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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 447 **New Delhi,** **08 October 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 New Mangalore Port Trust (NMPT) for fixation of user charges for utilisation of fire fighting facility at Berth No.9 installed and operated by M/s. Hindustan Petroleum Corporation Ltd. (HPCL) as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No.TAMP/30/2021-NMPT

New Mangalore 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 15th day of September 2021)

This case relates to the proposal dated 29 April 2021 from the New Mangalore Port Trust (NMPT) for fixation of user charges for utilisation of fire fighting facility at Berth No.9 installed and operated by M/s.Hindustan Petroleum Corporation Ltd. (HPCL).

2.1. The main points made by the NMPT in support of its proposal are as follows:

(i). NMPT has 5 oil berths namely Berth Nos.9, 10, 11, 12 and 13. Port has permitted HPCL to install and operate the Fire Fighting System at Berth No.9.

(ii). Of 5 oil berths at NMPT namely Berth No.9, 10, 11, 12 and 13, Berth No.9 and Berth No.10 has a common pump house Fire (Pump House No.1) where HPCL is owning and operating the Fire Fighting System for Berth No.9.

The NMPT is owning and operating the Fire Fighting System for Berth No.10, Berth No.11 and Berth No.12 and has a common Pump House (Fire Pump House No.2) and is owning and operating the Fire Fighting System for both Berth No.11 & 12, Berth No.13 with an exclusive Pump House (Fire Pump House No.3) for providing Fire Water for Berth No.13.

(iii). HPCL installed a Fire Fighting Facility at Berth No.9 in the year 1996, during that time there was limited demand for liquid cargo at NMPT and installing a Fire Fighting Facility at Berth No.9 was not feasible for NMPT. During the initial period, only HPCL was using this Fire Fighting Facility. With the increasing demand for LPG handling in NMPT and due to congestion at LPG handling berths like Berth No.12 & 13, on the request of M/s.Total Gas, they were permitted to handle LPG at Berth No.9.

M/s.Total Gas entered into an agreement with M/s.HPCL in 1999 to provide Fire Fighting Facility at Berth No.9 at a mutually agreed cost with yearly escalation.

(iv). With time, the escalation as per agreement was more and due to increase in demand for Berth No.12 and 13 by other users. M/s.Total Gas is constrained to handle their vessels at Berth No.9 which resulted in paying additional charges to M/s.HPCL resulting in revenue loss. Hence, M/s.Total Gas approached NMPT to prevail upon M/s.HPCL to stop charging the amount for providing Fire Fighting Facility at Berth No.9 as the amount charged by M/s.HPCL for Fire Fighting facility at Berth No.9 was exorbitantly high.

(v). Since the existing facility is old and required up-gradation, HPCL requested port to permit the up-gradation of the facility. Accordingly, port has permitted HPCL to upgrade the facility. Presently, the facility is being used only by HPCL and M/s.Total Gas.

(vi). M/s.Total Gas approached port to regulate the tariff for providing Fire Fighting Facility at Berth No.9. Accordingly, M/s.HPCL was informed to submit the cost of the Fire Fighting Facility to enable NMPT to fix charges for the Fire Fighting Facility at Berth No.9.

(vii). In this regard, a joint meeting was conducted with M/s.Total Gas and M/s.HPCL and as agreed upon both the parties, NMPT decided to fix the rate for providing Fire Fighting facility for vessels berthing at Berth No.9. The NMPT vide its letter dated 16 May 2020 has requested M/s.HPCL to submit the details of the capital expenditure, operation and maintenance expenditure for the fire fighting system of Berth No.9 to fix the charges for the use of Fire Fighting Facilities of Berth No.9.

(viii). M/s.HPCL vide its letter dated 28 May 2020 (copy enclosed with the proposal) has submitted the required data and information for computation purpose considering the expenditure of up-gradation of the facility. Based on the information provided by M/s.HPCL, Port has worked out the tariff for use of the facility. As per the workings, the rate of ₹4,715 per hour was worked out. The same was forwarded to M/s.HPCL and M/s.Total Gas for their comments.

(ix). In response, M/s.Total Gas accorded their approval. However, M/s.HPCL vide e-mail requested to consider the actual jetty occupancy rather than considering 70% of the total number of hours.

(x). The workings were revised based on the inputs given by M/s.HPCL considering the average actual occupancy of berths in the period 2017-18 to 2019-20. As per the revised workings, the rate per hour for use of the facility works out to ₹9,387/-. The same was communicated to M/s.Total Gas and M/s.HPCL for their perusal and remarks, if any, on or before 24.12.2020.

(xi). Since no comments relevant to the subject were received from M/s.Total Gas even after reminders, NMPT decided to submit the proposal to TAMP along with the calculation sheet with relevant documents for fixation of user charges for utilisation cost per hour for the Fire Fighting Facility at Berth No.9 at ₹9,387/-.

(xii). Tariff for similar facility is not available in any other Major Port. As such, a proposal for fixation of tariff based on the rated capacity of the facility is prepared as per clause 5.7.1 of Tariff Working Guidelines, 2015.

(xiii). The proposal is being placed before the ensuing meeting of the Board of Trustees to be held on 6 May 2021. The Agenda, Minutes and the resolution of the Board will be communicated to TAMP in due course.

(xiv). The NMPT has furnished cost calculation of the proposed tariff of ₹9,387/- per hour for availing fire fighting facility at Berth No.9 and has proposed conditionalities as brought out in subsequent para and has requested to consider the proposal for fixation of tariff for use of Fire Fighting Facility at Berth No.9 and pass necessary orders.

2.2. The NMPT has submitted the following summary of cost calculation for the proposed tariff arrived at ₹9,387/- per hour:

(i). **Capital Cost**:

Sl. No.	**Particulars**	**Amount (in ₹)**	**Remarks**
	Optimal Handling Capacity		
(i).	Capital cost of the Fire Fighting Facility	4,84,29,249.33 (₹484.29 lakhs)	Break up is furnished.
(ii).	Life in years	10	
(iii).	Capacity per annum in hours	8760	(365 Days * 24 Hours)
(iv).	Average Utilisation per annum in hours	3080	Avg. Utilisation in last 34 years 2017-18 : 3137 hours 2018-19 : 2815+193 hours 2019-20 : 2578+516 hours (3137+2815+193+2578+516)/

			3=3080
(v).	**Total hours available for utilization per annum (A)**	**3080**	

(ii). **Fixed Cost**:

Sl. No.	Particulars	Amount (in ₹)
(i).	Depreciation (Life of 15 years i.e. 10%)	48,42,925
(ii).	Insurance (1% of Fixed Assets) (Gross Fixed Assets ₹4,84,29,249 * 1%)	4,84,292
(iii).	Repairs and Maintenance (5% of Fixed assets)	24,21,462
(iv).	**Total Fixed Cost (B)**	**77,48,680**

(iii). **Variable Cost**:

Sl. No.	Particulars	Amount (in ₹)	Remarks
	Variable cost		
(i).	Salaries per annum	5640000	Refer table below @
(ii).	Diesel cost per annum	766500	30 litres per day * ₹70 (Diesel cost) * 365 days. #
(iii).	Electricity cost per annum	7009095	Actual usage (average)
(iv).	**Total Variable cost (C)**	**13415595**	
(v).	**Total Operating Cost D = (B+C)**	**2,11,64,275**	

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Salaries Details	Amount (in ₹)
Cost of engaging one electrician @ 30000 per month for a year, 4 person in total	14,40,000
Cost of engaging one fitter @ 25000 per month for a year, 4 person in total	12,00,000
Cost of engaging 10 Nos. fire fighting crew members @ ₹25000 per month per person for year	30,00,000
Total	**56,40,000**

Diesel Cost @ 30 litres Per Day * ₹70 (Diesel cost) * 365 days = 7,66,500.

(iv). **ROCE**:

As per TAMP norms, 16% ROCE is allowed. However, Ministry of Shipping Letter No.PD-14033/113/2015-PD.V dated 12.7.2018 states that it was decided that port will have to follow Normative rates for cost recovery and take up the proposal with TAMP for fixation of Tariff. The life of the equipment is 15 years.

Return on Capital Employed (ROCE)	
Return on Capital Employed (16% of Gross Capital Cost i.e. ₹48429249)	77,48,680

(v). **Annual Revenue Requirement**:

Sr. No.	Description	Amount (in ₹)
A.	**Operating Cost**	
1	Power Consumption	70,09,095
2	Repair and Maintenance	24,21,462
3	Insurance	4,84,292
4	Depreciation	48,42,925
5	Diesel Cost	7,66,500
6	Manpower	56,40,000
	Total Operating Cost	**2,89,12,955**

B.	**ROCE (Cost Recovery in 15 years)**	**77,48,680**
C.	**ARR = A + B**	**2,89,12,955**

(vi). **Proposed Tariff**:

Therefore, Cost per hour = ARR/ Hours available for utilization i.e. 2,89,12,955 / 3,080 hours = **₹9,387/- per hour**.

2.3. The NMPT has proposed the following conditionalities for fixation of user charges for utilization cost per hour for the Fire Fighting Facility at Berth No.9 at ₹9,387/- per hour:

(i). The Fire Fighting Facility at Berth No.9 will be operated by M/s.HPCL.

(ii). Port users who opt for handling POL products/ chemicals/ hazardous cargo via Berth No.9 should pay ₹9,387/- per hour to M/s.HPCL for keeping the Fire Fighting Facility at Berth No.9 on stand by mode.

(iii). Charges in this regard shall be collected directly by M/s.HPCL.

(iv). Duration of utilization of the Fire Fighting Facility will commence from Berthing of the vessel (First Rope On) to Sailing of the vessel (Last Rope Off).

(v). The Fire Fighting Charges will be applicable during the period of stay of the vessel at Berth No.9 and the facility will be in stand by mode and charges will be applicable whether the cargo is being discharged/ loaded or not.

(vi). After the declaration of Vessel at Berth No.9 by NMPT during berthing meeting, Trade will have to submit a requisition to M/s.HPCL to arrange for the Fire Fighting Facility for Berth No.9.

(vii). M/s.HPCL shall submit the non-availability of Fire Fighting Facility at Berth No.9 to the Traffic Manager in writing in case of any maintenance shutdown.

(viii). The tariff prescribed will be valid for period of 15 years from the date it comes into effect subject to automatic annual indexation.

(ix). The approved Fire Fighting Facility charges at Berth No.9 will come into effect after the issue of Trade Notice by the Traffic Manager.

(x). The rates prescribed shall remain valid for a period of 15 years effective from the date it comes into effect i.e. after issuing of Trade Notice and shall be subject to automatic annual indexation at 100% of the WPI from the second year onwards. That is to say, from second year onwards till the validity period, on completion of each anniversary thereafter, the user charges as prevailing during the immediate previous year shall be automatically indexed at the rate of 100% WPI published by TAMP from time to time for a period of 15 years.

3. While acknowledging the proposal, the NMPT vide our letter dated 6 May 2021 was requested to furnish a copy of approval of the Board of Trustees of NMPT for the proposal in reference. The NMPT has furnished a copy of its Board Approval which is brought out in subsequent paragraph.

4. In accordance with the consultative procedure prescribed, the proposal of NMPT dated 29 April 2021 was forwarded to the concerned users/ user organisations seeking their comments vide our letter dated 6 May 2021. The comments received from the users/ user organisations were forwarded to NMPT for feedback information. The NMPT vide its letter via email dated 15 June 2021 has stated that the port has in pursuance of action flowing from the joint hearing held in this case on 24 May 2021, examined the points raised by M/s.Total Gas on its proposal and shared the comments of M/s.Total Gas to the HPCL. HPCL has furnished

justification on the same. Accordingly, port has furnished point wise remarks with justification on points made by M/s.Total Gas alongwith comments of HPCL on the comments of M/s.Total Gas.

5. A joint hearing on the case in reference was held on 24 May 2021 through Video Conferencing. The NMPT made a brief power point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ organisation bodies made their submissions.

6.1. During the joint hearing, Total Gas referring to its earlier comments dated 10 May 2021 and 20 May 2021 on the proposal of the port explained points wise observation on the cost calculation furnished by the port for arriving at the proposed tariff. Total Gas has requested the port to consider its points and review the proposed rate. The NMPT was, therefore, requested vide our letter dated 27 May 2021 to examine and consider the points made by Total Gas.

6.2. In response, the NMPT vide its e-mail dated 15 June 2021 has made following submissions:

(i). As per TAMP email dated 27 May 2021 to examine the points raised by M/s.Total Gas in the subject matter, the same has been examined. Port has shared the comments of M/s.Total Gas with M/s.HPCL and their response with justification has been received. Accordingly, point wise remarks with justifications on the query raised by M/s.Total Gas and M/s.AEGIS Logistic Limited are furnished. The same has been tabulated as part of proceedings relating to consultation in this case which will be made available separately to the concerned parties to have consolidated position of the comments of M/s.Total Gas, HPCL comments thereon and comments of NMPT.

(ii). The port has further submitted that as the proposed rate has been calculated based on the actual utilization of the berth for handling Liquefied Petroleum Gas (LPG) and the recovery of cost and ROCE has already been proposed to be recovered by LPG cargo, the requirement of fire fighting facility in case of exigencies during handling of vessel of any other cargo shall be on free of charge basis. Hence, NMPT has proposed to modify the point no.2 of the conditionalities proposed earlier as tabulated below:

Conditionality point (2): proposed Clause in original proposal dated 29 April 2021:	**Conditionality Point (2): Proposed Clause by NMPT in its letter dated 15 June 2021**:
Port users who opt for handling POL products / chemicals / hazardous cargo via Berth No.9 should pay ₹9,387 per hour to M/s.HPCL for keeping the Fire Fighting Facility at Berth No.9 on standby mode.	Port users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.09 should pay ₹9,387 per hour to M/s.HPCL for keeping the Fire Fighting Facility at Berth No.09 on standby mode. M/s.HPCL has to extend the Fire Fighting Facility during handling of vessels of any other cargo at Berth No.09 in exigencies of free of charge basis.

6.3. The port has also forwarded a copy of approval the Board of Trustees of NMPT dated 27 May 2021. The Board of Trustees of the NMPT has approved the following:

(i). Approve fixing of the charges for Fire Fighting Facility at Berth No.09 provided by M/s. HPCL for all the vessels handling LPG, POL and other flammable, hazardous, chemicals at the berth No.09 at hourly rate of ₹9,387/- from the vessel all made fast to outward pilotage start, to be paid directly to M/s.HPCL.

(ii). Ratify the action taken by the management to submit the proposal to TAMP for notification in SOR.

6.4. The NMPT has requested TAMP to consider the submissions made by the port on the issues raised by M/s.Total Gas and M/s.AEGIS Logistics Limited along with the modified conditionalities and pass favorable orders for fixation of user charges for utilization cost per hour for the Fire Fighting Facility at Berth No.09 payable to M/s.HPCL for keeping the Fire Fighting System in stand by condition during the berthing to sailing of vessels at Berth No.09.

7.1. On a preliminary scrutiny of the proposal, it was seen that additional information/ clarifications are required from NMPT on a few points before proceeding further.

7.2. In this backdrop, we have vide our letter dated 29 June 2021 requested the NMPT to furnish additional information/ clarifications/ documents.

7.3. In response, the NMPT vide its email dated 03 July 2021 has furnished its response. A summary of the information/ clarification sought by us and reply furnished by NMPT is tabulated below:

Sl. No.	Information/ clarification sought by us	Reply furnished by NMPT
(i).	As per Clause 7.6.1 of the Tariff Policy, 2018, when a tariff for a new service/ cargo/ equipment/ facility is not available in the SOR of the port, the concerned Major Port Trust can either adopt the tariff and performance standards if any fixed for comparable cargo/ equipment/ service in any Major Port Trust, or can file a proposal for notification of tariff for the said new cargo/ equipment/ service/ facility with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment. The Guideline further stipulates that if determination of tariff based on the above prescribed options is not available, then the Major Port Trusts after giving sufficient reasons may propose rates based on cost plus 16% return formula. The port to clarify under which option the port has filed the current proposal.	It is to inform that, no such comparable charges for utilization of Fire Fighting System in other Major Ports available. As regards, considering optimal capacity for calculation charges it is stated that, the utilization of the Berth No.09 is very less vis-à-vis its capacity and the berth is mostly used for LPG cargo when the main dedicated berths i.e. Berth No.12 and 13 are occupied. The utilization of the berth for cargo other than LPG is insignificant. In view of the minimum utilization of berth, fixing the charges based capacity is not practical. Hence, there is deviation from the Tariff Guidelines to consider the berth utilization for calculation of charges. Otherwise, the operator will not be able to recover the cost incurred on the equipments and operating costs. Therefore, as per the request of HPCL, the actual average utilization for last 3 years in handling of LPG cargo of 3080 hours has been considered as normal capacity to ascertain the cost per hour. Based on the above, the charges are worked out using cost plus model.
(ii).	One of the main point raised by M/s. Total Gas is that the capital cost considered by the NMPT for arriving at 16% ROCE is the original cost of asset though life of most of the assets have complete 4 to 6.5 years and DG Set – 750 KVA has completed 9.5 years. The clarification given by the port is general and not satisfactory to the point raised by M/s.Total Gas. In this regard, the following points to be clarified:	
(a).	The port to confirm whether depreciation on the said assets was captured in the Audited Annual Accounts of the Hindustan Petroleum Corporation Limited (HPCL). If so, the port to clarify whether taking return on gross value of fixed assets will not amount to double counting.	The depreciation on assets was taken as per the life of the asset as per tariff guidelines and it has already been captured in Books of Accounts of HPCL. Further, port has permitted to upgrade the fire fighting system at Berth No.09 and HPCL would replace the equipments as and when required. Therefore, considering depreciation would not

		amount to double counting.
(b).	If return on gross value of assets is to be considered, then tariff is generally arrived on normative optimal capacity of the facility and not on actual utilisation of the facility. The port considered 16% ROCE on gross value of assets and tariff is arrived based on average actual utilisation of last 3 years and not based on optimal capacity. So there is a mismatch from the general approach followed for fixation of tariff. The port may, therefore, revisit its proposal in the light of the above observation.	The berth has only 10 mtrs. draft availability and due to which only small size of vessels are handled at his berth. This has resulted in lesser utilization of berth. Therefore, considering optimal capacity is not practical for fixation of charges for fire-fighting facility. Accordingly, tariff proposal is prepared considering 16% ROCE on gross value of asset and tariff is arrived considering the actual utilization of the facility.
(iii).	The port has proposed validity of the proposed rate for 15 years. It is, however, seen that the port has considered depreciation @ 10% i.e. life of all assets works out to 10 years. It is further seen from Annex-I attached to proposal dated 29 April 2021 that majority of assets have completed 4 to 6.5 years. So, the remaining years of life of asset works out to 3.5 to 6 years considering 10% depreciation (i.e. 10 years life of assets). The NMPT may consider to review the note regarding validity of proposed rate in the light of the above observation.	It has been reviewed and the proposed rate shall remain valid for a period of five years effective from the date it comes into force. Draft SOR conditionalities have been modified accordingly.
(iv).	The NMPT, while responding to comments of Total Gas has proposed modification in 2nd condition and confirmed that Port users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.09 should pay ₹9,387 per hour to M/s.HPCL for keeping the Fire Fighting Facility at Berth No.09 on standby mode. M/s.HPCL has to extend the Fire Fighting Facility during handling of vessels of any other cargo at Berth No.09 in exigencies of free of charge basis. However, as per Board Resolution No.10/2021-22, the Board of Trustees of NMPT has resolved to fix charges for Fire Fighting Facility at Berth No.09 provided by the HPCL for all the vessels handling LPG, POL and other flammable, hazardous, chemicals at the berth no.09 at hourly rate of ₹9,387/- from the vessel all made fast to outward pilotage start, to be paid directly to HPCL. The modified note no. (2) proposed by the NMPT is not in line with the approval accorded by the Board of Trustees of NMPT. The NMPT to explain the reason for mismatch and indicate the correct note no.(2).	The conditionality point (2) has been reviewed and it has been withdrawn and remains same as earlier approved by Board vide Resolution No.10/ 2021-22. The revised proposed conditionalities are attached at Annexure-I.
(v).	The port, while estimating Diesel cost has considered 365 days for diesel consumption. However, capacity utilisation is considered at 3080 hours per annum. Therefore, number of days per annum to be considered for diesel consumption comes to 128.33 days (i.e. Capacity utilisation at 3080 hours / 24 hour per day = 128.33 days) instead of 365 days	The diesel consumption proposed is not for operation of equipments during LPG handling. It is to keep the equipments in working condition by operating the same on regularly, irrespective of cargo handling. HPCL has confirmed that the Fire pump House installed at Jetty No.09 for Fire Fighting Facility, there are 2 nos.

	considered by the Port. The NMPT may consider to correct the estimate of diesel cost. While doing so, the port may update the unit rate of diesel with the prevailing rate instead of ₹70/- per litre considered in the cost calculation.	Fire engines, 1 Fire pump and 2 Jumbo Monitors. The fire engines and fire pumps has to be compulsorily run for at least 30 minutes on daily basis irrespective of whether the LPG vessel is berthed at Jetty-9 or not. Apart from this, each fire engine has to be operated for 4 hours continuously in presence of OEM to check and maintain the capacity of the fire engines. Also, the Jumbo Monitors has to be operated on regular basis. These activities are done to keep the fire-fighting facility in operational condition at all times. The overall consumption of Diesel for entire year was calculated for the above activities which come to average 30 litres per day. As regards to prevailing Diesel rated the next indexation will be applicable from 1 May 2022 and the same will indexed accordingly.

7.4. The NMPT proposed a few modification in the conditionalities which is summarized below:

(i). As regards note no.(ii), port has proposed to retain the original proposed note based on approval of its Board. As per that, Port users who opt for handling Liquefied Petroleum Gas (LPG), POL products/ chemicals/ hazardous cargo via Berth No.9 should pay ₹9,387/- per hour to M/s. HPCL for keeping the Fire Fighting Facility at Berth No.9 on stand by mode.

However, in the Annex relating to the conditionalities furnished by the Port, the Port has proposed to levy the proposed rates only in respect of users handling LPG cargo from Berth No. 9.

(ii). Note no.(viii) and (ix): The earlier validity of tariff proposed for 15 years is reduced to 5 years. The revised proposed note no.(viii) states that the tariff prescribed will be valid for period of 5 years from the date it comes into effect subject to automatic annual indexation. Likewise, in note no.(ix) relating to annual indexation, 15 years is modified as 5 years.

(iii). The earlier note no.(ix) stating that revise rate will come into effect after issue of Trade Notice is proposed for deletion.

7.5. Subsequently, NMPT vide its emails dated 08 July 2021 and 28 July 2021 has made following further submissions:

(i). The Diesel price at Mangalore as on 08 July 2021 is ₹94.22/litre.

(ii). The conditionality proposed at point No.2 [note (ii)] to be modified as:-
"Port Users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.9 should pay ₹9,387 per hour to M/s. HPCL for keeping the Fire Fighting Facility at Berth No.9 on standby mode. However, M/s HPCL shall extend the Fire Fighting Facilities to other Port users at Berth No.09 in exigencies on payment of user charges for actual hours of utilization."

Instead of earlier proposed note (ii) by NMPT [Which was incorporated in the Agenda note placed for approval of the Authority]

"Port Users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.9 should pay ₹9,387 per hour to M/s. HPCL for keeping the Fire Fighting Facility at Berth No.9 on standby mode."

(iii). The Board of Trustees of NMPT vide Agenda No.19 dated 27 July 2021 has accorded approval for amendment to the conditionality no.(ii) for the fixation of user charges for utilization of Fire Fighting Facility at Berth No.09 installed and operated by M/s.HPCL.

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 the totality of information collected during the processing of this case, the following position emerges:

(i). The proposal filed by the New Mangalore Port Trust (NMPT) seeks approval of the proposed tariff for fixation of user charges for utilisation of fire fighting facility at Berth No.9 installed and operated by M/s.Hindustan Petroleum Corporation Ltd. (HPCL).

Port had permitted HPCL to install and operate the Fire Fighting system at Berth No.9. Accordingly, HPCL installed the same in the year 1996. Presently, Fire Fighting system at berth No.9 installed by HPCL is used only by HPCL and M/s.Total Gas.

On request of M/s.Total Gas to handle LPG cargo at berth No.9 due to congestion in berth nos.12 and 13, the port had permitted M/s.Total Gas to handle LPG from Berth No.9. M/s.Total Gas has entered into an agreement with HPCL in 1999 to avail the Fire Fighting facility at Berth No.9 at a mutually agreed rates with yearly escalation. Till now the rate was mutually agreed between the HPCL and Total Gas for the firefighting facility installed by HPCL.

In view of the request recently made by M/s.Total Gas to NMPT to regulate the tariff for providing Fire Fighting facility at Berth No.9., the port has come up with the current proposal seeking approval of this Authority for fixation of user charges for utilization of fire fighting facility at Berth No.9 installed and operated by M/s.HPCL. The proposal is mooted by the port based on the information and cost data provided by M/s.HPCL. In view of the above submissions made by the port and since the proposal is approved by its Board, there is merit to consider the proposal of NMPT for fixation of user charges for utilisation of fire fighting facility at Berth No.9 installed and operated by HPCL.

(ii). (a). The rate proposed by the NMPT at ₹9,387/- per hour is supported with cost calculation which is reproduced here for ease of reference:

Sr. No.	Particulars	Estimates by NMPT in its proposal dated 29.04.2021 (in ₹)
I	**Capacity Utilisation**	
	Average utilisation per annum in hours	
	[Avg. Utilisation in last 3 years 2017-18 : 3137 hours; 2018-19 : 2815+193 hours; 2019-20 : 2578+516 hours; {(3137+2815+193+2578+516)/ 3=3080}]	**3,080**
II	**Capital Cost**	
a.	Capital cost of the Fire Fighting Facility	48,429,249
	Total Capital Costs	**48,429,249**
III	**Operating Cost**	
a.	Power consumption [Actual usage (average)]	7,009,095

b.	Repair and Maintenance of Civil assets (5% of Fixed assets)	2,421,463
c.	Insurance (1% of gross fixed assets)	484,293
d.	Depreciation (Life of 10 Years i.e.10%)	4,842,925
e.	Diesel cost [30 litres per day * ₹70 (Diesel cost) * 365 days]	766,500
f.	Manpower	
	(i). Cost of engaging one electrician @ 30,000 per month for a year, 4 person in total: ₹14,40,000	5,640,000
	(ii). Cost of engaging one fitter @ 25,000 per month for a year, 4 person in total: ₹12,00,000	
	(iii). Cost of engaging 10 Nos. fire fighting crew members @ ₹25,000 per month per person for year: ₹30,00,000	
	Total Operating Cost	**21,164,275**
IV	**Return on Capital Employed (ROCE) (16% of Gross Capital Cost)**	**7,748,680**
V	**Total Annual cost recovery Requirement (III + IV)**	**28,912,955**
IV	**Tariff (V / I)**	**9,387**

(b). As per Clause 7.6.1 of the Tariff Policy, 2018, when a tariff for a new service/ cargo/ equipment/ facility is not available in the SOR of the port, the concerned Major Port Trust can either adopt the tariff and performance standards, if any, fixed for comparable cargo/ equipment/ service in any Major Port Trust, or can file a proposal for notification of tariff for the said new cargo/ equipment/ service/ facility with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment.

The said Guidelines further stipulate that if determination of tariff based on the above prescribed options is not available, then the Major Port Trusts after giving sufficient reasons may propose rates based on cost plus 16% return formula.

When specific point was raised, NMPT has categorically stated that, no such comparable charges for utilization of Fire Fighting System in other Major Ports available. As regards, considering optimal capacity, the port has stated that, the utilization of the Berth No.09 is very less vis-à-vis its capacity and the said berth is mostly used for LPG cargo. The utilization of the berth for cargo other than LPG is insignificant. In view of the minimum utilization of berth No.9, the port has contended that fixing the charges based on optimal capacity is not practical as the operator will not be able to recover the cost incurred on the equipments and operating costs. The port has categorically stated that considering optimal capacity is not practical. Therefore, the average of actual utilization of the berth no.9 for the last 3 years i.e.2017-18, 2018-19 and 2019-20 at 3080 hours is considered by the port to arrive at the proposed tariff per hour. Based on the justification furnished by the port, this Authority may proceed to fix the tariff based on the approach adopted by the NMPT.

(c). **Capital Cost:**

The port has considered the total capital cost of Fire Fighting Facility at ₹484.29 lakhs at the original cost as furnished by the HPCL. The port has furnished the breakup of the capital cost which comprises of DG set, Fire Engines, including Supply and Installation and commissioning, Fire water pump, upgradation, automation, UPS, Data interface etc.

Total Gas has pointed out that the capital cost considered by the NMPT for computation of ROCE, etc., is the original cost of asset though life of few assets have completed 4 to 6.5 years and DG Set-750 KVA has completed 9.5 years. Hence, Total Gas has requested the port to consider the depreciated cost. When sought clarification from the port in this regard and with a request to revisit the proposal, the port has clarified that Port has in the year 2020 permitted HPCL to upgrade the fire fighting system at Berth No.09 and HPCL would replace the equipments as and when required. During the processing of the case, the HPCL has also confirmed that they are upgrading the facility from time to time and has already incurred 50 lakhs for upgradation of the facility. Relying on the clarification furnished by the port that it has permitted HPCL to upgrade the fire fighting system at Berth No.09 and that HPCL would replace the equipments as and when required, and the tariff prescribed is for five years period as proposed by the port, the Capital cost as considered by the NMPT is considered for estimating ROCE, insurance cost and repairs and maintenance cost.

(d). **Operating Cost:**

(i). Power Cost:

The port has considered power cost at ₹70,09,095 per annum based on actual consumption. Total Gas has contended that the power cost estimated by the port is on the higher side. In this regard, the HPCL who is operating the said facility has clarified that they are having high capacity fire pumps and jockey pumps at the pump house in addition to motor operated automated valves at Jetty area and the Jumbo monitors and the power cost includes the automation system of electrical panels at Jetty No.09 and Trustle Tower.

Since the power cost considered by the port is reportedly based on the actual consumption by the HPCL, the power cost as estimated by the port is considered.

(ii). Repairs and Maintenance Cost:

The NMPT has estimated repairs and maintenance cost at 5% of fixed assets cost. It is relevant here to state that the norm prescribed for estimating repairs and maintenance cost for mechanical and electrical equipment for liquid terminal in the upfront tariff guidelines of 2008 is 2%. Considering that the fire fighting facility provided is for LPG, the repairs and maintenance cost estimated by the port is modified and considered 2% of the capital cost adopting the norms prescribed in the upfront tariff guidelines of 2008 for liquid terminal.

(iii). Insurance cost:

Insurance cost is estimated by the port at 1% of the gross fixed assets, which is in line with the norms prescribed in the guidelines for liquid terminal and hence accepted.

(iv). Depreciation:

The NMPT has estimated depreciation on straight line method considering the life of each asset as 10 years. Accordingly, the NMPT has estimated depreciation cost at ₹48.43 lakhs (i.e. ₹4.84 crores X 10%).

As regards, the point made by Total Gas that the port has considered depreciation for all capital cost items for 15 Years, it is seen from the calculation that the port has considered the life of assets as 10 years for estimating the depreciation. The depreciation is considered as estimated by the port.

(v). Diesel Cost:

The port has estimated of diesel consumption at 30 litres per day reportedly based on average actual consumption. As stated earlier, there are no norms prescribed in 2008 guidelines for the facility proposed by the NMPT. The diesel consumption considered by the NMPT based on average actual consumption is, therefore, relied upon and considered in the analysis.

The NMPT has considered the unit rate of fuel at ₹70 per litre. Subsequently, the NMPT has intimated the prevailing rate of diesel at ₹94.22 per litre. In our analysis, the unit rate of diesel is updated with prevailing rate of ₹94.22 per litre. Based on the above, the modified diesel cost come to ₹10.32 lakhs as against ₹7.67 lakhs estimated by the NMPT.

(vi). Manpower cost:

The NMPT has estimated manpower cost at ₹56.40 lakhs and has supported with detailed working.

As regards the objection raised by Total Gas on this cost item, the NMPT has furnished the clarification of the HPCL that it has employed total 18 people for 3 shift operation for 24X7 on contract basis for round the clock operations and maintenance of the fire fighting facility irrespective of whether the vessel is berthed or not to maintain the Fire Fighting facility always in a good operating condition. In view of the above clarification, the estimate of this item as furnished by the port is considered.

(e). **Return of Capital Employed:**

The port has estimated the Return of Capital Employed on the capital cost of ₹484.29 lakhs @ 16% working out to ₹77.48 lakhs. 16% ROCE considered is as per the Tariff Policy 2018.

(iii). Subject to above analysis, the cost statement prepared by the NMPT is modified. The cost statement prepared by the port and modified by us is attached as **Annex**.

The ARR for the facility estimated by the NMPT is ₹289.13 lakhs per annum comprising of ₹211.64 lakhs as operating cost plus ₹77.49 lakhs as the ROCE. The said ARR is spread over the actual average utilization of 3080 hours and accordingly the proposed rate is arrived at ₹9387/- per hour by the NMPT.

Based on the modified cost statement prepared by us, the ARR for the facility works out to ₹277.25 lakhs per annum comprising of ₹199.76 lakhs as operating cost plus ₹77.49 lakhs as the ROCE. Following the approach adopted by the port, the said ARR is spread over the actual average utilization of 3080 hours and accordingly the rate works out ₹9,002/- per hour as against ₹9,387/- per hour estimated by the NMPT.

(iv). In the original proposal at note no.(ii), the port proposed to levy the proposed rate for all the vessels handling LPG, POL and other flammable, hazardous, chemicals at the berth no.09 at hourly rate of ₹9,387. Subsequently NMPT, during processing of the case and responding to comments of Total Gas has modified the said note to levy it only on Port users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.09. However, HPCL has to extend the Fire Fighting Facility to other port users at Berth No.09 in exigencies of free of charge basis on payment of user charges for actual hours of utilisation.

The Board of Trustees of NMPT has accorded approval for proposed amendment to the conditionality no.(ii) on 27 July 2021. Hence, the modified note proposed by NMPT vide its letter dated 28 July 2021 is approved.

(v). The port in its original proposal had proposed the validity of the proposed rate for 15 years. Subsequently, while responding to the information/ clarification sought by us, the port has modified the note and proposed validity of the rate for 5 years from the date it comes into force. Considering the remaining life of most of the asset is in the range of 3.5 to 6 years, the revised proposed notes prescribing validity period of the rate for 5 years is approved.

(vi). The port has also prescribed a note as regards automatic annual indexation in the rate at 100% of the variation in the Wholesale Price Index (WPI) from the second year onwards till the validity of the rate. Similar annual indexation clause have also been prescribed in HMC cases. The proposed note is, therefore, approved with some improvement in the language. Further, the proposed note by the NMPT states WPI is to be announced by TAMP. This is modified to state that the annual indexation @ 100% variation in WPI as may be announced by TAMP or any other Competent Authority notified by the Government.

(vii). The port has also proposed other general conditionality governing the proposed rates like charges shall be collected directly by HPCL, duration for which levy shall be collected, etc. None of the users have objected to the proposed general conditionalities. The other conditions proposed by the port is, therefore, incorporated in the schedule.

(viii). The rates approved by this Authority generally come into effect prospectively after expiry of 30 days from the date of Gazette Notification unless otherwise different arrangement is specifically mentioned in the respective tariff Orders. Accordingly, this Authority is inclined to grant approval to the rate of ₹9002/- per hour for Fire Fighting Facility after the expiry of 30 days from the date of Gazette Notification of the Order passed in the Gazette of India.

10.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves following rates for utilisation of fire fighting facility at Berth No.9 installed and operated by M/s.Hindustan Petroleum Corporation Ltd:

"Charges for the use of Fire Fighting Facility at Berth No.09:

(1).	Charges for the use of Fire Fighting Facility	₹9,002.00 per hour

(i). The Fire Fighting Facility at Berth No.9 will be operated by M/s.HPCL.

(ii). Port users who opt for handling Liquefied Petroleum Gas (LPG) via Berth No.9 should pay ₹9,002/- per hour to M/s. HPCL for keeping the Fire Fighting Facility at Berth No.9 on standby mode. However, M/s. HPCL shall extend the Fire Fighting Facilities to other Port users at Berth No.09 in exigencies on payment of user charges for actual hours of utilization.

(iii). Charges in this regard shall be collected directly by M/s.HPCL.

(iv). Duration of utilization of the Fire Fighting Facility will commence from Berthing of the vessel (First Rope On) to Sailing of the vessel (Last Rope Off).

(v). The Fire Fighting Charges will be applicable during the period of stay of the vessel at Berth No.9 and the facility will be in stand by mode and charges will be applicable whether the cargo is being discharged/ loaded or not.

(vi). After the declaration of Vessel at Berth No.9 by NMPT during berthing meeting, Trade will have to submit a requisition to M/s.HPCL to arrange for the Fire Fighting Facility for Berth No.9.

(vii). M/s.HPCL shall submit the non-availability of Fire Fighting Facility at Berth No.9 to the Traffic Manager in writing in case of any maintenance shutdown.

(viii). The tariff prescribed will be valid for period of 5 years from the date it comes into effect subject to automatic annual indexation.

(ix). The rates prescribed shall remain valid for a period of 5 years effective from the date it comes into effect and shall be subject to automatic annual indexation at 100% of the variation in WPI from the second year onwards. That is to say, from second year onwards till the validity period, on completion of each anniversary thereafter, the user charges as prevailing during the immediate previous year shall be automatically indexed at the rate of 100% of the variation in WPI published from time to time by TAMP or any other Competent Authority notified by the Government.

"

10.2. The said charges will be made effective after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall remain valid for a period of five years from the date it comes into effect. The approval accorded will automatically lapse unless, specifically extended by the Competent Authority.

(T.S. Balasubramanian)
Member (Finance)

Annex

COST STATEMENT FOR FIXATION OF TARIFF FOR USER CHARGES FOR UTILISATION OF FIRE FIGHTING FACILITY AT BERTH NO.9 INSTALLED AND OPERATED BY M/S.HINDUSTAN PETROLEUM CORPORATION LTD. (HPCL) AT NEW MANGALORE PORT TRUST

Sr. No.	Particulars	Estimates by NMPT in its proposal dated 29.04.2021	Estimates by NMPT and considered by TAMP
I	**Capacity Utilisation**		
	Average utilisation per annum in hours		
	[Avg. Utilisation in last 3 years 2017-18 : 3137 hours; 2018-19 : 2815+193 hours; 2019-20 : 2578+516 hours; {(3137+2815+193+2578+516)/ 3=3080}]	**3,080**	**3,080**
II	**Capital Cost**		
a.	Capital cost of the Fire Fighting Facility	48,429,249	48,429,249
	Total Capital Costs	**48,429,249**	**48,429,249**
III	**Operating Cost**		
a.	Power consumption [Actual usage (average)]	7,009,095	7,009,095
b.	Repair and Maintenance of Civil assets (NMPT: 5% of Fixed assets) (TAMP: 2% of Fixed assets)	2,421,462	968,585
c.	Insurance (@1% of gross fixed assets)	484,292	484,292
d.	Depreciation (Life of 10 Years i.e.10%)	4,842,925	4,842,925
e.	Diesel cost [NMPT: 30 litres per day * ₹70 (Diesel cost) * 365 days] [TAMP: 30 litres per day * ₹94.22 (Diesel cost) * 365 days]	766,500	1,031,709
f.	Manpower		
	(i). Cost of engaging one electrician @ 30,000 per month for a year, 4 person in total: ₹14,40,000	5,640,000	5,640,000
	(ii). Cost of engaging one fitter @ 25,000 per month for a year, 4 person in total: ₹12,00,000		
	(iii). Cost of engaging 10 Nos. fire fighting crew members @ ₹25,000 per month per person for year: ₹30,00,000		
	Total Operating Cost	**21,164,275**	**19,976,606**
IV	**Return on Capital Employed (ROCE) (16% of Capital Cost)**	**7,748,680**	**7,748,680**
V	**Total Annual cost recovery Requirement (III + IV)**	**28,912,955**	**27,725,286**
IV	**Tariff (V / I) ₹ / per hour**	**9,387**	**9,002**

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

F.No. TAMP/30/2021-NMPT

Proposal from the New Mangalore Port Trust (NMPT) for fixation of user charges for utilisation of fire fighting facility at Berth No.9 installed and operated by M/s. Hindustan Petroleum Corporation Ltd. (HPCL)

A summary of the comments received from the users/ user organizations and reply furnished by the NMPT thereon is tabulated below:

Sl. No.	Comments received from the users/ user organisations	Reply furnished by NMPT
1.	**M/s.Total Oil India Pvt. Ltd. (TOIPL)** Comments furnished vide e-mail dated 10 May 2021:	
(i).	With reference to the NMPT proposal dated 29 April 2021, TOIPL has pointed out that the following paragraph in the NMPT proposal is misrepresenting the actual fact. The below statement from page 2 of the NMPT proposal: *M/s.HPCL and M/s.Total Gas for their comments. In response, M/s.Total Gas accorded their approval, however, M/s.HPCL vide e-mail requested to consider the actual jetty occupancy rather than considering 70% of the total number of hours.* TOIPL have not accorded its approval for the same.	No comments of the port.
(ii).	The below statement from Page 3 of the NMPT proposal: *Since no comments relevant to the subject were received from M/s.Total Gas even after reminders, it is decided to submit the proposals to TAMP along with the calculation sheet with relevant documents for fixation of user charges for utilisation cost per hour for the Fire Fighting Facility at Berth No.9 at ₹9,387/-.* TOIPL have received a reminder on 06.03.2021 (from NMPT) and TOIPL have replied (to NMPT) vide e-mail dated 08.03.2021 (copy enclosed).	
(iii).	TOIPL has requested to consider their request for looking at the costing of HPCL which is on a very higher side.	
	Comments furnished vide e-mail dated 20 May 2021:	
(iv).	TOIPL finds that the costing on the basis of which the tariff is arrived at is not represented correctly and has been allocated on the complete facilities including coastal terminal operation and maintenance.	No comments furnished by the port.
(v).	TOIPL has furnished the following cost and has requested to again have a relook and consider only the costing towards the fire fighting system instead of entire HPCL coastal terminal at NMPT:	No comments furnished by the port.
	(a). Capital Cost: Capital Cost of the Fire Fighting Facility – ₹48429249.33 Under Annexure-1 from Sl. no.21 up to Sl. No.13	

	Installation Date	**Description**	**Qty.**	**Original Cost in ₹**	**Revised Amount (₹ in Lakhs)**	**Age of Asset as on 31/12/2020**	**Remarks**	**Comments by HPCL**	**Reply furnished by NMPT**
21	4/28/2011	DG Set-750 KVA MLIF COASTAL TERMINAL-NMPT G. D. Anklesaria & Co	1	7844152	7844152	9.5 Years	1. Please note that that maximum power requirement for running all the equipment in the fire water pump house is less than 250 KVA. Whereas the DG set is 750 KVA. This kind of power	1. The fire pump house in the jetty 9 is also having electric fire engine which is having high capacity and other associated Jockey pumps. In the event of alternate power requirement at jetty area,	However these equipments are to be replaced as and when they are obsolete

							demand is required only in Coastal terminal of MLIF, therefore it should not be included. 2. Depreciation for all capital cost items considered for 15 Years. Already completed 9.5 Years. The depreciated value should be considered, whereas original cost is considered.	750 KVA DG is utilised irrespective of the load requirement. 2. As per Ministry of Surface Transport (Port wings) letter no. PR-24021/28/98-PG dated 19.08.1998, point no. XII mentions, the Life of Fire Fighting Equipment as 10 years.	
6	3/23/2013	FIRE ENGINE-KTA 1150F JETTY NO.9 NMPT CUMMINS INDIA LIMITED	1	2458433.3	2458433.3	6.5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 6.5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.PR-24021/28/98-PG dated 19 August 1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
7	3/23/2013	FIRE ENGINE-KTA 1150F JETTY NO.9 NMPT CUMMINS INDIA LIMITED	1	2458433.3	2458433.3	6.5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 6.5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
5	3/30/2013	Install & Comm.Fire Engine Jetty No. 9 NMPT Cummins India Ltd	1	50000.4	50000.4	6.5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 6.5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
8	3/30/2013	Install & Comm.Fire Engine Jetty No. 9 NMPT Cummins India Ltd	1	50000	50000	6.5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 6.5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
14	3/31/2014	FIRE WATER PUMP FIRE WATER PH-JETTY NO. 9 KIRLOSKAR BROTHERS LTD.	1	8227955	8227955	6.5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 6.5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
15	5/15/2015	JETTY 9 PLC SYSTEM (UPGRADE) JETTY NO. 9 & TRESTLE TOWER ROCKWELL AUTOMATION (AB)	1	2139612.12	2139612.12	5.5 Years	1. Is this PLC used for Fire Water operation or LPG operation. If used for both the proportional value should be deducted. 2. Depreciation for all capital cost items considered for 15 Years. Already completed 5.5 Years. The depreciated value should be considered, whereas original cost is considered.	1. The Fire Fighting System is kept always in automode and the line is kept pressurized with the automation system. The considered PLC system upgradation is only for the automation of safety system. 2. As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
9	8/15/2015	2x5KVA, 1Ph 230V UPS Jetty No. 9 Trestle Tower APLAB LIMITED	1	370608	370608	5 Years	Depreciation for all capital cost items considered for 15 Years. Already completed 5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
10	8/15/2015	DATA INTERFACE-JETTY / MLIF NMPT COASTAL TML. & MLIF CCR HONEYWELL & ROCKWELL	1	2241271.43	2241271.43	5 Years	1. Is this PLC used for Fire Water operation or LPG operation. If used for both the proportional value should be deducted. From this description looks like they are using for coastal terminal.	1. The considered PLC system is for the safety automation system where the central monitoring is enabled at coastal terminal and at MLIF.	However, these equipments are to be replaced as and when they are obsolete.

							2. Depreciation for all capital cost items considered for 15 Years. Already completed 5 Years. The depreciated value should be considered, whereas original cost is considered.	2. As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	
11	9/01/2016	JUMBO MONITORS JETTY 9- 2 NOS. JETTY NO. 9 NMPT SHAH BHOGILAL JETHALAL & BROTH	2	2491512.53	2491512.53	5 Years	1. Depreciation for all capital cost items considered for 15 Years. Already completed 5 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
12	1/15/2017	JETTY FIRE FIGHT SYS AUTOMATIO JETTY 9 FWPH KJ ELECTRICALS	1	1178351.25	1178351.25	4 Years	1. This is the automation for fire fighting system, therefore the PLC 2 line items considered on top needs to be reviewed. 2. Depreciation for all capital cost items considered for 15 Years. Already completed 4 Years. The depreciated value should be considered, whereas original cost is considered.	1. The work scope covered the upgradation of field instruments for the Jetty No.09 FWPH and other instruments in Jetty No.09 area for enhanced safety. 2. As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
13	1/15/2017	HYD. P/L JETTY FWPH TO COASTAL JETTY 9 TO FWPH COASTAL (NMPT) SADAF/SP ENGG/DHANALAXMI	1	7628396	7628396	4 Years	1. Depreciation for all capital cost items considered for 15 Years. Already completed 4 Years. The depreciated value should be considered, whereas original cost is considered.	As per Ministry of Surface Transport (Port Wings) letter No.R-24021/28/98-PG dated 19.08.1998, point No.XII mentions the Life of Fire Fighting Equipment as 10 years.	However, these equipments are to be replaced as and when they are obsolete.
	(b). The next costing needs to be reviewed are:								
	III. Variable Cost								
	(i). **Salaries PA. ₹5640000** The cost details given by NMPT state that they employ 18 People (Electrical 4+ Fitter 4 + Fire Fighting Crew 10). During our ship discharge, TOIPL noted 2 people in Fire control room and 1 person in fire water pump house in shifts of 12 Hrs. Therefore, the cost of employing personnel for J13 standby for MLIF ships should not be included here and cost of man power should be apportioned.							HPCL has employed total 18 people for 3 shift operation for 24X7 on contract basis for round the clock operations and maintenance of the installed equipments, manpower for communication between Jetty, Trustle Tower and Control Room. These people are deployed irrespective of whether the vessel is berthed or not in order to maintain the Fire Fighting facility always in good operating condition.	No separate comment of port.
	(ii). **Electricity Cost PA ₹7009095** The Fire water pumphouse has 2 Electric driven Jocky Pumps of 50 HP motor (Hz50, kw 37, A64, Efficiency 92). Other than this,							HPCL is having high capacity fire pumps and jockey pumps at the pump	No separate comment of port.

	Electricity is required for Building lighting and Jumbo Curtain motor operation. Considering the 1 Hr running of Jocky pump per day the calculation is as given below: Running of Jock Pump 1 per day 1 Hr - 630 KWH/ Running of Jock Pump 2 per day 1 Hr - 630 KWH/ Running of all other Lighting etc. - 500 KWH/ **Total - 1750 KWH/** Power Bill @ ₹10 /Hr + Demand charges etc. is about ₹1,00,000/ Month This is taken on a higher side considering the demand charges. But, the cost considered by NMPT in the calculation is 70,09,095 PA/ 12 Months = 5,84,000/ Month. Note that this high amount of power cost can only be if they have included the booster pump house which has got high powered Booster Pumps. Therefore, this cost should not be included and costs related only to the coastal terminal should be included.	house in addition to the Motor operated automated valves at Jetty area and the Jumbo monitors. The electrical cost includes the automation system of electrical panels at Jetty No.09 and Trustle rower.	
(vi).	TOIPL has requested to consider the above factors while arriving at the cost calculation per month.		
2.	**Indian Oil Corporation Limited**	**Comments of Port**	
(i).	Jetty 9 at Mangalore is having limited users, viz. HPCL and TOTAL LPG import terminals, due to inherent limitations and constraints at jetty 9. Use of Jetty 9 facilitates free jetty days for Jetty 12 and 13 which are relatively congested jetty. Indirectly J-9 utilisation generates additional jetty days for Jetty 12 and 13.	No comments received.	
(ii).	It is in the interest of all stake holders utilising J-12 and 13 that additional free jetty days be made available at J-12 and J-13 by promoting use of J-9 by its existing users.	No comments received.	
(iii).	Hence, it is suggested that fire-fighting uses charges should be fixed for J-9 ensuring a reasonable ROI to HPC and reasonable cost implication for user.	No comments received.	
(iv).	Currently proposed charges of ₹9387/hr. by HPCL appears on the higher side and proposed tariff should be re-evaluated after considering already recovered amount and other cost parameters in the calculation.	No comments received.	
3.	**Aegis Logistics Limited**		
(i).	Normally port provides a safe berth for vessel handling inclusive of fire fighting facility for which port collects wharfage / berth hire as cargo related and vessel related charges, respectively. Hence, the scope of fire-fighting should be with port which is in line with other Major Ports.	The Fire Fighting Facilities at Berth No.09 is installed, operated and maintained by M/s.HPCL at their cost as they are mostly using the berth for smaller parcel vessel considering the berth particulars and this cost has not been included for calculation of wharfage / Berth Hire charges for handling of LPG. Port has provided all the facilities required for handling LPG at Berth No.12 and Berth No.13 inclusive of Fire Fighting Facility, which are the preferred berth for handling of the same cargo. Hence the utilization of berth No.09 for LPG is	

<table>
<tr><td></td><td></td><td>comparatively less and only utilized as and when the designated berth is occupied.</td></tr>
<tr><td>(ii).</td><td>The wharfage charges for berth no.9 is as per SOR and its same for all berths say berth 12. Following is the cost comparison for customer for a vessel unloading 5,000 MT of POL cargo for 24 hrs of berth stay,
<table>
<tr><td>Assumption</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Cargo Qty.</td><td>5,000</td><td>MT</td><td></td><td></td></tr>
<tr><td>Berth Stay</td><td>24</td><td>Hrs</td><td></td><td></td></tr>
<tr><td>Details</td><td></td><td></td><td>Berth No 12</td><td>Berth No 9</td></tr>
<tr><td>Wharfage</td><td>72</td><td>₹ / MT</td><td>3,60,000</td><td>3,60,000</td></tr>
<tr><td>Fire fighting</td><td>9,387</td><td>₹ / MT</td><td>-</td><td>2,25,288</td></tr>
<tr><td>Total</td><td></td><td></td><td>3,60,000</td><td>5,85,288</td></tr>
<tr><td>Cost ₹ / MT</td><td></td><td></td><td>72</td><td>117</td></tr>
</table>

This inflation in cost will deter customer from using berth no 9 resulting in more congesting / high waiting time at berth no.12, which is already highly congested.</td><td>The proposed charges are not applicable for POL cargo.</td></tr>
<tr><td>(iii).</td><td>Port has allotted pipeline slots to new users for laying pipeline and handling products at berth no.9. This will increase the occupancy of berth no.9, which has not been considered by M/s. HPCL while calculating fire-fighting charges of ₹9,387/- per hr.</td><td>The proposed rate has been calculated based on the actual utilization of the berth for handling Liquefied Petroleum Gas (LPG) and the recovery of cost and ROCE is proposed to be recovered by LPG cargo only.</td></tr>
<tr><td>(iv).</td><td>The port user should be encouraged to user Berth 9 as its occupancy is rarely in double digits and NMPT has in the past to improve port revenue has been trying to improve utilisation of Berth no.9. It should not be used by M/s.HPCL to discourage other user and so as to retain exclusivity in a roundabout way which is deter mental to NMPT's interests. Or at least the tariff should be on a token basis for M/s. HPCL to retain ownership / cover operating costs on actual basis, as it is already a depreciated facility and capital costs would have been already recovered.</td><td>The rate proposal is only for handling of Liquefied Petroleum Gas (LPG) at B.No.09. The requirement of fire fighting facility in case of exigencies during handling of vessel of any other cargo is proposed to be on free of charge basis. Hence the concern of the user is already addressed in the proposal.</td></tr>
<tr><td>(v).</td><td>The port and TAMP have been requested not to penalise customers by charging extra on fire-fighting grounds and make vessel handling at berth no.9 unavailable. As such the customers are in financial distress due to pandemic scenario and this will encourage them to look for other alternative port. The berth no.9 is an alternative to berth no.12, which is most congested, and this will help in reducing waiting / demurrage for customers. This will surely attract more traffic for New Mangalore Pore.</td><td></td></tr>
</table>

2. A joint hearing in this case was held on 02 May 2021 through video conferencing. The NMPT made a brief power point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ organisation bodies made the following submissions:

<u>New Mangalore Port Trust (NMPT)</u>

(i). Port permitted HPCL to install and operate the Fire Fighting system at Berth No.9. Accordingly, HPCL installed the same in the year 1996.

(ii). M/s.Total Gas entered into an agreement with M/s.HPCL in 1999 to avail the Fire Fighting facility at Berth No.9 at a mutually agreed rates with yearly escalation.

(iii). Presently, Fire Fighting system at berth No 9 installed by HPCL is used only by HPCL and M/s.Total Gas.

(iv). NMPT in the year 2020 permitted HPCL to upgrade the existing fire fighting facility.

(v). Till now the rate was mutually agreed between the HPCL and Total Gas for the firefighting facility installed by HPCL. Recently, Total Gas approached Port to regulate the tariff for providing Fire Fighting facility at Berth No.9. Hence, HPCL was informed to submit the cost details of Fire Fighting facility to enable NMPT to fix charges.

(vi). On the basis of information furnished by HPCL, the rate was initially worked out at ₹4,715/- per hour by NMPT.

(vii). The same was forwarded to HPCL and Total Gas for their comments. In response Total Gas accorded their approval. However, HPCL requested to consider the actual jetty occupancy rather than considering 70% of the total number of hours.

(viii). Total actual occupation of jetty is 3080 hours in the last 3 years.

(ix). The ARR comprising of total cost plus 16% ROCE estimated at ₹2.89 crores is spread over actual occupancy of jetty for 3080 hours per annum and proposed rate is ₹9397/ hour.

<u>Hindustan Petroleum Corporation Limited</u>

(i). We agree with NMPT proposal.

<u>M/s. Total Oil India Pvt. Ltd.</u>

(i). We have given detailed comments.

(ii). Main component in the proposed tariff is capital cost. Capital cost considered by the NMPT is the original cost of asset. Though life of most of asset have completed 6.5 years to 9.5 years, the port has not considered the depreciated cost of assets. This should be corrected.

(iii). Capital cost of few facilities captured in the calculation are not relevant to us. Hence those must be excluded.

(iv). Only 2 persons in the field and 1 in fire control room are deployed. But, the port has considered salary cost of 18 employees. This item needs to be reviewed.

(v). Electricity Cost is very much on the higher side. As per our calculation, it should work out to ₹1 lakh per month as against ₹5,48,000/- month considered by port.

SIPCOT

(i). We are ok to the extent relevant cost for firefighting for berth no 9 are captured.

(ii). Cost not relevant to us should be excluded.

Ageis Logistics

(i). Proposed tariff is unnecessary and adding burden.

Indian Oil Corporation Limited (IOCL)

(i). We are not affected by the proposal.

(ii). Jetty 9 is having limited user i.e. HPCL and Total as compared to Jetty Nos.12 and 13 which are congested.

(iii). Fire fighting charges should be fixed for jetty no.9 so as to give HPCL a reasonable ROI and also reasonable tariff to users.

(iv). Points brought by Total should be considered which is mutually beneficial to all.

Mangalore Steamer Agents Association

(i). Why user had to put fire fighting facility at Jetty no.9? Port should have extended fire fighting facility.

(ii). Wharfage rate for LPG is high compared to other cargo. Wharfage should capture the cost of providing fire fighting facility.

(iii). Fire fighting is a basic requirement for the jetty handling LPG cargo. Port should absorb this charge.

Hindustan Petroleum Corporation Limited

(i). Fire fighting facility was installed in 1996. That time liquid cargo handled at port was very low. Port could not afford to deploy this. There was no return as cargo was low.

(ii). Port approached HPCL as it was the only user and told us to install fire fighting facility at Jetty No.9.

(iii). Total Gas came in the year 1999 to handle LPG. Since the year 1999, we have been providing fire fighting facility to Total Gas as per agreed rate between HPCL and Total. We were also informing the port.

(iv). We are upgrading the facility from time to time.

(v). Salary is to be paid and maintenance of the facility is to be done whether vessel call at Jetty 9 or not.

(vi). Electricity cost considered is only with reference to Jetty No.9.

(vii). Depreciation considered is as per Tariff Guidelines.

(viii). The proposed rates calculated by the port is based on the information furnished by the HPCL in November 2020. The up gradation of fire fighting facility is in progress. We have incurred another ₹50 lakhs on upgradation till April 2021. This may be included in tariff calculation by the port.

New Mangalore Port Trust (NMPT)

(i). This has been dedicated facility for HPCL since 1996. At that time, port allowed HPCL to install Fire fighting.

(ii). MOU was entered between HPCL and Total Gas for availing fire fighting facility by Total Gas at Jetty 9. This was going on smoothly. Total Gas later on objected.

(iii). Port had discussion with HPCL and Total Gas.

(iv). We have allowed HPCL to upgrade the facility in the year 2020.

(v). Based on inputs and actuals received from the HPCL, port has arrived at the proposed rate.

(vi). Intention of port is that all users can use the facility. Optimal utilization should happen.

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