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Tariff Authority for Major Ports

G.No.226 **New Delhi,** **11 June 2021**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Deendayal Port Trust for fixation of Reference tariff for development, operation and maintenance of Oil Jetty No.11 to handle liquid cargo at Old Kandla on Build, Operate and Transfer (BOT) basis under Public Private Participation (PPP) mode at Deendayal Port as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/13/2021-DPT

Deendayal Port Trust	**------**	**Applicant**

QUORUM

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

O R D E R
(Passed on this 13th day of May 2021)

This case relates to the proposal received from the Deendayal Port Trust (DPT) for fixation of Reference tariff for development, operation and maintenance of Oil Jetty No.11 to handle liquid cargo at old Kandla on Build, Operate and Transfer (BOT) basis under Public Private Participation (PPP) mode at Deendayal Port under Reference Tariff Guidelines of 2013.

2.1. The Deendayal Port Trust (DPT) vide its letter dated 01 January 2021 had earlier submitted a proposal on the above subject. Since there were information gaps which are brought out herein below in the earlier proposal dated 01 January 2021, the DPT was requested vide our letter No.TAMP/5/2021-DPT dated 19 January 2021 to file a fresh proposal alongwith the information/ clarification sought by us.

2.2. Accordingly, the DPT, vide its email dated 10 February 2021 under cover of its letter No.EG/WK/5109/TAMP dated 10 February 2021, has filed a fresh proposal and has also furnished the information/ clarification sought by us. The DPT, vide its email dated 16 February 2021 has furnished the list of prospective bidders to be consulted in the current proposal.

2.3. The main points relevant to the current DPT proposal on which clarification was sought from the DPT with respect to its earlier proposal dated 01 January 2021 and the clarification of DPT thereon vide its letter dated 10 February 2021 are tabulated below:

Sr. No.	Information/ clarification sought by us	Reply of DPT thereon
1.	(a). As per Clause 2.2 of the Reference Tariff Guidelines (RTG) of 2013, Major Port Trust can adopt highest upfront tariff fixed for a particular commodity in the concerned Major Port Trust or in any other Major Port Trust which is representative enough for that commodity giving detailed and sufficient justification.	Reference Tariff is defined under Article 2.2 of the 2013 Guidelines like this: “The Reference Tariff will be the highest tariff fixed for that commodity in the concerned Major Port Trust under the 2008 Tariff Guidelines.”
	Further, Clause 2.4 of the RTG 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 TAMP with a proposal to refix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification.	DPT has got approved tariff for liquid cargo at old Kandla [Kandla Port Trust (KPT)] for fixation of upfront tariff for the Oil jetty to be developed for handling liquid cargo and ship bunkering terminal at old Kandla on Built, Operate and Transfer (BOT) basis). Accordingly, TAMP vide its Order no.TAMP/5/2013/KPT dated 09.05.2013 has approved upfront tariff for POL and Other Liquids. Hence for the proposed project DPT has adopted reference tariff for POL & Other Liquid.
	The port has adopted Reference tariff from the DPT Order No.TAMP/5/2013-KPT dated 09 May 2013 for POL and Other Liquid for handling charge, Berth hire charge, Storage charge and Miscellaneous charges; and for	As per article 2.4 of the new Guidelines that “In case no tariff has been fixed for a particular commodity in a particular Major Port Trust under the 2008 Guidelines, then TAMP will notify the highest Tariff

<table>
<tr><td></td><td>LPG handling, the Reference tariff from Syama Prasad Mookerjee Port (SPMP) Order No.TAMP/5/2016-KOPT dated 30 March 2016 is adopted by the port. Further, citing the reason that no tariff is available for LPG storage charge in the nearby port, the port has worked out Storage charge for LPG following upfront tariff guidelines of 2008

The DPT to justify proposing reference tariff which is partly adoption of reference tariff in its own port and SPMP and partly based on independent tariff calculation on principles of upfront tariff guidelines of 2008. In the other words, explain why DPT could not have filed a full fledged proposal based on principles of the upfront tariff guidelines of 2008.

(b). Further, when it is an adoption case it is not clear why DPT has furnished cost calculation for the entire project. DPT to resubmit the proposal as fresh proposal with cost calculation only for LPG storage activity as tariff for other items are based on adoption.</td><td>under the 2008 Guidelines available for that commodity in the nearest Major Port Trust.”

LPG commodity has not been approved in DPT under PPP mode and there is no tariff fixed for LPG commodity as per 2008 Guidelines, Hence, we have adopted reference tariff for this proposed project from KOPT Order. The reference tariff of LPG is adopted from the tariff for LPG approved by TAMP under upfront Tariff Guidelines, 2008 vide Order No.TAMP/5/2016-KOPT dated 30 March 2016 for SPMP for setting up a Liquid Jetty at Haldia Dock-II, Shalukkhali, Haldia through PPP mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

The reason DPT did not prefer to file a full-fledged proposal on principles of upfront Tariff Guidelines of 2008 for OJ 11, is mainly attributed to the fact that the Tariff proposals of Oil Jetties(OJ) 09 & 10, framed on the similar analogy as OJ-11, have already been approved by the TAMP and further, the proposed OJ- 11 is adjacent to OJ 9 & OJ 10. Hence, it is evident that adopting the option of preparing fresh upfront tariff proposal for OJ -11 would create disparity and anomaly in the tariff rates, which would resultantly hurt the financial viability of all three projects, since the proposed facility of OJ 11 will handle same commodities (except Storage of LPG) i.e. POL, LPG & other Liquids as OJ 09 & 10 and TAMP has already Notified and approved, the rates for OJ 09 & 10.
Also, this aspect already exists in OJ 09 & OJ 10, under PPP mode, wherein, based on the above said justification given by the DPT, the same has been duly approved and notified by TAMP and this being a similar case, the same has been considered.

(b). As suggested, in the revised fresh tariff proposal the cost calculation for LPG storage activity has been furnished.
[The DPT has furnished revised fresh tariff proposal]</td></tr>
<tr><td>2.</td><td>The proposed Performance Standards in respect of cargo category POL Products, Other Liquids are not in line with the norms for handling rate considered in the DPT Order dated 09 May 2013 under Upfront</td><td>(a). Gross Berth Output:
<table><tr><td>Previous Note of proposed SOR Schedule 2.1</td><td>Revised note of proposed SOR Schedule 2.1</td></tr><tr><td>Performance Standard of Tariff</td><td>Revised Performance</td></tr></table></td></tr>
</table>

	Tariff Guidelines of 2008 and for LPG the proposed Performance Standards are not in line with the norms for handling rate considered in SPMP Order dated 30 March 2016. Since the upfront tariff is adopted from these Orders, the proposed performance standards must also be in tandem with the adopted orders. The DPT, therefore, to furnish the revised Performance Standards for the proposed project in tandem with the performance / output norms considered in the upfront tariff fixed in the adopted orders.	proposal OJ 11: 1.Gross Berth Output Liquid Bulk POL Product- 708 T/H LPG- 584 T/H Other Liquids- 461 T/H Standard for OJ 11: 1.Gross Berth Output Liquid Bulk POL Product- 1000 T/H LPG - 250 T/H Other Liquids- 300 T/H Performance Standard for Gross Berth Output in the revised fresh proposal has been proposed (i) for POL and Other Liquids based on Tariff Order No. TAMP/5/ 2013 -KPT dated 9 May 2013 and (ii) for LPG, based on Order No. TAMP/5/ 2016 -KOPT dated 30.03.2016. [The DPT vide its email dated 01 April 2021 has furnished the Performance Standard for LPG at 250 T/H instead of 1000 T/H proposed earlier and for POL at 1000 T/H instead of earlier proposed performance standard for POL Products at 250 T/H in line with the adopted upfront tariff Orders of SPMP and KPT respectively.] This cargo items exists in OJ 09 & OJ 10 which has been duly approved and notified by TAMP and this being a similar case, the same has been considered. (b). Transit Storage Dwell Time: (i). POL and Other Liquids Performance standard for Transit storage dwell time has been proposed at 12 days for POL and other Liquid based on tariff Order No. TAMP/5/ 2013 -KPT dated 9 May 2013. [Tariff Order dated 9 May 2013 does not prescribe Performance Standard for dwell time.] (ii). LPG Performance standard for transit storage dwell time has been proposed at 2 days for LPG based upon on current market scenario and discussion with stakeholders.
3.	As per Clause 2.2 of the Reference Tariff Guidelines of 2013, Major Port Trust can adopt highest upfront tariff fixed for a particular commodity in the concerned Major Port Trust or in any other major Port Trust which is representative enough for that commodity giving detailed and sufficient justification. The proposal of the DPT does not state that the upfront tariff adopted for cargo handling rate of POL & Other Liquids, Berth hire charge, Liquid Storage charge and Misc. charges adopted from the DPT Order dated 09 May 2013 and for LPG from KOPT Order	Both the facilities, KOTPL and the subject facility for which current Tariff has been adopted are similar in nature. They will be handling exactly same type of commodities i.e. liquid cargo of POL, Other Liquids & LPG. Cargo to be handled at proposed Jetty No.11: **Sr. No.** | **Particulars** 01 | POL 02 | LPG 03 | Other Liquids Optimal capacity:

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<td>dated 30 March 2016 are representative enough for the proposed project oil jetty no.11. The DPT, therefore, to confirm that the tariff adopted from DPT Order dated 09 May 2013 and KOPT Order dated 30 March 2016 are representative enough for proposed project in terms of optimal capacity, capex, various components of the facility that is required to be created, equipment to be provided and types of cargo considered in its proposed project.</td>
<td>
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>KOTPL</th><th>OJ 11</th></tr>
<tr><td>01</td><td>Optimal Capacity</td><td>3.39 MMTPA</td><td>3.2 MMTPA</td></tr>
</table>
However for LPG, DPT doesn’t have LPG rate approved. Since DPT don’t have rate for LPG, DPT has adopted the rate of LPG from SPMP.
Based on above paragraph, the upfront tariff for cargo handling charges of POL & Other Liquids, Berth hire charges and Misc. charges adopted from the DPT Order dated 09 May 2013 and for LPG from SPMP Order dated 30 March 2016 are representative enough for the proposed project at Oil Jetty No.11.
Further, this aspect already exists in OJ 09 & OJ 10, under PPP mode, wherein, based on the above said justification given by the DPT, the same has been duly approved and notified by TAMP and this being a similar case, same has been considered.
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<td>4.</td>
<td>Storage charge for LPG:
(a). As per the tariff proposal, the capital cost for development of LPG Tank Farm considered in the Table relating to Liquid Storage activity is as follows:
(₹ in lakhs)
<table>
<tr><td>(i).</td><td>Civil cost for development of LPG Tank Farm</td><td>893.09</td></tr>
<tr><td>(ii).</td><td>Mechanical cost for development of LPG Tank Farm</td><td>569.85</td></tr>
<tr><td></td><td>TOTAL</td><td>1,463.50</td></tr>
<tr><td>(iii).</td><td>Miscellaneous cost at 5%</td><td>73.18</td></tr>
<tr><td></td><td>Total Capital cost for storage activity of LPG</td><td>1,536.68</td></tr>
</table>
However, in calculation of tariff for storage of LPG, the capital cost for LPG Storage Development is considered at ₹1,491.44 lakhs. The difference is reconciled and the capital cost for LPG Storage Development is considered correctly.

(b). DPT to confirm that the estimated capital cost of ₹14.91 crores for storage facility for LPG captures all the items and it reflects the current market rate.

(c). The DPT has furnished optimal capacity of liquid tank farm at 4418 KL/Day. Furnish the basis of consideration of optimal capacity of liquid farm at 4418 KL/day. Also,
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<td>(a). The capital cost for LPG Storage Development has been considered of ₹1,536.09 lakhs and has been reconciled and corrected as given below:
<table>
<tr><th>Description</th><th>Amount in Lakhs</th></tr>
<tr><td>Civil Cost for Development of LPG Tank Farm</td><td>893.10</td></tr>
<tr><td>Misc. Charges @ 5%</td><td>44.65</td></tr>
<tr><td>Civil Cost- Sub Total (a)</td><td>937.75</td></tr>
<tr><td>Storage activity: Mechanical Cost</td><td></td></tr>
<tr><td>Mechanical Cost for Development of Tank Farm</td><td>499.85</td></tr>
<tr><td>Firefighting equipment’s</td><td>70.00</td></tr>
<tr><td>Miscellaneous Charges @ 5%</td><td>28.49</td></tr>
<tr><td>Mechanical Cost -Sub Total, (b)</td><td>598.34</td></tr>
<tr><td>Total Capital Cost for LPG Storage Development (c) = (a) + (b)</td><td>1536.09</td></tr>
</table>
[DPT has furnished revised Storage Tariff calculation along with proposed Performance Standards]

(b). The revised estimated Capital cost of ₹15.36 crores for storage facility for LPG captures all the items i.e. civil & mechanical cost for development of LPG Tank, Firefighting & other items and it reflects the prevailing market rate.

(c). The total no. of Tank farms envisaged for the project is 38 out of which 37 nos. are for POL & other Liquids and 1 no. for LPG. The optimal capacity, as per TAMP
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	furnish the total no. of tanks envisaged for LPG storage and detailed computation of optimal capacity of tank farm for storage of LPG with reference to the optimal capacity considered in arriving at the proposed storage tariff.	guidelines for upfront tariff setting for PPP projects at major Port Trust, 2008, is considered at 70% load factor. The cargo handling ratios for POL, LPG and other liquids, based on last five years liquid cargo handled at Kandla port are 17.32%, 8.76% and 73.93% respectively. The optimal capacity for proposed oil jetty comes out to be 3.2 MMTPA. The Optimal Storage Capacity of Tank Farm at a time in Kilo Litres for LPG, POL & Other liquids is 2584 KL, 27102KL & 100446 KL respectively. The total capacity 132000 KL has been considered based on current market scenario and discussion with stakeholders. In terms of Metric Tonnes, the optimal storage capacity of Tank Farm at a time for LPG, POL & Other liquids is 1718 MT, 20597 MT & 85881 MT respectively as per the proposal. The DPT has furnished detailed computation of optimal capacity of Tank farm for storage of all liquid cargo at Para 1.3 of Tariff proposal.
5.	The DPT envisages to provide storage facility for POL, Other Liquid and for LPG in the current proposal for Jetty No.11. Whereas, in the other two projects for jetty nos.09 & 10 for which reference tariff was recently proposed by the DPT and approved by TAMP, the port did not envisage storage facility for POL, Other Liquid and LPG. Please elucidate the reasons for not keeping this project at Jetty No.11 in parity with Jetty No.9 and 10 as regards storage facility.	During meeting held between the DPT officials & Jt. Secretary (PPP), MoPSW, regarding the Development, Operation & Maintenance of OJ 09 to OJ 11 under PPP mode, the possibility of business generation & present market scenario, in line with the upgraded handling capacity of DPT were analyzed. If all the three Oil Jetties were brought into the picture with storage facilities, the financial viability of all three projects was getting hurt. Further, in the backdrop of ground scenario, wherein, the existing tank farms were operating only up to 30 to 40% of their designed capacities it was not advisable to create huge additional storage tank farms facilities. In view of above, and further on the request of the prospective bidders, and after detailed deliberations on the matter, during above said meeting, the proposed structuring of OJ 09, OJ 10 & OJ 11 were finalized. It was also realized to explore the possibilities with regards to prospective bidders, who had their own storage facility in the vicinity and would take up the facility without storage, which in turn, would make the project viable and earn better revenue in future. Hence, it was unanimously concluded in the above said meeting, to go ahead with the option of providing the facility i.e. OJ09 & OJ10 without storage and OJ11

		with storage.

3. The Ministry of Ports, Shipping and Waterways (MOPSW), the then Ministry of Shipping (MOS), vide its letter No.PR-14019/16/2012-PG dated 31 July 2013 has issued 'Guidelines for Determination of Tariff for Projects at Major Ports, 2013' under Section 111 of the Major Port Trusts (MPT) Act, 1963 on 09 and 12 September 2013. The said Guidelines were notified in the Gazette of India on 30 September 2013 vide Gazette no.254 and made effective from 9 September 2013 and valid for five years. The validity of the said Guidelines has been subsequently extended by the MOPSW beyond its expiry from time to time and the validity of the said Guidelines last extended by the MOPSW is till 8 September 2021 which has been notified by this Authority vide Gazette No.153 dated 12 April 2021.

4.1. Following the provisions of said Reference Tariff Guidelines of 2013, the DPT has filed its current proposal. The main submissions made by the DPT in its proposal dated 10 February 2021 for its proposed project Oil Jetty No.11 are summarized below:

(i). Owing to the growth of Traffic on existing oil terminals and in order to ease pressure on the existing oil terminals and to cater additional liquid cargo, DPT has felt the need to create additional facilities. Old Kandla area has been identified for setting up an Oil Jetty No.11.

(ii). The proposed facility shall be used for handling liquid cargo of POL, LPG & other liquids i.e. Edible oil, Chemicals.

(iii). The proposed facility will be able to handle vessels having 13m of draft alongside berth and depth of 14.1m below CD to cater vessels of higher draft. Commissioning of the proposed facility shall augment the liquid cargo handling capacity of Deendayal Port by 3.5 MMTPA. The proposed Jetty is envisaged with consideration of a storage facility dedicated to the jetty and Storage tank farm with an aggregate storage capacity of 130132 KL having pipeline connectivity for receiving as well as supplying the fuels. [DPT has attached Appendix A giving Layout of the Project].

(iv). <u>Project Concept and Cost estimates</u>:

(a). BOT operator shall undertake the development activities at the Oil jetty 11 at old Kandla. The main components of the project shall be constructed by the BOT operator including design, construction, operation & maintenance as per standard course & norms.

(b). Vessel size to be handled is up to DWT of 80,000 with 13m fully laden vessel draft.

(c). Total estimated cost of project is ₹361.70 Crores for OJ-11.

(d). The optimal capacity of the Jetty is estimated at 3.2 MTPA.

(v). The DPT has made detailed submission with respect to major components of the Project facility, Design Parameters of Jetty Structure, Particulars of the Design vessel at DWT, Handling equipments (Mechanization), Electrification, etc.

(vi). The proposal filed by the DPT is for adoption of the tariff approved by this Authority for the same port vide Order No.TAMP/5/2013-KPT dated 09 May 2013 in respect of POL & Other Liquid Handling charge, Liquid Storage charge, Berth hire charge and Miscellaneous charge. For handling charge for LPG, the port has proposed to adopt the reference tariff approved by this Authority for Syama Prasad Mookerjee Port(SPMP) in tariff Order No.TAMP/5/2016-KOPT dated 30 March 2016.

(vii). Since no tariff has been fixed for storage of LPG and reference tariff for storage of LPG is not available in the nearest major port under PPP mode, the DPT has proposed the tariff for storage of LPG following normative approach under Upfront tariff guidelines of 2008.

(viii). The DPT has applied applicable annual escalation factor under Upfront guidelines of 2008 upto the year 2020-21 on the tariff approved by Authority for POL and

Other Liquid handling charge, Liquid Storage charge, Berth hire charges and Miscellaneous charge prescribed in DPT Order dated 09 May 2013 considering base year for annual indexation in tariff as 1 January 2012 as prescribed in the adopted tariff Order. For LPG, the port has applied annual escalation factor under Reference Tariff Guidelines of 2013 upto the year 2020-21 on the tariff approved by this Authority in the SPMP Order dated 30 March 2016 with base WPI 1 January 2015 as prescribed in the said Order.

(ix). The proposed Reference Tariff rates for Oil Jetty No.11 after applying applicable annual indexation factor are given below:

Proposed indexed Reference Tariff Rates and reference of adopted upfront/ Reference Tariff Orders			
Sr. No.	**Item**	**Rate**	**Reference of Tariff of Orders adopted by DPT in the current proposal**
1	**Cargo Handling (other liquids)**		
	Foreign (₹ /MT)	127.91	G.No.198 dated 24 July 2013
	Coastal (₹ /MT)	76.74	Order No.TAMP/5/2013-KPT dated 9 May 2013
2	**Cargo Handling (POL)**		
	Foreign (₹ /MT)	36.84	G.No.198 dated 24 July 2013
	Coastal (₹ /MT)	36.84	Order No.TAMP/5/2013-KPT dated 9 May 2013
3	**Cargo Handling (LPG)**		
	Foreign (₹ /MT)	215.68	G.No.263 dated 21.06.2016
	Coastal (₹ /MT)	129.41	Order No.TAMP/5/2016-KOPT dated 30.03.2016
4	**Storage Charges for cargo stored in tank farm**		
	(i). Liquids (₹ /MT/Day)	7.31	G.No.198 dated 24 July 2013 Order No.TAMP/5/2013-KPT dated 9 May 2013
	(ii). LPG (₹ /MT/Day)	67.44	Following Upfront Tariff Guidelines of 2008
5	**Miscellaneous Charges (₹/ Tonne)**	4.84	G.No.198 dated 24 July 2013 Order No.TAMP/5/2013-KPT dated 9 May 2013
6	**Berth Hire**		
	Foreign (₹ per GRT per hour)	0.67	G.No.198 dated 24 July 2013
	Coastal (₹ per GRT per hour)	0.40	Order No.TAMP/5/2013-KPT dated 9 May 2013

(x). <u>Calculation of proposed Reference Tariff for Storage of LPG following the principles of 2008 upfront tariff guidelines</u>:

Capital Cost	
Description	**Amount in lakh (₹)**
Civil cost for Development of LPG Tank Farm	893.09
Miscellaneous Charges @ 5%	44.66
Civil Cost – Sub Total (a)	937.75
Storage activity: Mechanical Cost	
Mechanical cost for development of tank farm	499.85
Fire fighting equipments	70.00
Miscellaneous Charges @ 5%	28.49
Mechanical Cost – Sub Total (b)	598.34
Total Capital Cost for LPG Storage Development (c) = (a)+(b)	**1536.09**

Operating Cost				
Sr. No.	**Description**		**Unit**	**Amount (Lakh ₹)**

(a)	Power consumption (0.47 hectares, 240000 units per hectare/annum @ ₹10.27 per unit	0.47	10.27	* 11.54
(b)	Repair and Maintenance			
	Civil works	1.00%	937.75	9.38
	Equipment cost	2.00%	598.34	11.97
(c)	Insurance	1.00%	1536.09	15.36
(d)	Depreciation			
	Civil items (other than tank farm structure)	1.58%	342.88	5.42
	Equipment cost	6.33%	598.35	37.88
	Tank farm structure	3.80%	594.87	22.61
(e)	License fee for storage area	4680	1019.37	47.71
(f)	Other expenses	1%	1536.09	15.36
	Total Operating cost			**177.21**

[*Arithmetically it works out to ₹11.58 lakhs and total operating cost comes to ₹177.27 lakhs]

Revenue Requirement Per Year	
Description	**Amount (₹ in lakh)**
ROCE @16% of Capital cost	245.77
Operating cost	177.21
Revenue requirement for LPG tank farm	**422.98**

Storage Tariff calculation for LPG storage tank		
Capacity of liquid tank farm	1718	MT at a time
No.of days in a year	365	days
Storage Tariff	**** 67.44**	**₹/MT/day**

[** 422.98 lakhs/ optimal capacity of LPG 313703 tonnes / 2 days average dwell time for which storage charge to be levied.]

(xi). Performance Standards for OJ-11:

(a). Proposed Performance standard for Gross Berth Output for POL and Other liquids are adopted based on the handling rate per day considered in the adopted tariff Order No.TAMP/5/2013-KPT dated 09 May 2013 in terms of per tonne/hour. In respect of LPG, the Gross Berth Output is proposed as prescribed in the adopted SPMP Order No.TAMP/5/2016-KOPT dated 30 March 2016. The proposed Performance standards for Gross Berth Output for different categories of cargo are as follows:

Cargo Category	**Indicative Norms** **GROSS BERTHDAY OUTPUT**
Liquid Norms	
LPG	1000 T/H
POL	250 T/H
Other Liquid	300 T/H

(b). Performance Standards for transit storage dwell time is stated to be proposed at 12 days for POL and Other Liquid based on tariff Order No.TAMP/5/2013-KPT dated 09 May 2013 and 2 days for LPG based on current market scenario and discussion with stakeholders.
[Tariff Order dated 9 May 2013 do not prescribe Performance Standard for dwell time.]

(xii). The DPT has furnished proposed Scale of Rates alongwith conditionalities and Performance Standards for Oil Jetty No.11.

(xiii). The DPT, vide its email dated 07 January 2021 has furnished a copy of its Board of Trustees Resolution No.136 dated 17 March 2020 wherein the Board has authorized the Chairman, DPT to approve draft Upfront/ Reference Tariff, clarification to Queries/observation of TAMP and forward the same to TAMP in case of proposed Oil Jetty No.11.

4.2. Subsequently, the DPT vide its email dated 01 April 2021 has furnished Performance Standards after correcting the typographical error in its Performance Standards proposed for indicative norms for LPG and POL furnished alongwith its proposal dated 10 February 2021. The revised corrected Performance Standards in terms of gross berthday output proposed by the DPT is given below:

Cargo Category	Performance Standards Gross Berth Day Output
Liquid Norms	
LPG	250 T/H
POL	1000 T/H
Other Liquid	300 T/H

5.1. Thus, to summarise, the DPT has adopted the upfront tariff approved by this Authority vide Order No.TAMP/5/2013-KPT dated 09 May 2013 in respect of POL & Other Liquid cargo handling charge, Liquid Storage charge, Berth hire charge and Miscellaneous charge; and, for LPG handling charge the port has proposed to adopt the reference tariff approved by this Authority vide tariff Order No.TAMP/5/2016-KOPT dated 30 March 2016. Since no tariff has been fixed for storage of LPG and reference tariff for storage of LPG is not available in the nearest major port under PPP mode, the DPT has proposed the tariff for storage of LPG following normative approach under upfront Tariff Guidelines of 2008.

5.2. A comparison of the tariff approved by this Authority vide DPT Order dated 09 May 2013 in respect of adopted tariff for handling charge and charge for storage of liquids like POL and Other Liquid, Misc. charge and berth hire charge and for LPG handling charge from Order No.TAMP/5/2016-KOPT dated 30 March 2016 vis-à-vis the current proposal dated 10 February 2021 after applicable annual indexation factor are tabulated below:

Particulars	Upfront/ Reference tariff as per DPT Order No.TAMP/5/2013-KPT dtd.9.5.2013 for Handling charge and Storage of Liquids like POL and Other Liquid, Misc. charge and Berth hire charge and SPMP Order No.TAMP/5/2016-KOPT dated 30.3.2016 for handling of LPG		Proposed reference tariff in DPT proposal dated 10 February 2021	
			Proposed Jetty No.11	Proposed Performance Standards for Jetty No.11
Cargo Handling Charge	**Approved tariff (in ₹ / tonne)** F C	**Handling Rate (in ₹)**	**Proposed tariff (in ₹ / tonne)** F C	
(i). POL	31.29 31.29	1000/hr	36.84 36.84	1000/hr
(ii). Other Liquid	108.64 65.18	300/hr	127.91 76.74	300/hr
(iii). LPG	201.31 120.79	250/hr	215.68 129.41	250/hr
Berthing Activity (Per GRT/Hr)	F C ₹0.57 ₹0.34	-	F C ₹0.67 ₹0.40	-
Miscellaneous Charges (Per MT)	₹4.11 per MT	-	F C ₹4.84 ₹4.84	-
Storage facility			F C	**Transit Storage Dwell Time**
(i). Liquids (₹ /MT/Day)	₹6.21(₹ /MT/Day)	-	7.31 7.31	12 days
(ii). LPG (₹ /MT/Day)	No rate available		67.44 67.44	2 days

6. Since the tariff proposed by DPT for storage of LPG is not an adoption of existing upfront/ reference tariff for reasons cited by the port and port has furnished separate calculation for proposed storage charge for LPG following normative approach under Upfront tariff guidelines of 2008, in accordance with the consultation process prescribed, a copy of the DPT proposal received vide its email dated 10 February 2021 was circulated vide our letter dated 15 February 2021 and 18 February 2021 to the users/ user organisations/ prospective bidders forwarded by the DPT vide its email dated 16 February 2021seeking their comments on Storage charges proposed by the DPT. None of the users/ user associations/ prospective bidders have furnished their comments except Indian Oil Corporation Limited (IOCL). A copy of the comments received from IOCL was forwarded to the DPT as feedback information. The DPT has furnished its comments vide its email dated 10 March 2021.

7. A joint hearing in this case was held on 05 March 2021 through Video Conferencing. At the joint hearing, DPT made a power point presentation of its proposal and has also forwarded a copy of the Power Point Presentation. The DPT and the concerned users/ user organizations have made their submissions at the joint hearing.

8.1. As regards the point made by M/s.Adani Port & SEZ Limited(APSL) with respect to calculation of capacity of storage tank for LPG, the DPT was requested vide our letter dated 09 March 2021 to furnish clarification in this regard. The DPT, vide is email dated 10 March 2021, has furnished its reply thereon and has also reproduced the working for optimal capacity calculation for the proposed oil jetty furnished alongwith its current proposal.

8.2. The DPT vide its email dated 18 March 2021 has proposed to incorporate the following Notes under the Schedule of Storage charges for Liquid Tank Farm and LPG:

Notes:

(i). No free days shall be allowed for any type of cargo.

(ii). The demurrage charges on hazardous liquids shall be levied at 1.25 times the normal rates specified in above schedule.

(iii). Storage charges shall be payable for all days including Terminal's non-working days and Customs notified holidays for stay of cargo.

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

9. 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.

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

(i). The proposal of the Deendayal Port Trust (DPT) is for fixation of Reference Tariff for development, operation and maintenance of Oil Jetty No.11 to handle liquid cargo at Old Kandla on Build, Operate, Transfer (BOT) basis under Public Private Participation (PPP) mode at DPT adopting upfront tariff fixed for handling charge of POL and Other Liquid cargo approved by this Authority in its own port for developing oil jetty to handle liquid cargo vide Order No.TAMP/5/2013-KPT dated 09 May 2013. For handling charges of LPG, the DPT has proposed to adopt the reference tariff approved by this Authority vide Order No.TAMP/5/2016-KOPT dated 30 March 2016 for setting up a liquid jetty at Haldia Dock-II, Shalukkhali at Syama Prasad Mookerjee Port (SPMP). The proposed reference tariff is after applying applicable annual indexation factor. Since upfront/ reference tariff for storage of LPG is neither prescribed in its own port nor nearest major ports for PPP projects, the DPT has proposed the tariff for storage of LPG following normative approach under Upfront tariff guidelines of 2008.

(ii). As per Clause 2.2 of the Revised Tariff Guidelines of 2013, port has the option to adopt the highest upfront tariff fixed by this Authority for that commodity/ service in the concerned Major Port Trust under the upfront Tariff Guidelines of 2008. In case no tariff has been fixed for that commodity at the concerned Major Port Trust or the highest tariff fixed in the concerned major Port Trust do not represent the project proposed to be developed, then the port has the option to adopt highest upfront tariff fixed by this Authority in any other Major Port Trust which is representative enough for the commodity/ service envisaged in the project after giving detailed and sufficient justification. If both these options are not feasible, the port can propose reference tariff following the principles prescribed in the upfront tariff guidelines of 2008. The proposal of DPT prima facie fits within the provisions of Reference Tariff Guidelines 2013.

(iii). The Port has justified that the proposed estimates with respect to optimal capacity, type of cargo at Oil Jetty No.11 envisaged at old Kandla at DPT are of similar nature compared to the Oil Jetty at DPT for which upfront tariff was fixed vide Order dated 09 May 2013 and for LPG, the reference tariff fixed for Liquid Jetty at SPMP. The port has also confirmed that the upfront tariff for POL and Other Liquids approved vide DPT Order dated 09 May 2013 for Oil Jetty at DPT and for LPG approved vide SPMP Order dated 30 March 2016 for Liquid Jetty at SPMP are representative enough for its current project.

In view of the above position and recognising that the upfront tariff approved by this Authority vide Order No.TAMP/05/2013-KPT dated 09 May 2013 and reference tariff approved by this Authority vide Order No.TAMP/05/2016-KOPT dated 30 March 2016 are based on the norms and principles of the Upfront Tariff Guidelines of 2008/ Reference Tariff Guidelines of 2013 and the current proposal of the DPT is for adoption of the rates in the said Order after applicable annual indexation factor and the proposed storage charge for LPG is calculated by the port following upfront guidelines of 2008, this Authority is inclined to approve the proposal of the DPT for fixation of reference tariff for Oil Jetty No.11 at DPT adopting the relevant tariff items from the above said tariff Orders subject to applying annual indexation factor for the year 2021-22 as well announced by this Authority as brought out in the subsequent paragraphs.

(iv). It is relevant here to mention that, for storage of LPG there are no prescribed norms under upfront Tariff Guidelines of 2008. The DPT has calculated storage charge for LPG following the principles for fixation of upfront tariff for Liquid Terminal as explained in the foregoing paragraphs.

(v). Calculation of Storage charge for one no. LPG tank farm:

(i). Optimal capacity:
Optimal capacity of LPG handling assessed by the DPT is 313703 tonnes per annum {313703 MT [handling rate of LPG 584 MT/Hr * 24 hrs.* 365 days * 0.70 load factor * 8.76% cargo share of LPG]. Capacity of one storage tank envisaged for storing LPG is assessed at 1718MT per day at a time.

(ii). Capital cost:
The capital cost for the LPG storage development comprising of 1 storage tank along with civil and mechanical work, fire fighting facilities estimated by the DPT is ₹1536.09 lakhs of which ₹937.75 lakhs is estimated towards civil capital costs and the balance ₹598.35 lakhs is estimated for equipment capital cost. The capital cost estimate includes 5% of civil and mechanical capital cost as miscellaneous capital cost.

(iii). Operating cost:

(a). Power cost: Power cost has been estimated by the port at ₹11.54 lakhs for illumination of 0.47 hectares of backup area at 240000 units per hectare per annum at the rate of ₹10.27 per unit. The consumption of 240000 units per hectare per annum for illumination is as per the norm prescribed in the upfront guidelines. There appears to be slight arithmetical error in the estimate of power cost which is corrected at ₹11.58 lakhs. [0.47 hectares x 240000 units/ ha x ₹10.27 /- unit.

(b). Repairs and maintenance cost is estimated at 1% of the civil assets and 2% of the equipment costs, which is in line with the norms prescribed in the guidelines.

(c). Insurance cost is estimated at 1% of the gross fixed assets by DPT, which is in line with the norms prescribed in the guidelines.

(d). Depreciation is computed @ 1.58% on civil items (other than storage tank, 6.33% on equipment cost and 3.80% on the storage tanks.

(e). Other expenses estimated by the DPT at 1% of the gross fixed assets is in line with the norms prescribed in the guidelines.

(f). Licence Fee: 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. Licence fee has been estimated by the port for 4680 sq.m of backup area at the rate of ₹1019.37 per sq. mtr per annum based on the base rate of ₹905.17 per sq.mtr per annum prescribed in the Scale of Rates approved by this Authority for Kandla land vide its Order no.TAMP/24/2014-KPT dated 13 November 2014 for the Category – G1 'Land situated from Eastern Bank of Kandla Creek to Western Bank of Nakti Creek', after taking into account the applicable escalation factor. It is relevant here to mention that this Authority vide Order No.TAMP/15/2020-DPT dated 28 December 2020 has revised lease rent for Kandla land effective from 1 January 2019 for a period of five years subject to 2% annual escalation in the lease rent applicable from 1 January 2020. The base rate for G1 category is ₹999.38 per sq. mtr. per annum.

The license fee estimated by the DPT is revised by considering the revised license fee approved by this Authority in December 2020 Order and after applying 2% annual escalation i.e. at the prevailing rate as on 01 January 2021 which comes to ₹1039.75 per sq. mtr per annum (₹999.38 as on 1.1.2019 * 1.02 * 1.02) . The revised license fee works out to ₹48.66 lakhs as against ₹47.71 lakhs estimated by the DPT.

(vi). Return on capital employed (ROCE) is estimated at 16% of the total estimated capital cost for development of storage facility for LPG at ₹245.77 i.e. 1536.09 lakhs * 16%. ROCE is as per the provisions of 2008 Guidelines.

(vii). Subject to the above modifications, the total estimated annual revenue requirement for storage activity for LPG which is the aggregate of operating cost of ₹178.23 lakhs plus ROCE of ₹245.77 lakhs, is estimated at ₹424.00 lakhs as against ₹422.98 lakhs estimated by the port. A copy of the cost statement for arriving at the storage charges for LPG as furnished by the DPT and modified cost position in view the revised estimate of license fee is attached as **Annex - I**.

(viii). The storage tariff for LPG arrived by the DPT to meet the estimated ARR of ₹422.98 lakhs is ₹67.44 MT/day i.e. (₹422.98 lakhs/627070 [1718 MT storage capacity of storage tank for LPG at a point of time * 365 days =627070]).

As regards the clarification sought by M/s.Adani Port & SEZ Limited (APSL) during the joint hearing as to whether the factor of no. of days LPG cargo will avail the storage facility in the tank is captured by the DPT while arriving at the proposed storage tariff, the DPT has furnished detailed calculation and has confirmed that 2 days dwell time is captured to arrive at the optimal storage capacity of LPG storage tank at 1718 MT at a time [i.e. Optimal Handling capacity for LPG / Turnover Ratio for LPG i.e. {313703 MT [handling rate of LPG 584 MT/Hr * 24 hrs.* 365 days * 0.70 load factor * 8.76% cargo share of LPG] / 182.5 days [i.e. 365 days /2 days dwell time]=1718 MT} based on which the DPT has arrived at the proposed storage tariff for LPG.

The port has also confirmed that, at the proposed storage tariff for LPG of ₹67.44 tonne/day, the ARR of ₹422.98 lakhs estimated from this activity can be recovered by the BOT operator of the project. To exhibit this:- ₹67.44 tonnes / day x 2 days average dwell time x optimal capacity assessed for LPG at 313703 MT = ₹423 lakhs i.e. the estimated ARR after rounding it off.

Hence the modified ARR for storage activity of LPG is estimated on the same methodology and the revised storage charge works out to ₹67.62 MT/day [₹424.00 lakhs/ 6,270,70]. The revised storage charge based on the above calculation is prescribed in the SOR.

(ix). The upfront Tariff schedule for oil jetty approved by this Authority vide Order No.TAMP/05/2013-KPT dated 09 May 2013, prescribes that the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2012 and 1 January of the relevant year. Further, the Reference Tariff schedule for liquid jetty approved by this Authority vide Order No.TAMP/05/2016-KOPT dated 30 March 2016, prescribes that the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2015 and 1 January of the relevant year.

Since the base year of WPI for indexation in the DPT Order dated 09 May 2013 is prescribed as 1 January 2012, the DPT has proposed indexed reference rate after applying cumulative indexation factor announced by this Authority for the base year as 1 January 2012 at 11.21% upto the year 2017-18 and subsequent annual indexation factor announced by this Authority at 2.07% for year 2018-19, 2.56% for year 2019-20 and 1.13% for year 2020-21 under the Upfront tariff Guidelines 2008. The aggregate of the above indexation factor comes to 1.1773 (i.e. 1.1121 * 1.0207 * 1.0256* 1.0113). The indexed rate proposed by DPT for handling of POL & Other Liquid, Berth hire charge, Liquid Storage charge and Miscellaneous charge after applying the applicable indexation factor upto the year 2020-21 is found to be in order.

Similarly, for handling charge of LPG, since the base year of WPI for indexation in the KOPT Order dated 30 March 2016 is prescribed as 1 January 2015, the DPT has proposed indexed rate after applying cumulative indexation factor announced by this Authority for the base year as 1 January 2015 at Nil for the year 2016-17, 1.20% for the year 2017-18, 2.07%, 2.56% and 1.13% for the years 2018-19, 2019-20 and 2020-21 respectively under the Revised Reference tariff Guidelines 2013. The aggregate of the above indexation factor comes to 1.07136 (i.e. 1.012 * 1.0207 * 1.0256* 1.0113).

The indexed rate proposed by DPT for handling charge of LPG after applying the applicable indexation factor upto the year 2020-21 of the adopted handling rate of LPG approved by this Authority with base year January 2015 is found to be in order.

It is relevant here to mention that for the year 2021-22 also, this Authority has approved the annual indexation factor at 60% of the variation in WPI @0.33% (60% X 0.55) and the same was communicated to the Major Port Trusts and concerned BOT operators vide our letter No.TAMP/12/2009-Misc dated 19 March 2021 which is for the year 2020-21 from 1 April 2021 till 31 March 2022. Hence, the indexed rate proposed by DPT for all the adopted tariff items are updated to capture the applicable indexation of 0.33% announced by this Authority for the year 2021-22. This revised indexed reference tariff is prescribed in the reference tariff schedule.

(x). The note proposed by DPT governing the indexation of reference tariff for future period is with reference to 01 January 2021. Since the annual indexation factor announced by this Authority for the year 2021-22 with reference to Wholesale Price Index (WPI) occurring between 01 January 2020 and 01 January 2021 is captured by us while prescribing the schedule of Reference tariff, the indexation for future period will be with reference to 01 January 2021 and 01 January of the relevant year. Hence, the general note proposed by the DPT is in order.

(xi). (a). The note no 1.1(i)(b) as regards penal interest for delayed payment and refund proposed by the DPT is not in line with the prescription in the adopted SOR of May 2013 of DPT. The said note is prescribed as stipulated in the adopted SOR of the DPT.

(b). The DPT has proposed to incorporate definition of LPG as "LPG is defined to mean the mixture of light hydrocarbon containing propane, Isobutene, Normal butane, butylene, or such other substance which is gaseous at normal ambient temperature and atmospheric pressure but may be condensed to liquid state at normal ambient temperature by the application of pressure and conforms to such specifications, as the Central Government may, in consultation with the bureau of Indian Standards notify from time to time. The adopted SOR of SPMP dated 30 March 2016 does not prescribe definition of LPG. Further, the port has also proposed to incorporate definition of POL as "Petroleum Oil Lubricants". The adopted SOR of DPT dated 09 May 2013 does not prescribe definition of POL. Since both the proposed definitions are to give clarity and avoid ambiguity, the same are prescribed as proposed by the port. The definition of TAMP proposed in the SOR is not required and hence it is deleted.

(c). The general conditionalities relating to System of Classification of vessel for levy of Vessel Related Charges (VRC), Criteria for levy of vessel related charges and Cargo Related Charges (CRC) at concessional coastal rate proposed by the DPT are not found to be in line with the common adoption Order passed by this Authority vide Order No.TAMP/53/2015-VOCPT dated 26 November 2015 along with amended Order dated 10 June 2016 for all the Major Ports and BOT operators. That being so, the general conditionalities as prescribed in the said common Order are prescribed in proposed Reference Tariff Schedule in line with the prescription in other Major Port Trusts and BOT operators.

(d). The general note (vii) (b) of the adopted SOR of DPT stipulates that the cargo related charges for all coastal cargo other than Crude including POL, Iron ore and Iron pellets and thermal coal should not exceed 60% of the normal cargo related charges. This is in line with the coastal concession policy of the MOPSW and common Order passed by this Authority.

The note proposed by the DPT in this regard states that cargo related charges for all coastal cargo other than Crude including POL, "Other liquid" should not exceed 60% of the normal cargo related charges. The "Other Liquid" cargo is not explicitly mentioned in the coastal concession policy of the MOPSW. The said note is, therefore, modified to delete the words "Other liquid" to comply with the coastal concession policy of the MOPSW. In fact, even the DPT based on the tariff adopted from the DPT Order of May 2013 has rightly proposed coastal concession in handling charges of Other liquid cargo

Further, since the proposal is for handling liquid cargo, the proposed exclusion of Iron ore and Iron pellets and thermal coal from the said note is approved as this terminal is for liquid cargo and these cargo are not relevant for the proposed terminal.

(e). The adopted SOR of DPT prescribes a note that no berth hire shall be levied for the period when the vessel idles at its berth for continuous one hour or more due to breakdown of terminal operator's equipment or power or for any other reasons attributable to the Terminal Operator. The port has not proposed this note. The same is incorporated in the Reference Tariff SOR as it is common prescription in the SOR of all Major Port Trusts and BOT operators. In view of the said prescription, the note stating that in case an oil vessel idles due to breakdown or non-availability of the shore based facilities of oil terminal or any other reasons attributable to the terminal, rebate equivalent to berth hire charges payable to the concessionaire accrued during the period of idling of vessels shall be allowed by concessionaire becomes infructuous and hence deleted.

(f). The note prescribed under Schedule 3.1 of the adopted tariff of DPT states that "The cargo handling charges shall include the cargo loading or unloading charges (as the case may be), transportation through pipelines, wharfage, etc." As against that the note proposed by DPT under Schedule 3.1 do not include the word "wharfage". The word "wharfage" is included before the word "etc." to fall in line with the prescription made in the adopted SOR of DPT.

(g). The DPT has proposed Notes relating to free period, method of calculation of storage charges etc., below proposed Schedule 4 for storage charges separately for Liquid tank farm and LPG which is brought out in the preceding paragraph. The proposed notes seem to be in order and hence approved.

(h). The components/ services covered under the proposed miscellaneous charges cover the miscellaneous services of adopted SOR of both DPT as well of SPMP. It is found to be in order and hence the same are prescribed.

(xii). The Upfront tariff for POL and Other Liquids approved by this Authority vide DPT Order dated 09 May 2013 and adopted by the port in current proposal does not prescribe any Performance Standards in the approved SOR. The reference tariff approved by this Authority vide SPMP Order dated 30 March 2016 and adopted by the DPT for LPG handling pin the current proposal prescribe Performance Standards in line with the Upfront tariff guidelines of 2008. Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards.

The proposed performance standards in terms of Gross berth output for POL and other liquid cargo are found to be in tandem with handling rate considered while approving the upfront tariff Order of DPT Order dated 09 May 2013 and for LPG the proposed performance standard is in line with the performance standard approved in the SPMP Order dated 30 March 2016. Furthermore, the proposed performance standards are same as proposed by the port and approved by this Authority for handling the same liquid cargo viz., POL, Other Liquid and LPG at other oil jetties no.09 & 10. The port has categorically stated that this project being similar to oil jetty no.09 & 10, the tariff needs to be in parity with the oil jetty no.09 & 10. On the same analogy, the proposed performance standards in terms of Gross berth output for three cargo items at the same level as prescribed in oil jetty no.09 & 10 is approved. The proposed performance standards of Gross berth output on per tonne/ per hour are, therefore, approved. Further, the Performance Standards of 12 days for Transit Storage Dwell time for POL & Other Liquids and 2 days for LPG are also approved. Incidentally, none of the users have raised any pointed objection to the proposed performance standards for Transit storage dwell time.

(xiii). The DPT has not proposed the General notes relating to Performance Linked indexation. The General notes in this regard are included in the Reference Tariff Schedule in line with the prescription made in other PPP projects governed under Reference Tariff Guidelines of 2013.

(xiv). **If there is any error apparent on the face of records considered or for any other justifiable reasons, the DPT may approach this Authority for review of the reference tariff fixed, prior to completion of bidding process of the project giving adequate justification/ reasoning within 30 days from the date of notification of the Order in the Gazette of India.**

11.1. Subject to above, the 'Reference Tariff Schedule' as proposed by the port and updated by us to the extent of applying annual indexation factor for the year 2021-22 and the 'Performance Standards' proposed by the port for Development, operation and maintenance of Oil Jetty No.11 at old Kandla at DPT are attached as **Annex - II** and **Annex - III** respectively.

11.2. In the result, and for the reasons given above, and based on collective application of mind, the Reference Tariff Schedule for Development, operation and maintenance of Oil Jetty No.11 at old Kandla at DPT is approved and notified along with the Performance Standards as proposed by the DPT, which is attached as **Annex - II** and **Annex - III**.

11.3. 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 DPT is advised to incorporate the Reference Tariff and Performance Standards, in the bid document and subsequently in the Concession Agreement in respect of PPP Projects.

12.1. 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 concession period.

However, the PPP operator 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.

12.2. The proposal shall be submitted to this Authority 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 Concession Agreement or for the actual number of months of operation in the first year of operation, as the case may be.

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

12.4 In the event of Operator not achieving the Performance Standards as incorporated in the Concession 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 Operator shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

12.5. After considering the views of the DPT, if this Authority 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.

12.6. While considering the proposal for Performance Linked Tariff, this Authority will look into the Performance Standards and its adherence by the Operator. 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 operator. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013.

12.7. From the third year of operation, the Performance Linked Tariff proposal from the PPP operator 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 PPP operator, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and this Authority shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

12.8. In the event any user has any grievance regarding non-achievement by the PPP operator 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 DPT. The DPT will be bound to take necessary action on the findings as per the provisions of the respective Concession Agreement.

12.9. Within 15 (fifteen) days of the signing of the Concession Agreement, the concerned operator will forward the Concession Agreement to this Authority which will host it on its website.

12.10. The PPP operator shall furnish to this Authority quarterly reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time 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.

12.11. This Authority shall publish on its website all such information received from PPP operator. However, this Authority shall consider a request from any PPP operator about not publishing certain data/ information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/ operation of upon publication. The decision of this Authority in this regard would be final.

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

UPFRONT TARIFF CALCULATION FOR STORAGE CHARGE FOR LPG AT OIL JETTY NO.11 AT DEENDAYAL PORT TRUST

(Rs. in lakhs)

Sr. No.	Particulars	Estimates by DPT	Estimates modified by TAMP
I	**Optimal capacity of LPG cargo in Metric tonne for calculation of storage charges** 584 tonnes/ hour *365 days * 24 hours 70% optimum utilisation factor * 8.76% cargo share of LPG)	313703.00	313703.00
II	**Capital Cost fo LPG storage tank**		
	(a). Civil Cost		
	- Development of Tank Farm	808.23	808.23
	- Boundary wall	65.35	65.35
	- Fire hydrant pump room	19.52	19.52
	- Miscellaneous Charges @ 5% of Rs. 893.10 lakhs	44.65	44.65
	Subtotal (a)	**937.75**	**937.75**
	(b). Equipment Cost		
	- Mechanical cost for Development of Tank Farm	499.85	499.85
	- Fire fighting Equipments	70.00	70.00
	- Miscellaneous Charges @ 5% of Rs. 569.85 lakhs	28.49	28.49
	Subtotal (b)	**598.34**	**598.34**
	(c). Total Capital Cost for LPG Storage Tank Farm (a +b)	**1536.09**	**1536.09**
III	**Operating Cost**		
(i).	**LPG Storage Tank Farm**		
	(a). Power Cost (2.4 lakh units * 0.47 hectares * Rs.10.27 per unit)	11.54	11.58
	(b). Repair & Maintenance		
	- Civil Assets (1% on gross civil assets)	9.38	9.38
	- Mechanical & Electrical Equipment including spares (2% on cost of mechanical and electrical equipments)	11.97	11.97
	(c). Insurance (1% on gross value of assets)	15.36	15.36
	(d). Depreciation [DPT - Civil works (other than tank farm structure) (1.58% of 342.88) - Equipment cost (6.33% of 598.34) - Tank Farm structure (3.80% of 594.87)]	65.91	65.91
	(e). License Fee for Storage Area		
	(DPT - 4680 sq. mtrs of land * Rs.1019.37 per sq.m p.a.) (TAMP - 4680 sq. mtrs of land * Rs.1039.76 per sq.m p.a.)	47.71	48.66
	(f). Other Expenses (1% of Gross fixed assets)	15.36	15.36
	Total Operating Cost for LPG Storage Tank Farm	**177.21**	**178.23**
IV	**Revenue Requirement & proposed tariff**		
	Storage charge for LPG		
	Annual Revenue Requirement (ARR)		
	(a). Total Operating Cost	177.21	178.23
	(b). Return on capital Employed @ 16%	245.78	245.77
	(c).Total Revenue requirement from cargo handling activity	**422.98**	**424.00**
	Optimal Capacity of LPG Storage Tank Farm in MT	313703	313703
	No.of operating days	365	365
	LPG Storage Dwell Time	2 days	2 days
	LPG Turnover Ratio (365 / 2 days)	182.5	182.5
	Capacity of LPG Storage Tank per day at a time (313703 / 182.5)	1718	1718
	Storage charge per tonne per day (in Rs.) **DPT calculation [ARR Rs. 422.98 lakhs / 1718 *365]** **TAMP calculation [ARR 424 lakhs / (1718*365)]**	**67.44**	**67.62**

Annex - II

REFERENCE TARIFF SCHEDULE FOR OIL JETTY NO.11 TO HANDLE ALL TYPES OF LIQUID CARGO AT OLD KANDLA

1. DEFINITIONS

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

(i). **"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 competent authority.

(ii). **"Foreign-going vessel"** shall mean any vessel other than Coastal vessel.

(iii). **"Port"** shall mean Deendayal Port Trust.

(iv). **"Per Day "**means per calendar day unless otherwise stated.

(v). **"Month"** shall means the calendar month.

(vi). **"Tonne"** shall mean one metric tonne or 1,000 kilograms or one cubic meter.

(vii). **"Liquefied Petroleum Gas (LPG)"** means the mixture of light hydrocarbon containing propane, Isobutene, Normal butane, butylene, or such other substance which is gaseous at normal ambient temperature and atmospheric pressure but may be condensed to liquid state at normal ambient temperature by the application of pressure and conforms to such specifications, as the central government may, in consultation with the bureau of Indian Standards notify from time to time.

(viii). **"POL"** shall mean petroleum oil Lubricants.

2. GENERAL TERMS & CONDITIONS

(i). Interest on delayed payments / refunds:

(a). The user shall pay penal interest on delayed payments under this Scale of Rates. Likewise, the terminal operator shall pay penal interest on delayed refunds.

(b). The rate of penal interest will be 2% above the Prime Lending Rate of the State Bank of India.

(c). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.

(d). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the Terminal operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services where payment of charges in advance is prescribed as a condition in this Scale of Rates.

(ii). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.

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

(iv). The status of the Vessel as borne out by its certification by the Customs or Director General of Shipping is the relevant factor to decide whether vessel is "Coastal" or foreign-going" for the purpose of levy of Berth hire, and the nature of cargo or its origin will not be of any relevance for this propose.

(v). <u>System of classification of vessel for levy of Vessel Related Charges (VRC)</u>

(a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order. Such vessel that converts into coastal run based on the customs conversion Order at her first Port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.

(b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence for Specified Period or voyage issued by the Director General of Shipping and a custom conversion order.

(vi). <u>Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate</u>

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

(b). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations at the last call of Indian port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.

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

(vii). <u>Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate</u>

(a). Foreign going Indian Vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:

(i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.

(ii). Not converted* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.
* The Central Board of Excise and Customs Circular no.15/2002-Cus. dated 25 February 2002 allows carriage of coastal cargo from one Indian port to another port in India, in Indian flag foreign going vessels without any custom conversion.

(b). In case of a Foreign flag vessel converted to coastal run on the basis of a License for Specified Period or voyage issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.

(viii). (a). The berth hire for all coastal vessel should not exceed 60% of the corresponding charges for other vessels.

(b). The cargo related charges for all coastal cargo other than crude including POL should not exceed 60% of the normal cargo related charges.

(c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship shore transfer and transfer from/to quay to/from storage yard including wharfage.

(d). Cargo from a foreign port which reaches an Indian Port “A” for subsequent transhipment to Indian Port “B” will be levied the concession charges relevant for its coastal voyage. In other words, cargo from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

(e). The charges for coastal cargo / vessels shall be denominated and collected in Indian rupee.

(ix). The rates prescribed in the Scale of Rates are ceiling levels: likewise, rebates and discounts are floor levels. The terminal operator may, if it so desires, charge lower rates and / or allow higher rebates and discounts.

The terminal Operator may also, if it so desires rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation 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.

The terminal Operator should, however, notify the public such lower rates and / or rationalisation 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.

3. Schedule of Berth Hire Charges:

The berth hire charge payable by masters / owners / agents of the vessel, barge and other floating craft approaching or lying alongside the berth shall be as per the rates given below:

Description	**Rate**
Foreign going Vessels	₹ 0.67 per GRT per hour
Coastal Vessels	₹ 0.40 per GRT per hour

Notes:

(i). The period of berth hire shall be calculated from the time vessel occupies the berth.

(ii). Berth hire includes charges of services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc.

(iii). No berth hire shall be levied for the period when the vessel idles at its berth for continuous one hour or more due to breakdown of terminal operator’s equipment or power or for any other reasons attributable to the Terminal Operator.

4. Schedule of Cargo Handling Charges:

The liquid cargo handling charges at Oil Jetty shall be payable on the manifested cargo directly by the importer of cargo at the rates specified below:

(**₹ Per MT**)

Description / Cargo	**Foreign**	**Coastal**
POL	36.96	36.96
Other Liquid	128.33	77.00
LPG	216.39	129.84

Note:

The cargo handling charges shall include the cargo loading or unloading charges (as the case may be), transportation through pipelines, wharfage, etc.

(a). Unloading of the cargo from vessels and transfer of the same up to the point of storage and loading on to trucks/tankers in respect of import cargo and

(b). Unloading of the cargo from the trucks/tankers at the storage tank farm in respect of export cargo, transfer of the cargo to the loading point, loading onto the vessels and barges.

5. Schedule of Storage charges

The storage charges for the cargo stored in the tank farm shall be as below:

(A) For Import & Export

(**₹ Per MT/Day**)

Sr. No.	**Description**	**Foreign**	**Coastal**
(i).	Liquid Tank Farm	7.33	7.33
(ii).	LPG	67.62	67.62

Note:

(i). No free days shall be allowed for any type of cargo.

(ii). The demurrage charges on hazardous liquids shall be levied at 1.25 times the normal rates specified in above schedule.

(iii). Storage charges shall be payable for all days including Terminal’s non-working days and Customs notified holidays for stay of cargo.

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

6. Miscellaneous Charges

The following charge is to be levied towards cleaning of the area, pigging, spillage, leakage, compressor charges, vaporizer charges and other such related charges.

(**₹ Per MT**)

Description / Cargo	**Foreign**	**Coastal**
Miscellaneous Charges	4.86	4.86

7. GENERAL NOTE:

(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 2021 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 license period.
However, the Licensee would be free to propose a tariff along with Performance Standards (the “Performance Linked Tariff”) from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90

days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

(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 License 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 License Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

(vi). After considering the views of the Major Port Trust, if TAMP is satisfied that the Performance Standards as incorporated in the Concession Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

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

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

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<u>Annex - III</u>

Performance Standards

1. Gross Berth Output

The parameter deals with the productivity of the terminal (Gross Berth Output) for different types of cargo. The Gross Berth Output shall be calculated as the total cargo handled (either loaded/unloaded) from the ship during a month divided by the time spent by the ship at the terminal number of working days of ships in that month at that terminal. While determining the number of working days from the ship hours, the berth allowance of 2 hours/ day shall be subtracted from the total hours.

The indicative norms for Gross Berth Output for different categories of cargo are as follows:

Cargo Category	Indicative Norms
Liquid Bulk	
LPG	250 T/H
POL	1000 T/H
Other Liquid	300 T/H

2. Storage of cargo

Cargo Category	Transit Storage Dwell Time
Liquids	12 days
LPG	2 days

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

F.No. TAMP/13/2021-DPT- **Proposal from Deendayal Port Trust (DPT) for fixation of Reference tariff for development, operation and maintenance of Oil Jetty No. 11 to handle liquid cargo at Old Kandla on Build, Operate and Transfer (BOT) basis under Public Private Participation (PPP) mode at Deendayal Port.**

1. A summary of comments received from IOCL and the reply of DPT thereon is summarized below:

<table>
<tr><th>Sl. No.</th><th>Comments of the users/ user organisations</th><th>Reply of DPT</th></tr>
<tr><td>1.</td><td>Indian Oil Corporation Limited (IOCL)</td><td></td></tr>
<tr><td>(i).</td><td>The comparison of the proposed Tariff for OJ – 11 with the existing Tariff as per DPT SOR is as below :
<table>
<tr><th>Sr. No</th><th colspan="3">Item</th><th>Proposed rates for OJ -11</th><th>Existing rate as per DPT SOR w.e.f 01.05.2020</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Cargo handling/ Wharf age</td><td rowspan="2">LPG</td><td>Foreign (₹ /MT)</td><td>215.68</td><td>140.11</td></tr>
<tr><td>Coastal (₹ /MT)</td><td>129.41</td><td>84.06</td></tr>
<tr><td rowspan="3">2</td><td rowspan="3">Berth Hire</td><td colspan="2">Foreign (₹ per GRT per hour)</td><td>0.67</td><td>$ 0.0072</td></tr>
<tr><td colspan="2">Coastal (₹ per GRT per hour)</td><td>0.40</td><td>₹0.1732</td></tr>
<tr><td colspan="2">Costal</td><td>-</td><td>₹ 23.9681</td></tr>
</table>
In view of the same, IOCL requests that the uniform Tariff in line with the existing Tariff of DPT may be applied for OJ – 11 as well.</td><td>The tariff for all commodities has been framed as per the Guidelines for Determination of Tariff for Projects at Major Ports, 2013; and the tariff towards storage of LPG has been calculated as per Guidelines for upfront tariff setting for PPP projects at Major Port Trusts, 2008.

Further, the tariff for the present project (except storage tariff) are at par with the approved tariff for Oil Jetties 09 & 10 which are proposed to be developed in PPP mode and to be located adjoining to the present project.

[The DPT has reproduced Clause 2.1, 2.2 and 2.4 of Reference Tariff Guidelines of 2013]</td></tr>
</table>

2. A joint hearing in this case was held on 05 March 2021 through Video Conferencing. At the joint hearing, DPT made a power point presentation of its proposal and has also forwarded a copy of the Power Point Presentation. The DPT and the concerned users / user organizations have made the following submissions at the joint hearing:

Deendayal Port Trust (DPT)

(i). Makes a power point presentation of its proposal.

(ii). Optimal capacity of Project for development of oil jetty no.11 is estimated at 3.2 Million Metric Tonnes Per Annum.

(iii). The liquid cargo other than crude envisaged to be handled are POL, LPG, edible oil, chemicals and other liquid.

(iv). The total capital cost for the project is estimated at ₹361.70 crores.

(v). Following the Reference Tariff Guidelines 2013, the DPT proposes to adopt reference tariff viz., Cargo handling charges, Berth hire and Miscellaneous charges for POL and Other Liquids from DPT Order dated 05 May 2013 and for LPG the port has proposed to adopt reference tariff from Syama Prasad Mookerjee Port (SPMP) (the then KOPT) Order dated 30 March 2016.

(vi). Since no upfront/ reference tariff for storage of LPG is available in its own port or any other Major Port Trusts, the port has calculated Storage charge for LPG following upfront tariff guidelines of 2008.

(vii). The joint hearing is with reference to the storage charge computed and proposed by the DPT for LPG.

(viii). Of total 38 storage tanks, one tank is envisaged for LPG with storage capacity of tank at 2584 KL i.e. 1718 MT.

(ix). The capital cost of development of storage tank for LPG is estimated at ₹1536.09 lakhs. ROCE is considered at 16% of capital cost which comes to ₹245.77 lakhs. Operating cost following the norms is estimated at ₹177.21 lakhs and the total ARR is estimated at ₹422.98 lakhs.

(x). The storage charge for LPG is proposed at ₹67.44 per tonne per day.

(xi). Performance standards for LPG, POL and other liquid are proposed as per handling norms for liquid cargo prescribed in the upfront tariff guidelines.

(xii). Dwell time is proposed at 12 days for POL and other liquid cargo; for LPG it is proposed at 2 days as per market conditions.

Adani Port & SEZ Limited

(i). No specific comments except one observation.

(ii). Capacity of storage tank for LPG considered by DPT is 1718 MT at a time to arrive at storage charge for LPG ₹67.44/ tonne/ day. The DPT to clarify whether the factor of no. of days LPG cargo will avail the storage facility in the tank is captured to arrive at the proposed tariff.

Indian National Shipowners Association (INSA)

(i). We have no comments to offer.

Vopak India Private Limited (VIPL)

(i). Last time when the DPT proposed to develop Jetty nos.9, 10 and 11, it did not materialize. Now the DPT has again initiated to invite tender for these jetties on PPP mode.

(ii). What will be time for tender and the process?

(iii). Whether the tariff will be ceiling tariff? Will there be no flexibility to the operator to charge tariff on their own under the new regime.

Deendayal Port Trust (DPT)

(i). Regarding clarification sought by Adani about, DPT will respond in writing.

(ii). Regarding timeline of tender sought by VIPL, the SFC meeting was held for Jetty 9 and 10. Approval is awaited. Once approved, we will go for inviting tender for OJ9 then OJ10 and then OJ11.

(iii). Due procedure for bidding will be followed.

(iv). As far as clarification on ceiling rate is concerned, we have gone as per prevailing Model Concession Agreement, whereby the rates will be ceiling rate. We follow the prevailing Law and Act. When new Act comes into effect, then that will be made applicable.

3. The comment of APSL and the reply furnished by the DPT thereon is tabulated below:

Clarification sought by us on the point made by APSL	Reply of DPT
(i). Whether the factor of no. of days the LPG cargo will avail the storage facility in the tank is	The Tariff Proposal for the Storage of LPG is based on TAMP “Guidelines for upfront tariff

captured while arriving at the proposed storage tariff. (ii). Furnish detailed calculation and show that at the proposed storage tariff for LPG, the ARR estimated at ₹422.98 lakhs from storage activity for LPG can be recovered by the BOT operator of the project.	setting for PPP projects at Major Port Trusts, 2008. The detailed calculation towards optimal handling capacity and optimal storage capacity have already been provided in the Tariff Proposal. However for clarity, the approach adopted in calculation of aforesaid capacity is narrated below: For calculation of Optimal capacity of Liquid Cargo Handling, the cargo handling ratios for LPG, POL and other liquids, based on average of last five years liquid cargo handled at Kandla Port are 8.76 %, 17.32 % and 73.93 % respectively. The handling rate for LPG, POL and Other Liquids at 584 T/Hr, 708 T/Hr and 461 T/Hr has been considered from the actual handling rates of DPT for last one year. Thus, the optimal capacity of the proposed Liquid Cargo Handling facility at 3.2 Million Metric Tonnes Per Annum at 70% utilization is assessed. For Calculation of Optimal capacity of Liquid Tank farm for LPG, average Dwell Time at 2 days, based on current market scenario and suggestion of the users /industry players is considered. By considering the aforesaid dwell time, Turnover Ratio is worked out for LPG at 182.50 days (Turnover Ratio= 365/Dwell Time). Further, based on the Turnover Ratio the Optimal storage capacity is worked out for LPG at 1718 MT (Optimal Handling Capacity for LPG/Turnover ratio for LPG). {313703 [Handling rate of LPG 584 MT/Hr * 24 hrs.* 365 days * 0.70 load factor * 8.76% cargo share of LPG] / 182.5 [i.e.365 days /2 days dwell time]=1718MT} From above, it is clearly evident that Dwell Time for LPG is accounted for the calculation towards requirement of optimal storage capacity for LPG. Further, the ARR estimated at ₹422.98 lakhs is considered based on 16 % ROCE on Capital cost of LPG Tank Farm and Operating cost of LPG tank farm as per TAMP Guidelines, Hence ARR estimated at ₹422.98 lakhs from storage activity for LPG can be recovered by the BOT operator of the project. [proposed rate for LPG storage ₹67.44 tonne/day * 2 days average dwell time * opimal capacity assessed at 313703 = ₹423 lakhs estimated ARR from storage activity for LPG]

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