon and ₹1.16 crores is the capital cost estimated for cargo transfer through port user's tuck using hoppers. The breakup of the capital cost is discussed below:

(a). The port has proposed total 4 numbers of hoppers of capacity 150 tons at a unit cost of ₹ 0.73 Crores per hopper. The existing port crane/ ship crane on the berth will feed the proposed tyre mounted hoppers, which will fill trucks directly at an approximate time of 2 minutes per truck. Each Port crane/ ship crane is envisaged to have a dedicated mobile hopper for evacuation of cargo. The total cost of 4 hoppers is estimated at 2.92 crores. Considering the ratio of total optimal capacity segregated between the two systems of cargo transfer, 60% of the total capital cost for hoppers i.e. ₹1.75 crores is allocated for wagon loading and 40% i.e. ₹1.16 crores is considered as the capital cost allocated for handling dry bulk cargo.

(b). In the Order of 21 March 2015, the port had estimating cost of one hopper at ₹3 Crores. When sought the basis of estimating the unit rate of hopper at a reduced level of ₹0.73 crores in the current proposal, the port stated that the holding capacity of the movable hoppers is reduced to 150 tonnes from 600 tonnes. Since the capacity of hoppers is reduced by ¼, the capital cost has also been reduced by VOCPT by ¼ i.e. from ₹3 Crores to 0.73 Crores.

(c). For cargo transfer into wagon, apart from the capital cost of hoppers at ₹ 2.92 crores, the VOCPT has proposed two numbers of loading equipment called Telestack of capacity 600TPH. In this case, the cargo from the vessel would first be unloaded through existing Port cranes/ ship cranes or alternatively with 100 T HMT as the case may be, and then fed to the proposed mobile hoppers. These mobile hoppers would further evacuate the cargo to the Telestack through trucks. The trucks would continuously feed the Telestack one by one so as to complete the loading of whole rake. Hence, the VOCPT has also proposed customized trucks of 10 Nos. each of 20 Tonnes capacity, apart from Telestacks. The VOCPT has estimated the total capital cost of two Telestacks at ₹9.00 crores and total cost of ten trucks at ₹2.50 crores. Thus, the total capital cost estimated for transfer of cargo into railway wagon is ₹13.25 crores. The total capital cost considered by the VOCPT for wagon loading and truck loading is ₹14.42 crores. Based on the above position and since the number of equipment considered by the port is on the basis of feasibility report and also 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 capital cost estimated by the VOCPT, the capital cost as proposed by the port is relied upon in the analysis.

(d). The capital cost estimated by the VOCPT at ₹ 14.42 crores does not include estimation of miscellaneous capital cost. The tariff guidelines of 2008, prescribe a norm for estimating miscellaneous capital cost at 5% of the capital cost. Miscellaneous capital cost is to meet the cost of working capital, interest during construction period, etc., The port has considered the miscellaneous capital cost @ 5% on capital cost i.e. ₹66.26 lakhs for cargo transfer into port user's truck and ₹5.84 lakhs for cargo movement into railway wagon aggregating to total miscellaneous capital cost of ₹72.10 lakhs. The miscellaneous capital cost considered @ 5% of the capital cost by the VOCPT is in line with the norms prescribed in the 2008 guidelines.

Thus, the total capital cost inclusive of the miscellaneous cost comes to ₹ 15.14 crores. The capital cost of hoppers is segregated between the two systems of cargo transfer in the ratio of 60% and 40%. The capital cost of items relating to Trucks and Telestack is dedicated for cargo transfer though wagon loading system. Accordingly, segregation of the total capital cost is ₹15.14 crores comprises of ₹13.91 crores for cargo movement through wagons and ₹1.23 crores for cargo movement through trucks.

(ix). Operating cost:
The port has estimated the operating cost also for the two cargo movements i.e. for wagon loading and for handling Dry Bulk Cargo at the berth separately which is discussed hereunder:

(a). Fuel cost:

(i). The fuel cost has been estimated in respect of hoppers, telestacks and trucks for a period of 6132 hours of operation and at the rate of ₹ 49.35 per litre.

(ii). Fuel consumption has been estimated @ 5 litres per hour/ hopper and @ 5 litres per hour/ telestack. In respect of trucks, the VOCPT has considered the fuel consumption at 2.4 litres per hour. It is relevant here to mention that there are no fuel consumption norms prescribed in the 2008 guidelines for the fleet of equipment proposed for this project. Since the fuel consumption norm considered by the VOCPT is reportedly based on the feasibility report, fuel consumption considered by the VOCPT for hoppers, telestack and truck are relied upon and considered at the level estimated by the VOCPT.

(iii). The rate of fuel at ₹ 49.35 per litre is validated based on a documentary evidence and hence considered in the analysis.

(b). Repairs & Maintenance:
Repairs and maintenance cost is estimated by VOCPT at 5% on mechanical equipment cost, which is in line with the norm prescribed in the guidelines for dry bulk terminal and hence accepted. Repairs and maintenance cost is also considered on the component of Miscellaneous Capital costs in our analysis.

(c). Insurance cost & Other Expenses:
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 is in line with the norms prescribed in the guidelines. Both these cost components are considered on the capital cost of equipment including the miscellaneous capital cost in our analysis.

(d). Depreciation:
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. This position is relied upon in the analysis.

Depreciation is also calculated on the component of equipment cost forming part of the Miscellaneous Capital costs in our analysis.

(e). License Fees:

(i). The guidelines for upfront tariff stipulate that license 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). License fee has been estimated by the port in respect the area to be occupied by each equipment. The VOCPT has estimated license fee for 4 nos of hoppers each with a dimension of 10 mtrs * 10 mtrs, 2 nos of telestack each with a dimension of 20 mtrs * 4 mtrs and 10 nos of trucks with a dimension of 12mtrs * 3 mtrs. The VOCPT has adopted the unit rate of license fee at ₹ 355.65 per sq. mtr, which is seen to be as per the prevailing Scale of Rates.

(iii). In the cost statement, the VOCPT has shown the total license fee at 2.99 lakhs comprising of ₹0.57 lakhs for cargo transfer through truck and ₹2.42 lakhs for cargo transfer into wagon. It is seen that the VOCPT has estimated the license fee for each of the equipment type based on the area occupied. The lease rent estimates by port has been relied upon and considered.

The port has segregated the area of hoppers for the estimation of the license fees in the ratio of 60:40 for cargo transfer through wagon and through trucks respectively. The license fee for telestack and trucks are relevant for cargo transfer into railway wagon and hence considered for this particular movement of cargo only.

(f). The total operating cost based on the above analysis works out to ₹382.76 lakhs for cargo transfer into railway wagon, ₹46.03 lakhs for cargo transfer into port user's truck aggregating to ₹428.79 lakhs.

(x). The cost statement for fixing Reference tariff submitted by VOCPT is modified in line with the above analysis. A copy of the modified statement is attached as **Annex - I.**

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

(xii). Annual Revenue Requirement:

(a). The total Annual Revenue Requirement (ARR) works out to ₹671.05 lakhs, which is an aggregate of operating cost (₹428.79 lakhs) and 16% return on capital cost (₹242.26 lakhs).

The total Annual Revenue Requirement (ARR) for cargo transfer onto Wagon works out to ₹605.39 lakhs, which is an aggregate of operating cost (₹382.76 lakhs) and 16% return on capital cost (₹222.63 lakhs) and for cargo transfer through truck the Annual Revenue Requirement works out to ₹65.65 lakhs, out of which ₹46.03 lakhs is operating cost and ₹19.62 lakhs is 16% return on capital cost.

(b). The VOCPT has envisaged recovery of the entire assessed ARR from the optimal capacity of the facility. Accordingly, for cargo through wagon loading system for the ARR at ₹605.39 lakhs and the optimal capacity of 19,16,250 tonnes, the rate works out to ₹ 31.59 per tonne as proposed by VOCPT.

For cargo transfer trough truck, the ARR at ₹65.65 lakhs is spread over the optimal capacity of 12,77,500 tonnes, and the handling charge works out to ₹5.14 per tonne as proposed by VOCPT.

(c). The VOCPT envisages to handle coal, gypsum and limestone as dry bulk cargo under this project. As stated earlier, the VOCPT based on the submissions made by the TSA has stated that apart from the above categories of dry bulk cargo, dry bulk cargoes like rock phosphate, fertilizer, sulphur can also be handled in the proposed semi mechanization facility. That being so, in the SOR approved, the dry bulk cargo categories viz. rock phosphate, sulphur and fertilizer subsequently communicated by the VOCPT based on the submissions made by the TSA are also included. Further, the VOCPT in the proceedings relating to the Order dated 21 March 2015 had confirmed 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 except for thermal cargo which is not entitled for coastal concession.

(xiii). The Government of India in the Ministry of Shipping (MOS) undercover 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, interalia, 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 license 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'.

(xiv). The general prescription that users will not be charged for delays beyond a reasonable level attributable to the operator is not found incorporated in the proposed SOR. The said note is included in the revised SOR approved by this Authority.

(xv). The VOCPT has not proposed a general note relating to indexation factor for automatic adjustment every year giving the base WPI to be considered for such indexation as per clause 2.9. of the Tariff Guidelines of 2013. Since the cost estimates considered in the reference tariff calculation are reportedly 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, a note in this regard is incorporated in the reference tariff schedule.

(xvi). 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, the VOCPT has proposed separate Performance Standards for truck loading and wagon loading. The port has proposed performance standards in terms of minimum guaranteed availability of mechanized facility and also with reference to the productivity in terms of cargo transfer into port user's truck / into railway wagon and Licensee is required to meet both the Performance Standards.

For Truck loading, the port has proposed (a) minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III/ IV;

and (b) licensee to load 7 Trucks per hour per hopper of each 20 Tonnes capacity (approx) trucks or proportionately. The VOCPT had already furnished the basis for prescribing the performance parameter of loading 7 trucks per hopper while processing the 21 March 2015 Order which was relied upon by this Authority while passing the said Order. For wagon loading, the VOCPT has proposed (a) minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III/ IV; and (b) Licensee to complete the loading of half a rake consisting of 30 Wagons each of 66 Tonnes (approx.) carrying capacity in two hours. The Performance Standard as proposed by the Port is prescribed.

13.1. 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.

13.2. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the Reference Tariff Schedule for mechanization of the cargo transfer from VOC Wharf III /IV into wagon loading/ port user's truck on License Basis in VOCPT and notify it along with the Performance Standards.

13.3. The reference tariff approved by this Authority is for optimal capacity of 3.19 MTPA of dry bulk cargo handled at either berth no. III or IV or in combination.
As agreed by VOCPT it is stipulated that if at any point of time during the project period, cargo handled by the BOT operator either at berth No III or Berth No IV or at Berth No III as well as IV, exceeds optimal capacity of 3.19 MTPA, the reference tariff prescribed by this Authority will be reviewed and VOCPT being the licensor port should ensure that the reference tariff is reviewed. The VOCPT should, therefore, make the above position abundantly clear in the bid document at the time of bidding stage itself to all the prospective bidders as well as in the Concession Agreement.

14.1. 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 License Agreement in respect of PPP Project.

14.2. 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 license 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.

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

14.4. On receipt of the proposal, this Authority 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.

14.5. In the event of Licensee not achieving the Performance Standards as incorporated in the License 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.

14.6. After considering the views of the Major Port Trust, if this Authority is satisfied that the Performance Standards as incorporated in the License 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.

14.7. 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

14.8. 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.

14.9. 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 License Agreement.

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

14.11. 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.

14.12. 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 is 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.

14.13. 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.

14.14. 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/ License agreement.

14.15. The actual performance of the Licensee will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the 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 License Agreement.

(T.S. Balasubramanian)
Member (Finance)

Annex-I

COST STATEMENT FOR FIXATION OF REFERENCE TARIFF FOR TRANSFER OF CARGO FROM WHARF III / IV TO WAGON / TRUCK LOADING SYSTEM AT V. O. CHIDAMBARANAR PORT TRUST FOLLOWING THE PRINCIPLES OF 2008 GUIDELINES.

Rs. In Lakhs

Sr. No.	Particulars	Estimates by VOCPT in its final revised proposal dated 23.7.2015			As considered by TAMP		
		Total	For Wagons loading	For Truck loading	Total	For Wagons loading	For Truck loading
I.	**Optimal Capacity**						
(i).	Total Optimal Capacity **(Tonnes/Annum)**			3,193,750.00			3,193,750.00
		(12500T/day * 365days * 70%)			(12500T/day * 365days * 70%)		
(ii).	Optimal Capacity for wagon loading and Truck loading system in the ratio of 60% and 40% respectively on the total optimal capacity of 3.19 Million Tonnes **(Tonnes/Annum)**	3,193,750 (12500T/day * 365days * 70%)	1,916,250 (3193750T/annum *60%)	1,277,500 (3193750T/annum *40%)	3,193,750.00 (12500T/day * 365days * 70%)	1,916,250.00 (3193750T/annum *60%)	1,277,500.00 (3193750T/annum *40%)
(iii).	Optimal Capacity **[in Million Tonnes Per Annum (MTPA)]**	**3.19**	**1.92**	**1.28**	**3.19**	**1.92**	**1.28**
II.	**Capital Cost:**	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
(i).	For Hoppers	292.00 (100%* Rs.73Lakhs/Unit* 4unit)	175.20 (60%* Rs.73Lakhs/Unit*4 unit)	116.80 (40%* Rs.73Lakhs/Unit* 4unit)	292.00 (100%* Rs.73 Lakhs/Unit* 4unit)	175.20 (60%* Rs.73Lakhs/Unit*4u nit)	116.80 (40%* Rs.73Lakhs/Unit*4unit)
(ii).	For Telestacks	900.00 (100%*Rs.450Lak hs*2Units)	900.00 (100%*Rs.450Lakh s*2Units)	0.00 --	900.00 (100%*Rs.450 Lakhs*2 Units)	900.00 (100%*Rs.450Lakhs *2 Units)	0.00 --
(iii).	For Trucks	250.00 (100%*Rs.25Lakh s*10Units)	250.00 (100%*Rs.25Lakhs *10Units)	0.00 --	250.00 (100%*Rs.25 Lakhs*10 Units)	250.00 (100%*Rs.25 Lakhs*10 Units)	0.00 --
(iv).	Sub-Total **(i+ii+iii)**	**1,442.00**	**1,325.20**	**116.80**	**1,442.00**	**1,325.20**	**116.80**
(v).	Miscellaneous cost @ 5%	72.10 (5% * Rs.1442 lakhs)	66.26 (5% * Rs.1325.20 lakhs)	5.84 (5% * Rs.116.80 lakhs)	72.10 (5% * Rs.1442 lakhs)	66.26 (5% * Rs.1325.20 lakhs)	5.84 (5% * Rs.116.80 lakhs)
(vi).	Total Capital Cost **(iv+v)**	**1,514.10**	**1,391.46**	**122.64**	**1,514.10**	**1,391.46**	**122.64**
III.	**Operating Cost:**						
(i).	Fuel Cost :						
(a).	For Hoppers	60.52 (6132Hrs*5 ltr/hr*Rs.49.35/ltr *4/hopper)	36.31 (60%* Rs.60.52Lakhs)	24.21 (40%* Rs.60.52Lakhs)	60.52 (6132Hrs*5 ltr/hr*Rs.49.35/ltr *4/hopper)	36.31 (60%* Rs.60.52Lakhs)	24.21 (40%* Rs.60.52Lakhs)
(b).	For Telestack	30.26	30.26 (6132Hrs*5 ltr/hr*Rs.49.35/ltr*2t elestacks)	0.00	30.26	30.26 (6132Hrs*5 ltr/hr*Rs.49.35/ltr*2 telestacks)	0.00
(c).	For Trucks	72.63	72.63 (6132Hrs*2.4 ltr/hr*Rs.49.35/ltr*1 0trucks)	0.00	72.63	72.63 (6132Hrs*2.4 ltr/hr*Rs.49.35/ltr*10 trucks)	0.00
(ii).	Repairs and Maintenance cost @5%	75.71 (5%* Rs1514.10 Lakhs)	69.57 (5%* Rs1391.46 Lakhs)	6.13 (5%* Rs122.64 Lakhs)	75.71 (5%* Rs1514.10 Lakhs)	69.57 (5%* Rs1391.46 Lakhs)	6.13 (5%* Rs122.64 Lakhs)
(iii).	Insurance @1%	15.14 (1%* Rs1514.10 Lakhs)	13.91 (1%* Rs1391.46 Lakhs)	1.23 (1%* Rs122.64 Lakhs)	15.14 (1%* Rs1514.10 Lakhs)	13.91 (1%* Rs1391.46 Lakhs)	1.23 (1%* Rs122.64 Lakhs)
(iv).	**Depreciation**	95.84 (6.33%* Rs1514.10 Lakhs)	88.08 (6.33%* Rs1391.46 Lakhs)	7.76 (6.33%* Rs122.64 Lakhs)	95.84 (6.33%* Rs1514.10 Lakhs)	88.08 (6.33%* Rs1391.46 Lakhs)	7.76 (6.33%* Rs122.64 Lakhs)
(v).	**Rent (Lease rent)**	2.99 (840sq.mtr.*Rs.35 5.65/sq.mtr)	2.42 ((400sq.mtr.*60%) +(80sq.mtr.+ 360sq.mtr))*Rs.355 .65/sq.mtr)	0.57 (400sq.mtr.*40%* Rs.355.65/sq.mtr)	2.99 (840sq.mtr.*Rs.355.65/ sq.mtr)	2.42 ((400sq.mtr.*60%)+(80sq.mtr.+ 360sq.mtr))*Rs.355. 65/sq.mtr)	0.57 (400sq.mtr.*40%*Rs.3 55.65/sq.mtr)
(vi).	Other Expenses @5%	75.71 (5%* Rs1514.10 Lakhs)	69.57 (5%* Rs1391.46 Lakhs)	6.13 (5%* Rs122.64 Lakhs)	75.71 (5%* Rs1514.10 Lakhs)	69.57 (5%* Rs1391.46 Lakhs)	6.13 (5%* Rs122.64 Lakhs)
(vii.)	**Total Operating Cost [(i) to (vi)]**	**428.79**	**382.76**	**46.03**	**428.79**	**382.76**	**46.03**
IV	**Annual Revenue Requirement and Proposed Handling Rate**						
(i).	**Annual Revenue Requirement (ARR)**						
	(a). Total Operating Cost	428.79	382.76	46.03	428.79	382.76	46.03
	(b). Return on Capital Employed @16%	242.26	222.63	19.62	242.26	222.63	19.62
	(c).Total Revenue requirement	**671.05**	**605.39**	**65.65**	**671.05**	**605.39**	**65.65**
(ii).	Optimal Capacity **(Tonnes/ Annum)**	3,193,750	1,916,250	1,277,500	3,193,750	1,916,250	1,277,500
(iii).	Per tonne handling rate **(in Rs./Tonne)**						
	(a). For Foreign cargo	--	31.59	5.14	--	31.59	5.14
	(b). For Coastal cargo	--	18.96	3.08	--	18.96	3.08

Annex-II

V. O. CHIDAMBARANAR PORT TRUST

Reference Tariff for mechanization of the cargo transfer from VOC Wharf III / IV Berth to Wagon / Truck loading system.

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). **"Per day**" shall mean a calendar day or part thereof.

(iv). "**Port"** shall mean V. O. Chidambaranar Port Trust.

(v). **"Tonne"** shall means one Metric Tonne or 1000 Kilograms or one cubic meter.

(vi). **"Shift"** shall mean shift of eight hours as applicable to Port employees.

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). (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.

(b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.

(c). In cases of such conversion, coastal rates shall be chargeable by the load Terminal from the time the vessel starts loading coastal goods.

(d). In cases of such conversion, coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge Terminals**.**

(e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.

(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). Like wise, 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 users, whichever is later. (The Terminal must specify specific documents to be submitted for claiming refund).

(d). The delay in payments by 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 operator 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 operator may, if it so desires, charge lower rates and/ or allow higher rebates and discounts.

(b). The operator 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 operator 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 CHARGE:

2.1. <u>Cargo Handling Charges for Wagon loading using Hoppers, Trucks and Telestackers</u> :-

Sl. No	**Commodity**	**Rate per in MT (in Indian ₹)**	
		Foreign	**Coastal**
1	**Dry Bulk Cargo, (other than thermal coal), Limestone, Gypsum, rock phosphate, fertilizer and sulphur.**	**31.59**	**18.96**
2	**Thermal Coal**	**31.59**	**31.59**

2.2. Cargo Handling Charges for Truck loading using Hoppers & Port users trucks:-

Sl. No	Commodity	Rate per in MT (in Indian ₹)	
		Foreign	Coastal
1	Dry Bulk Cargo, Coal (other than thermal coal), Limestone, Gypsum, rock phosphate, fertilizer and sulphur.	5.14	3.08
2	Thermal Coal	5.14	5.14

Note to schedule 2.1 and 2.2

1. The tariff prescribed above is for transportation of dry bulk cargo from berth nos. III/ IV to Wagon/ Truck loading system.

3. GENERAL NOTES:

(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 1 January 2015 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.

(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.

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Annex-III

PERFORMANCE STANDARDS

Minimum Guaranteed availability percentage and Minimum Guarantee efficiency for Mechanization of cargo transfer from VOC Wharf III/ IV to Wagon/Truck loading system.

1.1 Performance Standards for Truck Loading:-

The Licensee shall meet both the following Performance Standards:

(a). The Minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III/ IV. The availability shall be calculated for the total mechanized system; and,

(b). The licensee shall load 7 Trucks per hour per hopper of each 20 Tonnes capacity (approx) trucks or proportionately.

1.2. Performance Standards for Wagon Loading:

The Licensee shall meet both the following Performance Standards:

(a). The Minimum guaranteed availability of 90% per equipment per month for the mechanized system installed at Berth III / IV. The availability shall be calculated for the total mechanized system; and,

(b). The Licensee shall complete the loading of half a rake consisting of 30 Wagons each of 66 Tonnes (approx.) carrying capacity in two hours.

SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No.TAMP/41/2015 - VOCPT - **Proposal received from the V.O. Chidambaranar port trust for fixation of upfront tariff for mechanization of the cargo transfer from VOC Wharf III/ IV Berths to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis.**

A summary of the arguments made by VOCPT and the concerned users/ user organizations/ prospective bidders during the joint hearing is given below:

V.O. Chidambaranar Port Trust (VOCPT)

1. Port invited tenders for this project and two other projects.

2. Because of poor response. Board suggested to rework and retender. Before that we had a meeting with trade and concerned port users. Based on the suggestion of port users/ trade, we have revised the computation.

3. The capital cost of the project is estimated based on the feasibility report received from M/s.I-maritime Pvt. Ltd., Mumbai & budgetary offer of M/s.IMC Ltd. as ₹15.14 crores.

4. Total percentage share of cargo viz. coal, gypsum, limestone handled during 2014-15 – 68.61%. Optimal capacity is assessed at 2.19 MTPA considering the percentage of 68.61% handled in 2014-15. Total optimal capacity assessed is 2.19 MTPA of which 1.31 MTPA is by wagon loading and 0.88 MTPA through truck loading.

5. Total ARR considering operating cost following the norms prescribed in the guidelines estimated and 16% ROCE is ₹242.26 lakhs/ year.

6. Rate proposed is ₹46.05 per tonne for wagon loading and ₹7.49 per tonne for truck loading to meet the estimated ARR over the optimal capacity for these two movements of cargo.

7. Capacity of both berths III and IV are same. The proposed system will be operated either at berth nos.III or IV. It is not possible to operate hoppers at two berths simultaneously.

Tuticorin Stevedores Association (TSA)

1. Is it mandatory to avail the facility at III/ IV or is it optional ?

   [VOCPT: We are getting lot of letters from Pollution Control Board on pollution control measures. We will have lot of problems if pollution is not controlled. Hence, we have proposed this project. For handling coal, gypsum, limestone, thermal coal at III/ IV berth it is mandatory to use the proposed mechanization.]

2. There is huge difference in the present rate and the proposed rate for handling cargo.

   [VOCPT: We have to take measures to curb pollution. We do not want to end up in a situation like Chennai Port Trust.]

3. Copper concentrate, rock phosphate, fertiliser are also handled at berths III/ IV. Whether these cargo categories will also be covered in this project ?

   [VOCPT: We will examine and include other dusty cargo categories, if necessary, if the nature of cargo causes pollution. We will make submission to TAMP in this regard.]

4. We will revise the handling rate of 12,500 T/ day considered in the optimal capacity calculation and file a revised proposal.

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