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

Tariff Authority for Major Ports

G.No. 263 **New Delhi,** **21 June 2016**

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Kolkata Port Trust (KOPT) for fixation of Reference tariff for the project of "Setting up a Liquid Jetty at Haldia Dock-II, Shalukkhali, Haldia through PPP mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis" at KOPT, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/5/2016-KOPT

Kolkata Port Trust … **Applicant**

QUORUM

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

O R D E R
(Passed on this 30th day of March 2016)

This case relates to a proposal dated 31 December 2015 received from Kolkata Port Trust (KOPT) for fixation of Reference tariff for the project of "Setting up a Liquid Jetty at Haldia Dock-II, Shalukkhali, Haldia through PPP mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis in pursuance of the guidelines for determination of tariff at Major Ports, 2013 notified vide Notification No.TAMP/18/2013-Misc. dated 30 September 2013.

2.1. The main submissions made by the KOPT vide its letter 31 December 2015 are summarized below:

(i). Owing to the growth of traffic and increase in congestion for the liquid vessels, the KOPT has decided to study the existing facilities as to their optimum capacity and to examine the need for additional facilities to be created so that the entire projected traffic is handled with acceptable berth occupancy levels. Accordingly, KOPT has commissioned Indian Ports Association (IPA) to study the feasibility of setting of a liquid jetty for handling other liquids.

(ii). As per the Feasibility Report submitted by the IPA, it is anticipated that the new jetty at Shalukkhali will handle Paraxylene and other liquid cargo (other than POL and Crude oil). Handling these products stand to benefit, as the distance from proposed jetty to their respective terminals will be nearer than from the existing jetties as well as ease the present congestion and thereby avoid ship demurrage. Further, since the proposed jetty is farther away from other jetties at Haldia Dock-II, this may make it a bit isolated for handling hazardous cargo.

(iii). The said project will be implemented through PPP mode on DBFOT basis for a period of 30 years.

(iv). The private operator who is expected to undertake the project will construct the jetty and approach trestle and install Marine unloading arm and Electrical installations etc. and carry out the operations and maintain the project as the common user facility for handling different type of liquid cargo, both by marine unloading arm and flexible hoses. The operator will be responsible for loading/unloading of cargo to and from the ships at the proposed liquid cargo handling jetty.

2.2. The details of the project are as follows:

(i). **Optimal Capacity:**

Optimal Capacity	
Percentage Share of capacity of different cargo items	
Liquid cargo (Handling with Marine Unloading Arms (10 lakhs tonnes)	50.00%
Liquid cargo (Handling with Flexible hoses (10 lakhs tonnes)	50.00%
Handling rate of each type of cargo items	

Liquid cargo (Handling with Marine Unloading Arms			7200 TPD
Liquid cargo (Handling with Flexible hoses			7200 TPD
Optimal Capacity (Tonnes)	1839600	Or say	1.84 MMTPA

(ii). **Capital Cost:**

The capital cost of the project is based on the Feasibility Report. The details are as under.

(₹ in lakhs)

Cargo Handling Activity	**Total**	**Handling with Marine Unloading arm**	**Handling with Flexible hoses**
i) Equipment Cost			
1 No.. Marine Loading Arms	422.40	422.40	0
Pipe line Manifolds with flexible hoses	52.80	0	52.80
Firefighting pump house with control room	211.20	105.60	105.60
Fire fighting systems with pumps, towers, monitors, Hydrants, pipelines etc.	1372.80	686.40	686.40
Oil containment system	158.40	79.20	79.20
Electrical facilities including sub-station, lighting etc. with flame-proof equipment in the jetty and approach area near by jetty and Stand-by Gen Set.	316.80	158.40	158.40
Communications	52.80	26.40	26.40
Total (i)	**2587.20**	**1478.40**	**1108.80**
ii) Civil Cost			
Approach trestle 1.6 km long with 5 mtr roadway and pipeline rack on one side	8938.00	4469.00	4469.00
Approach road to waterfront 2 km long	327.00	163.50	163.50
Total (ii)	**9265.00**	**4632.50**	**4632.50**
iii) Miscellaneous (5% on the Cargo handing activity)	**592.61**	**305.55**	**287.07**
Total Capital Cost for Cargo Handling Activity (i) + (ii)+(iii)	**12444.81**	**6416.45**	**6028.37**

(b). Berthing Activity	
Jetty structure with fenders, quick release hooks, walkways, ladder and other accessories	4578.00
Miscellaneous	228.90
Total Capital Cost for Berthing Activity	**4806.90**
Total Capital Cost of the Project	**17251.71**

(iii). **Operating cost:**

(a). **Operating Cost for Cargo Handling Activity**

(₹ in lakhs)

Description	**Total**	**Marine Unloading arms**	**Flexible hoses**

(i). Power for illumination (Op. Land area 2 hectares+20% of Waterfront of 3.66 hectares)x 2.4 lakh units per hectare x Rs.6.67	43.73	21.87	21.87
(ii). Power for Marine Loading Arm (1 No.x 25 units/Tanker x 230 Tankers x 6.67)	0.21	0.21	0
(iii). Repairs & Maintenance - Mech (2% of Cap.cost)	51.74	29.57	22.18
(iv). Civil - Repairs & Maintenance (1% of civil cost)	92.65	46.33	46.33
(v). Depreciation (13.34% of equipment cost of MLA & F/F)	274.70	162.00	112.70
Depreciation (10.00% of equipment cost of Pipelines / Power &Lighting)	52.80	26.40	26.40
Depreciation (3.33% of civil cost including Roads)	308.52	154.26	154.26
(vi). Other Expenses towards salaries and overheads (1% of Gross value of the assets)	124.45	64.16	60.28
(vii). Insurance	124.45	64.16	60.28
(viii). Lease rentals (2 hectares x Rs1229/100 sqm/month x 100 x 12 + 3.66 hectares of waterfront x Rs.614.50 per 100sqm/month x 100 x12)	59.94	29.97	29.97
Total Operating Cost - Cargo handling Activity	**1133.19**	**598.93**	**534.26**

(b). **Operating Cost for Berthing Activity**

(₹ in lakhs)

Description	**Amount**
(i). Repairs & Maintenance (1% of capital cost)	48.07
(ii). Depreciation (3.33% of capital cost)	160.07
(iii). Insurance (1% of Civil cost)	48.07
Total Operating Cost - Berthing Activity	**256.21**

(iv). **Annual Revenue Requirement (ARR):**

The Annual Revenue Requirement is the aggregate of operating cost and Return on Capital @ 16% on capital employed. The following table provides the calculations.

(a). **Revenue Requirement for Cargo Handling Activity**

(₹ in lakhs)

Estimated Revenue Requirement	**Total**	**Marine Unloading arms**	**Flexible hoses**
(i). Operating Cost	1133.19	598.93	534.26
(ii). Return of Capital Employed @ 16%	1991.17	1026.63	964.54
Total Revenue Requirement	**3124.36**	**1625.56**	**1498.80**

(b). **Revenue Requirement for Berthing Activity**

(₹ in lakhs)

Revenue Requirement - Berthing Activity	Amount
(i). Operating Cost	256.21
(ii). Return on Capital Employed @ 16%)	769.10
Total Revenue Requirement	**1025.31**

(c). **Apportionment of Annual Revenue Requirement (Cargo Handling Activity)**

The TAMP guidelines prescribed that the tariffs be divided into two categories i.e. Liquid cargo handling charges and Miscellaneous charges at @ 95% and 5% respectively. As no services other than discharges of cargo from the tanker vessel are involved, the miscellaneous charges have not been proposed.

(v). **Scale of Rates (SOR):**

Based on the capacity of the cargo expected to be handled at the proposed project facilities and the annual revenue requirement, the tariff chargeable per ton is calculated. The entire paraxylene cargo is expected to be foreign cargo (100%). The share of Overseas and Coastal movements for other liquids (other than POL and crude oil) is around 95% and 5% respectively, based on the past three years (2012-12 to 2013-14) actual traffic. The Overall share of the Coastal cargo is very meager out of the total cargo, which works out to nearly 0.45% that is less than 1%. Hence, percentage of coastal share is not considered for arriving coastal rate; directly 60% of the arrived rate is proposed as the coastal rate.

Sr. No.	**Cargo Handling Rate per tonnes**	**Marine Unloading arms**	**Flexible hoses**
	Overseas / Coastal Ratio	100 : 0	100.00
(i)	Foreign Cargo (Rs. per tonne)	176.73	162.95
(ii)	Coastal Cargo (Rs. per tonne)	106.04	97.77

Sr. No.	**(b). Berth hire charges per GRT per hour**	**₹ per tonne**
	Overseas / Coastal Ratio	100 : 0
(i)	Foreign vessels (Rs. per GRT/ per hour)	1.672
(ii)	Coastal Cargo (Rs. per GRT/ per hour)	1.003

(vi). **Berth Hire calculations:**

Particulars	**Unit**	
Ship day Output	TPD	7200
Ave. GRT	Tonnes	10000
Ave. Parcel Size	Tonnes	8000
Tonnage expected	Tonnes	1839600
Ave. No. of berth Days	Days	256
No. of berth hours	Hrs.	6132
Expected No. of Vsls.	No.	230
Total GRT hrs	GRT hrs.	61320000
Revenue Requirement	₹ In lakhs	1025.31
Berth hire	₹ per GRT/hr.	1.672
Berth hire (Foreign)	₹ per GRT/hr.	1.672
Berth hire (Coastal)	₹ per GRT/hr.	1.003

3. In accordance with the consultative procedure prescribed, a copy of the proposal of KOPT dated 31 December 2015 was forwarded to the concerned users/ user organisations/ prospective applicants/ bidders/ stake holders seeking their comments. They were also informed that no further extension will be granted to respond and if no comments are received from them within the prescribed time limit, it would be presumed that they have no comments to offer. The MCC PTA India Corp Pvt. Ltd. (MPICTL) vide its letter dated 29 January 2016 has furnished comments. The KOPT vide its email dated 03 February 2016 has furnished its comments on the points made by MPICTL.

4. A joint hearing in this case was held on 1 February 2016 at the KOPT premises. At the joint hearing, the KOPT made a brief power point presentation of its proposal. At the Joint hearing, the KOPT and the concerned users/ user organizations have made their submissions:

5.1. Based on a preliminary scrutiny of the proposal, we have vide our letter dated 03 February 2016, sought additional information/ clarification from KOPT. The KOPT has responded vide its letter dated 08 February 2016. The information / clarification sought by us and response of KOPT thereon are tabulated below:

Sl. No.	Information / clarification sought by us	Response KOPT
(A)	**General:**	
(i).	As already requested vide our letter of even number dated 06 January 2016, the KOPT to furnish the copy of the approval of the Board of Trustees with regard to the proposal in reference.	The KOPT has furnished the Board Resolution dated 22.01.2016 sanctioning the proposal in reference.
(ii).	The KOPT to furnish the details of the total allocation of land and water front area for the project and the details of the land proposed to be allocated for the ancillary facilities.	The estimated Land requirements for approaches, Operational area, environmental and safety measures are as follows: Land front at the approach area: 300 m x 50m = 15000 m^2 Road and approaches etc: 400 m x 12.5m = 5000 m^2 **Total : 20000 m^2** The area to be covered by approach trestle of 1.6 km long and 15 m width would cover 24000 sq m. The remaining area of 12600 sq. m will be the water area falling between the outer breasting dolphins.
(iii).	The KOPT to also confirm whether the proposed allotment of land for the liquid jetty is in line with the land use plan of the port.	Yes.
(iv).	As per Section 48(1)(d) of the Major Port Trusts Act, 1963, this Authority is mandated to fix storage charges, among other charges, for storage services rendered by a Major Port Trust or a person authorized by the Port Trust. Further, the norms prescribed for a Liquid Bulk terminal in the Upfront Tariff Guidelines of 2008, which has been taken as base by KOPT in formulation of its proposal, stipulates that total annual Revenue Requirement is to be apportioned between Handling Charges (95%) and Miscellaneous charges (5%).	Presently at Haldia Dock Complex, all the users have their own storage tanks at their premises located around the port and the liquid cargo being handled at the berth is directly conveyed through dedicated pipelines and no liquid cargo is stored within the Customs bonded area near the berths. Accordingly, no storage facilities at the proposed terminal are envisaged and no provision of costs has been made in the estimated capital cost. Since, the storage facilities are not envisaged in the project, the storage charges are excluded from the handling charges.

	With regard to handling charges, the guidelines also stipulate that the handling charges would include storage charges for storing in tanks, apart from other charges like cargo loading or unloading charges (as the case may be), wharfage and transportation through pipelines. As per the Note below Section 3 of the draft Scale of rates proposed by the KOPT, the handling charges do not include cargo storage charges. The KOPT has also not taken into account the capital costs pertaining to the storage facilities. If the levy of storage charges is envisaged to be excluded from the purview of the proposal under reference, the KOPT to clarify/ furnish the following:	
	(a). The tariff arrangement envisaged by KOPT for storage of liquid cargo handled at the liquid jetty and the rate envisaged to be levied for storage of liquid cargo by the successful bidders.	As explained that the storage facilities are not envisaged in the proposal, the question of charging storage charges by the operator may not arise. License fees has been considered as per the TAMP Guidelines 2008 for the Land proposed to be provided for development of project facilities and approaches.
	(b). The reason to allot 2 hectares of land and 3.66 hectares of waterfront area to the prospective BOT operator, when storage of liquid cargo is not envisaged.	The estimated Land requirements for approaches, Operational area, environmental and safety measures are as follows: Land front at the approach area: 300 m x 50m = 15000 m^2 Road and approaches etc: 400 m x 12.5m = 5000 m^2 **Total : 20000 m^2** The area to be covered by approach trestle of 1.6 km long and 15 m width would cover 24000 sq m. The remaining area of 12600 sq. m will be the water area falling between the outer breasting dolphins.
	(c). The reason to capture the power cost for illumination as well as the license fee pertaining to the 2 hectares of land and 3.66 hectares of waterfront area in the proposal under reference, when the tariff for storage has not been proposed by KOPT.	Power cost for illumination including fire-fighting facilities etc has been considered at the rate of 2.4 lakhs unit/annum as per the TAMP Guidelines 2008.
(B) (i).	<u>**Optimal capacity:**</u> KOPT to examine the technical feasibility of installing additional Marine Unloading Arm on the same jetty, which in turn will increase the productivity.	Installing additional Marine Unloading Arm (MLA) on the jetty is technically feasible. However, productivity by installing the additional unloading arm will not increase, as MLA/ Flexible hoses are merely the devices for connecting the shore manifold with the ship manifold. The productivity of unloading liquid cargo depends on the ship pumping capacity. In case of loading, the productivity depends on the

capacity of the shore pumps. The MLA is used for handling the POL cargo and hazardous chemicals from the safety point of view including Parazylene (a POL product). Hence, one unloading arm has been proposed for handling such cargo. The other liquid cargoes expected to be handled at the proposed facility can be handled with flexible hoses.

As such, only one marine unloading arm for expected Paraxylene and POL cargo has been considered. The usage of Paraxylene is preferred by a single user product to avoid cargo contamination and safer handling. It may be added in this regard that due to draft restrictions, low parcel loads of POL and Parazylene are handled at HDC by tankers which are able to give ship-day output as follows:

POL product	
Year	Shipday output
2012-13	10056
2013-14	9673
2014-15	9422
Average	9744

Paraxylene.	
Year	Shipday output
2012-13	6598
2013-14	7400
2014-15	7237
Average	7087

Chemicals	
Year	Shipday output
2012-13	5052
2013-14	4997
2014-15	5675
Average	5243

Edible Oil	
Year	Shipday output
2012-13	3494
2013-14	3484
2014-15	3744
Average	3583

It is evident from above that the ship-day output actually achieved at HDC is significantly lower than what the Tariff guidelines 2008 stipulate particularly for the POL (prod). This unique feature of low draft port like HDC cannot hence be ignored. Therefore, all the future planning is to be done/assessed on the basis of productivity parameter actually achieved at HDC and not as per the norms prescribed in Tariff guidelines. Besides, it has already been explained above that MLA has been proposed for ensuring safety in handling POL and chemicals.

It may be further added that by considering that the overall capacity of the proposed facility will be used 50% by Paraxylene and POL (prod) (to be handled by MLA) and 50% by other chemicals and Edible Oil (to be handled by

(ii).	The KOPT has computed the optimal capacity of the liquid jetty by assuming that 50% of the liquid cargo would be handled by Marine loading/ unloading Arms and 50% of the liquid cargo would be handled by Flexible Hoses. Though the handling rate of Marine loading/ unloading Arms and Flexible Hoses has been considered uniform at 300 tonnes per hour, as prescribed in the Upfront tariff guidelines of 2008, the reference tariff for handling liquid cargo through Marine loading/ unloading Arms is proposed at ₹ 176.73 per MT and the reference tariff for handling liquid cargo through Flexible Hoses is proposed at ₹ 162.95 per MT. This difference is seen to arise due to difference in the capital cost pertaining to Marine loading/ unloading Arms and Flexible Hoses. In such a scenario, if the percentage of handling of liquid cargo by Marine loading/ unloading Arms goes beyond 50%, it may result in windfall gain to the operator. In view of the above position, the KOPT to clarify how it would ensure handling of liquid cargo by Marine loading/ unloading Arms and Flexible Hoses at 50% each respectively. The KOPT to also confirm that there would not be any scope for the successful BOT operator to handle liquid cargo by Marine loading/ unloading Arms beyond 50%.	flexible Hoses), the average ship-day output comes as follows: POL(0.25x 9744) + Paraxylene(0.25x7087) + Edible Oil(0.25x3583) + Chemical(0.25x5243) =6415 i.e. 267 tons per hour. This has been approximated to 300 tons per hour for assessing the optimal capacity. The factor of 0.25 has been taken as most of the concerned liquid cargo have connectivity from 3 existing terminals at present and as such overall volume of these commodities would tend to get distributed amongst the existing terminals and the proposed 4th one. It is to be appreciated that in the event of handling more cargo by MLA, the service provider may be earning more but at the same time it will also have to incur additional expenditure in operating the MLA which it will not incur in case of flexible hoses. Therefore, there is no possibility of windfall gain to the service provider by handling more cargo by MLA
(iii).	The KOPT in its proposal has indicated the dimension of the Marine Loading arm at 12''. In this regard, the KOPT to establish linkage between Marine Loading arm dimension and handling rate of 300 tonnes per hour for the liquid cargo considered in the optimal capacity calculation.	As stated earlier, the productivity in unloading cargo will be depending on the ship's pumping capacity. However, it is confirmed that the 12" dia. MLA, pipelines will be able to ensure handling rate of 400 TPH as the same will be required to handle POL at the existing ship-day output level of 10000 tons.
(iv).	With reference to the Marine Loading arm, the port to certify that the dimensions considered by it in the proposal is optimum and that no further improvement, which may have an impact on handling rate, would be possible due to technical reasons. The port to also clarify whether the Concession Agreement would categorically specify the dimensions of the Marine Loading arm, which cannot be altered by the BOT operator, after award of the contract.	This is to reiterate that Marine Unloading Arm does not have any role in determining the loading / unloading rate of liquid cargo which depends upon the capacity of the pumps installed in the ship (unloading) / shore (loading). As such, it may not be necessary to specify the

		dimension of the Marine Unloading Arm in the Concession Agreement. However, the concession Agreement will contain a provision that the MLA to be installed should be able to ensure minimum productivity standard.
(C) (i).	**<u>Capital Cost:</u>** The KOPT to furnish the basis for the quantum of each item of civil cost and document substantiating the base rate considered by it to estimate the civil capital costs under each of the activity viz., Handling activity and Berthing activity.	The civil costs have been arrived at by deducing from the awarded costs of similar projects in other ports in recent times.
(ii).	The KOPT to also furnish workings to arrive at the cost of each of the equipment, as considered by it in its proposal. The documentary evidence in support of the cost of the each of the said equipment may also be furnished.	The cost of the Marine Unloading arm is based on the cost of the similar size installed by the BOT operator at Marine Liquid Jetty in the Kamarajar Port. With regard to other mechanical equipment viz. flexible hoses, manifolds, fire-fighting system and oil containment boom, the cost are assessed cost based on the in house data available with IPA consultants for the similar works.
(iii).	KOPT to list down the items considered under the head of 'Communications'. Furnish documentary evidence in support of the cost of Communications.	KOPT has not furnished its comments.
(iv).	A note on the usage of Marine Unloading Arm and Flexible Hoses to be furnished linking the liquid cargo to which these equipment will be used.	As explained earlier, both MLA and hoses will be connecting the pipeline manifold in the tanker with the respective pipeline headers on the jetty.
 (i).	**<u>Operating Cost:</u>** The Upfront tariff guideline of 2008 for the Liquid bulk terminal, which has been considered as base by KOPT to determine the Reference tariff for its liquid jetty, stipulates norm for estimating power cost. As per the said Guidelines, power consumption is towards lighting/ illumination of the area. In addition to the cost of power towards illumination, the KOPT is seen to have considered power cost for Marine Loading arms also. In this regard, the KOPT to clarify/ furnish the following:	
	(a). Reason for considering power cost for Marine Loading arms in addition to the cost of power towards illumination, when such a cost has never been considered in the past by us while fixing tariff for a Liquid bulk terminal.	As per the TAMP guidelines, the power cost considered is mainly for lighting as fixed cost. The power cost for the operation of Marine Unloading Arms will occur only when the arms are in operation. Hence, it is considered separately.
	(b). Basis for considering power consumption of 25 units per tanker.	As per the technical specifications, the power consumption for connecting and disconnecting the MLA at each instant will be 25 units. Accordingly, 25 units have been considered for each tanker.

(ii).	The documentary evidence furnished by the KOPT in support of the cost of power at ₹6.67 per unit reflects the rate of ₹6.65 per unit. It may be noted that the rate of ₹6.65 per unit would be considered as the cost of power in the calculations.	Power cost has been corrected as per the latest electricity bill.
(iii).	The reason for considering power cost for illumination of 20% of the waterfront area to be explained.	Illumination of 20% for the water front area @ 20% is as per the TAMP order for COPT for the fixation of tariff for development of Multi User Terminal at Puthuvypeen SEZ.
(iv).	The KOPT is seen to have considered the rate of ₹ 1229/- per 100 Sq.m for the calculation of the license fee for the land area and ₹614.50 per 100 Sq.m for the calculation of the license fee for the waterfront area under the cargo handling activity. In this regard, the KOPT to clarify the following:	
	(a). As per the Rent Schedule for allotment of Land at Haldia Dock – II approved in February 2012, the license fee for the waterfront area has been prescribed at ₹614/- per 100 sq.m. However, the reason for considering the license fee for the waterfront area at ₹614.50 per 100 Sq.m for the calculation, to be clarified.	The calculation has been made considering 2% escalation effective from 13.04.2012 as per TAMP notification No. 64 dated 14.03.2012, the yearly lease rentals has been worked out ₹59.94 lakhs on the basis of escalated rate of rent (Land @ ₹ 1304.22 and waterfront @ ₹ 652.11) in the Proposal submitted by KOPT.
	(b) The Rent Schedule for allotment of Land at Haldia Dock – II approved in February 2012 prescribes an annual escalation factor of 2%. In such a scenario, the reason for not considering the component of escalation on the rate of ₹1229/- per 100 Sq.m for the calculation of the license fee for the land area and ₹ 614/- per 100 Sq.m for the calculation of the license fee for the waterfront area, to be explained.	Since been rectified in the revised estimate.
(E)	**<u>Apportionment of Annual Revenue Requirement:</u>**	
(i).	The norms prescribed for a Liquid Bulk terminal in the Upfront Tariff Guidelines of 2008, which has been taken as base by KOPT in formulation of its proposal, stipulates that total annual Revenue Requirement is to be apportioned between Handling Charges (95%) and Miscellaneous charges (5%). The KOPT in its proposal has stated that it has not proposed miscellaneous charge as no service other than discharge of cargo from tanker vessel is involved. In this regard, it is to state that the Miscellaneous charge is prescribed in the Reference tariff schedule	Incorporated as per the suggestions of TAMP

<table>
<tr><td></td><td>towards services like pigging, compressor charges, vaporizer charges and such related charges. The KOPT to, therefore, ponder over the matter and propose rates for miscellaneous services, if it so desires.</td><td></td></tr>
<tr><td>(ii).</td><td>The KOPT in its proposal has stated that the entire paraxylene is expected to be foreign cargo as the share of coastal cargo is very meager at 0.45%. At the same breath, the KOPT has also stated that the share of overseas and coastal movement for other liquids (other than POL and crude oil) is around 95% and 5% respectively, based on the actual traffic of past three years viz., 2011-12 to 2013-14. Both the statements appear to be contradictory. The KOPT to, therefore, review this position, and make suitable changes in its proposal, if it so desires.</td><td>The actual traffic of other liquids for the past four years is as under
(000 tonnes)
<table>
<tr><th></th><th>2014-15</th><th>2013-14</th><th>2012-13</th><th>2011-12</th></tr>
<tr><td>Overseas</td><td>3837</td><td>3235</td><td>3097</td><td>2657</td></tr>
<tr><td>Coastal</td><td>59</td><td>59</td><td>47</td><td>16</td></tr>
<tr><td>Total</td><td>3896</td><td>3294</td><td>3144</td><td>2673</td></tr>
<tr><td>% share of Overseas</td><td>98.49%</td><td>98.21%</td><td>98.51%</td><td>99.40%</td></tr>
</table>
As seen from the above, the percentage share of the coastal cargo is less than 2% for the liquid cargo other than POL, crude and LPG).
As per the traffic projections 2024-25 of other liquids and chemicals, the anticipated share of overseas is given below.

Paraxylene - 100 % overseas
Other chemicals - 98.5% overseas
Total - 99% overseas

As such, the percentage of coastal cargo that may be handled at the proposed facility will be very negligible. Besides, the tariff for POL cargo is not affected by foreign/coastal difference.</td></tr>
<tr><td>(F)
(i).

(ii).</td><td><u>Berth Hire calculation:</u>
The actual average GRT of the tankers carrying other liquids (other than POL and Crude) at KOPT during the years 2012-13 to 2014-15 and upto December 2015, to be furnished.

The actual average parcel size of the tankers carrying other liquids (other than POL and Crude) at KOPT during the years 2012-13 to 2014-15 and upto December 2015, to be furnished.</td><td>
<table>
<tr><th>Cargo Type</th><th>Avg. Parcel size over the 3 year period</th><th>Avg. GRT over the 3 year period.</th></tr>
<tr><td>POL Product</td><td>11913</td><td>20920</td></tr>
<tr><td>Paraxylene</td><td>7633</td><td>9255</td></tr>
<tr><td>Edible Oil</td><td>7581</td><td>10779</td></tr>
<tr><td>Chemicals</td><td>6463</td><td>10425</td></tr>
</table>
Avg. GRT & parcel Size has been calculated as average of 2012-13, 2013-14 & 2014-15</td></tr>
<tr><td>(G)

(i).

(ii).</td><td><u>Scale of Rates:</u>
Though per tonne rate for handling of foreign liquid cargo by Flexible hoses has been determined by KOPT at ₹ 162.95 per MT, the proposed Reference tariff Schedule reflects a rate of ₹106.04 per MT. The position to be rectified.

From the proposal of the port, it is seen that the KOPT envisages setting up of only one jetty to the successful bidder for handling of other liquid cargo. In such a scenario, it may not be relevant to prescribe a note under the Schedule of berth hire stating that incase of occupation of only one berth by a vessel, 50% of the berth hire charges are leviable. The proposed note to be deleted.</td><td>Since been rectified in the revised proposal. Due to inclusion of the POL(prod), the overall GRT-Hours has increased and the rate has come down to ₹ 1.099 per GRT –hr.(foreign),

Since been deleted in the revised proposal</td></tr>
</table>

5.2. The KOPT while furnishing the additional information/ clarification vide its email dated 08 February 2016 has made slight changes in its proposed Performance Standards and Scale of Rates (SOR). The revised Scale of Rates (SOR) and performance standard are given below:

(a). **Revised Scale of rates (SOR):**

(i). Berth Hire Charges:

Foreign going Vessels	₹ 1.099 per GRT per hour
Coastal Vessels (Other than POL)	₹ 0.6594 per GRT per hour

(ii). Cargo Handling Charges: (₹. Per metric tonne)

Description / Cargo	**Foreign**	**Coastal***
Liquid cargo handled with Marine Unloading arm	167.86	100.71
Liquid cargo handled with flexible hoses	154.08	92.45

(*) Not applicable for POL cargo which will pay at foreign rates only.

(iii). Miscellaneous Charges:
A rate of ₹8.83 per metric Tonne is to be levied towards cleaning of the area, pigging, compressor charges, vaporizer charges and other such related charges.

(b). **Performance Standards**

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 4 hours shall be subtracted from the total hours.
The indicative norms for Gross Berth output are as follows:

Liquid Bulk	**Indicative Norm**
Liquid cargo handled with Marine Unloading arm.	400 T/H
Liquid cargo handled with flexible hoses	300 T/H

6.1. Subsequent to the joint hearing, the KOPT vide its letter dated 3 February 2016 has, inter alia, stated that the proposed facility will also be able to handle POL product along with other liquid bulk commodities. As the entire tariff calculation are based on 100% foreign cargo and as such, inclusion of POL product will not change the tariff calculation as such products are not covered under concessional rates applicable for coastal cargo.

6.2. Thereafter, the KOPT vide its letter dated 8 February 2016, while responding to the information /clarification sought by us has stated that, the single pre-qualified applicant of the PPP project has requested for including POL as the permissible cargo for handling at the proposed liquid jetty. In view of this, the handling of POL has also been included in the project. While including POL, the existing shipday output of POL (other than crude) achieved at HDC has been taken into account for accessing the optimal capacity of the jetty. The shipday output of POL at HDC is very close to 400 Tonnes per hour and not 1000 tonnes per hour as mentioned in the tariff guidelines. Hence, the productivity has been considered based on what is being achieved at HDC at present under similar situation and draft condition. KOPT has requested to consider the unique feature of low draft port like HDC for computing the optimal capacity and the productivity.

7. Subsequent to the joint hearing, some of the users/ prospective applicant have given their comments on the proposal in reference. The KOPT has also responded to the comments of users/ prospective applicant. The MCC PTA vide its email dated 10 February 2016 has reiterated the concerns on the subject proposal

8.1. Subsequently, the KOPT vide its e-mails dated 29 February 2016 and 01 March 2016 has forwarded a revised proposal for reconsideration of the Reference Tariff for the Liquid jetty, on the basis of comments received by it from its only pre-qualified bidder viz. M/s. IMC Ltd. The KOPT vide its e-mail dated 29 February 2016 has furnished the revised cost statement and has also furnished the comments received by it from IMC Ltd.

8.2. On going through the revised proposal, it is seen that the KOPT in its revised proposal, while keeping its capital costs intact, has proposed to handle LPG/ LNG cargo also with a 25% share. Simultaneously, the earlier aggregate share of Edible oils and Chemicals at 50% has been reduced to 25%.

8.3. Further, the Marine Loading arm is proposed to handle 75% of the POL cargo and the entire LNG/ LPG cargo while the Flexible hose is proposed to handle the entire Paraxylene, Edible oil/ Chemicals and 25% of the POL cargo, as against the earlier submission that Paraxylene and POL cargo would be handled through Marine Loading arms and that Edible Oil and Chemicals would be handled through Flexible hoses.

8.4. It is also seen that the KOPT on the ground that the cost of handling for each commodity by a same mode (flexible / unloading arm) is the same, has apportioned the total revenue requirement for each of the mode equally amongst the cargo to be handled by the said mode without differentiating between the commodities. In other words, to arrive at the per tonne handling rates, the KOPT has apportioned the revenue requirement among the relevant cargo, without going into the productivity of each of the cargo as considered in the optimal capacity calculation. The KOPT is also of the view that having differential tariff for same mode of handling where the cost of handling for each of such commodity is the same, may lead to a situation where by handling the cargo having the higher rate, the concessionaire may be benefitted substantially considering that the cost of handling would remain the same for all the commodities including the commodity having the lowest tariff.

8.5. The revised Scale of rates as proposed by KOPT is as follows:

(i). Berth Hire Charges:

Foreign going Vessels	₹ 0.78 per GRT per hour
Coastal Vessels (Other than POL)	₹ 0.47 per GRT per hour

(ii). Cargo Handling Charges: (₹ Per metric tonne)

Description / Cargo	**Foreign**
LPG/ LNG handled with Marine Unloading arm	141.30
POL (excl. Crude) handled with Marine Unloading arm	141.30
POL (excl. Crude) handled with flexible hoses	103.02
Paraxylene handled with flexible hoses	103.02
Edible Oil & Chemical cargo handled with flexible hoses	103.02

8.6. Subsequently, the KOPT vide its e-mail dated 22 March 2016 has made the following submissions:

(i). No provision may be created for levying Berthing Priority / Ousting Berthing Priority charges.

(ii). Besides, the following amendments may be made in the SOR already sent by you to us:

Clause	**Amendment Proposed**

3 (Berth Hire Charges)	The words in bracket "(Other than POL)" in the table of Berth Hire Charges may be removed. Instead a note may be added that for POL vessels in Coastal run, Berth Hire Charges will be levied at the foreign Rates.
Note below Clause 4	The words **" transportation through pipelines"** may be removed

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

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

(i). Owing to the growth of traffic and increase in congestion for the liquid vessels, the Kolkata Port Trust (KOPT) has felt the need to create additional facilities so that the entire projected liquid traffic is handled with acceptable berth occupancy levels. Accordingly, a new Liquid Jetty at Haldia Dock – II, Shalukkhali, Haldia has been proposed by KOPT to be developed through Public Private Partnership (PPP) mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The Liquid jetty is envisaged to handle Paraxylene, Petroleum & Oil Lubricants (POL), Edible Oil & Chemicals and Liquefied Petroleum Gas (LPG)/ Liquefied Natural Gas (LNG).

Accordingly, a proposal has been submitted by KOPT to fix reference tariff for handling of the above said cargo items at the proposed Liquid Jetty. The proposal is based on the Revised Guidelines for Determination of Tariff for Projects at Major Ports, 2013, effective from 9 September 2013, issued by the Ministry of Shipping.

Clause 2.4 of the said guidelines stipulates that if in the view of the Major port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to re-fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification.

Given that the KOPT in its proposal has envisaged deployment of Marine Unloading Arm as well as flexible hoses for loading/unloading of cargo to and from the ships at the proposed liquid jetty and since no upfront tariff for the handling various liquid cargo with Marine Unloading Arm as well as flexible hoses at other Major Port Trusts is available, the KOPT presumably, has come up with a proposal for fixation of Reference tariff for handling of above mentioned liquid cargo, generally following the norms prescribed in the 2008 upfront Guidelines for a liquid terminal. The proposal of the KOPT has the approval of its Board of Trustees.

(ii). The KOPT has proposed allotment of 20000 sq. m. of land area and 36600 sq. m. of water front area for the proposed facility. The land area of 20000 sq.m is reported to be towards Operational Land front at the approach area, road, approaches, environmental and safety measures. The water front area is reported to be towards the area to be covered by approach trestle of 1.6 km long and 15 m width and the remaining area of 12600 sq. m is reported to be the water area falling between the outer breasting dolphins. The KOPT has also confirmed that the proposed allotment of land is in line with the land use plan of the port.

(iii). As per Section 48(1)(d) of the Major Port Trusts Act, 1963, this Authority is mandated to fix storage charges, among other charges, for storage services rendered by a Major Port Trust or a person authorized by the Port Trust. Further, the norms prescribed for a Liquid Bulk terminal in the Upfront Tariff Guidelines of 2008, which has been taken as base by KOPT in formulation of its proposal, stipulates that total annual Revenue Requirement is to be apportioned between Handling Charges (95%) and

Miscellaneous charges (5%). With regard to handling charges, the guidelines also stipulate that the handling charges would include storage charges for storing in tanks, apart from other charges like cargo loading or unloading charges (as the case may be), wharfage and transportation through pipelines. As per the Note below Section 3 of the draft Scale of rates proposed by the KOPT, the handling charges do not include cargo storage charges. The KOPT has also not taken into account the capital costs pertaining to the storage facilities. According to KOPT, since all the users at Haldia Dock Complex (HDC) at present, have their own storage tanks at their premises located around the port and since the liquid cargo being handled at the berth is directly conveyed through dedicated pipelines, no liquid cargo is stored within the Customs bonded area near the berths. In view of this position, the KOPT has not envisaged any storage facilities for the proposed liquid jetty as the respective users of the facilities are expected to lay their own pipelines from the jetty manifold upto their tank farm. Since, the storage facilities are not envisaged in the project, the KOPT has delinked the prescription of storage charges from the purview of the proposal.

In this regard, it is relevant to mention here that as stated earlier, the Major Port Trusts Act, 1963, mandates this Authority to fix storage charges, among other charges, for storage services rendered by a Major Port Trust or a person authorized by the Port Trust. Nevertheless, given that the Board of Trustees of KOPT has approved delinking of levy of storage charges from the purview of tariff fixation in the proposal under reference, this Authority is constrained to purely rely upon the decision of the port to delink the levy of storage charges from the purview of tariff fixation and thus, goes ahead with fixing of handling and miscellaneous charges only.

(iv). As brought out earlier, the KOPT has submitted its proposal on the last day of December 2015. Subsequently, based on the information/ clarification sought by us during the processing of the case, the KOPT under cover of its letter dated 08 February 2016 has revised its proposal. The revision is to the extent of modifying few estimates with reference to the information/ clarification sought by us. Subsequently, the KOPT vide its letter dated 29 February 2016 has further modified the proposal on the basis of comments received by it from its only pre-qualified bidder viz. M/s. IMC Ltd. Vide the said proposal, the KOPT has envisaged change in the mix of liquid cargo proposed to be handled at the facility, change in the mode of handling of cargo by Marine Unloading Arm/ Flexible Hoses etc. The said revised proposal of the KOPT dated 29 February 2016 along with the information/ clarification furnished by KOPT during the processing of the case in reference is considered in this analysis.

(v). With regard to fixation of reference tariff for handling liquid cargo at the Liquid jetty, the KOPT is seen to have followed the norms prescribed in the Upfront tariff guidelines for the liquid bulk terminal. In this regard, it is relevant here to mention that the Upfront tariff guidelines for the liquid bulk terminal prescribe deployment of Marine Loading/ Unloading Arm. In its proposal under reference, the KOPT has envisaged deployment of Marine Unloading Arm as well as Flexible Hoses. Therefore, in the case under reference, the KOPT has segregated the capital costs, operating costs etc. relevant for handling of Liquid cargo by Marine Unloading Arm and Flexible Hoses separately. As a result, KOPT has arrived at separate per tonne rate for handling liquid cargo by Marine Unloading Arm and Flexible Hoses. The approach adopted by the KOPT is more detailed and elaborate.

(vi). The KOPT has envisaged deployment of Marine Unloading Arm and Flexible Hoses at the liquid jetty. In this connection, in its initial proposal, the KOPT had envisaged handling of Paraxylene and POL cargo (constituting 50% of the total capacity) through Marine Loading Arm and had envisaged handling of Edible Oil and Chemicals (constituting remaining 50% of the total capacity) through Flexible hoses. However, with a change in the cargo mix proposed by the KOPT, the KOPT in its revised proposal dated 29 February 2016 has envisaged the Marine Loading Arm to handle 75% of the POL cargo and the entire LNG/ LPG cargo while the Flexible hoses to handle the entire Paraxylene, Edible oil/ Chemicals and 25% of the POL cargo. Thus, POL is reported to be handled by both Marine Unloading Arm and Flexible Hoses. Given that the capital costs and the resultant operating costs related to the Marine Unloading Arm is higher than the capital costs and the resultant operating costs related to the Flexible Hoses, the per tonne handling charges for handling cargo by Marine Unloading Arm is higher than the per tonne handling charges for handling cargo by Flexible Hoses. In such a scenario, if the BOT operator handles more liquid cargo by Marine Unloading Arm, it may result in windfall gain to the operator. However, in this regard, the KOPT is of the view that there is no possibility of the Operator making a windfall gain, as in the event of handling more cargo by Marine Unloading Arm and thereby earning more, the Operator will also have to incur additional expenditure in operating the Marine Unloading Arm which will not be incurred by the Operator in case of flexible hoses.

(vii). As stated earlier, the proposal filed by KOPT envisages handling of liquid cargo by Marine Unloading Arm and Flexible Hoses. In this regard, the KOPT has stated that though the Marine Loading Arm does not have any role in determining the loading / unloading rate of liquid cargo which depends upon the capacity of the pumps installed in the ship (unloading) / shore (loading), the Concession Agreement would contain a provision that the Marine Loading Arm to be installed should be able to ensure minimum productivity standard. The KOPT is, therefore, advised to spell out the requisite provision in this regard in the Concession Agreement.

(viii). Optimal Capacity:

(a). By considering the percentage share of the liquid cargoes viz., Paraxylene, POL, Edible Oil/ Chemicals and LPG/ LNG at 25% each respectively and the handling rate of above mentioned Liquid cargo at 440 tonnes/ hour, 600 tonnes/ hour, 300 tonnes/ hour and 250 tonnes/ hour respectively and for 24 hours and 365 days at 70% utilization, the KOPT has determined the optimal capacity of the Liquid jetty at 2.44 Million Metric Tonnes Per Annum (MMTPA).

(b). With regard to the cargo share, the KOPT, in its initial proposal had proposed the percentage share of the liquid cargoes viz., Paraxylene, POL, Edible Oil and Chemicals at 25% each respectively. However, based on the feedback received by the KOPT from the stakeholder, the KOPT in its revised proposal has envisaged to handle LPG/ LNG cargo also with a 25% share. Consecutively, the earlier aggregate share of Edible oils and Chemicals at 50% has been reduced to 25%. The share of each cargo at 25% is reported to be based on the position that presently most of the concerned liquid cargo have connectivity from 3 existing terminals and with the setting up of the proposed liquid jetty, the overall volume of the liquid cargo commodities would tend to get distributed amongst the existing terminals and the proposed jetty. The judgment of the KOPT with regard to the share of each cargo item is relied upon.

(c). The Upfront tariff setting Guidelines of 2008 prescribes a handling rate for POL at 1000 tonnes/ hour, Other Liquids at 300 tonnes/ hour and LPG/ LNG at 250 tonnes/ hour. In its initial proposal, the KOPT has considered a uniform handling rate of 300 tonnes/ hour for all types of cargo envisaged to be handled. However, as advised by us, the KOPT in its revised proposal of February 2016 has considered handling rate for Paraxylene, POL, Edible Oil/ Chemicals and LPG/ LNG at 440 tonnes/ hour, 600 tonnes/ hour, 300 tonnes/ hour and 250 tonnes/ hour respectively.

Considering the handling rate in respect of Edible Oil/ Chemicals and LPG/ LNG at 300 tonnes/ hour and 250 tonnes/ hour respectively is seen to be in line with the handling rates prescribed for the said cargo in the 2008 Upfront Guidelines.

The handling rate in respect of Paraxylene and POL at 440 tonnes/ hour and 600 tonnes/ hour is seen to be the highest productivity achieved in respect of handling of Paraxylene and POL at HDC during the past three years. According to KOPT, due to the unique feature of draft restrictions at HDC, only low parcel loads of POL and Parazylene are handled at HDC by tankers, which results in the handling rate as mentioned above. Since the Haldia Dock – II is also reported to have a similar situation and draft condition, the productivity for the Liquid jetty has been considered based on what is being achieved at HDC at present. In view of this position, the KOPT has expressed its inability to consider the handling rate norm as prescribed in the 2008 upfront guidelines.

As brought out earlier, the 2008 Upfront Guidelines prescribes a handling rate for POL at 1000 tonnes/ hour. Given that the Paraxylene is also classified as a POL cargo, one of the users viz., MCC PTA India Corp Pvt. Ltd. (MPICTL) has requested to consider handling rate for Paraxylene at 1000 MT per hour, as prescribed in the upfront guidelines. In this regard, the KOPT has responded stating that past data available with HDC does not support 1000 tonnes per hour for Paraxylene and that even MPICTL in the current scenario does not handle 1000 tonnes of Paraxylene per hour.

Draft is an inherent constraint of HDC and if the Haldia Dock – II where the proposed liquid jetty is envisaged to be set up is also reported to have a draft condition similar to HDC, then it may not be feasible to achieve the productivity as stipulated in the guidelines at the Liquid jetty also, as confirmed by the Port. There can be an argument that the productivity at HDC (based on old equipment and inefficiency) cannot be construed as a base to determine the productivity of a new jetty to be set up. In this regard, it is relevant to mention here that the 2008 guidelines while prescribing the handling rate norms for various liquid cargo, do not draw reference to the size of the vessel. The productivity in case of liquid cargo depends on the pumping capacity of the vessel, in case of import and shore based pumps in case of exports as confirmed by the Port. In the case of the envisaged liquid jetty, due to draft constraints, lower parcel size vessels are envisaged, which in turn may not be in a position to have handling rates as per norms owing to its lower pumping capacity. In view of the above position and based on the judgment of the port and since Clause 3.2. of the guidelines for upfront tariff setting gives flexibility to this Authority to make necessary adjustment in the norms based on the justification furnished by the port in view of the port's specific conditions having impact on the norms prescribed in the guidelines, this Authority is inclined to consider the handling rate in respect of Paraxylene and POL at 440 tonnes/ hour and 600 tonnes/ hour respectively as furnished by the port.

(d). Considering the cargo share and the handling rate of each of the cargo as discussed above, the optimal capacity of the liquid jetty works out to 2.44 Million Metric Tonnes Per Annum at 70% utilization, as proposed by the port, which is considered in the analysis.

(ix). Capital cost:

(a). As stated earlier, the KOPT has envisaged deployment of Marine Unloading Arm as well as Flexible Hoses. Therefore, in the case under reference, the KOPT has apportioned the total capital costs amongst Marine Unloading Arm and Flexible Hoses. The cost pertaining to Marine Unloading Arm has been allocated under the head of Marine Unloading Arm only and the cost pertaining to Flexible Hoses has been allocated under the head of Flexible Hoses only. With regard to common capital costs, the KOPT has apportioned them equally amongst Marine Unloading Arm and Flexible Hoses. In this regard, it is felt reasonable to apportion the capital costs between the Marine Loading arms and the Flexible hoses, in the ratio of cargo envisaged to be handled by each mode, so that each cargo item will bear the due share of the capital cost. Since the ratio of cargo envisaged to be handled by Marine Loading arm (75% of the POL cargo and the entire LNG/ LPG cargo aggregating to 1.07 Million Metric Tonnes Per Annum) and the Flexible hoses (entire Paraxylene, Edible oil/ Chemicals and 25% of the POL cargo aggregating to 1.36 Million Metric Tonnes Per Annum), is seen to be in the ratio of 44:56, the envisaged capital costs is apportioned between the Marine Loading arms and the Flexible hoses in the said ratio.

(b). Cargo Handling activity:

The capital cost for the handling activity as estimated by the KOPT is ₹ 124.45 crores of which ₹ 92.65 crores is estimated towards civil capital costs, ₹ 25.87 crores is estimated towards equipment capital costs and balance amount of ₹. 5.93 crores towards miscellaneous capital cost.

(i). Civil works:

(a). The upfront tariff guidelines broadly indicate the civil works involved for the liquid cargo terminal and require the port to estimate the civil cost. The nature of the civil works proposed to be undertaken at the facility generally adheres to normative list of civil works stipulated in the guidelines for the liquid cargo terminal. The estimated civil costs relating to handling of liquid cargo to the tune of ₹ 92.65 crores pertains to 1.6 km long Approach trestle with 5 m roadway and pipeline rack on one side and Approach road to waterfront 2 km long.

(b). The KOPT has stated that the civil costs have been arrived at by deducing from the awarded costs of similar projects in other ports in recent times. This position is relied upon.

(ii). Equipment costs:

(a). The cost of equipment comprises of cost of Hose pipes, 1 No of Marine Loading Arm, Firefighting pumphouse with control room, Firefighting system with pumps, towers, monitors, Hydrants, pipelines etc., Oil containment system, Electrical facilities including sub-station, lighting etc. with flame-proof equipment in the jetty and approach Area near by jetty and Stand-by Gen Set and Communications. The nature of the equipment proposed to be deployed at the facility generally adheres to normative list of equipment stipulated in the guidelines for the liquid cargo terminal.

(b). The KOPT has not furnished documentary evidence in support of the cost of equipment. It has only mentioned that the cost of the Marine Unloading arm is based on the cost of the similar size installed by the BOT operator at Marine Liquid Jetty in the Kamarajar Port and that cost of other equipment is assessed based on the in house data available for the similar works with Consultants who prepared the Feasibility Report. The equipment cost as furnished by the KOPT is relied upon and considered.

(iii). The miscellaneous capital cost is estimated at 5% on civil and equipment cost which is as per the norms prescribed in the guidelines for liquid cargo terminal as well as other cargo terminals.

(iv). As stated earlier, the cost pertaining to Marine Unloading Arm has been allocated under the head of Marine Unloading Arm and the cost pertaining to Flexible Hoses has been allocated under the head of Flexible Hoses. The common capital costs have been apportioned in the ratio of 44:56, as stated earlier.

(c). Berthing activity:

(i). The KOPT has estimated the capital costs relating to berthing activity to the tune of ₹ 48.07 crores. This estimated cost pertains to Jetty structure with fenders, quick release hooks, walkways, ladder and other accessories and Miscellaneous Cost @ 5%.

(ii). The KOPT has stated that the civil costs have been arrived at by deducing from the awarded costs of similar projects in other ports in recent times. This position is relied upon.

(iii). The KOPT has considered miscellaneous capital cost @ 5% of the estimated capital cost relating to berthing activity. Though the Upfront tariff guidelines of 2008 stipulate estimation of Miscellaneous capital cost @ 5% of the total of the estimated civil cost incase of handling activity, the guidelines do not specifically provide for estimation of miscellaneous capital cost under berthing service. It is noteworthy that in many cases relating to fixation of the upfront/ reference tariff for various projects at various major port trusts, the miscellaneous capital cost at 5% has been considered to meet contingencies under the Berthing Service. Keeping in view the position considered in the various cases, the miscellaneous capital cost under the berthing activity at 5% of the capital cost of berth is taken into account, as proposed by the port.

(x). Return on capital employed is calculated at 16% of the estimated capital cost as per the norms prescribed in the guidelines.

(xi). Operating cost:

(a). Cargo Handling activity:

(i). Power cost has been estimated by the port for illumination of 2 hectares of land area and 20% of the water front area and for operation of the Marine Unloading Arm.

The consumption of 240000 units per hectare per annum for illumination is as per the norms prescribed in the upfront guidelines.

With regard to the Marine Unloading Arm, the KOPT has considered a power consumption of 25 units per tanker. According to KOPT, power is essential when Marine Unloading Arm would be in operation. The power consumption of 25 units per tanker is reported to be based on technical specification. Power cost relating to Marine Unloading Arm has never been considered in the past by us while fixing tariff for a Liquid bulk terminal, as it has been never proposed by any of the Port. Since the consumption is based on technical specification and since none of the users/ prospective applicants have objected towards power cost of Marine Unloading Arm, the same is considered in the analysis.

The per unit cost of electricity at ₹ 6.67 is supported by a documentary evidence and is relied upon.

(ii). Repairs and maintenance cost has been estimated by the KOPT at 1% of the civil assets and 2% of the equipment costs. This is seen to be in line with the norms prescribed in the guidelines.

(iii). Insurance cost and Other expenses each has been estimated by KOPT at 1% of the gross fixed assets. This is seen to be in line with the norms prescribed in the guidelines.

(iv). Depreciation has been computed by KOPT @ 3.17% on civil cost and 10% on equipment cost. The rate of depreciation on civil cost and equipment is seen to be as per the depreciation prescribed in the Companies Act, 2013.

(v). 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 20000 sq.m of land area and 36600 sq.m of water front area. For the land area, the KOPT has considered the licence fee at ₹ 1304.22 per 100 sq. mtr per month and for the water front area 50% of the above mentioned rate at ₹ 652.11 per 100 sq. mtr per month. The rate of licence fee is seen to be as per the Rent Schedule for allotment of Land at Haldia Dock – II approved in February 2012 and after taking into account the annual escalation of 2% per annum. The licence fee as estimated by the port is considered in the analysis.

(b). Berthing activity:

The guidelines require the operating cost for berthing service to be estimated at 1% of the berth cost. In addition to maintenance cost, the KOPT has considered insurance and depreciation while estimating the operating cost of berthing service.

Although the guidelines restrict the operating cost at 1% of the berth cost, the asset requires adequate insurance coverage and the fact that the value of the asset will depreciate due to wear and tear can also not be denied. While fixing upfront/ reference berth hire at the other Major Port Trusts, this position was recognised and the cost of insurance and depreciation were considered to assess the annual revenue requirement from berthing service.

In view of the position explained above, the element of insurance cost @ 1% and depreciation cost @ 3.17% are considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service.

(xii). The statement for fixing Reference tariff submitted by the KOPT for the Liquid jetty has been modified in line with the above analysis. A copy of the modified statement is attached as **Annex – I (a).**

(a). Cargo handling activity:

(i). The annual revenue requirement for the liquid cargo handling activity which is the sum of the operating cost and return on capital employed is estimated at ₹ 30.76 crores by the port. However, due to change in the allocation of capital costs and the resulting operating costs towards Marine Unloading Arms and Flexible Hoses in the ratio of 44:56, as discussed earlier, the revenue requirement in relation to Marine Unloading Arms works out to ₹ 14.21 crores as against ₹ 15.96 crores estimated by the KOPT and similarly, the revenue requirement in relation to Flexible Hoses works out to ₹ 16.54 crores as against ₹ 14.79 crores estimated by the KOPT, thereby aggregating to the total annual revenue requirement of ₹ 30.76 crores.

(ii). The KOPT in its revised proposal of February 2016 is seen to have apportioned 95% of the total revenue requirement towards handling charges and 5% towards miscellaneous charge, as stipulated in the upfront guidelines for liquid bulk terminal.

(iii). On the ground that the Coastal share of the liquid cargo envisaged to be handled at the Liquid jetty is very meagre based on the data for the past three years, the entire cargo envisaged to be handled at the Liquid jetty is reported to be foreign in nature. This position is relied upon in the analysis.

(iv). To arrive at the per tonne handling rates, the KOPT, on the ground that the cost of handling for each commodity by the same mode (flexible / unloading arm) is the same, has apportioned the total revenue requirement for each of the mode equally amongst the cargo to be handled by the said mode without differentiating between the commodities. In other words, to arrive at the per tonne handling rates, the KOPT has apportioned the revenue requirement among the relevant cargo, without going into the productivity of each of the cargo as considered in the optimal capacity calculation. The KOPT is also of the view that having differential tariff for same mode of handling where the cost of handling for each of such commodity is the same, may lead to a situation where by handling the cargo having the higher rate, the concessionaire may be benefitted substantially considering that the cost of handling would remain the same for all the commodities including the commodity having the lowest tariff.

With regard to the submission made by KOPT, it is relevant to mention here that in other PPP projects including Liquid Cargo Terminal at other major port trusts fixed under the 2013 Reference tariff guidelines, following the norms of 2008 upfront tariff setting guidelines the per tonne handling charge is arrived based on the handling rate for each cargo category to meet the estimated revenue requirement. The approach adopted by the KOPT to arrive at the per tonne handling charge based on the capacity of the cargo without going into the handling rates, is not seen to be in line with the uniform approach followed while arriving at the per tonne handling charge in other Reference tariff cases.

The argument of KOPT that since the cost of handling for each commodity by a same mode (flexible / unloading arm) is the same, the tariff for all cargo handled by the same mode should be kept the same, does not appear to be reasonable, because, a cargo with a higher productivity (viz. POL) would cross subsidise cargo with a lower productivity (viz. Edible oil, LPG/LNG), in case uniform handling charges are prescribed. In all Reference tariff cases where multi cargo is involved, the multi cargo is envisaged to be handled by the same facility albeit with different productivity rates. As a result, a different per tonne handling charge for cargo with different productivity is prescribed.

Further, the argument of KOPT that having differential tariff for same mode of handling where the cost of handling for each of such commodity is the same, may lead to a situation where by handling the cargo having the higher rate, the concessionaire may be benefitted substantially, given that the KOPT has indicated the share of each cargo at 25%, the onus is on the port to ensure that the share of each cargo is maintained by the prospective BOT operator at the level considered for tariff fixation.

In view of the above position, the per tonne handling charge is arrived based on the handling rates for each cargo category to meet the estimated revenue requirement, as is done in other upfront/ reference tariff fixation cases. A statement in this regard is attached as **Annex I (b).**

(v). As per policy direction of the Government, concessional tariff are to be prescribed for coastal cargo (other than thermal coal and POL including crude oil, iron ore and iron ore pellets) not exceeding 60% of the normal cargo/ vessel related charges. Accordingly, no coastal rates are prescribed for Paraxylene and POL and concessional rates are prescribed for handling coastal cargo of Other Liquids in line with the Government policy.

(vi). Considering 5% of the total revenue requirement related to handling activity and the total optimal capacity, the miscellaneous levy works out to ₹ 6.62 per tonne for cargo handled through Marine Unloading Arms and ₹ 6.06 per tonne for cargo handled through Flexible Hoses.

(b). Berthing activity:

The annual revenue requirement for the berthing activity which is the sum of the operating cost and return on capital employed works out to ₹ 10.18 crores, as estimated by the port.

Considering the average GRT of the vessels carrying various liquid cargo based on the data for the past three years and the operating hours at 6132 hours, the KOPT has arrived at the total GRT hours. Considering that no coastal vessel is envisaged, the port has arrived at the berth hire charge of ₹ 0.78 per GRT per hour for foreign going vessels, in its revised proposal. The approach to arrive at the berth hire is seen to be in order and is as per the approach adopted in other upfront tariff fixation cases.

It has already been decided by this Authority while finalising the upfront/ reference berth hire at the other Major Port Trusts to approve the upfront berth hire charge in Rupee term only. The proposal of the KOPT for rupee denominated berth hire is in line with the decision taken by this Authority in the other upfront/ reference tariff cases.

(xiii). In the proposed reference tariff schedule, the KOPT has proposed definitions for common terms like foreign vessel, port, TAMP and tonne. These definitions are found to be in line with the definitions prescribed for the respective terms in the other upfront / reference tariff cases and Scale of Rates of other major ports and private terminals.

(xiv). The Government of India in the Ministry of Shipping (MOS) undercover of its letter No. PT-11033/51/2014-PT dated 11 November 2014 has forwarded a copy of the guidelines on priority berthing of coastal vessels at Major Port issued vide letter No.PT-11033/51/2014-PT dated 4 September 2014 to this Authority. Accordingly, this Authority vide its Order no. TAMP/52/2014-Genl. dated 28 November 2014 has, interalia, approved the replacement of definition of 'Coastal Vessel' prescribed in the existing SOR of all the Major Port Trusts as follows:

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

The definition of Coastal Vessel, is therefore, prescribed on the above lines in the Reference Tariff Schedule.

(xv). The KOPT has proposed some general conditionalities like conditionalities governing levy of interest on delayed payments/ refunds, rounding off bills, non-levy of charges for delay beyond a reasonable level attributable to the terminal operator, conditionalities prescribing 60% concessional tariff, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, which are found to be in line with the general conditionalities prescribed in the Upfront/ Reference tariff schedule of various major port trusts.

(xvi). The general conditionalities prescribing criteria for categorization of a vessel as a foreign going vessel or coastal vessel are prescribed in line with the amendments effected vide Order no. TAMP/53/2015-VOCPT dated 26 November 2015, wherein all the Major Port Trusts have been directed to amend their existing Scale of Rates by suitably incorporating the amended provisions.

(xvii). (a). In the Berth hire Schedule, the common conditionalities like the period of berth hire to be calculated from the time vessel occupies the berth, Berth hire includes charges for services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc., and no berth hire to be levied for the period when the vessel idles at the 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, are seen to be in line with the conditionalities prescribed at the Scale of Rates of the port and also in other upfront/ reference tariff Schedule.

(b). Though the project envisages levy of berth hire charges, the KOPT has requested to not prescribe provision for levying Berthing Priority/ Ousting Berthing Priority charges. Hence, no note regarding levying Berthing Priority/ Ousting Berthing Priority charges is prescribed.

(xviii). The KOPT has initially proposed a provision under the Schedule of Cargo handling charges to state that the handling charges prescribed shall include the cargo loading or unloading charges (as the case may be), transportation through pipelines, wharfage, etc. Subsequently, the KOPT has requested for deletion of words 'transportation through pipelines' from the proposed note. Given that cost of pipelines is not included in the scope of the project, the request for exclusion of term 'transportation through pipelines' by KOPT is found appropriate. The note also states that it would include Unloading of the cargo from vessels and transfer of the same up to the point of manifold installed on Jetty head for onward transportation to Importer facilities in respect of import cargo and Loading of the cargo to the vessels and from the point of manifold installed on Jetty head, in respect of export cargo, which is approved.

(xix). Under the Miscellaneous charge schedule, a note has been prescribed stating that miscellaneous charge is towards Cleaning of the area, pigging, compressor charges, vaporizer charges and other such related charges.

(xx). As per clause 2.8 of the upfront tariff Guidelines of 2008, 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 2008 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. In the instant case, since the estimation of capital cost and unit rate of operating cost considered in the upfront tariff calculation are as of the year 2015, as confirmed by the KOPT, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as on 1 January 2015.

(xxi). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. Though the revised guidelines of 2013 do not require this Authority to go into the Performance Standards proposed by the port it is not unreasonable to assume that the ports would propose reasonable and achievable Performance Standard.

The KOPT has proposed the Performance Standards in respect of Paraxylene, POL, Edible Oil & Chemicals and LPG/ LNG, by taking into account the handling rates of each cargo envisaged to be handled at the liquid jetty , as considered in the optimal capacity calculation. Recognizing that clause 2.2. of the revised guidelines of 2013 requires this Authority to notify the Performance Standards, the Performance Standards as proposed by the KOPT, are notified along with the Reference Tariff Schedule.

11.1. Subject to above, the Reference Tariff Schedule along with conditionalities governing the Reference Tariff has been modified.

11.2. The modified Reference Tariff Schedule is attached as **Annex - II** and the Performance Standards for the Liquid jetty at KOPT is attached as **Annex - III**.

11.3. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the Reference Tariff Schedule for the Liquid jetty at KOPT and notifies it alongwith the Performance Standards.

11.4. 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 KOPT 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 KOPT 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 KOPT, 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 KOPT. The KOPT 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. Authority's decision in this regard would be final.

(T.S. Balasubramanian)
Member (Finance)

									Annex - I (a)
COST STATEMENT FOR FIXATION OF REFERENCE TARIFF FOR THE LIQUID JETTY TO BE SET UP AT HALDIA DOCK - II, SHALUKKHALI, HALDIA, OF KOLKATA PORT TRUST.									
Sl. No.	**Particulars**	**Estimates furnished by KOPT in its proposal dated 29.02.2016**				**Estimates as modified by TAMP**			
I	**Optimal Capacity**								
i	Cargo to be handled	**Paraxylene**	**POL**	**Edible Oil/ Chemicals**	**LPG/ LNG**	**Paraxylene**	**POL**	**Edible Oil/ Chemicals**	**LPG/ LNG**
ii	Percentage Share of Liquid cargo	25%	25%	25%	25%	25%	25%	25%	25%
iii	Handling Rate of Liquid cargo per hour	440	600	300	250	440	600	300	250
iv	No. of hours in a day	24	24	24	24	24	24	24	24
v	Handling Rate of Liquid cargo per day (iii * iv)	10560	14400	7200	6000	10560	14400	7200	6000
vi	No. of days in a year	365	365	365	365	365	365	365	365
vii	Utilisation %	70%	70%	70%	70%	70%	70%	70%	70%
viii	Optimal Capacity per annum (ii * v * vi * vii)	674520	919800	459900	383250	674520	919800	459900	383250
ix	**Total Optimal Capacity (Metric Tonnes per annum)**	**2437470**				**2437470**			
II	**Capital costs**	(Rs. in lakhs)				(Rs. In lakhs)			
		With Marine Loading Arms (POL and Paraxylene)	**With Flexible Hoses (Edible Oil & Chemicals)**	**Total Cost**		**With Marine Loading Arms (POL and Paraxylene)**	**With Flexible Hoses (Edible Oil & Chemicals)**	**Total Cost**	
A	**Cargo Handling Activity**								
(i)	**Cost of Equipment**								
a	Hose pipes for unloading other liquids	0.00	52.80	52.80		0.00	52.80	52.80	
b	Marine Loading Arm - 1 No	422.40	0.00	422.40		422.40	0.00	422.40	
c	Firefighting pumphouse with control room	105.60	105.60	211.20		92.98	118.22	211.20	
d	Firefighting system with pumps, towers, monitors, Hydrants, pipelines etc.	686.40	686.40	1372.80		604.38	768.42	1372.80	
e	Oil containment system	79.20	79.20	158.40		69.74	88.66	158.40	
f	Electrical facilities including sub-station, lighting etc. with flame-proof equipment in the jetty and approach Area near by jetty and Stand-by Gen Set	158.40	158.40	316.80		139.47	177.33	316.80	
g	Communications	26.40	26.40	52.80		23.25	29.55	52.80	
	Total	**1478.40**	**1108.80**	**2587.20**		**1352.21**	**1234.99**	**2587.20**	
(ii)	**Civil Cost**								
a	Approach trestle 1.6 km long with 5 m roadway and pipeline rack on one side	4469.00	4469.00	8938		3934.97	5003.03	8938.00	
b	Approach road to waterfront 2 km long	163.50	163.50	327		143.96	183.04	327.00	
	Total	**4632.50**	**4632.50**	**9265.00**		**4078.93**	**5186.07**	**9265.00**	
(iii)	**Miscellaneous Cost @ 5%**	305.55	287.07	592.61		271.56	321.05	592.61	
	Total Capital Cost for Cargo Handling Activity	**6416.45**	**6028.37**	**12444.81**		**5702.70**	**6742.11**	**12444.81**	
B	**Berthing Activity**								
a	Jetty structure with fenders, quick release hooks, walkways, ladder and other accessories	2289.00	2289.00	4578.00		2015.47	2562.53	4578.00	
b	Miscellaneous Cost @ 5%	114.45	114.45	228.90		100.77	128.13	228.90	
	Total Capital Cost for Berthing Activity	**2403.45**	**2403.45**	**4806.90**		**2116.25**	**2690.65**	**4806.90**	
	Total Project Cost	**8819.90**	**8431.82**	**17251.71**		**7818.94**	**9432.77**	**17251.71**	
III	**Operating Cost**								
A	**Cargo Handling Activity**								
i	Power Cost								
	- Illumination [KOPT - (Op.Land area 2 hectares + 20% of Waterfront of 3.66 hectares) x 2.4 lakh units per hectare x Rs.6.67 per unit] [TAMP - (Op.Land area 2 hectares + 20% of Waterfront of 3.66 hectares) x 2.4 lakh units per hectare x Rs.6.67 per unit]	21.87	21.87	43.73		19.25	24.48	43.73	
	- Marine Loading Arms (KOPT - 1 No. of loading arm x 25 units/Tanker x 82 Tankers x Rs.6.67 per unit) (TAMP - 1 No. of loading arm x 25 units/Tanker x 82 Tankers x Rs.6.67 per unit)	0.14	0.00	0.14		0.14	0.00	0.14	
ii	Repairs & Maintenance								
	- Equipment costs (KOPT - 2% of cost of Equipment costs incl. Miscellaneous costs) (TAMP - 2% of cost of Equipment costs incl. Miscellaneous costs)	31.05	23.28	54.33		28.40	25.93	54.33	
	- Civil costs (KOPT - 1% of Civil capital costs incl. Miscellaneous costs) (TAMP - 1% of cost of Civil capital costs incl. Miscellaneous costs)	48.64	48.64	97.28		42.83	54.45	97.28	
iii	Depreciation								
	- Equipment (KOPT - 10% on Cost of Loading arms, flexible hoses & fire fighting system) (TAMP - 10% on Cost of Loading arms & cost of flexible hoses & Fire fighting)	42.24	5.28	47.52		42.24	5.28	47.52	
	- Other Equipment (KOPT - 10% on Cost of other equipment) (TAMP - 10% on Other Equipment incl. Fire fighting & Miscellaneous capital costs)	112.99	111.14	224.14		99.74	124.39	224.14	
	- Civil assets (KOPT - 3.17% of Civil capital costs incl. Miscellaneous costs) (TAMP - 3.17% of cost of Civil capital costs incl. Miscellaneous costs)	154.19	154.19	308.39		135.77	172.62	308.39	

Sl. No.	Particulars	Estimates furnished by KOPT in its proposal dated 29.02.2016			Estimates as modified by TAMP		
iv	Other Expenses (1% on Gross Fixed Assets)	64.16	60.28	124.45	57.03	67.42	124.45
v	Insurance (1% on Gross Fixed Assets)	64.16	60.28	124.45	57.03	67.42	124.45
vi	Lease Rentals						
	- Land area (KOPT - 20,000 sq. mtrs x Rs1304.22/100 sqm/month x 12 months) (TAMP - 20,000 sq. mtrs x Rs1304.22/100 sqm/month x 12 months)	15.65	15.65	31.30	13.78	17.52	31.30
	- Waterfront area (KOPT - 36,600 sq. mtrs. x Rs.652.11 per 100sqm/month x 12 months) (TAMP - 36,600 sq. mtrs. x Rs.652.11 per 100sqm/month x 12 months)	14.32	14.32	28.64	12.61	16.03	28.64
	Total	**569.41**	**514.94**	**1084.50**	**508.81**	**575.55**	**1084.36**
IV	**Estimated Revenue Requirement and Proposed Tariff**						
	Operating Cost	569.41	514.94	1084.50	508.81	575.55	1084.36
	Return of Capital Employed @ 16%	1026.63	964.54	1991.17	912.43	1078.74	1991.17
	Total Annual Revenue Requirment (ARR)	**1596.04**	**1479.48**	**3075.67**	**1421.24**	**1654.29**	**3075.53**
A	**Apportionment of Annual Revenue Requirement**						
	- Handling Charges (KOPT - 100% of ARR, TAMP - 95% of ARR)	1516.24	1405.51	2921.88	1350.18	1571.58	2921.75
	- Miscellaneous charges (KOPT - 0% of ARR, TAMP - 5% of ARR)	79.80	73.97	153.78	71.06	82.71	153.78
	Total Annual Revenue Requirment (ARR)	**1596.04**	**1479.48**	**3075.67**	**1421.24**	**1654.29**	**3075.53**
B	**Per Tonne Cargo handling Charges**						
	Revenue Requirement (Rs. In lakhs)	1516.24	1405.51	2921.88	1350.18	1571.58	2921.75
	Capacity (lakhs tonnes)	10.73	13.64	24.37	10.73	13.64	24.37
	Per Tonnne Handling Cost (Rs.)						
	- Paraxylene			**103.02**			**103.55**
	- POL						
	- By loading arms			**141.30**			**83.88**
	- By flexible hoses			**103.02**			**75.94**
	- Edible Oil/ Chemicals			**103.02**			**151.88**
	- LPG/ LNG			**141.30**			**201.31**
C	**Per Tonne Miscellaneous Charges**						
	Revenue Requirement (Rs. In lakhs)	79.80	73.97	153.78	71.06	82.71	153.78
	Capacity (lakhs tonnes)	10.73	13.64	24.37	10.73	13.64	24.37
	Per Tonnne Handling Cost (Rs.)	**7.44**	**5.42**	**6.31**	**6.62**	**6.06**	**6.31**
V	**Revenue Requirement from Berthing Activity**						
A	**Operating Cost**						
i	Repairs & Maintenance (1% of Berth Cost)	24.03	24.03	48.07	21.16	26.91	48.07
ii	Depreciaton (KOPT - 3.17% of Berth capital costs) (TAMP - 3.17% of cost of Berth capital costs)	76.19	76.19	152.38	67.08	85.29	152.38
iii	Insurance (1% of Berth Cost)	24.03	24.03	48.07	21.16	26.91	48.07
	Total	**124.26**	**124.26**	**248.52**	**109.41**	**139.11**	**248.52**
B	Return of Capital Employed @ 16%	**384.55**	**384.55**	**769.10**	**338.60**	**430.50**	**769.10**
	Total Revenue Requirement for Berthing Activity	**508.81**	**508.81**	**1017.62**	**448.01**	**569.61**	**1017.62**

Berth hire calculation as per KOPT

Particulars	Unit	Paraxylene	POL Product	Edible Oil/ Chemicals	LPG/ LNG	Total
Ship day Output	TPD	10560	14400	7200	6000	
Ave. GRT	Tonnes	9255	20920	10779	44107	
Ave. Parcel Size	Tonnes	7633	11913	7581	16217	
Tonnage expected	Tonnes	674520	919800	459900	383250	2437470
Av. Stay per vessel (No of Berth days)	Days	64	64	64	64	256
Total Berth Hours	Hrs	1,533	1,533	1,533	1,533	6132
Expected No. of Vsls.	No.	88	77	61	24	250
Total GRT hrs	GRT hrs.	14187915	32070360	16524207	67616031	130398513
Revenue Requirement	Rs. In lakhs					1017.62
Berth hire Per GRT per hour	Rs.					
Foreign going Vessels (Per GRT per Hr)	Rs.					**0.78**
Coastal Vessels (Per GRT per Hr.)	Rs.					**0.47**

Berth hire calculation as per TAMP

Particulars	Unit	Paraxylene	POL Product	Edible Oil/ Chemicals	LPG/ LNG	Total
Ship day Output	TPD	10560	14400	7200	6000	
Ave. GRT	Tonnes	9255	20920	10779	44107	
Ave. Parcel Size	Tonnes	7633	11913	7581	16217	
Tonnage expected	Tonnes	674520	919800	459900	383250	2437470
Av. No of Berth days	Days	64	64	64	64	256
Total Berth Hours	Hrs	1,533	1,533	1,533	1,533	6132
Expected No. of Vsls.	No.	88	77	61	24	250
Total GRT hrs	GRT hrs.	14187915	32070360	16524207	67616031	130398513
Revenue Requirement	Rs. In lakhs					1017.62
Berth hire Per GRT per hour	Rs.					
- Foreign going Vessels	Rs.					**0.78**
- Coastal Vessels	Rs.					**0.47**

Annex - I (b)

As per KOPT

	Tonnage	Foreign	Coastal	Handling rate	Cargo working days	% of working days	Revenue Requirement		Per tonne Foreign rate
Paraxylene	674520	674520	0	10560	64	25%		694.858	103.02
Edible Oil	459900	459900	0	7200	64	25%	1405.51	473.767	103.02
POL									
- Flexible hoses	229950	229950	0	14400	16	6%		236.883	103.02
- Loading arms	689850	689850	0	14400	48	19%	1516.24	974.727	141.30
LPG/ LNG	383250	383250	0	6000	64	25%		541.515	141.30
	2437470	**2437470**	**0**		**256**		**2921.75**	**2921.75**	

Annex - I (b)

As per TAMP

	Tonnage	Foreign	Coastal	Handling rate	Cargo working days	% of working days	Revenue Requirement		Per tonne Foreign rate
Paraxylene	674520	674520	0	10560	64	25%		698.478	103.55
Edible Oil	459900	459900	0	7200	64	25%	1571.58	698.478	151.88
POL									
- Flexible hoses	229950	229950	0	14400	16	6%		174.619	75.94
- Loading arms	689850	689850	0	14400	48	19%	1350.18	578.647	83.88
LPG/ LNG	383250	383250	0	6000	64	25%		771.53	201.31
	2437470	**2437470**	**0**		**256**		**2921.75**	**2921.75**	

Annex - II

KOLKATA PORT TRUST

REFERENCE TARIFF SCHEDULE FOR THE LIQUID JETTY TO BE SET UP AT HADIA DOCK-II, SHALUKKALI, HALDIA

1. DEFINITIONS

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

(i). **"Coastal vessel"** means any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the Director General of Shipping/ Competent Authority**.**

(ii). **"Foreign vessel"** means any vessel other than Coastal vessel.

(iii). **"Port"** shall mean Haldia Dock Complex of Kolkata Port Trust.

(iv). **"TAMP"** shall mean the Tariff Authority for Major Ports constituted under Section 47A of the Major Port Trusts Act, 1963.

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

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 operator shall pay penal interest on delayed refunds.

(b). The rate of penal interest will be 2% above the Prime Lending Rate of State Bank of India (SBI). The penal interest rate will apply to both the operator and the port users equally.

(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 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 the Director General of Shipping, shall be the deciding factor for its classification as 'coastal' or 'foreign-going' for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.

(v). System of classification of vessel for levy of Vessel Related Charges (VRC)

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

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

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

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

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

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

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

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

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

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

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

(ix). (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). 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.

(x). The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The operator may, if he so desires, charge lower rates and/ or allow higher rebates and discounts.

The Terminal Operator if so desires, rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.

The Terminal Operator should, however, notify the public such lower rates and / or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

3. Berth Hire Charges:

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

Foreign going Vessels	₹ 0.78 per GRT per hour
Coastal Vessels	₹ 0.47 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 for 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. 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 metric tonne)

Description / Cargo	**Foreign**	**Coastal**
LPG/ LNG handled with Marine Unloading arm	201.31	120.79
POL (excl. Crude) handled with Marine Unloading arm	83.88	83.88
POL (excl. Crude) handled with flexible hoses	75.94	75.94
Paraxylene handled with flexible hoses	103.55	103.55
Edible Oil & Chemical cargo handled with flexible hoses	151.88	91.13

Note:

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

(a). Unloading of the cargo from vessels and transfer of the same up to the point of manifold installed on Jetty head for onward transportation to Importer facilities.

(b). Loading of the cargo to the vessels and from the point of manifold installed on Jetty head, in respect of export cargo.

5. Miscellaneous Charges

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

Description / Cargo	**Rate in ₹ per tonne**
POL and LPG handled with Marine Unloading arm	6.62
POL, Paraxylene and Edible Oil & Chemical cargo handled with flexible hoses	6.06

6. General Note to Section 2 to 5 above.

(i). The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1st January 2015 and 1st January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1st April of the relevant year to 31st March of the following year.

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

However, the Licensee would be free to propose a tariff along with Performance Standard (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 Standard in the previous 12 months as incorporated in the Licence Agreement or for the actual number of months of operation in the first year of operation as the case may be.

(iv). On receipt of the proposal, TAMP will seek the views of the Major Port Trust on the achievement of Performance Standard 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 Standard as incorporated in the Licence Agreement in previous 12 months, TAMP will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Licensee shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

(vi). After considering the views of the Major Port Trust, if TAMP is satisfied that the Performance Standard 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 Standard 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 Standard 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 Standard 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.

\- - - - - -

Annex - III

SETTING UP OF A LIQUID JETTY AT HALDIA DOCK-II, SHALUKKALLI, HALDIA AT HALDIA DOCK COMPLEX OF KOLKATA PORT TRUST.

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 4 hours shall be subtracted from the total hours.

The indicative norms for Gross Berth Output are as follows:

Liquid Cargo	Indicative norm.
Paraxylene cargo handled with flexible hoses	440 T/H,
POL cargo handled with Marine Unloading arm/ flexible hoses	600 T/H,
Edible Oil & Chemical cargo handled with flexible hoses	300 T/H,
LPG/ LNG handled with Marine Unloading arm	250 T/H

- - - - - -