

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

Tariff Authority for Major Ports

G.No.132

New Delhi,

21 April 2015

NOTIFICATION

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

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/8/2015-VOCPT

V.O. Chidambaranar Port Trust

Applicant

QUORUM:

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri. C.B. Singh, Member (Economic)

O R D E R

(Passed on this 21st day of March 2015)

This case relates to the proposal dated 4 February 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 Berth to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis. The proposal flows from the advice of Ministry of Shipping (MOS) that mechanization of operation at Major Ports has been a priority area and action to be taken to achieve mechanization of handling coal in all Major Ports.

2. The VOCPT has proposed to implement a Mechanized evacuation system by way of grant of license to the prospective bidder for evacuating the cargo from berth IV to Wagon/ Truck loading system for a period of 10 years. The VOCPT has stated that the Ministry of Shipping has fixed the timeline for issuing Letter of Award for the subject Project on or before 30 March 2015. It has stated that the Board of trustees of VOCPT accorded approval for the project in the Board meeting held on 30 May 2014 and approval of the Ministry of Shipping was also sought for the subject project on 21 July 2014.

3.1. The main submissions made by the VOCPT in the proposal are summarized below:

(i). **Background for the current project:**

- (a) Dry Bulk cargoes in Berth Nos. III/ IV of VOCPT are unloaded from ship to shore through wharf cranes or ship gears and dumped in the wharf. Then the cargoes are loaded in the tippers using Front end loaders for transporting the cargo to destination /stack yard.
- (b) For loading the wagons, the cargos are loaded into the trucks using front end loaders from the berth and transported & dumped near the wagon loading point which is 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. This process 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 engaged for completion of loading. This leads to payment of demurrage charges for the wagons by the Port users.
- (c) Because of the manual operation, the evacuation of cargo from VOC IV berth using Front end loaders and trucks is slow. Further, 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.
- (d) 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. The proposed project "Mechanization of the

cargo transfer from VOC Wharf-IV berth to wagon loading system” will be implemented as a common user facility.

- (e) Based on the Feasibility Report, the capital cost of ₹23.5 Crores is considered for fixing upfront tariff for the Project.

(ii). **Facility Plan envisaged in the Proposed Project:**

- (a) Wagon loading using hoppers, trucks and telestack equipments:

- (i) The existing port crane/ ship crane on the berth will feed the proposed tyre mounted hoppers of capacity 600 tons, which will fill trucks directly at an approximate time of 2 minutes per truck. Each Port crane/ ship crane will have a dedicated mobile hopper for evacuation of cargo. 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.
- (ii) The Telestack will be used for wagon loading. This equipment Telestack has a long arm which can load a rake at a rate of 1000 TPH.
- (iii) This is a semi-mechanization system, without conveyor belt and silo arrangement. As the proposed equipments are mobile, the flexibility of using this equipment on adjacent berths is also possible. Further, this is cost effective and flexible process.

- (b) Truck loading through hoppers and Port users trucks:

In this system, the dry-bulk cargo discharged from the ships using port cranes/ ship cranes will be fed into the mobile hoppers. This cargo will be discharged into the users trucks through hoppers for transporting to the users stack yard/ destination.

(iii). **Details of Equipments to be deployed:**

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

- (a). Tyre mounted Mobile Hoppers:

- (i). Type : Mobile Hopper
(ii). Quantity : 4 Nos.
(iii). Capacity : 600 TPH.
(iv). Hopper size : 10 x 10 meters (L X B)

- (b). Tele stack for wagon loading:

- (i). Type : Mobile Tele stack
(ii). Quantity : 2 Nos.
(iii). Capacity : 600 TPH.
(iv). Tele stack size : 20 x 4 meters (L X B)

- (c). Customized trucks: 10 Nos. of each 20 Tonnes capacity (12 meter x 3 meter)

(iv). **Capital Cost:**

Based on the feasibility report, the total capital cost for the project is considered as ₹23.5 crores as given below:

(₹ in lakhs)		
Sr. No.	Particulars	Amount
(i)	For loading wagons through hoppers, trucks and tele-stacker	1870.00
(ii)	For handling Dry-bulk cargo through hoppers in to the Port users trucks	480.00
	Total capital cost of the project	2350.00

(v). **Optimal capacity of Evacuation system:**

- (a) 100% Dry bulk cargo is considered for the calculations, since in the evacuation system Dry bulk cargo only will be handled. The entire cargo expected to handle is assumed as "Foreign cargo".
- (b) The optimal handling capacity is arrived considering handling rate of 12,500 tonne per day, 365 days and applying 70% utilization factor i.e $12,500 \text{ per day} \times 365 \times 0.70 = 3.19 \text{ Million tonne per annum}$.
- (c) The optimal handling capacity is restricted to capacity of berth viz. 3.19 MT as considered by the Authority in the proposal of fixation of upfront tariff for up-gradation of Mechanical handling equipment in VOCPT. For transfer of dry bulk cargo through wagon loading, the optimal capacity is arrived at 60% of the total optimal capacity assessed i.e $3.19 \text{ million tonnes} \times 60\% = 1.91 \text{ million tonnes}$. The balance of optimal capacity arrived at 40% of the total optimal capacity assessed i.e $3.19 \text{ million tonnes} \times 40\% = 1.278 \text{ million tonnes}$ is considered for handling dry bulk cargo through hoppers into the port users trucks.
- (d) Optimal capacity calculation furnished by VOCPT is tabulated below:
- (i). Optimal capacity for loading dry bulk cargo on to wagons through hoppers, trucks and telestacker.

Optimal Capacity	
Annual Capacity (in Million tonnes) ($12,500 \text{ per day} \times 365 \times 0.70$)	3.19
Total capacity of $31,93,750 \times 60\%$ (in tonnes)	1,916,250

- (ii). Optimal capacity for loading dry-bulk cargo through hoppers in to the Port users trucks.

Optimal Capacity	
Annual Capacity (in Million tonnes) ($12,500 \text{ per day} \times 365 \times 0.70$)	3.19
Total capacity of $31,93,750 \times 40\%$ (in tonnes)	1,277,500

(e) **Optimal Yard Capacity:**

The VOCPT has not assessed optimal yard capacity. It has stated that the scope of work is limited to only quick evacuation of the cargo from 4th berth to Wagon/ Truck loading system. Hence, the cargo handled through the above operations does not attract storage activity.

(vi). **Operating Cost:**

- (a). The proposed equipments in the system will be operated by fuel and hence fuel cost is considered in the annual revenue requirement.

Fuel cost of ₹50.48/ ltr is considered as per the invoice of IOC Ltd., dated 28 January 2015 and the estimates of fuel cost is as follows:

- (i). Fuel cost for Hopper : ₹40.38 Lakhs/ Year
- (ii). Fuel cost for Telestack : ₹20.19 Lakhs/ Year
- (iii). Fuel cost for trucks : ₹48.46 Lakhs/ Year

(b). The calculation of the operating cost is as given below:

- (i). Estimated operating cost for loading dry bulk cargo onto wagons through hoppers, trucks and tele-stacker

(₹ in Lakhs)

Sl. No.	Particulars	Workings	Amount
1	Fuel Cost :		
(a)	Fuel cost for Hoppers	4000Hrs*5 ltr/hr*₹50.48*4	24.23
(b)	Fuel cost for Telestack	4000Hrs*5 ltr/hr*₹50.48*2	20.19
(c)	Fuel cost for Trucks	4000Hrs*2.4 ltr/hr*₹50.48*10	48.46
2	Repairs & Maintenance cost	5% on Capital cost (₹1870 Lakhs)	93.50
3	Insurance	1% on total capital cost	18.70
4	Depreciation	As per norms prescribed in Companies Act, 2013 i.e 6.33% of Equipment Cost (₹1870 Lakhs)	118.37
5	Rent (Lease rent)		2.65
6	Other Expense	5% of Gross fixed Asset Value	93.50
	Total (1) to (6)		419.60

- (ii). Estimated operating cost for transfer of Dry-bulk cargo through hoppers in to the Port users trucks

(₹ in Lakhs)

Sl. No.	Particulars	Workings	Amount
1	Fuel Cost :		
(a)	Fuel cost for Hoppers	4000Hrs*5 ltr/hr*₹50.48*4	16.15
2	Repairs & Maintenance cost	5% on Capital cost (₹480 Lakhs)	24.00
3	Insurance	1% on total capital cost	4.80
4	Depreciation	As per norms prescribed in Companies Act ,2013 i.e 6.33% of Equipment Cost (₹480 Lakhs)	30.38
5	Rent (Lease rent)		0.56
6	Other Expense	5% of Gross fixed Asset Value	24.00
	Total (1) to (6)		99.89

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

- (viii). Accordingly, the Annual Revenue Requirement (ARR) estimated by VOCPT is as follows:

(₹ in lakhs)

Sl. No.	Particulars	ARR for loading dry bulk cargo onto wagons through hoppers, trucks and tele-stacker	ARR for transfer of Dry-bulk cargo through hoppers into the Port users trucks
(i).	ROCE @ 16%	299.20	76.80
(ii).	Operating cost	419.60	99.89
(iii).	Total ARR	718.80	176.69

- (ix). **Annual Revenue Requirement:**

The total Annual Revenue Requirement is apportioned to arrive at the rate for handling of 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.

- (x). The upfront tariff proposed by the VOCPT to meet the estimated revenue requirement is as follows:

- (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	37.51	22.51

- (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	13.83	8.30

Note: The Tariff rate is proposed for transportation of cargo from 4th berth to Wagon/ Truck loading system.

(Subsequently, The VOCPT has stated that the project will cover transfer of cargo from berth no. 3 or 4 to Wagon/Truck loading system.)

3.2. The VOCPT has also furnished the proposed Scale of Rates (SOR) and Feasibility Report along with its proposal. The VOCPT did not furnish the Performance Standards.

4.1 While acknowledging the proposal dated 04 February 2015, the VOCPT was requested [vide our letter dated 9 February 2015] to furnish the information/ clarifications on a few points, including Performance Standards.

4.2. The VOCPT has responded vide its letter no. MEE/P&M/F.Mechanisation/2014/D.799 dated 20 February 2015. The points brought out in our letter dated 9 February 2015 and response of VOCPT are tabulated below:

Sl. No.	Our queries	Clarifications by VOCPT
1.	The VOCPT has stated that its Board of Trustees have accorded approval of the project on 30 May 2014 and the VOCPT has sought approval of the Ministry of Shipping (MOS) on 21 July 2014. The VOCPT to explain the reason for enormous	Regarding delay in filing the proposal for approval of Reference Tariff, it is informed that, V.O. Chidambaranar Port Trust Board accorded approval to undertake the subject project on 30.05.2014. Ministry of Shipping was addressed seeking approval for the project

	delay of around 8 months in filing the proposal before the Authority for approval of Reference Tariff.	on 21.07.2014. After receipt of Board Meeting confirmation, Work order for preparation of feasibility report for the subject project was issued to M/s. i – maritime consultancy Pvt Ltd., Mumbai on 25.09.2014 after adhering tender formalities. Final feasibility report was received by e-mail on 03.02.2015. Application to TAMP has been sent on 04.02.2015.
2.	The VOCPT has not furnished the Performance Standards and copy of latest fuel invoice along with the proposal. The VOCPT to, therefore, furnish a copy of the Performance Standards and copy of latest Fuel invoice to TAMP and simultaneously forward a copy of the Performance Standards to the concerned users/ organization bodies / prospective bidders. Also, forward a copy of the sanction letter of the Ministry of Shipping as cited in its proposal and a copy of the Board approval for the proposal filed to the TAMP immediately.	As requested by the Authority, copy each of the following are enclosed: (a) Performance standard for both the projects as indicated in the cost statement for fixation of up-front tariff is given below. <u>For Truck Loading System:</u> The licensee shall meet both the following Performance Standards:- (i). The Minimum guaranteed availability of 90% per equipment per month for the mechanised system installed at Berth IV. The availability shall be calculated for the total mechanised system; and, (ii). The Licensee shall load 7 Trucks per hour per hopper of each 20-T capacity trucks or proportionate. <u>For Wagon Loading System:</u> The licensee shall meet both the following Performance Standards:- (i). The Minimum guaranteed availability of 90% per equipment per month for the mechanised system installed at the IV Berth. The availability shall be calculated for the total mechanised system; and, (ii). The Licensee shall complete the loading of half a rake consisting of 30 Wagons of each 66 Tonnes carrying capacity in two hours. (b) Latest fuel invoice dated. 28.01.2015 is attached as Annexure- II. (c) Minutes of proceedings of Board Meeting held on 30.05.2014 approving the subject proposal is furnished. (d) A copy of letter No. MEE/ P&M / F.Mechanisation/ 2014/ D.3288, dated 21.07.2014 sent to Ministry of Shipping (MOS) requesting MOS to accord approval to undertake the above said two projects by adopting open tender process attached as Annexure- IV. Approval from the Ministry is awaited.

5. In accordance with the consultative procedure prescribed, the VOCPT proposal dated 04 February 2015 was forwarded to the concerned users/ user organizations/ prospective bidders (as forwarded by VOCPT) for their comments. We have received comments from Seaport Logistics Pvt. Ltd. which was forwarded to VOCPT as feedback information. The VOCPT has responded vide its letter dated 25 February 2014.

6. Based on a preliminary scrutiny of the proposal, the VOCPT was requested [vide our letter dated 19 February 2015] to furnish information / clarifications on various points. The VOCPT has responded to our queries in piecemeal vide its letters dated 25 February 2015, email

dated 26 February 2015, letter dated 27 February 2015 and subsequent letter dated 3 March 2015. A summary of queries raised by us and the response of VOCPT is tabulated below:

Sl. No.	Our queries	Reply of VOCPT
(1).	GENERAL:	
(i)	The feasibility report attached to proposal contains three options. Based on the capital cost estimation, it is seen that the current proposal of the VOCPT falls under option III. The VOCPT to confirm whether the above position is correct.	Yes. The VOCPT has opted for the third option which consists of Hoppers, trucks and telestackers for wagon loading.
(ii)	As already requested by us, inter alia, under cover of our letter of even number dated 09 February 2015, the VOCPT to clarify the following position:	
	(a). To explain the reason for enormous delay of around 8 months in filing the proposal before the Authority for approval of Reference Tariff.	It has reiterated its earlier response furnished on this point.
	(b). To confirm the position regarding forwarding a copy of the Performance Standards to the concerned users/ organisation bodies/ prospective bidders. A copy of the letter issued by VOCPT in this regard to the concerned users/ organisation bodies/ prospective bidders to be furnished.	Performance Standards are included in the tender documents and NIT has been published on 16.02.2015 for all the projects. Tender schedule containing the Performance standards are published in the Port web site also.
(iii)	In page no. 5 of the Application filed by the VOCPT, the VOCPT at Table 1, has indicated the commodity group wise breakup of traffic handled in the last five years at VOCPT, which shows the total dry bulk cargo handled at VOCPT at 14.42 MMTPA, 14.92 MMTPA and 15.86 MMTPA during the years 2011-12 to 2013-14 respectively. However, in the Table 2 given in page no. 5, from the details of the various types of total dry bulk cargo handled at the VOCPT, it is shown that VOCPT has handled 5 MMTPA, 6.09 MMTPA and 7.21 MMTPA of dry bulk cargo during the years 2011-12 to 2013-14. The VOCPT to reconcile the difference and indicate the correct traffic of dry bulk cargo handled during the years 2011-12 to 2013-14 at VOCPT.	Quantity of cargo furnished in Table- I against Dry-bulk cargo includes the thermal coal handled at Coal jetties I & II and other berths. Quantity of dry-bulk cargo handled in conventional berths are furnished in Table- II.
(iv)	Note 1 in the proposed SOR states that the tariff prescribed in the SOR is for transportation of cargo from berth No 4 to wagon/ truck loading system. Whereas, page 11 of the proposal states that proposed equipment are mobile and there is flexibility of using the proposed equipment on the adjacent berth. In this context, it is relevant to state that the proposed reference tariff arrived by the VOCPT is with reference to the optimal capacity of dry bulk cargo at berth no IV only. Hence, handling of cargo at adjacent berth other than the dry bulk cargo in Berth No 4 is not envisaged in the tariff computation or proposed SOR. The VOCPT may, therefore, examine this aspect and modify the point made by it at page 11 of the proposal.	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. It is submitted that 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 and the total capacity of this Project will be 3.19 MTPA.

(v)	The current proposal filed by the port is for transfer of optimal capacity assessed for handling dry bulk cargo of berth No 4 at 31,93,750 tonnes (3.19 Million Metric Tonnes – MMT) onto wagon and truck in the ratio of 60% and 40% respectively of the optimal capacity i.e. 19,16,250 tonnes (i.e. 1.916 MMT) onto wagon and i.e. 12,77,500 tonnes (i.e. 1.278 MMT) onto truck. It is seen that the VOCPT has filed yet another proposal vide its letter No. MEE/ P&M/ F.Mechanisation/ 2014/D.645 dated 6 February 2014 which relates to mechanization of loading system for delivery of coal pertaining to berth No. IV also from coal yard onto wagon. From the feasibility report it is understood that dry bulk cargo envisaged to be handled at berth No IV presently covers coal, gypsum, limestone, copper concentrate etc. Thus, when the current proposal already considers the reference tariff arrangement for the entire optimal capacity assessed for berth No IV including coal for evacuation through wagon or onto truck, the reasons for inclusion of coal handling through wagon originating from berth no IV in its proposal dated 6 February 2015 is not clear. The VOCPT may please examine in the light of the above observation and make necessary modification in its current proposal or its proposal dated 6 February 2015 referred above as deemed fit.	The proposed evacuation from Berth No III/IV involves cargo transfer through Trucks to Coal yard and to wagon loading system (Tele stacker) at IV berth. The above cargo along with cargo transported from IX berth through conveyors are meant for stacking at coal yard. Hence, coal handling at IV berth refers to current proposal. The stacking of cargo transported from IX berth and/or IV berth will be stacked in coal yard for handling for which the proposal vide letter dt. 06.02.2015 has been proposed.
(vi)	The VOCPT to list down the dry bulk cargo envisaged to be handled at berth No IV and confirm that the entire cargo capacity assessed for berth No IV will be handled through the semi mechanized evacuation system envisaged in the current proposal for which the reference tariff is sought.	Since the system envisaged truck and wagon loading facility, the entire dry bulk cargo to be handled will be evacuated through trucks / wagons.
(2).	<u>WORKINGS OF VOCPT:</u>	
(i)	<u>Optimal Capacity:</u>	
	It is seen that for arriving at the optimal capacity the port has assessed the optimal capacity of berth No IV at 3.19 MMT considering the handling rate of dry bulk cargo at 12,500 tonnes / day for 365 days and applying 70% utilization factor (i.e. $12,500 \text{ T/day} \times 365 \text{ days} \times 70\%$) = 31,93,750 tonnes (3.19 MMT). As stated above, the evacuation of optimal capacity of 3.19 MMT of dry bulk cargo of berth No IV is segregated into evacuation by wagon and for loading onto truck in the ratio of 60% and 40% respectively. Accordingly, applying the above percentages, the optimal capacity of 19,16,250 tonnes (i.e. 1.916 MMT) is arrived for dry bulk cargo handling onto wagon and 12,77,500 tonnes (i.e. 1.278 MMT) for dry bulk cargo handling onto truck. In this regard, the following points to be clarified:	

	(i). The feasibility report at page 54 has assessed the optimal capacity of berth No IV with existing two level luffing cranes of 20 T each at 3.02 Million tonnes. As against that, the port in the current proposal has considered the optimal capacity at 3.19 MT stating that it is as per the handling rate of 12,500 T per day considered by this Authority in the upfront tariff proposal for mechanization of handling equipment. It is relevant here to state that this Authority vide its Order No TAMP/16/2010- VOCPT dated 23 July 2010 has approved upfront tariff for mechanical handling infrastructure at Berth Nos. I to VI and IX on Build, Own and Operate (BOO) basis for standard HMC of 100 Tonnes and the optimal capacity assessed for dry bulk cargo at 2.976 MMT per HMC. This optimal capacity was assessed for 4000 hours for a standalone equipment of 100T HMC. The current exercise is, however, for determination of reference tariff for dry bulk cargo unloaded at a full fledged terminal i.e. berth No 4. Hence, it is assumed that the port has considered the optimal capacity for full fledged berth no IV for 6132 hours (365 days * 70% * 24) at 3.19 MMT capacity. Please confirm whether the above assumption is correct and the optimal capacity of 3.19 MT assessed by the VOCPT in current reference tariff computation is correct. It may be examined whether there is any incompatibility between the hours of working of the HMC and hours of working of the Mobile Hoppers at the berth No IV.	In the proposed system, 02 No's of 20 T capacity Port owned cranes and two numbers ship cranes are considered. The stated average berth day output of 12500 MT is achievable. Hence, the optimal capacity considered as 3.19 MT is correct.
	(ii). The assumption of considering 60% of the optimal capacity of dry bulk cargo to be evacuated through railway wagons and balance 40% by road onto trucks to be justified with reference to actual data pertaining to dry bulk cargo handled at berth No IV at VOCPT during the years 2011-12 to 2013-14.	After commissioning the proposed Wagon/ truck loading system, 60 % cargo will be evacuated through Wagons and 40 % through trucks.
	(iii). In the another proposal dated 6 February 2014 as referred in the queries above, the port has assumed the coal cargo to pass through wagons and by road through trucks in the ratio of 50:50. Explain the reasons for adopting a different ratio in the current proposal for berth no IV i.e. at 60% evacuation through wagons and 40% onto trucks for road movement.	In the coal stack yard, the ratio of 50:50 is considered based on the scenario of traffic projection for the next 10 years as per the feasibility report of the consultant. In case of berth No. IV after commissioning of this system, it is expected that 60 % of cargo will be through wagon and 40 % through truck loading system.
	(iv). The proposal does not mention about the size of the HMC envisaged for deployment at berth No 4 for which the upfront tariff has already been approved by the Authority. The VOCPT to indicate the equipment envisaged for ship to shore movement during the next ten years at this berth as it has a direct impact on this project since the reference tariff determined for berth No IV for evacuation of	The cargo from ship to shore will be carried out by 20 T capacity of Port owned two numbers of cranes and two numbers of ship cranes. Considering the life period of Port wharf cranes of 20 T, the existing scenario will continue to the maximum period of the current project. Hence, the Authority may consider the optimal capacity taken by VOCPT for approval.

	dry bulk cargo from the berth is linked to the optimal capacity of this berth. The VOCPT to confirm that the optimal capacity considered for Berth No IV in the current proposal is commensurate with the handling rate for the equipment proposed to be deployed during the next ten years of the current project. If higher capacity HMC is proposed to be deployed then the VOCPT may increase the optimal capacity assessment to that extent for the current project.	
(ii).	Capital Cost:	
	(i). The total capital cost considered by the VOCPT at ₹23.50 crores is as per the Feasibility Report. Whilst the Feasibility Report (FR) states that the source of estimate is Telestak, no documentary evidence is seen in the FR or the proposal. The VOCPT, therefore, to furnish documentary evidence in the form of budgetary quotation or rate analysis with detailed calculation, if necessary, in support of the cost of each of the equipment considered in the calculation.	It is ascertained from the consultant that the cost of all the equipment's were taken verbally from the reputed manufacturers of the individual equipments.
	(ii). Of the total capital cost estimated at ₹23.50 crores, the VOCPT has segregated it into the two evacuation methods i.e. ₹18.70 crores for transfer of cargo through wagon and ₹4.80 crores for loading onto trucks for movement by road. The VOCPT to furnish the breakup of the equipment and the capital cost considered for this two methods of evacuation.	(a) For Truck loading, since 40% of cargo transfer is considered, 40% of the total cost of 04 number of hoppers has been taken as capital cost. [i.e., ₹1200 Lakhs x 40% = ₹480 lakhs] (b) For Wagon loading, the following costs are considered: Remaining 60% of the cost of Hoppers= ₹720 Lakhs Total cost of 2 numbers of Telestackers = ₹900 lakhs and total cost of 10 numbers of Trucks = ₹250 lakhs were considered.[Total= ₹1870 lakhs]
	(iii). The VOCPT has not considered 5% of the capital cost towards miscellaneous capital cost as per the norms prescribed in the 2008 tariff guidelines. Explain the reasons therefor. The VOCPT to indicate if 5% miscellaneous cost is not applicable for this project.	In the cost statement of the application vide chapter 4 & 5, other expenses @ 5% of Gross fixed assets has been considered at Sl.No- 6 for both Wagon and Truck loading system. Further, VOCPT vide its letter dated 03 March 2015 has furnished following clarification: Miscellaneous cost @ 5% on Capital cost may be considered by the Authority as per the TAMP Guidelines, 2008 as below:- <u>For Truck Loading System:</u> 5% on the Capital cost of ₹480.00 Lakhs = ₹24.00 Lakhs <u>For Wagon Loading System:</u> 5% on the Capital cost of ₹1870.00 Lakhs = ₹93.50 Lakhs
(3).	<u>Operating Costs for loading dry bulk cargo onto wagons and for loading onto trucks:</u>	
(i).	(a). Explain the basis for considering fuel consumption of 5 litres/ hour per hopper, 5 litres/ hour per Telestack and 2.4 litres/ Hour per trucks for estimating fuel cost for loading of dry bulk cargo onto wagons.	As per the feasibility report of the consultant. [Pg-92-93]

	(b). Explain the basis for considering fuel consumption of 5 litres/ hour for trucks for estimating fuel cost for loading of dry bulk cargo onto port user's truck.	Since port user's owned trucks are being used in truck loading system for transfer of cargo to the Port users owned plot/ Port user's destination, the fuel cost for trucks has not been considered. Fuel cost of hoppers is considered.																																					
	(c). The computation of optimal capacity of berth No 4 considered in the computation in this proposal is based on 6132 hours (i.e. 365 days *24 hours *70%). That being so, furnish the reasons for considering only 4000 hours fuel cost for estimate of fuel cost.	Based on the TAMP Guidelines.																																					
	(d). 2008 guidelines prescribe a norm of 4000 hours of working in a year for estimation of fuel cost of equipment for multipurpose berth. However, 6132 hours of working are considered for a full fledged berth instead of norm of 4000 hours of working considered for only standalone equipment. The VOCPT to review 4000 hours of working considered for fuel estimation for the various equipment as stated above.	Based on the TAMP Guidelines, 4000 Hrs is considered.																																					
(ii)	Please confirm whether the rate of depreciation considered at 6.33% on the Mechanical Equipment is as per the provisions of the Companies Act, 2013. Also, give reference to the requisite prescription contained in the companies Act, 2013 indicating the said rate of depreciation.	The VOCPT has furnished depreciation rate chart as per Companies Act.																																					
(iii).	(a). The VOCPT has estimated license fee (rent) of ₹2.65 crores and ₹0.56 crores for the two cargo evacuation facilities envisaged in the proposal. In the instant proposal, the port does not envisage to allot any land to the operator. Hence, explain the rationale behind estimating license fee.	The Lease rent for Wagon loading system is only ₹2.65 Lakhs per annum and for Truck loading, the lease rent is taken as ₹0.56 lakhs per annum only. Lease rent is proposed for the area occupied by the equipment's like Hoppers, Telestacker and trucks.																																					
	(b). The estimation of license fee to be supported with detailed working. Also, give reference to the Rent Schedule, with reference to the rate so adopted.	<u>Lease rent :-</u> <table><tr><th rowspan="2">S.N O</th><th rowspan="2">Name of the equipment</th><th rowspan="2">Qty</th><th colspan="2">Dimension of each equipment</th><th rowspan="2">Total Area in Sq.Mtr [C*D*E]</th><th rowspan="2">Lease rent @ ₹348.68 per Sq.Mtr</th></tr><tr><th>Length In Meters</th><th>Width In Meters</th></tr><tr><th>A</th><th>B</th><th>C</th><th>D</th><th>E</th><th>F</th><th>G</th></tr><tr><td>1</td><td>Hopper</td><td>4 Nos</td><td>10</td><td>10</td><td>400</td><td>139472.00</td></tr><tr><td>2</td><td>Telestacker</td><td>2 Nos</td><td>20</td><td>4</td><td>80</td><td>27894.40</td></tr><tr><td>3</td><td>Trucks</td><td>10 Nos</td><td>12</td><td>3</td><td>360</td><td>125524.80</td></tr></table> Total : ₹2,92,891.20 a) The area comes under commercial category. Hence ₹348.68 per Sq.mtr as per Estate rental of VOCPT for the period 2014-15 is taken for calculating the lease rent. b) For Truck loading, ₹0.56 Lakhs per annum has been considered in the cost statement for fixation of Tariff. c) For wagon loading, ₹2 .65 Lakhs per annum is considered in the cost statement for fixation of Tariff.	S.N O	Name of the equipment	Qty	Dimension of each equipment		Total Area in Sq.Mtr [C*D*E]	Lease rent @ ₹348.68 per Sq.Mtr	Length In Meters	Width In Meters	A	B	C	D	E	F	G	1	Hopper	4 Nos	10	10	400	139472.00	2	Telestacker	2 Nos	20	4	80	27894.40	3	Trucks	10 Nos	12	3	360	125524.80
S.N O	Name of the equipment	Qty				Dimension of each equipment				Total Area in Sq.Mtr [C*D*E]	Lease rent @ ₹348.68 per Sq.Mtr																												
			Length In Meters	Width In Meters																																			
A	B	C	D	E	F	G																																	
1	Hopper	4 Nos	10	10	400	139472.00																																	
2	Telestacker	2 Nos	20	4	80	27894.40																																	
3	Trucks	10 Nos	12	3	360	125524.80																																	

		d) Subsequently, the VOCPT vide its letter dated 27 February 2015 with reference to the workings of lease rent at Annexure-IV has informed that the total lease rent is worked out as ₹2,92,891/- per annum for the total project and out of this, an amount of ₹56,000/- is relevant to the share of Truck loading system and the remaining ₹2,37,000/- is relating to Wagon Loading system. Hence the Authority may consider the cost of lease rent as stated above.
	<u>Scale of Rates:</u>	
(i)	The definition of the terms " Per Day", " Shift" and "TAMP" may not be relevant to be incorporated in the SOR and hence may be deleted	"Per day" may please be retained. "Shift" and "TAMP" may please be deleted.
(ii)	The following general condition that may be incorporated in the Scale of Rates in line with similar prescription in the upfront/ reference tariff schedule in other Major Port Trusts including VOCPT: <i>"Users will not be required to pay charges for delays beyond reasonable level attributable to BOT operator".</i>	As the rate proposed is per Metric tonnes of cargo handled, the charges for delays beyond reasonable level may not be relevant.
(iii)	The VOCPT has proposed rate for "Dry Bulk Cargo". The port may list down the different cargoes under Dry Bulk Cargo in the SOR.	Coal, Lime stone and Gypsum
(iv)	For arriving at the proposed rate the port has divided the total estimated ARR over the optimal capacity. The port to confirm that productivity of handling different types of dry bulk cargo proposed to be handled is the same in view of the port proposing uniform rate for all the dry bulk cargo. If productivity of different types dry bulk cargo varies differential rates will have to be proposed.	The productivity of handling different type of cargoes are the same.
(v)	Prescribe a general note governing application of Wholesale Price Index (WPI) based indexation factor in the proposed draft Scale of Rates. The base year for indexation should be based on the year to which the capital cost estimates and operating cost (power cost) estimate relate to.	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.- This may be incorporated in the Scale of Rates.
(5)	<u>Performance Standards:</u>	
	As already requested under cover of our letter of even number dated 09 February 2015, the VOCPT is again requested to furnish the Performance Standards, pertaining to levy of the proposed handling charges for wagon loading and Truck loading. Also, explain the basis for arriving the proposed performance standards.	A copy of the performance Standard has been sent to TAMP vide this office letter No. MEE/ P&M / F.Mechanisation /2014 /D.799, Dated: 20.02.2015. Subsequently the VOCPT vide its letter dated 03 March 2015 has furnished the following clarification: The basis on which the efficiency parameter for Truck Loading at the rate of 7 Trucks per hour per hopper is furnished below:- The Port Crane/Ship Crane shall discharge cargo at the rate of 140 Tonnes per hour i.e., 20

		cycles x 10 Tonnes per cycle x 0.70= 140 Tonnes per hour. The capacity of each truck is 20 Tonnes No. of Trucks to be handled per hour is 140/20 = 7 Trucks per hour per hopper.
--	--	---

7.1 A joint hearing in this case was held on 20 February 2015 at the VOCPT premises. At the joint hearing, the VOCPT and the concerned users/ organization bodies have made their submissions.

7.2 As agreed at the joint hearing, the VOCPT has furnished its replies to our queries vide its emails/ letters dated 25 February 2015, 26 February 2015, 27 February 2015 and 03 March 2015 which was brought out in the earlier paragraphs.

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

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

- (i). The proposal of the V.O. Chidambaranar Port Trust (VOCPT) is for fixation of reference tariff for its proposed project of mechanization of the cargo transfer from VOC Wharf III /IV berth to wagon loading system/ loading into port user's truck to be implemented as a common user facility.

The VOCPT has submitted that presently, dry-bulk cargo at berth No III/ IV is unloaded from ship to shore through wharf cranes or ship gears and dumped in the wharf. Then cargo are loaded into trucks using front end loaders from berth nos. III/ IV and transported and dumped near the wagon loading point which is situated about 70 meters away from the hook point for loading into the wagons. Then, dumped cargoes are loaded into the rail wagons using front end loaders placed on the railway lines. This process consumes a lot of time resulting in poor evacuation of cargo from the berth. Further, this method causes dust pollution at the unloading point and also at the wagon loading point. In order to ensure quick evacuation of bulk cargoes from berth nos. III/ IV, to reduce the cycle time of loading cargo into the railway racks and to reduce pollution caused due to the operation of front end loaders, the VOCPT has proposed a semi mechanized cargo handling system in VOC Wharf IV.

It is relevant to state that the proposal originally filed by the VOCPT and even the Feasibility Report for the project was with reference to berth No IV and the optimal capacity of 3.19 Million Tonnes Per Annum (MTPA) was also assessed with reference to one berth i.e. berth no IV. Subsequently, when the proposal was in advance stage of finalization, the port has added berth No III also in this project. While doing so, the VOCPT has not modified the optimal capacity. The VOCPT has submitted that as the facilities envisaged in the Project are movable it can be used in Berth No.III which is adjacent to Berth No.IV. Thus, the proposed system is envisaged to be operated either in Berth No.III or Berth No.IV or in combination at both the berths but the total capacity of this project is retained at 3.19 MTPA by the port. Based on the submissions made by the VOCPT, this Authority decides to proceed ahead for fixation of reference tariff for transfer of cargo from berth No III/ IV as against its original proposal which mentioned only about transfer of cargo from berth No IV.

- (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.

The proposal in reference is for fixation of Reference tariff for transfer of cargo from berth No III/ IV to wagon loading system/ loading into port user's truck at the berth itself. The upfront tariff approved by this Authority and available is for handling of various types of dry bulk cargo for the entire movement of cargo from ship to shore, shore to yard and yard to truck/ wagon. However, no upfront tariff is available for only for one leg of operation i.e. transfer of cargo from berth to wagon/ truck loading system envisaged in this project. 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). 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 for award before 30 March 2015 reportedly directed by the Government and the proposal being filed in the fag end of the year, 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.

- (iv). The VOCPT has filed its proposal on 04 February 2015. Subsequently, with reference to the information/ clarifications sought by us during the processing of the case, the VOCPT has furnished its response in piecemeal under cover of its letters dated 25, 26 and 27 February 2015 and letter dated 3 March 2015. The VOCPT has also proposed for certain modifications in the cost statement. It has requested to consider miscellaneous capital cost at 5% of the capital cost which was not included in the reference tariff computation by the port. Moreover, the port has also modified the estimate of the lease rental. Whilst the VOCPT has requested for these modifications, it has not furnished revised cost statement capturing the effect of the modification proposed by it. The proposal dated 4 February 2015 along with the information/ clarification furnished by VOCPT during the processing of the case in reference is considered in this analysis.

- (v). Optimal Capacity:

- (a). Considering the handling rate of 12,500 tonnes/ day with 70% utilisation in 365 days, the port has assessed the optimal capacity of dry bulk cargo to be handled by the semi mechanised facility envisaged in this project at 31,93,750 tonnes (i.e. 3.19 Million Tonne Per Annum (MTPA)). In the feasibility report at page 54, the optimal capacity of berth No IV with existing two level cranes of 20 T each is assessed at 3.02 Million Tonne Per Annum (MTPA).

The port has stated that the optimal capacity of 3.19 MTPA is assessed considering the handling rate of 12,500 T per day considered by this

Authority in the upfront tariff proposal for mechanization of handling equipment. It is relevant here to state that this Authority vide its Order No TAMP/16/2010- VOCPT dated 23 July 2010 has approved upfront tariff for mechanical handling infrastructure at Berth Nos. I to VI and IX on Build, Own and Operate (BOO) basis for standard HMC of 100 Tonnes and the optimal capacity assessed for dry bulk cargo considering the handling rate of 12500 Tonnes per day was 2.976 MMT per HMC for 4000 hours for a standalone equipment of 100T HMC. The VOCPT has, however, stated that at berth nos. III/ IV cargo from ship to shore will be carried out by 20 T capacity of port owned two numbers of cranes and two numbers of ship cranes. It has also confirmed that with 02 No's of 20 T capacity Port owned cranes and two numbers ship cranes, the average berth day output of 12500 MT is achievable. The position furnished by the VOCPT is relied upon. As stated earlier, this Authority has fixed upfront tariff for the 100 T HMT based on loading rate of 12,500 MT/day for various berths at VOCPT including berth Nos. III/ IV. That being so, optimal capacity assessed based on handling rate of 12,500 MT/day by VOCPT for a full fledged berth no. III or IV for 6132 hours (365 days * 70% * 24) at 3.19 MMT capacity is considered in our analysis as estimated by the port.

As stated earlier, the proposal originally filed by the VOCPT and even the Feasibility Report for the project was with reference to berth No IV and the optimal capacity of dry bulk cargo for the said Berth No IV was assessed at 3.19 Million Tonnes Per Annum (MTPA) by the port. Subsequently, when the proposal was in advance stage of finalization, the port has added berth No III also in this project citing that the hoppers proposed are movable and that Berth No. III is adjacent to Berth No. IV. While doing so, the VOCPT has not modified the optimal capacity and has maintained the total optimal capacity of the Project at 3.19 MTPA only. The port has stated that 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. It has further submitted that 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 and the total capacity of this Project will be 3.19 MTPA. Based on the submission made by the port, this Authority decides to proceed 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.

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 of 3.19 MTPA, the reference tariff prescribed by this Authority will be 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.

- (vi). The evacuation of optimal capacity of 3.19 MMT of dry bulk 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 MMT) for transfer of dry bulk cargo into railway wagon and 12,77,500 tonnes (i.e. 1.278 MMT) for dry bulk cargo transferred into port user's truck using hoppers at the berth itself.

When sought the basis for adopting the ratio of 60: 40, the VOCPT has categorically stated that after commissioning the proposed Wagon/ truck loading

system, 60 % the dry bulk cargo capacity of 3.19 MTPA will be evacuated through wagons and remaining 40 % through port user's trucks. The above segregation of the optimal capacity between the two methods of cargo transfer is relied upon and considered in the analysis.

(vii). Capital Cost:

The capital cost estimated by the VOCPT at ₹23.50 crores is towards mechanical equipment. Of the total capital cost estimated by the VOCPT at ₹23.50 crores, the VOCPT has considered ₹18.70 crores for handling dry bulk cargo for transfer of cargo into railway wagon and ₹4.80 crores is the capital cost estimated for cargo transfer through port user's truck using hoppers. The break up of the capital cost is discussed below:

- (a). The port has proposed total 4 numbers of hoppers of capacity 600 tons. 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 ₹12.00 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. ₹7.20 crores is allocated for movement on cargo into railway wagon system and 40% i.e. ₹4.80 crores is considered as the capital cost allocated for movement of cargo into port user's truck using hoppers.
- (b). For cargo transfer into wagon, apart from the capital cost of hoppers at ₹7.20 crores, the VOCPT has proposed two numbers of loading equipment called Telestack which has a long arm to load a rake at a rate of 1000 TPH. 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. The VOCPT has estimated the total capital cost of two telestacks at ₹9.00 crores and cost of ten trucks at ₹2.50 crores. Thus, the total capital cost estimated for transfer of cargo into railway wagon is ₹18.70 crores. The total capital cost considered by the VOCPT is ₹23.50 crores which is found to be as per the Feasibility Report. Based on the above position and since the number of equipment considered by the port is as per the 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 as proposed by the port is relied upon in the analysis.
- (c). Though documentary evidence to support the base rate of each equipment considered by it in the calculation of capital cost is not made available, the estimates are based on the position ascertained from the reputed manufacturers of the individual equipment. Since the total capital cost considered by the port is as per the Feasibility Report and also since none of the users/ prospective bidders have raised any objection with regard to the capital cost estimated for the project, the capital cost as estimated by the port is relied upon and considered in the analysis except for one addition i.e. inclusion of miscellaneous capital cost as explained in the subsequent paragraph.
- (d). 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 capital cost estimated by the VOCPT at ₹23.50 crores does not include estimation of miscellaneous capital cost. When brought this to the notice of the port, the VOCPT has requested this Authority to consider miscellaneous capital cost @ 5% on capital cost i.e. ₹0.24 crores for cargo transfer into port user's truck and ₹0.935 crores for cargo movement into railway wagon aggregating to total miscellaneous capital cost of ₹1.175 crores. The VOCPT has not considered the impact of this modification in its cost statement. In the cost statement prepared by us, miscellaneous capital cost is considered @ 5% of the capital cost as suggested by the VOCPT as it is in line with the norms prescribed in the 2008 guidelines.

- (e). Based on the above, the total capital cost comes to ₹24.675 crores comprising of ₹19.635 crores for cargo transfer into railway wagon and ₹5.04 crores for cargo transfer into port user's truck at the berth.
- (viii). The VOCPT has calculated the return on capital employed at 16% of the estimated capital cost, as prescribed in the guidelines.
- (ix). Operating cost:
The port has estimated the operating cost also for the two cargo movements i.e. transfer of cargo into railway wagon and transfer of cargo through port user's truck 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 4000 hours of operation and at the rate of ₹50.48 per litre. The VOCPT has not estimated power cost for any of the equipment. The VOCPT has confirmed that hoppers are expected to operate by fuel and hence cost of fuel is only considered.
 - (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. The VOCPT has stated that fuel consumption considered for hoppers, telestack and truck is as per the feasibility report of the consultant. As stated earlier, 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). As regards the working hours for fuel consumption, the VOCPT has estimated fuel consumption of the above mentioned equipment for 4000 working hours citing that it is as per the working hour norms prescribed in the guidelines for multipurpose cargo terminal. It is relevant here to state that optimal capacity of 3.19 MTPA assessed for this project is based on 6132 hours (i.e. 365 days *24 hours *70%). That being so, estimation of fuel cost for equipment for 4000 hours does not match with the working hours considered for assessing the optimal capacity for this project. Despite pointing out this mismatch, the VOCPT has not modified the working hours for estimation of fuel cost. Incidentally, in the another proposal filed by the VOCPT for fixation of reference tariff for mechanisation of coal yard, the port has modified the working hours for estimation of fuel cost at 6132

hours instead of 4000 hours. In the cost statement prepared by us, for estimation of fuel cost working hours for hoppers, trucks, telestack are modified and considered as 6132 hours instead of 4000 hours considered by the VOCPT. This is done so that working hours for all equipment proposed for deployment match with working hours considered in the optimal capacity assessed for the project. This is also in line with the working hour considered by VOCPT for another project relating to mechanization at coal yard which is being dealt with separately.

- (iv). The rate of fuel at ₹50.48 per litre is validated based on a documentary evidence and hence considered in the analysis.
- (b). 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 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 this cost components are considered on the capital cost of equipment including the miscellaneous capital cost in our analysis.
- (d). (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. The VOCPT has furnished relevant extract of the Companies Act, 2013, in support of the rate considered. 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). (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 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 licence fee at ₹348.68 per sq. mtr., which is seen to be as per the prevailing Scale of Rates.

In the cost statement, the VOCPT has shown the total license fee at ₹3.21 lakhs comprising of ₹0.56 lakhs for cargo transfer into port user's truck and ₹2.65 lakhs for cargo transfer into railway wagon. Subsequently, while furnishing the detailed computation the port has modified total estimated license fee at ₹2.93 lakhs comprising of ₹0.56 lakhs for cargo transfer into port user's truck and ₹2.37 lakhs for transfer of cargo into railway wagon and has requested to consider the modified license fee. It is seen that the VOCPT has estimated the license fee for each of the equipment type based on the area occupied. The license fee for the area occupied by hoppers is estimated at ₹1.395 lakhs and segregated between these two cargo movements in the ratio of 60:40 as done

for estimation of capital cost of hoppers. The license fee for telestacks and trucks are relevant for cargo transfer into railway wagon and hence considered for this particular movement of cargo only. The modified estimation of license fee is captured in the cost statement prepared by us.

- (g). The total estimates of operating cost based on the above analysis works out to ₹485.04 lakhs for cargo transfer into railway wagon, ₹112.65 lakhs for cargo transfer into port user's truck aggregating to ₹597.69 lakhs as against operating cost estimated by VOCPT at ₹419.60 lakhs for cargo transfer into railway wagon, ₹99.89 lakhs for cargo transfer into port user's truck aggregating to ₹519.49 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). (a). The total Annual Revenue Requirement (ARR) works out to ₹992.49 lakhs, which is an aggregate of operating cost (₹597.69 lakhs) and 16% return on capital cost (₹394.80 lakhs), as against the Annual Revenue Requirement estimated by the port at ₹895.49 lakhs.

The total Annual Revenue Requirement (ARR) for cargo transfer into railway wagon works out to ₹799.20 lakhs, which is an aggregate of operating cost (₹485.04 lakhs) and 16% return on capital cost (₹314.16 lakhs), as against the Annual Revenue Requirement estimated by the port at ₹718.80 lakhs.

The total Annual Revenue Requirement (ARR) for cargo transfer into port user's truck works out to ₹193.29 lakhs, which is an aggregate of operating cost (₹112.65 lakhs) and 16% return on capital cost (₹80.64 lakhs), as against the Annual Revenue Requirement estimated by the port at ₹176.69 lakhs.

It is relevant to state here that the ARR estimated by us works out to be higher than the level estimated by the VOCPT mainly because of considering miscellaneous capital cost at 5% of the capital cost which the port has not captured in the cost statement but has requested this Authority to capture it. This has impact on all the operating cost linked to the capital cost as well as on the return on capital cost. The another major modification is estimation of fuel cost considered by us for 6132 working hours for reasons explained earlier instead of 4000 working hours considered by the port.

- (b). The VOCPT has envisaged recovery of the entire assessed ARR from the optimal capacity of the facility from one tariff item i.e. handling charge. Accordingly, for handling charge for cargo transfer into railway wagon considering the modified ARR at ₹799.20 lakhs and the optimal capacity of 19,16,250 tonnes, the rate works out to ₹41.71 per tonne as against ₹37.51 per tonne estimated by the VOCPT i.e. (₹718.80 lakhs / 19,16,250 tonnes).

For cargo transfer into port user's truck considering the modified ARR at ₹193.29 lakhs and the optimal capacity of 12,77,500 tonnes, the handling charge works out to ₹15.13 per tonne as against ₹13.83 per tonne estimated by the VOCPT i.e. (₹176.69 lakhs / 12,77,500 tonnes).

- (c). The Dry Bulk Cargo to be handled under this project are coal, gypsum and limestone. The VOCPT has confirmed that these three cargo items have similar handling rates. Hence, its proposal for prescription of a

common rate for transportation of dry bulk cargo i.e. coal, limestone and gypsum is allowed in line with the approach adopted by the VOCPT. The only difference is that instead of stating dry bulk cargo, the three cargo items envisaged to be handled viz coal, (other than thermal coal), limestone and gypsum are also listed in the Scale of Rates while prescribing the handling rate. 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. As regards thermal coal, instead of the note proposed by VOCPT that thermal coal will not come under coastal category, a separate rate is prescribed for thermal at the same level for foreign and coastal cargo as thermal coal is not entitled for coastal concession as per the policy of the Government.

- (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 with the above mentioned definition of 'Coastal Vessel'.

- (xiii). The VOCPT was requested to incorporate the general condition that users will not be required to pay charges for delays beyond reasonable level attributable to BOT operator in line with similar prescription in the upfront/ reference tariff schedule in other Major Port Trusts including VOCPT. The point made by the VOCPT that as the rate proposed is on per metric tonne of cargo handled, the charges for delays beyond reasonable level may not be relevant is not found to be correct. The said condition is a general condition to protect the interest of users for delays beyond reasonable level attributable to BOT operator irrespective of the unit of levy. That being so, the said condition is prescribed in the reference tariff schedule in the instant case also in line with the prescription in the upfront/ reference tariff schedule in other Major Port Trusts including VOCPT.
- (xiv). The VOCPT has proposed a general note relating to indexation factor for automatic adjustment every year giving the base WPI to be considered for such indexation. 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, as proposed by the Port. Thus, the note in this regard as proposed by the Port is incorporated in the reference tariff schedule.
- (xv). 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 has furnished the basis for prescribing the performance parameter of loading 7 trucks per hopper which is relied upon. 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 are prescribed.

10.1. 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.

10.2. 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.

10.3. 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.

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 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.

11.1. 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.

11.2. 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.

11.3. 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.

11.4. 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.

11.5. 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.

11.6. After considering the views of the Major Port Trust, 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.

11.7. 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

11.8. 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 TAMP shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

11.9. 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.

11.10. 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.

11.11. 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.

11.12. 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.

11.13. 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.

11.14. 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.

11.15. 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 Licence Agreement.

(T.S. Balasubramanian)
Member (Finance)

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 proposal dated 4.2.2015			As considered by TAMP		
		Total	For Wagons loading	For handling Dry-bulk cargo	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	3,193,750.00	1,916,250.00	1,277,500.00	3,193,750.00	1,916,250.00	1,277,500.00
	(Tonnes/Annum)	(12500T/day * 365days * 70%)	(3193750T/annum *60%)	(3193750T/annum *40%)	(12500T/day * 365days * 70%)	(3193750T/annum *60%)	(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	1,200.00	720.00	480.00	1,200.00	720.00	480.00
		(100%* Rs.300Lakhs/Unit* 4unit)	(60%* Rs.300Lakhs/Unit*4unit)	(40%* Rs.300Lakhs/Unit*4unit)	(100%* Rs.300Lakhs/Unit*4unit)	(60%* Rs.300Lakhs/Unit* 4unit)	(40%* Rs.300Lakhs/Unit*4unit)
(ii).	For Telestacks	900.00	900.00	0.00	900.00	900.00	0.00
		(100%*Rs.450Lakhs*2Units)	(100%*Rs.450Lakhs*2Units)	(0%*Rs.450Lakhs*2Units)	(100%*Rs.450Lakhs*2Units)	(100%*Rs.450Lakhs*2Units)	(0%*Rs.450Lakhs*2Units)
(iii).	For Trucks	250.00	250.00	0.00	250.00	250.00	0.00
		(100%*Rs.25Lakhs*10Units)	(100%*Rs.25Lakhs*10Units)	(0%*Rs.25Lakhs*10Units)	(100%*Rs.25Lakhs*10Units)	(100%*Rs.25Lakhs*10Units)	(0%*Rs.25Lakhs*10Units)
(iv).	Sub-Total	2,350.00	1,870.00	480.00	2,350.00	1,870.00	480.00
(v).	Miscellaneous cost @ 5%	--	--	--	117.50	93.50	24.00
					(5% * Rs.2350 lakhs)	(5% * Rs.1870 lakhs)	(5% * Rs.480 lakhs)
(vi).	Total Capital Cost (iv+v)	2,350.00	1,870.00	480.00	2,467.50	1,963.50	504.00
III. Operating Cost:							
(i).	Fuel Cost :						
(a).	For Hoppers	40.38	24.23	16.15	61.91	37.15	24.76
		(4000Hrs*5 ltr/hr*Rs.50.48/ltr *4hopper)	(60%* Rs.40.38Lakhs)	(40%* Rs.40.38Lakhs)	(6132Hrs*5 ltr/hr*Rs.50.48/ltr *4hoppers)	(60%* Rs.61.91Lakhs)	(40%* Rs.61.91Lakhs)
(b).	For Telestack	20.19	20.19	0.00	30.95	30.95	0.00
		(4000Hrs*5 ltr/hr*Rs.50.48/ltr*2telestacks)	(4000Hrs*5 ltr/hr*Rs.50.48/ltr*2telestacks)	(0.00*Rs.50.48/ltr*2telestacks)	(6132Hrs*5 ltr/hr*Rs.50.48/ltr*2 telestacks)	(6132Hrs*5 ltr/hr*Rs.50.48/ltr*2 telestacks)	(0.00*Rs.50.48/ltr*2 telestacks)
(c).	For Trucks	48.46	48.46	0.00	74.29	74.29	0.00
		(4000Hrs*2.4 ltr/hr*Rs.50.48/ltr*10trucks)	(4000Hrs*2.4 ltr/hr*Rs.50.48/ltr*10trucks)	(0.00*Rs.50.48/ltr*10trucks)	(6132Hrs*2.4 ltr/hr*Rs.50.48/ltr*10 trucks)	(6132Hrs*2.4 ltr/hr*Rs.50.48/ltr*10 trucks)	(0.00*Rs.50.48/ltr*10 trucks)
(ii).	Repairs and Maintenance cost @5%	117.50	93.50	24.00	123.38	98.18	25.20
		(5%* Rs2350 Lakhs)	(5%* Rs1870 Lakhs)	(5%* Rs480 Lakhs)	(5%* Rs2467.50 Lakhs)	(5%* Rs1963.50 Lakhs)	(5%* Rs504 Lakhs)
(iii).	Insurance @1%	23.50	18.70	4.80	24.68	19.64	5.04
		(1%* Rs2350 Lakhs)	(1% * Rs.1870 Lakhs)	(1% * Rs.480 Lakhs)	(1%* Rs2467.50 Lakhs)	(1%* Rs1963.50 Lakhs)	(1%* Rs504 Lakhs)
(iv).	Depreciation	148.76	118.37	30.38	156.19	124.29	31.90
		(6.33%* Rs2350 Lakhs)	(6.33% * Rs.1870 Lakhs)	(6.33% * Rs.480 Lakhs)	(6.33%* Rs2467.50 Lakhs)	(6.33% * Rs.1963.50 Lakhs)	(6.33% * Rs.504 Lakhs)
(v).	Rent (Lease rent)	3.21	2.65	0.56	2.93	2.37	0.56
					(840sq.mtr.*Rs.348.68/sq.mtr) (Note 1)	((400sq.mtr.*60%)+(80sq.mtr.*360sq.mtr))*Rs.348.68/sq.mtr)	(400sq.mtr.*40%*Rs.348.68/sq.mtr)
(vi).	Other Expenses @5%	117.50	93.50	24.00	123.38	98.18	25.20
		(5%* Rs2350 Lakhs)	(5% Rs.1870 Lakhs)	(5% Rs.480 Lakhs)	(5%* Rs2467.50 Lakhs)	(5%* Rs1963.50 Lakhs)	(5%* Rs504 Lakhs)
(vii.)	Total Operating Cost [(i) to (vi)]	519.49	419.60	99.89	597.69	485.04	112.65
IV Annual Revenue Requirement and Proposed Handling Rate							
(i).	Annual Revenue Requirement (ARR)						
	(a). Total Operating Cost	519.49	419.60	99.89	597.69	485.04	112.65
	(b). Return on Capital Employed @16%	376.00	299.20	76.80	394.80	314.16	80.64
	(c).Total Revenue requirement	895.49	718.80	176.69	992.49	799.20	193.29
(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	--	37.51	13.83	--	41.71	15.13
	(b). For Coastal cargo	--	22.51	8.30	--	25.02	9.08

Note:

(1). The VOCPT has vide its letter dated 3 March 2015 requested the Authority to consider Miscellaneous capital cost at 5% of the total capital cost. Hence, in the cost statement prepared by us, miscellaneous capital cost is considered.

(2). The VOCPT has vide its letter dated 2 March 2015 modified the lease rent estimates at Rs. 2.93 crores as against Rs. 3.21 crores. The VOCPT has ,however, not captured the effect of this modification in its cost statement. In the cost statement prepared by the Authority, the modified lease rent indicated by the VOCPT is considered.

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 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).
 - (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. Cargo Handling Charges for Wagon loading using Hoppers, Trucks and Telestackers :-

Sl. No	Commodity	Rate per in MT (in Indian ₹)	
		Foreign	Coastal
1	Dry Bulk Cargo, Coal (other than thermal coal), Limestone and Gypsum	41.71	25.02
2	Thermal Coal	41.71	41.71

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 and Gypsum	15.13	9.08
2	Thermal Coal	15.13	15.13

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 Licensor 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

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

F. No.TAMP/08/2015-VOCPT	-	Proposal received from V.O. Chidambaranar Port Trust for fixation of upfront tariff for mechanization of the cargo transfer from VOC Wharf IV Berth to Wagon/ Truck loading system on license basis for 10 years period on revenue share basis.
---------------------------------	---	--

A summary of comments received from M/s. Seaport Logistics Pvt. Ltd. and the response of V.O.Chidambaranar Port Trust (VOCPT) thereon is tabulated below:

Sl. No.	Comments of the users / user organizations	Reply of VOCPT
1.	Seaport Logistics Pvt. Ltd.	
(i)	In the Capital cost, the cost of four number hoppers (surge bin 4 X 1000 MT) required for wagon loading is not considered. Please clarify.	Since 60% of evacuation of cargo through wagon loading is considered, 60% of the capital cost of four hoppers are considered.
(ii)	It is inferred from the cost statement that 60 % of the cargo discharged will be loaded into the wagons during the course of discharge of the vessel. In the event of non- dispatch of cargo by wagon, it is presumed that the cargo will be handled through hoppers in the ports users truck. Please clarify?	In the event of non-dispatch of cargo by wagon, the cargo will be handled through hoppers in the ports users' truck. With respect to mode of handling, the relevant tariff for truck loading/ wagon loading will be levied.
(iii)	Fuel Escalation to be considered for this project.	WPI notification of TAMP will take care.
(iv)	The hoppers are having dual option and the cost statement is silent about the power supply. Please clarify whether power will be supplied by the port.	Hoppers are expected to operate in fuel (Generators) and hence cost of fuel is considered.

2. A joint hearing in this case was held on 20 February 2015 at the VOCPT premises. At the joint hearing, the VOCPT and the concerned users/ organization bodies have made the following submissions:

V.O. Chidambaranar Port Trust (VOCPT)

- (i). Made a brief presentation of its proposal. Hard copy was given.
- (ii). Presently, dry-bulk cargo is being dumped at the wharf. Lot of time is consumed for loading the dumped cargo from the wharf to wagons. Due to poor evacuation of cargo from the berth, the cycle time of loading the railway racks goes up leading to payment of demurrage charges by the Port users. Moreover, transfer of cargo using Front End Loaders and

trucks leads to slow evacuation of cargo from VOC III/IV berth.

- (iii). Our project envisages to transfer the cargo unloaded at VOC Wharf III/ IV onto wagon / trucks by semi mechanized means using 4 nos. of mobile hoppers and two nos. of telestackers and 10 nos. of customized trucks.
- (iv). Users also have the option to take cargo directly to the user's storage area.
- (v). The total capital cost is estimated at ₹. 23.50 crores based on the Feasibility Report plus 5% miscellaneous cost.
- (vi). Optimal capacity is assessed at 3.19 MTPA restricted to the capacity of the berth. Of this, for wagon loading the optimal capacity is considered at 1.91 MTPA and for truck loading at 1.27 MTPA assuming the ratio of the two means of transfer at 60:40 respectively.
- (vii). The project is to speed up the evacuation of cargo from the wharf and to reduce dust pollution and spillage of cargo.
- (viii). We have proposed Performance Standards for truck loading as well as for wagon loading. For truck loading we have proposed availability at 90% per equipment per month at berth III/IV and efficiency standards to load 7 trucks per hour per hopper of each 20 tonnes capacity (approx) trucks or proportionately. For wagon loading we have proposed performance standards of complete loading of one rack consisting of 59 wagons in four hours.

Tuticorin Stevedores Association (TSA)

- (i). If cargo is evacuated through truck, the discharge rate will reduce.

[VOCPT- The semi mechanized system envisaged by us is working in other ports. The hoppers proposed are movable. They can be moved. They can also be washed and it is possible to handle different cargo].
