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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 94

New Delhi,

06 March 2017

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Bharat Petroleum Corporation Limited (BPCL) for general revision of its Scale of Rates, as in the Order appended hereto.

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/46/2016-BPCL

Bharat Petroleum Corporation Limited

- - - -

Applicant

QUORUM

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

ORDER

(Passed on this 08th day of February 2017)

This case relates to a proposal received from Bharat Petroleum Corporation Limited (BPCL) for general revision of its Scale of rates.

2.1. The existing Scale of Rates (SOR) of BPCL was last approved vide Order No. TAMP/68/2012-BPCL dated 4 August 2014. This Order was notified in the Gazette of India on 19 August 2014. The Order prescribed the validity of the SOR till 31 March 2016.

2.2. The BPCL, vide its letter dated 9 March 2016, had, inter alia, stated that it is in the process of formulating a proposal for review of its rates with effect from 01 April 2016 and had, therefore, made a request to extend the validity of the existing rates, to enable them to charge the same rates for the customers. Based on the request made by the BPCL, this Authority vide its Order dated 30 March 2016 had extended the validity of the existing SOR of BPCL from the date of its expiry till 30 June 2016. This Order has been notified in the Gazette of India dated 25 April 2016 vide Gazette No. 152.

2.3. Subsequently, the BPCL vide its letter dated 16 June 2016 had stated that, they are still in the process of formulating their proposal and that they would be submitting their proposal by 15 July 2016. Simultaneously, the BPCL had also requested for extension of rates till 31 August 2016. Though the BPCL had sought extension of validity of its SOR upto 31 August 2016, this Authority, considering the consultation procedure involved, felt it appropriate to extend the validity upto 30 September 2016, in line with the extension granted in other cases, where the validity had expired on 30 June 2016. The BPCL was advised to file its proposal positively by 15 July 2016, as agreed by it.

3.1 In this backdrop, the BPCL has filed its general revision proposal vide its letter no Ref No. BPCL/JNP/OPS. dated 29 July 2016. The main points as seen from the proposal filed by the BPCL are summarized below:

- (i). The proposal is for a period of three years viz., 2016-17 to 2018-19.
- (ii). The proposal is based on the actuals for the years 2013-14 to 2015-16 and estimates for the years 2016-17 to 2018-19.
- (iii). (a). The total non-LPG traffic figures (actuals and estimated) for the years 2013-14 to 2018-19 are given below:

Year	Traffic (in MTs)	Actuals/ Estimates
2013-14	6302873	Actuals
2014-15	5025236	
2015-16	5305711	
2016-17	5706800	Estimates
2017-18	5744500	
2018-19	5775800	

- (b). The total LPG traffic figures (actuals and estimated) for the years 2013-14 to 2018-19 are given below:

Year	Traffic (in MTs)	Actuals/ Estimates
2013-14	333646.10	Actuals
2014-15	752972.90	
2015-16	675232.12	
2016-17	650000	Estimates
2017-18	960000	
2018-19	1080000	

- (iv). The BPCL has proposed following capital additions to be made during the FY 16-17 to FY 18-19 to achieve ease of operations and increase in expected traffic, as given below:

(a). FY 16-17

Sr. No.	Nature of investment	Cost of investment (₹ in Lakh)	Purpose of additional investment
1.	Provision of 75 Kg DCP Fire Extinguisher at Jetty	2.50	Safety of Jetty
2.	JNPT-Extension of Existing structure PL Manifold	50	Facility to Handle product
3.	Replacement of SC1400 Fender at Jetty	42	Replacement of existing facility
4.	Provision of additional cameras at JNPT Jetty	15	Safety of Jetty
5.	Provision of one Number Fire Water Pump at Jetty	272	Augmentation of ff System as per OISD
6.	Provision of stripper vacuum operated pump	10	Safety of Jetty
7.	Provision of 6000 LPM Tower monitor and Jumbo	90	Augmentation of ff System as per OISD
8.	Close loop of Fire water line in Jetty	60	Augmentation of ff System as per OISD
9.	Revamping of Control Panel	150	Safety of measures
	TOTAL	691.50	

(b). FY 17-18

Sr. No.	Nature of investment	Cost of investment (₹ in Lakh)	Purpose of additional investment
1.	Strengthening of Jetty structure	900	Strengthening of Jetty structure
2.	Replacement of existing black oil line at Jetty	250	Replacement of existing facility
3.	Replacement of existing fenders at Jetty	200	Replacement of existing facility for protection of Jetty structure & Vessel.
4.	Provision of GI platforms at LB01 & LB02	100	Platforms have to be provided both on sea and shore side of the Jetty as per recommendation by the loading arm manufacturer to facilitate maintenance of loading arm as and when they are to be dismantled and attended
5.	Provision of Hydraulic operated Shore Gangway of length 20ft * 2ft suitable to connect ships/vessel along side gangway to jetty, at LB01 & LB02	100	Operational & safety requirement of Jetty.
6.	Revamping of Control Panel	200	Safety Measures
7.	Provision of stripper operated pump	40	Safety of Jetty
8.	Replacement and repairs of Oil pipelines	150	-
	TOTAL	1940	

(c). FY 18-19

Sr. No.	Nature of investment	Cost of investment (₹ in Lakh)	Purpose of additional investment
1.	Provision of Nitrogen Plant at Jetty	240	Safety of Jetty dockline
2.	Strengthening of Jetty Structure	600	Strengthening of Jetty Structure
3.	Replacement of OWS System at Jetty	200	Replacement of existing facility
4.	Replacement of Bunkering Line at Jetty	250	Replacement of existing facility
5.	Provision of Spray System	40	Safety of Jetty
6.	Provision of Fire Water Pump at Jetty	110	Augmentation of System
	TOTAL	1440	

- (v). The financial implications at the existing level of tariff for Non LPG cargo for FY 2016-17 to 2018-19 as given by BPCL are as follows:

(₹ in lakhs)

Sl. No.	Particulars	Actuals			Estimates at existing level of tariff		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
(i).	Traffic (in MTs)	6302873	5025236	5305711	5706800	5744500	5775800
(ii).	Operating income	4318.24	4225.56	5054.74	5501.93	5534.06	5559.62
iii.	Operating Cost excluding Depreciation	584.50	565.50	945.22	1010.22	1080.59	1156.83
iv.	Depreciation	964.51	954.42	1,044.13	1,244.46	1,323.63	1,381.67
v.	Overheads	270.78	215.32	243.54	252.84	262.50	272.53
vi.	Operating Surplus / (Deficit)	2498.46	2490.21	2821.85	2994.41	2867.34	2748.59

vii.	Finance & Miscellaneous Income (FMI)	-	-	-	-	-	-
viii.	Finance & Miscellaneous Expenses (FME)	-	-	-	-	-	-
ix.	FMI less FME	-	-	-	-	-	-
x.	Surplus before Interest and Tax	2498.46	2490.21	2821.85	2994.41	2867.34	2748.59
xi.	Capital Employed	18051.01	19290.72	20954.60	20401.64	21018.01	21076.34
xii.	ROCE – Maximum permissible @ 16%	2888.16	3086.52	3352.74	3264.26	3362.88	3372.21
xiii.	Net surplus/ deficit after return	(389.71)	(596.30)	(530.89)	(269.85)	(495.54)	(623.62)
xiv.	Net deficit as a percentage of operating income	-9.02%	-14.11%	-10.50%	-4.90%	-8.95%	-11.22%

(vi). The financial implications at the existing level of tariff and proposed level of tariff for LPG cargo for FY 2016-17 to 2018-19 as given by BPCL are as follows:

(₹ in lakhs)

		Actuals			Estimates at existing level of tariff			Estimates at Proposed level of tariff		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
(i).	Traffic (in MTs)	333646.10	752973	675232.12	650000	960000	1080000	650000	960000	1080000
(ii).	Operating income	-	-	-	-	-	-	1094.20	1616.05	1818.06
iii.	Operating Cost excluding Depreciation	14.15	27.30	45.11	46.84	48.63	50.48	46.84	48.63	50.48
iv.	Depreciation	300.91	301.56	301.60	303.49	303.49	303.49	303.49	303.49	303.49
v.	Overheads	1.02	9.87	11.38	11.82	12.27	12.74	11.82	12.27	12.74
vi.	Operating Surplus / (Deficit)	-316.07	-338.73	-358.09	-362.14	-364.38	-366.71	732.06	1251.67	1451.35
vii.	Finance & Miscellaneous Income (FMI)	-	-	-	-	-	-	-	-	-
viii.	Finance & Miscellaneous Expenses (FME)	-	-	-	-	-	-	-	-	-
ix.	FMI less FME	-	-	-	-	-	-	-	-	-
x.	Surplus before Interest and Tax	-316.07	-338.73	-358.09	-362.14	-364.38	-366.71	732.06	1251.67	1451.35
xi.	Capital Employed	8312.52	8011.41	7763.41	7459.92	7156.43	6852.95	7459.92	7156.43	6852.95
xii.	ROCE – Maximum permissible @ 16%	1330.00	1281.82	1242.15	1193.59	1145.03	1096.47	1193.59	1145.03	1096.47
xiii.	Net surplus/ deficit after return	-1646.08	-1620.55	-1600.24	-1555.73	-1509.41	-1463.18	(461.52)	106.64	354.88
xiv.	Net deficit as a percentage of operating income	N.A	N.A	N.A	N.A	N.A	N.A	-42.18%	6.60%	19.52%

(vii). Accordingly, the BPCL has sought all across the board increase of 8.36% in its existing rates.

3.2. The BPCL has submitted the Certified Income and Expenditure statement and Capital Employed Statement for the BPCL Jetty for the years 2013-14 to 2015-16 at JNPT. The BPCL has also furnished the proposed draft SOR vide its letter dated 2 August 2016.

4. In accordance with the consultative procedure prescribed, a copy each of the BPCL letters dated 29 July 2016 and 02 August 2016 was forwarded to the Licensor port, Jawaharlal Nehru Port Trust (JNPT) and concerned users/ user organisations, including the additional users as suggested by BPCL for their comments. Some of the users/ user organisations have furnished their comments. These comments were forwarded to the BPCL for its feedback comments. The BPCL has furnished its comments on the comments of the users.

5.1. A joint hearing on the case in reference was held on 10 October 2016. At the joint hearing, the BPCL made a Power Point presentation of the proposal. The BPCL, JNPT and the concerned users/ organization bodies have made their submissions at the joint hearing.

5.2. As decided at the joint hearing, the users were requested to furnish their comments. Accordingly, some of the users have furnished their comments. These comments were forwarded to BPCL for feedback comments. The BPCL has furnished its comments on the submissions made by the users.

5.3. The Oil and Natural Gas Corporation Limited (ONGC) has also furnished its comments. These comments was also forwarded to BPCL for feedback comments. The BPCL has, however, not responded on the comments of ONGC.

6. Based on a preliminary scrutiny of the proposal, additional information/ clarification were sought from BPCL vide our letter dated 30 September 2016. The BPCL has responded vide its letters dated 27 October 2016, 28 November 2016, 5 December 2016 and 8 December 2016. While furnishing the information/ clarification, the BPCL has revised its proposal. The information/ clarification sought by us and the response of BPCL thereon are tabulated below:

Sl. no.	Information sought by us	Reply of BPCL
I.	NON LPG	
A.	General:	
(i).	In respect of Sl.No.3 of Form -1, BPCL has stated that its pricing strategy is cost based. BPCL to bring out the impact of the anticipated improvement in the productivity and on the unit price, on account of the proposed revision in tariff.	BPCL pricing strategy is cost based. There may not be a tangible shift in productivity immediately but the hike in tariff would provide sufficient surplus to sustain, maintain and improve the level of services which are being provided and this would inevitably improve productivity, safety and other environmental measures which would surely improve productivity in the long run.
(ii).	The tariff guidelines of 2005 stipulate that tariff should be linked to benchmark of the levels of productivity. The BPCL at Sl. No. 6 of its Form – 1 has furnished the details relating to the current performance, which is nothing but capacity utilization. It has, however, not furnished the details about the targeted objectives for productivity enhancement measures. The BPCL to furnish the requisite details at the earliest. Such benchmark in the level of productivity to be included in the Scale of Rates as a conditionality governing the respective tariff items.	The following should be noted: (a) BPCL jetty is used by private tank farm operators. (b) Loading Arms are used for petroleum products including crude oil, ammonia and a few other chemicals. (c) BPCL Pipeline users are less than 10 % of POL users (Mostly RIL and IOC). All the other users have their own pipeline extending to the water front at berth. It is pertinent to note that the designed capacity of the jetty was 4.5 MMT. Benchmark was set for 5.5 MMT which has been achieved. Productivity can improve if tank farm operators increase the no. of tank and they change the size of pipelines from 8 and 12 inches to larger capacities (say, 18 or 24 inches). BPCL cannot influence the discharge rates of cargo which is totally dependent on ship pumping rate, pipeline diameter, and storage capacity. BPCL also cannot influence the loading rate for cargo since shore pump are operated by the respective tank farm operators. Berth availability is totally governed by queuing and allotment of berths is not under BPCL control. BPCL cannot guarantee berth availability since it does not have total control over berthing norms, which are framed by JNPT. Under the above circumstances, BPCL have achieved 5.98 MMT of efficiency against the original designed capacity utilization.
(iii)	The information at Sr. No. 5 of Form-1 viz. change in average cost for typical users (before and after tariff change) has not been furnished by BPCL. The same to be furnished.	As per BPCL understanding of average cost for typical terminal users before and after the tariff change, a sheet has been annexed showing the existing rate and the proposed rate of the proposal submitted.
(iv).	In reply to Sr. No. 6 of Form-1, the BPCL has furnished the performance of BPCL in terms of throughput and Berth occupancy for the years 2013-14 to 2015-16. However, the BPCL has not furnished the targeted objective for productivity enhancement measures.	It is submitted that BPCL have furnished the targeted objective for productivity enhancement measures, viz. are as under:- To monitor various activities related to cargo handling at the jetty to achieve optimum capacity utilization. To enhance berth utilization and efficiency of the jetty by attracting high discharge cargoes through competitive rate offerings. It is glad to note here, that from its existing capacity from 4.5 it has increased productivity to 5.5MMT, and further it has gone on to handle 5.98 MMT (including LPG and Non-LPG products) in the year 2015-16.
B.	Comparison of actuals vis-à-vis estimates provided earlier: Clause 2.13 of the tariff guidelines of 2005 requires the Authority to review the actual physical and financial performance at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. In this context and with reference to Form – 7 of the tariff proposal filed by BPCL, the BPCL to clarify/ furnish the following:	
(i).	In the Form – 7, the BPCL has compared the estimates of the years 2013-14 to 2015-16 with the actuals for the said period. However, the reasons for variation in the actuals vis-à-vis estimates in each of the parameters contained in the cost statement, has not been furnished by BPCL. The same to be furnished.	Reasons for variations in the actuals vis-à-vis estimates in each of the parameters contained in Form 7 of the cost statement are furnished to the TAMP in the Revised Cost Statement.
(ii).	The Authority had granted across board increase of 43% over the then existing tariff of BPCL in the August 2014 Order. The BPCL to, therefore, update the estimated income for the years 2013-14 to 2015-16 in Form-7, so as to give effect to the increase in the estimated income considered in the said Order.	In regards to this point, it is hereby submitted that BPCL has updated estimated income for the years 2013-14 to 2015-16 in Form-7 in the revised cost statement.

(iii).	The actual operating income as reflected in the Cost statement (Form-7) for the years 2013-14 to 2015-16 does not match with the operating income as reflected in the certified Income & Expenditure account for the years 2013-14 to 2015-16 furnished by BPCL. Please reconcile the difference.	<p>At the outset, it is clarified that, BPCL has prepared two separate cost sheet for Non-LPG and LPG products. Accordingly, when the figures appearing in the cost sheet for Non LPG products and LPG products are aggregated, the figures would match with the certified income and expenditure sheet of the BPCL jetty.</p> <p>Accordingly, the reconciliation statement of operating income for the years under considerations in Form 7 with the income as reflected in the certified Income & Expenditure Account is as follows:-</p> <table border="1" data-bbox="807 304 1457 544"> <thead> <tr> <th>Particulars</th> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Income from LPG products (A)</td> <td>28.63</td> <td>334.56</td> <td>429.35</td> </tr> <tr> <td>Income from Non-LPG products (B)</td> <td>4318.24</td> <td>4225.57</td> <td>5054.74</td> </tr> <tr> <td>Total income as per certified Income and expenditure Account (A+B)</td> <td>4346.87</td> <td>4560.13</td> <td>5484.09</td> </tr> </tbody> </table>	Particulars	2013-14	2014-15	2015-16	Income from LPG products (A)	28.63	334.56	429.35	Income from Non-LPG products (B)	4318.24	4225.57	5054.74	Total income as per certified Income and expenditure Account (A+B)	4346.87	4560.13	5484.09												
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(iv).	Similarly, the actual operating expenses as reflected in Form-7 for the years 2013-14 to 2015-16 does not match with the operating expenses as reflected in the Certified Income & Expenditure account for the years 2013-14 to 2015-16. The BPCL to reconcile the difference.	<p>As clarified in earlier point no. (iii), when the figures appearing in the cost sheet for Non LPG products and LPG products are aggregated, such figure would match with the certified income and expenditure sheet of the BPCL jetty.</p> <p>Accordingly, the reconciliation statement of operating expenses for the years under consideration in Form 7 with the expenses as reflected in the certified Income & Expenditure Account is as follows:-</p> <table border="1" data-bbox="807 775 1457 1122"> <thead> <tr> <th>Particulars</th> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Expenses from LPG products (A)</td> <td>316.08</td> <td>338.72</td> <td>358.09</td> </tr> <tr> <td>Expense from Non-LPG products (B)</td> <td>1819.79</td> <td>1735.35</td> <td>2232.88</td> </tr> <tr> <td>Less: Depreciation as per cost sheets (LPG + Non-LPG)</td> <td>1265.44</td> <td>1255.98</td> <td>1345.71</td> </tr> <tr> <td>Add: Depreciation as per books</td> <td>2296.11</td> <td>1166.02</td> <td>1094.64</td> </tr> <tr> <td>Add: MGT Charges</td> <td>203.15</td> <td>300.00</td> <td>380.00</td> </tr> <tr> <td>Total expenses as per certified Income and expenditure Account (A+B)</td> <td>3369.69</td> <td>2284.11</td> <td>2719.90</td> </tr> </tbody> </table>	Particulars	2013-14	2014-15	2015-16	Expenses from LPG products (A)	316.08	338.72	358.09	Expense from Non-LPG products (B)	1819.79	1735.35	2232.88	Less: Depreciation as per cost sheets (LPG + Non-LPG)	1265.44	1255.98	1345.71	Add: Depreciation as per books	2296.11	1166.02	1094.64	Add: MGT Charges	203.15	300.00	380.00	Total expenses as per certified Income and expenditure Account (A+B)	3369.69	2284.11	2719.90
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(v).	The BPCL is also requested to furnish a statement reconciling the profit reflected in the certified Income and Expenditure Account and the net profit before return as per cost statements for the years 2013-14 to 2015-16.	<p>The reconciliation statement of net profit for the years under considerations in Form 7 with the net profit as reflected in the certified Income & Expenditure Account is as follows:-</p> <table border="1" data-bbox="807 1200 1457 1491"> <thead> <tr> <th>Particulars</th> <th>2013-14</th> <th>2014-15</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Total Income from Non-LPG and LPG products as given in point (iii) above</td> <td>4346.87</td> <td>4560.13</td> <td>5484.09</td> </tr> <tr> <td>Less: Total expenses on Non-LPG and LPG products as given in point (iv) above</td> <td>3369.69</td> <td>2284.11</td> <td>2719.9</td> </tr> <tr> <td>Less: Royalty paid to JNPT</td> <td>1410.88</td> <td>1452.9</td> <td>1729.42</td> </tr> <tr> <td>Net profit</td> <td>-433.7</td> <td>823.12</td> <td>1034.77</td> </tr> </tbody> </table>	Particulars	2013-14	2014-15	2015-16	Total Income from Non-LPG and LPG products as given in point (iii) above	4346.87	4560.13	5484.09	Less: Total expenses on Non-LPG and LPG products as given in point (iv) above	3369.69	2284.11	2719.9	Less: Royalty paid to JNPT	1410.88	1452.9	1729.42	Net profit	-433.7	823.12	1034.77								
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(vi).	Similarly, the actual capital employed as considered by BPCL in Form-7 for the years 2013-14 to 2015-16 does not match with the Capital Employed reflected in the Certified Statement of Capital Employed for the corresponding period. The BPCL to reconcile the same.	<p>Actual Closing Gross Capital Employed:</p> <table border="1" data-bbox="860 1536 1404 1783"> <thead> <tr> <th>Particulars</th> <th>2014-15</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Capital employed from LPG products (A)</td> <td>8949</td> <td>9002</td> </tr> <tr> <td>Capital employed from Non-LPG products (B)</td> <td>27071</td> <td>29779</td> </tr> <tr> <td>Add: Capital WIP</td> <td>120</td> <td>0</td> </tr> <tr> <td>Total Capital employed as per certificate (A+B)</td> <td>36140</td> <td>38781</td> </tr> </tbody> </table> <p>Hence, the total Capital employed as per Certificate reconciles with the capital employed as per Cost statement.</p>	Particulars	2014-15	2015-16	Capital employed from LPG products (A)	8949	9002	Capital employed from Non-LPG products (B)	27071	29779	Add: Capital WIP	120	0	Total Capital employed as per certificate (A+B)	36140	38781													
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C. Financial/ Cost Statement:																														
1.	<p>Capacity:</p> <p>It may be recalled that in the last general revision Order of BPCL, the capacity of the BPCL jetty at JNPT was considered at 5.5 Million Metric Tons Per Annum (MMTPA). Even in the current proposal, the BPCL at in Form 2A has indicated the capacity of the facility at 5.5 MMTPA. However, BPCL has envisaged handling of LPG at its facility and has also made additional capital investments in this regard. Further, the BPCL has envisaged capital additions to the tune of ₹6.92 crores,</p>	<p>The designed capacity of the jetty was 4.5 MMT, a benchmark was set for 5.5 MMT which has been achieved. Productivity can improve if tank farm operators increase the no. of tank farms and they change the size of pipelines from 8 and 12 inches to larger capacities (say, 18 or 24 inches).</p> <p>Moreover, because of the corrosive nature of climatic condition, substantial part of BPCL jetty's assets gets affected and need to be replaced for safety reasons as per issuances of safety by Oil Industry Safety Directorate.</p> <p>Hence, Capital expenditure in the form of Replacement of fenders,</p>																												

	₹19.40 crores and ₹14.40 crores during the years 2016-17 to 2017-18 respectively, mainly towards replacement of fenders, extension of existing structure, strengthening of jetty structure, replacement of black oil line at jetty, replacement of oil pipeline etc. The said capital additions may also be instrumental in enhancing the capacity of the facility. The BPCL to therefore, examine these aspects and reassess the capacity of its facility in the light of the above points.	tower monitors, extension of existing facility, strengthening of jetty will not be enhancing the throughput capacity of the jetty.
2.	Traffic:	
(i).	With reference to estimation of traffic, please clarify/ furnish the following:- Clause 2.5.1. of tariff guidelines of 2005 stipulates that the traffic projections should be in line with the projections in the 5 year annual plan and current / expected growth. In this context, the BPCL to explain the basis of estimation of traffic for the years 2016-17 to 2018-19.	The estimation of the Throughput (Traffic) depends on various economic and market conditions. In such estimation, various trends and performance of the last few years have been analyzed. Moreover, movement and traffic of all these products depends upon various factors, some of which are even out of BPCL's control such as Government policy, dollar/ rupee price rates at different countries for the same product etc. Accordingly, all these factors and taking into our experience, the estimation of the various products have been made. Further, the estimation has been provided after a number of meetings with tank farm operators, agents, CHA and persons related to the businesses and the end users, who import edible oils, chemicals and petroleum products in order to estimate the future traffic. Accordingly, the traffic for these products has been estimated and presented in the cost sheet for Financial Year 2016-17 to 2018-19.
(ii).	(a). There is seen to be a reduction in the traffic of Crude oil handled through coastal vessels for the year 2014-15 and 2015-16 by 29% and 25% respectively, as compared to the year 2013-14. The reason for reduction to be furnished.	The main customer of crude is ONGC. ONGC in its last 2 years of operation has started moving crude to other port operators. Moreover, they have a certain arrangement with MBPT that if ONGC moves to any other Port users then ONGC has to bear an additional cost which it is liable to pay to MBPT for moving to the other port. Hence, it is quite reasonable the decline seen in Crude oil in the last years.
	(b). Further, the traffic estimates of Crude oil for handling through coastal vessels furnished by the BPCL for the years 2016-17 to 2018-19 reflects around 20% reduction as compared to the year 2013-14. BPCL to explain the reason for anticipating a drop in the traffic of Crude oil handled through coastal vessels. Also, only an increase of 0.5% in the traffic of Crude oil handled through coastal vessels furnished by the BPCL for the years 2017-18 and 2018-19 has been considered, over the immediate previous years. The reason for the same, also to be explained.	In respect of the reduction of 20% in the years 2016-17 to 2018-19 as compared to the year 2013-14, it is reiterated that the main customer ONGC has reduced its activities at the BPCL jetty in the last two years i.e. F.Y.2014-15 & 2015-16. Accordingly, BPCL is not expecting much hike in projected quantities in the years of 2016-17, 2017-18 and 2018-19 as compared to 2015-16. Hence, on rational side, the traffic for the product has been estimated @ 5% increase for F.Y.2016-17, 5.5% for 2017-18 & 6% for 2018-19, over 2015-16.
(iii).	(a). The traffic for Furnace oil is seen to have reduced by about 250% during the year 2014-15 and 2015-16 as compared to the year 2013-14. The reason for the steep decline in the traffic for the year 2014-15 and 2015-16 to be explained.	The main reason for sudden decrease of 250% traffic in Furnace Oil during the year 2014-15 & 2015-16 is on account of major damage to the pipeline adjoining with the tank farm. Also, the reduction was on account of reduction in Bunkering activity at JNPT lead to the demand of Furnace Oil. Further, many power companies have also shifted from Furnace Oil to gas based power plant which lead to the decrease in the traffic of Furnace Oil. Due to these reasons, BPCL does not expect the traffic to increase in the future years.
	(b). Further, the reason for continuing the said reduced level of the traffic of Furnace oil for handling through coastal vessels, during the years 2016-17 to 2018-19 as compared to the actuals for the year 2013-14 also to be explained.	Keeping the fact as stated above in (iii) (a) above, BPCL has kept the traffic quantity in line with 2015-16 for the projected years.
(iv).	(a). Though the actual traffic of High speed Diesel (HSD) for the year 2015-16 has increased by 48% as compared to the year 2014-15, the BPCL has estimated the growth rate of only 13%, 2.5%, 1.5% while estimating the traffic of HSD for the years 2016-17 to 2018-19 as compared with their previous years. The reason for estimating a lower growth rate in traffic every year as compared to 2015-16 to be explained.	BPCL while estimating the projections for the years 2016-17, 2017-18 and 2018-19 have considered 2015-16 as the base year for projection and accordingly have anticipated an estimate hike of 15%, 18% and 20% respectively. Base Year taken is 2015-16 that is already at a hike of 48% as compared to 2014-15. So, increasing the traffic at the same rate in the forthcoming years would be irrational.
	(b). Also, the reason for the decrease in the actual traffic for the 2014-15 as compared to the traffic for the year 2013-14 to be explained.	The main customer of HSD is IOCL and Reliance. IOCL has begun feeding their southern markets from IOTL and IOCL Terminals. Their rake loading of HSD to other markets is also done from these terminals. With the de-regulation of HSD pricing, Reliance has decided to re-start their retail outlets in the western region. Tank Farms of Reliance were under up gradation during the year, only Naphtha was exported.
(v).	The reason for not anticipating any traffic in respect of ATF, SKO to be handled through coastal vessels during the years 2016-17 to 2018-19 to be explained.	It can be seen from the Cost Statement that ATF (Aviation Turbine Fuel) and SKO was handled by BPCL only in the year 2015-16. No traffic was handled in respect of the said products in the year 2013-14 and 2014-15. Hence, being prudent, BPCL have not anticipated any traffic in respect of the said products since it is not a recurring product. Apart from above, our Hon'ble Prime Minister has launched an LPG connection Scheme namely, UJJWALA. Through this scheme the Govt. intends to reach out to all those households who used Kerosene and Fire wood to switch over from conventional fuels to LPG (₹ 8000 crores has been ear-marked for providing 5,00,000 LPG connections to people below the poverty line. Hence, there

		would be no requirement of SKO under the public distribution schemes run by the state government authorities. The newly planned airport project at Navi Mumbai has not taken off as yet. When this project is completed, then the ATF requirement would come in. Small quantity of ATF was unloaded by IOCL as they had to commission an ATF Tank. SKO was used for cleaning of ATF line.																
(vi).	(a). BPCL to justify the reason for anticipating a drop in the traffic during the year 2016-17 as compared to the actual for year 2013-14 in respect of Acetic Acid, Ammonia, Aniline, B.A, Butanol, CBFs, Crude Gly, LAB, MEG, Meth. Chloride, SM, Ph. Acid handled through foreign vessels.	Quantities handled in respect of Acetic Acid, Ammonia, Aniline, B.A, Butanol, CBFs, Crude Gly, LAB, MEG, Meth. Chloride, SM, Ph. Acid in 2014-15 and 2015-16 is decreasing as compared to 2013-14. Hence, it is stated that, comparing the basis of projection of these products with the year 2013-14 would give an unrealistic view. Moreover, estimation of the Throughput (Traffic) depends on various economic and market conditions. In such estimation, various trends and performance of the last few years have been analyzed. Moreover, movement and traffic of all these products depends upon various factors, some of which are even out of BPCL's control such as Government policy, dollar/rupee price etc. Accordingly, all these factors and taking into our experience, the estimation of the various products have been made. BPCL have, therefore, taken 2015-16 as the basis for the projection of these basis.																
	(b). Also, no growth has been projected in the traffic estimates of Acetic Acid, Acetone, Aniline, Butanol, CBFs, Crude Gly, LAB, MEG, Mix xylene, Meth, Chloride, Molasses, Naptha, Ph. Acid, Phenol, SM VAM handled through foreign vessels furnished by the BPCL for the years 2016-17 to 2018-19. The reason for the maintaining the same level of traffic for all the years to be justified.	The years under consideration, BPCL have maintained the same level of traffic. This is done because movement of all these products depends upon various factors. Some of these factor are even out of BPCL's control i.e. market demand and supply law, Government policy, dollar/rupee price etc. It is stated that, they had a number of meetings with tank farm operators and telecoms with persons related to Port sector was done. After all these discussions, BPCL have prudently projected the traffic which it perceives to be justifiable.																
(vii).	Though the traffic of Base oil handled through foreign vessels is estimated to increase by around 7% during the year 2016-17 as compared to the year 2015-16, the BCPL to justify not estimating any traffic growth in estimates of Base oil handled through foreign vessel for the years 2016-17 to 2018-19.	Base oil is generally used for lubricants. It is understood from the blenders that an approx. 6% to 8 % hike is expected in Base oil. However, the blending capacity of these blenders is approx. 1,30,500 MT. Hence, BPCL has projected an estimate of 130,500 MT of Base oil to be handled by it in 2016-17, 2017-18 and 2018-19. The table below shows that BPCL have not achieved this target. However, due to market demand of this product, BPCL have estimated a hike of 7% in the year 2016-17 which would remain approximately stagnant in 2017-18 and 2018-19. Hence, BPCL have not estimated any traffic growth in estimates of Base oil in 2017-18 and 2018-19.																
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Particulars	2013-14	2014-15	2015-16															
Base oil	121880	110140	121916															
(viii).	BPCL to explain the reason for not estimating the traffic of Chloroform, N. Butanol, Di Ethylene Gly during the year 2016-17 to 2018-19.	The TAMP may see from the table below that there is an uneven quantity of Chloroform, N. Butanol and Di Ethylene Gly handled by BPCL in the past three years, with the year 2015-16 being NIL for all the three products. Also, BPCL have taken views from the various tank farm operators that these products are either not imported, and if imported are handled by other ports. Hence, BPCL have taken a stand that there might not be any traffic in the future years.																
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(ix).	The BPCL to furnish the item wise details of actual traffic handled by it at the BPCL jetty during the period from 01 April 2016 to 30 September 2016.	The Actual traffic of all products from 01 April 2016 to 30 September 2016 as been furnished by BPCL as in following:																
		<table border="1"> <thead> <tr> <th colspan="2">Details of Throughput for the period from April 2016 to September 2016</th> </tr> <tr> <th>Month</th> <th>Total Quantity in MT</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>466701.5</td> </tr> <tr> <td>May</td> <td>576366.9</td> </tr> <tr> <td>June</td> <td>543667.6</td> </tr> <tr> <td>July</td> <td>462498.5</td> </tr> <tr> <td>August</td> <td>427921.0</td> </tr> <tr> <td>September</td> <td>496144.1</td> </tr> </tbody> </table>	Details of Throughput for the period from April 2016 to September 2016		Month	Total Quantity in MT	April	466701.5	May	576366.9	June	543667.6	July	462498.5	August	427921.0	September	496144.1
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(i).	We have vide our letter no. TAMP/27/2005-Misc. dated 26 September 2016 already indicated the escalation factor that would be considered for projecting the expenditure in the cost statement, in respect of the cases to be disposed in the year 2016-17. The BPCL to take	As suggested by the TAMP, a Revised Cost proposal furnished by BPCL considering the escalation factor of 2.46% by taking the actuals for the year 2015-16 as base for project the expenditure for the years 2016-17 to 2018-19.																

	note of the said escalation factor and project the expenditure for the years 2016-17 to 2018-19, by considering the escalation factor of 2.46% by taking the actuals for the year 2015-16 as base.																																																																																						
(ii).	Please furnish detailed workings with regard to the projected expenses viz., Operating & Direct labour, Equipment Running cost, Insurance, Other expenses, Management & Administration Overheads and General Overheads for the years 2016-17 to 2017-18. The documentary evidence in support of each of the above listed expenses, also to be furnished.	<p>All aforesaid expenses have been escalated at 3.82% as per escalation Factor of 2015-16 as given by TAMP at its Site which has been extended to 2016-17, 2017-18 & 2018-19. For e.g.: An expense is of ₹100 in the year 2015-16. The same is escalated @3.82% in 2016-17 amounting to ₹103.82 which is further escalated @ 3.82% in 2017-18 to amount to ₹107.79 and similarly for 2018-19 to 111.90</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Expense</td> <td>100</td> <td>103.82</td> <td>107.79</td> <td>111.90</td> </tr> </tbody> </table> <p>Note: TAMP has informed BPCL about Escalation factor of 2.46% vide its letter no. TAMP/27.2005-Misc. dated 26 September 2016.</p>	Particulars	2015-16	2016-17	2017-18	2018-19	Expense	100	103.82	107.79	111.90																																																																											
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(iii).	The Equipment Running cost has been escalated by 10% during the year 2016-17 to 2018-19. The application of the escalation factor at 10% in the estimation of the said cost to be justified.	BPCL is expecting heavy repairs & maintenance in the forthcoming years since the construction of the jetty was done in the year 2002, due to the very heavy corrosive climatic conditions, most of the equipment needs constant maintenance, pipelines, railings, supports, walk-overs, structures need constant cleaning and painting and needs further maintenance. Also, the nature of the activities carried out by the BPCL makes the wear and tear of the assets to a greater extent as compared to a normal concern. Hence, Management of BPCL has estimated an average 10% increase in the repairs & maintenance for the years 2016-17 to 2018-19.																																																																																					
(iv).	The reason for reduction in the Operating & Direct labour cost in the year 2014-15 as compared to the years 2013-14 and 2015-16 to be explained.	The operating & Direct Labour have been taken as per the certified accounts for the years 2013-14, 2014-15 & 2015-16 and copy of which has already been submitted before TAMP.																																																																																					
(v).	Please list out the items covered under the head of expenditure 'Other Expenses' in the Cost statement.	Items covered under the head " other expenses" are: Firefighting expenses, CISF Security Expenses, Safety and inspection expenses, penalties and duties and few other miscellaneous expenses.																																																																																					
(vi).	Please furnish basis for allocation of all expenses covered under the head of 'Operating Expenses', 'Depreciation' and 'Overheads' to the various activities and sub-activities along with workings.	<p>The basis of allocation of all expenses covered under the head 'Operating expenses', 'depreciation' and 'Overhead' to various activities and sub activities is presented hereunder. It is important to mention here that the following allocation method has been consistently accepted by TAMP in our earlier proposals.</p> <table border="1"> <thead> <tr> <th colspan="5">Statement showing Distribution of Various Expenses in Various Activities:</th> </tr> <tr> <th>Head of Expenditure</th> <th>Facility Mgt. & Wharfage</th> <th>Loading Arm & Wharfage Mgt.</th> <th>Pipeline, Compressor and Vaporiser</th> <th>Water , Bunkering & Others</th> </tr> </thead> <tbody> <tr> <td>Direct operating Expenses</td> <td>80%</td> <td>10%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>General Overhead</td> <td>100%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Insurance</td> <td>60%</td> <td>20%</td> <td>10%</td> <td>10%</td> </tr> <tr> <td>Management and Admin Cost</td> <td>100%</td> <td>0%</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Other Operating Expenses</td> <td>60%</td> <td>20%</td> <td>10%</td> <td>10%</td> </tr> <tr> <td>Repair and Maintenance</td> <td>0%</td> <td>50%</td> <td>30%</td> <td>20%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">Statement showing Distribution of Depreciation in Various Activities:</th> </tr> <tr> <th>Head of Expenditure</th> <th>Facility Mgt. & Wharfage</th> <th>Loading Arm & Wharfage Mgt.</th> <th>Pipeline, Compressor and Vaporiser</th> <th>Water , Bunkering & Others</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Electrical Equipment</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Furniture & Fittings</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Office Equipment</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Fire Fighting</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>P & M</td> <td>30%</td> <td>26%</td> <td>40%</td> <td>4%</td> </tr> <tr> <td>Computer & Laptop</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Statement showing Distribution of Various Expenses in Various Activities:					Head of Expenditure	Facility Mgt. & Wharfage	Loading Arm & Wharfage Mgt.	Pipeline, Compressor and Vaporiser	Water , Bunkering & Others	Direct operating Expenses	80%	10%	5%	5%	General Overhead	100%	0%	0%	0%	Insurance	60%	20%	10%	10%	Management and Admin Cost	100%	0%	0%	0%	Other Operating Expenses	60%	20%	10%	10%	Repair and Maintenance	0%	50%	30%	20%	Statement showing Distribution of Depreciation in Various Activities:					Head of Expenditure	Facility Mgt. & Wharfage	Loading Arm & Wharfage Mgt.	Pipeline, Compressor and Vaporiser	Water , Bunkering & Others	Building	100%	-	-	-	Electrical Equipment	100%	-	-	-	Furniture & Fittings	100%	-	-	-	Office Equipment	100%	-	-	-	Fire Fighting	100%	-	-	-	P & M	30%	26%	40%	4%	Computer & Laptop	100%	-	-	-
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(vii).	BPCL to confirm that the depreciation for the years 2016-17 to 2018-19 has been computed in line with the Clause 2.7.1 of the tariff guidelines. The BPCL is also requested	BPCL confirms that the depreciation for the years 2016-17 to 2018-19 have been computed in line with the clause 2.7.1 of the tariff guidelines. The detailed working for the same has furnished by																																																																																					

	to furnish a detailed working for the depreciation cost for the years 2013-14 to 2018-19 indicating details of assets, rate of depreciation, method followed and life norms adopted as per Companies Act.	BPCL vide its letter dated 28.11.2016.																																													
4.	Capital employed:																																														
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(i).	The opening balance of the Gross Block of assets as on 01 April 2016 in the Form – 4A does not match with the closing Gross Block as on 31 March 2016, as reflected in the Statement of Capital Employed for the BPCL jetty for the year 2015-16. BPCL to reconcile the difference.	<p>Actual Closing Gross Capital Employed as on 31.03.2016 as seen from the Certificate:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount in Lakhs</th> </tr> </thead> <tbody> <tr> <td>Capital Employed</td> <td>38781</td> </tr> <tr> <td>Less: Capital WIP</td> <td>0</td> </tr> <tr> <td>Capital actually employed</td> <td>38781</td> </tr> </tbody> </table> <p>Opening Gross Capital as on 01.04.2016 as seen from the Cost Statement:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount in Lakhs</th> </tr> </thead> <tbody> <tr> <td>NON-LPG</td> <td>29779</td> </tr> <tr> <td>LPG</td> <td>9002</td> </tr> <tr> <td>Capital actually employed</td> <td>38781</td> </tr> </tbody> </table> <p>Hence, Capital employed as per Certificate reconciles with the capital employed as per Cost statement.</p>	Particulars	Amount in Lakhs	Capital Employed	38781	Less: Capital WIP	0	Capital actually employed	38781	Particulars	Amount in Lakhs	NON-LPG	29779	LPG	9002	Capital actually employed	38781																													
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(ii).	The present status in respect of additions proposed for the year 2016-17 to be furnished. Documentary evidence in support of each of the capital addition to be furnished.	<p>The BPCL have completed a few capital addition work, and few are in the process of completion and a few are in tendering process. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Sr. No</th> <th>Assets</th> <th>Amount (₹ in Lakh)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Provision of 75 Kg DCP Fire Extinguisher at Jetty</td> <td>2.5</td> <td>Completed</td> </tr> <tr> <td>ii.</td> <td>Provision of additional cameras at JNPT Jetty.</td> <td>15</td> <td>Completed</td> </tr> <tr> <td>iii.</td> <td>Provision of 6000 LPM Tower monitor and Jumbo.</td> <td>90</td> <td>Work is under process (WIP), Expected to be completed by December.</td> </tr> <tr> <td>iv.</td> <td>JNPT-Extension of Existing structure PL Manifold.</td> <td>50</td> <td>In the final stage of completion. Approx. 80% completed.</td> </tr> <tr> <td>v.</td> <td>Replacement of SC1400 Fender at Jetty</td> <td>42</td> <td>Material received.</td> </tr> <tr> <td>vi.</td> <td>Close loop of Fire water line in Jetty.</td> <td>60</td> <td>Material received.</td> </tr> <tr> <td>vii.</td> <td>Revamping of Control Panel</td> <td>150</td> <td>Tender under process and will be floated very soon.</td> </tr> <tr> <td>viii.</td> <td>Provision of one number fire water pump at Jetty.</td> <td>272</td> <td>Tender under process and will be floated very soon.</td> </tr> <tr> <td>ix.</td> <td>Provision of stripper vacuum operated pump</td> <td>10</td> <td>Tender under process and will be floated very soon.</td> </tr> <tr> <td colspan="2">Total</td> <td>691.50</td> <td></td> </tr> </tbody> </table>	Sr. No	Assets	Amount (₹ in Lakh)	Remarks	i.	Provision of 75 Kg DCP Fire Extinguisher at Jetty	2.5	Completed	ii.	Provision of additional cameras at JNPT Jetty.	15	Completed	iii.	Provision of 6000 LPM Tower monitor and Jumbo.	90	Work is under process (WIP), Expected to be completed by December.	iv.	JNPT-Extension of Existing structure PL Manifold.	50	In the final stage of completion. Approx. 80% completed.	v.	Replacement of SC1400 Fender at Jetty	42	Material received.	vi.	Close loop of Fire water line in Jetty.	60	Material received.	vii.	Revamping of Control Panel	150	Tender under process and will be floated very soon.	viii.	Provision of one number fire water pump at Jetty.	272	Tender under process and will be floated very soon.	ix.	Provision of stripper vacuum operated pump	10	Tender under process and will be floated very soon.	Total		691.50		
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v.	Replacement of SC1400 Fender at Jetty	42	Material received.																																												
vi.	Close loop of Fire water line in Jetty.	60	Material received.																																												
vii.	Revamping of Control Panel	150	Tender under process and will be floated very soon.																																												
viii.	Provision of one number fire water pump at Jetty.	272	Tender under process and will be floated very soon.																																												
ix.	Provision of stripper vacuum operated pump	10	Tender under process and will be floated very soon.																																												
Total		691.50																																													
(iii).	The status of action initiated in respect of additions proposed for the years 2017-18 and 2018-19 may also be intimated. Documentary evidence in support of each of the capital addition to be furnished.	BPCL's Engineering Section has sought approvals for the asset additions for the year 2017-18 and 2018-19. Approval Copies of the asset addition are furnished by BPCL except provision of stripper operated pump for the year 17-18 and Provision of Fire Water Pump at Jetty for the year 18-19.																																													
(iv).	Please furnish basis for allocation of the net block of assets to the various activities and sub-activities along with workings.	<p>The basis for allocation of the net block of the assets to various activities and sub-activities is presented hereunder.</p> <table border="1"> <thead> <tr> <th colspan="5">Statement showing Distribution of Assets in Various Activities:</th> </tr> <tr> <th>Head of Expenditure</th> <th>Facility Mgt. & Wharfage</th> <th>Loading Arm & Wharfage Mgt.</th> <th>Pipeline, Compressor and Vaporiser</th> <th>Water , Bunkering & Others</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Electrical Equipment</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Furniture & Fittings</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Office Equipment</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Fire Fighting</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>P & M</td> <td>30%</td> <td>26%</td> <td>40%</td> <td>4%</td> </tr> <tr> <td>Computer & Laptop</td> <td>100%</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Statement showing Distribution of Assets in Various Activities:					Head of Expenditure	Facility Mgt. & Wharfage	Loading Arm & Wharfage Mgt.	Pipeline, Compressor and Vaporiser	Water , Bunkering & Others	Building	100%	-	-	-	Electrical Equipment	100%	-	-	-	Furniture & Fittings	100%	-	-	-	Office Equipment	100%	-	-	-	Fire Fighting	100%	-	-	-	P & M	30%	26%	40%	4%	Computer & Laptop	100%	-	-	-
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	Working Capital: Please furnish the reason for not estimating any working capital for the years 2016-17 to 2018-19.	A Review of operation of jetty indicates that no working capital is required by the facility as all dealing is done without any credit period as all jobs are done through tenders or quotes. Accordingly, BPCL has assumed nil working capital requirements for the facility. All payments to vendors are done centrally through BPEC Department and only through E-transfers.										
5.	Scale of Rates: The penal interest prescribed in clause (vi) of 1.2 General Terms and conditions of the existing SoR of BPCL to be updated based on the Prime Lending Rate (PLR) of State Bank of India prevailing at present.	It is hereby submitted that BPCL had updated penal interest in its original submission which is 16.05% i.e. 14.05% being SBI Prime lending rate plus 2%.										
II.	LPG.											
(i).	Clause 2.5.1. of tariff guidelines of 2005 stipulates that the traffic projections should be in line with the projections in the 5 year annual plan and current / expected growth. In this context, the BPCL to explain the basis of estimation of traffic of LPG for the years 2016-17 to 2018-19.	At present in BPCL, only one Tank Farm for the purpose of LPG can be used. However, by June 2017 another tank Farm will be in Operation. At present approx 54 TMT vessel comes in a month. Hence, for the year 2016-17=54*12 i.e 6.48 TMT. However, by June 2017, BPCL is expecting one more tank farm to be in operation. Therefore, for the year 2017-18= 54*2+90*12 i.e. for 2018-19= 90*12.										
(ii).	Please furnish detailed workings with regard to the projected expenses viz., Operating & Direct labour, Equipment Running cost, Insurance, Other expenses, Management & Administration Overheads and General Overheads for the years 2016-17 to 2017-18 alongwith the basis of estimating the projected expenses. The documentary evidence in support of each of the above listed expenses, also to be furnished.	All aforesaid expenses have been escalated at 3.82% as per escalation Factor of 2015-16 as given by TAMP at its Site which has been extended to 2016-17, 2017-18 & 2018-19. For eg.: An expense is of ₹100 in the year 2015-16. The same is escalated @3.82% in 2016-17 amounting to ₹103.82 which is further escalated @ 3.82% in 2017-18 to amount to ₹107.79 and similarly for 2018-19 to 111.90										
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>2015-16</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Expense</td> <td>100</td> <td>103.82</td> <td>107.79</td> <td>111.90</td> </tr> </tbody> </table>	Particulars	2015-16	2016-17	2017-18	2018-19	Expense	100	103.82	107.79	111.90
Particulars	2015-16	2016-17	2017-18	2018-19								
Expense	100	103.82	107.79	111.90								
		Note: TAMP has informed BPCL about Escalation factor of 2.46% vide its letter no. TAMP/27.2005-Misc. dated 26 September 2016.										
(iii).	The BPCL to note that the escalation factor of 2.46% will be considered to project the expenditure for the years 2016-17 to 2018-19, by taking the actuals for the year 2015-16 as base.	As suggest by the TAMP, a Revised Cost Statement furnished by BPCL considering the escalation factor of 2.46% by taking the actuals for the year 2015-16 as base for project the expenditure for the years 2016-17 to 2018-19.										
(iv).	Please list out the items covered under the head of expenditure 'Other Expenses' in the Cost statement.	Items covered under the head "Other expenses" are Fire fighting expenses, CISF Security Expenses, Safety and inspection expenses, penalties and duties and few other miscellaneous expenses.										
(v).	Please furnish basis for allocation of all expenses covered under the head of 'Operating Expenses', 'Depreciation' and 'Overheads' to the various activities and sub-activities along with workings.	Since the second Cost sheet is made for LPG only, there is only one activity in this cost statement i.e. Cargo handling activity. All mentioned expenses are therefore attributed in that activity only.										
(vi).	BPCL to confirm that the depreciation for the years 2013-14 to 2018-19 has been computed in line with the Clause 2.7.1 of the tariff guidelines and furnish a detailed working for the depreciation cost indicating details of assets, rate of depreciation, method followed and life norms adopted as per Companies Act.	We have furnished a working for the depreciation cost indicating details of assets, method followed and life norms adopted as per Companies Act.										
(vii).	The rate for LPG has not been approved by the Authority for BPCL. However, the BPCL is seen to have been handling LPG in the past. The authorization based on which tariff, if any, levied by the BPCL to be furnished.	TAMP in its previous proposal for tariff revision pertaining to year 2013-14 to 2015-16 had not approved the rate as proposed by BPCL. In such circumstances, BPCL was left with an option but to charge the rate of Unspecified items.										

7. As stated earlier, the BPCL while furnishing the information/ clarification sought by us in November 2016 has revised its tariff proposal. A comparative position of the initial proposal of July 2016 vis-à-vis revised proposal of November 2016 is given below:

(i). **Financial implications:**

(a). For Non-LPG

(₹ in lakhs)

Sl. No.	Particulars	As per earlier Proposal dated 29 July 2016			As per Revised proposal dated 28 November 2016		
		Estimates at existing level of tariff			Estimates at existing level of tariff		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
i.	Traffic (in MTs)	5706800	5744500	5775800	5706800	5744500	5775800
ii.	Operating income	5501.93	5534.06	5559.62	5501.93	5534.06	5559.62
iii.	Operating Cost excluding Depreciation	1010.22	1080.59	1156.83	968.47	992.30	1016.71
iv.	Depreciation	1,244.46	1,323.63	1,381.67	1,244.46	1,323.63	1,381.67
v.	Overheads	252.84	262.50	272.53	249.53	255.67	261.96
vi.	Operating Surplus / (Deficit)	2994.41	2867.34	2748.59	3039.47	2962.47	2899.29
vii.	Finance & Miscellaneous Income (FMI)	-	-	-	-	-	-

viii.	Finance & Miscellaneous Expenses (FME)	-	-	-	-	-	-
ix.	FMI less FME	-	-	-	-	-	-
x.	Surplus before Interest and Tax	2994.41	2867.34	2748.59	3039.47	2962.47	2899.29
xi.	Capital Employed	20401.64	21018.01	21076.34	20401.64	21018.01	21076.34
xii.	ROCE –@ 16%	3264.26	3362.88	3372.21	3264.26	3362.88	3372.21
xiii.	Capacity Utilization	103.76%	104.45%	105.01%	103.76%	104.45%	105.01%
xiv.	Net surplus/ deficit after return	(269.85)	(495.54)	(623.62)	(224.79)	(400.41)	(472.92)
xv.	Net deficit as a percentage of operating income	-4.90%	-8.95%	-11.22%	-4.09%	-7.24%	-8.51%

(b). For LPG

(₹ in lakhs)

Sl. No.	Particulars	As per earlier Proposal dated 29 July 2016			As per Revised proposal dated 28 November 2016		
		Estimates at Proposed level of tariff			Estimates at Proposed level of tariff		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
(i).	Traffic (in MTs)	650000	960000	1080000	650000	960000	1080000
(ii).	Operating income	1094.20	1616.05	1818.06	1094.20	1616.05	1818.06
iii.	Operating Cost excluding Depreciation	46.84	48.63	50.48	46.22	47.36	48.53
iv.	Depreciation	303.49	303.49	303.49	303.49	303.49	303.49
v.	Overheads	11.82	12.27	12.74	11.66	11.95	12.24
vi.	Operating Surplus / (Deficit)	732.06	1251.67	1451.35	732.83	1253.26	1453.81
vii.	Finance & Miscellaneous Income (FMI)	-	-	-	-	-	-
viii.	Finance & Miscellaneous Expenses (FME)	-	-	-	-	-	-
ix.	FMI less FME	-	-	-	-	-	-
x.	Surplus before Interest and Tax	732.06	1251.67	1451.35	732.83	1253.26	1453.81
xi.	Capital Employed	7459.92	7156.43	6852.95	7459.92	7156.43	6852.95
xii.	ROCE –@ 16%	1193.59	1145.03	1096.47	1193.59	1145.03	1096.47
xiii.	Net surplus/ deficit after return	(461.52)	106.64	354.88	(460.76)	108.23	357.33
xiv.	Net deficit as a percentage of operating income	-42.18%	6.60%	19.52%	-42.11%	6.70%	19.65%

(ii). Based on the financial position, the BPCL has sought an across the board increase of 6.62% in its existing Scale of Rates in its revised proposal as against the increase of 8.36% sought in its initial proposal. A comparative position of the rates proposed in the initial proposal of July 2016 vis-à-vis revised proposal of November 2016 is given below:

(a). Wharfage Charges:

(Rate /MT in ₹)

Sr. No.	Tariff Category	As per earlier Proposal dated 29 July 2016		As per Revised proposal dated 28 November 2016	
		Foreign Rate per Metric ton (In MT)	Coastal Rate per Metric ton (In MT)	Foreign Rate per Metric ton (In MT)	Coastal Rate per Metric ton (In MT)
1.	<u>PETROLEUM PRODUCTS</u>				
i.	SKO, LDO	49.14	49.14	48.35	48.35
ii.	HSD,FO,BASE OIL, CBFS, AHE	75.94	75.94	74.71	74.71
iii.	NAPHTHA, MS	120.61	120.61	118.67	118.67
iv.	AFS	151.89	151.89	149.43	149.43
v.	CRUDE OIL	67.02	67.02	65.94	65.94
vi.	LPG	168.34	168.34	-	-
2.	<u>CHEMICALS</u>				
i.	MEG, STYRENE, BUTYL ACRYLATE, CRUDE GLYCOL, LAB, XYLENE	151.89	91.13	149.43	89.66
ii.	UNENUMERATED CHEMICALS	187.63	112.57	184.60	110.76
3.	<u>OTHER LIQUID CARGO</u>				
i.	EDIBLE OIL	80.42	48.25	79.13	47.47
ii.	ACID	151.89	91.13	149.43	89.66
iii.	MOLASSES	62.53	37.52	61.52	36.92

(b). **Miscellaneous Charges:**

Sr. No.	Particulars	Unit	Proposal dated 29 July 2016		Revised proposal dated 28 November 2016	
			Foreign Rate in ₹	Coastal Rate in ₹	Foreign Rate in ₹	Coastal Rate in ₹
1.	Wharfage Management Charges- for the use of loading arm/ intermediate pipeline	Per MT	9.55	5.72	9.39	5.63
2.	Loading Arm Charges- for the use of the loading arm while handling petroleum cargo at the jetty.	Per MT	10.60	6.35	10.43	6.25
3.	Pipeline charges- for the use of BPCL-IOCL Liquid Cargo Jetty's cross country pipeline	Per MT	58.24	34.95	57.30	34.38
4.	Compressor charges- for the use of BPCL-IOCL Liquid Cargo Jetty's compressor for pipeline blowing/ pigging operation	Per hour	5824.68	3494.81	5730.64	3438.38
5.	Hard Pigging charges- for the use of foam pig for pigging operation in case BPCL-IOCL Liquid Cargo Jetty's Pipeline is used.	Per operation	41937.68	25162.61	27507.06	45845.08
6.	Foam Pigging charges- for the use of foam pig for pigging operation in case BPCL-IOCL Liquid Cargo Jetty's Pipeline is used.	Per operation	27958.46	16775.08	41260.57	24756.35
7.	Liquid nitrogen charges- for purchase of nitrogen for pigging operation in case of imports/ exports of class 'A' product.	Per MT	46597.43	27958.46	27507.06	16504.24
8.	BPC vaporizer charges- for the use of BPCL-IOCL Liquid Cargo Jetty's nitrogen vaporizer.	Per operation	17474.04	10484.43	17191.91	10315.15
9.	Bunkering charges- for handling bunker fuel at the jetty	Per MT	46.49	27.89	45.74	27.44
10.	Water charges- for supply of fresh water to Vessels	Per MT	\$ 5.57	135.01	\$ 5.48	132.83
11.	Charges for vessel overstay- due to user's fault beyond 2 hours after completion of operation.	Per hour	46485.86	27891.52	45735.32	27441.19

8. The JNPT being the Licensor Port was requested vide our letter dated 30 September 2016 to furnish its specific comments on the following points. The JNPT has responded vide its letter dated 07 October 2016. The information/ clarification sought by us and the response of JNPT thereon are tabulated below:

Sl. no.	Information sought by us	Reply of JNPT
(a).	The traffic projection of BPCL of NON LPG cargo items for the years 2016-17 to 2018-19.	The traffic projection for Non-LPG cargo appears to be in order based on the current trend of traffic. However, the impact of additional LPG handling on other POL product handling and impact of increase in crude oil wharfage on allocation of ONGC crude oil to JNPT needs to be factored. The competition from upcoming nearby Ports may also impact traffic projection of Non-LPG cargo due to disparity in tariff rates as represented by the stakeholders.
(b).	The traffic estimates for LPG cargo for the years 2016-17 to 2018-19 at 6.5MTPA, 9.6 MTPA, 10.80 MTPA.	The traffic projections for LPG cargo appears to be in order based on the current trend of traffic and increase in demand due to the rolling out of the Hon'ble Prime Minister Ujwala Scheme for providing LPG for every house hold.
(c).	Additions to the gross block of assets proposed by the BPCL during the years 2016-17 to 2018-19 for LPG & Non LPG.	Some Capital expenditure has been incurred in current financial year and for future years we have no comments to offer.
(d).	Capacity of the BPCL Jetty estimated at 5.5 MMTPA, in the backdrop of the proposed capital additions and handling of LPG envisaged during the years 2016-17 to 2018-19.	The capacity of BPCL jetty was 5.5 MMT prior to construction of Mooring Dolphin structure. With commissioning of Mooring Dolphin in April 2015 and completion of extension of existing pipelines towards South Side of jetty, it is estimated that the capacity of BPCL jetty may be enhanced by 1 MMT.

9.1. While scrutinizing the information/ clarification furnished by BPCL, it was noticed that the amount of depreciation considered in the Cost Statement for the years 2013-14 to 2015-16 did not match with the depreciation as reflected in the Auditor Certified Income & Expenditure Statement furnished by BPCL. Likewise, there was a change in the amount of Net Block of assets for the years 2013-14 to 2015-16, as considered in the Cost Statement vis-à-vis the Net value of assets as reflected in the Certified Capital employed Statement for the said years respectively. The Reconciliation statement furnished by BPCL did not explain the reason for considering a different quantum of depreciation and Net value of assets in the Cost Statement vis-à-vis the depreciation and Net value of assets reflected in the Certified Income and Expenditure Statement. The BPCL was, therefore, requested vide our letter dated 12 January 2017 to explain the reason for the difference and also to furnish the supporting workings in this regard.

9.2. The BPCL has responded vide its letter dated 12 January 2017. The response of BPCL is as follows:

- (i). BPCL follows Written Down Value method of calculating depreciation until the enactment of Companies Act, 2013 i.e. till FY 2013-14 in its books as prescribed by the said Act. However, in the cost statement, depreciation is calculated as per Straight Line Method of calculating depreciation as per point 2.7.1 of 2005 guidelines prescribed by Authority.
- (ii). Under Written down Value method, depreciation is charged on the book value of the asset. This method involves the application of a pre-determined percentage of the book value of the asset. The

amount of depreciation reduces year after year. Straight Line depreciation is a depreciation method used to gradually reduce the carrying amount of a fixed asset over its useful life. Since different method of calculating depreciation is used, difference in depreciation amount is bound to arise.

- (iii). For Example Let,
Gross Fixed Asset = ₹ 100
WDV Rate = 20%
Life in years = 10

Particulars	WDV	SLM
Gross Amount	100	100
WDV @ 20%	20	0
SLM (Amount/ life)	0	10
Capital Employed	80	90

- (iv). The only thing that could be common between the two methods is the amount of Gross Fixed Assets. We have already given reconciliation of Gross Fixed Assets as per our response of letter dated 30.09.2016.
- (v). With regard to the reason of difference between capital employed as per Annual Accounts and Cost Statement, it is pertinent to note here that different method of calculating depreciation will automatically result in difference of Capital Employed as per Annual Accounts and Cost Statement Since Capital Employed= Gross Fixed Assets+additions – **Acc. Dep – Dep. (current year)**. Hence, what could be common between the two methods is the amount of Gross fixed assets.
- (vi). The BPCL has furnished an illustration to establish this position.

10.1. In the meanwhile, given that the validity of the existing Scale of Rates was expiring on 30 September 2016 and based on the request made by BPCL and considering that it may take some more time for the case to mature for final disposal, this Authority vide its Order dated 25 October 2016 has extended the validity of the existing SOR of BPCL upto 31 December 2016.

10.2. Subsequently, based on the request made by BPCL for extension of rates beyond 31 December 2016, this Authority vide its Order dated 04 January 2017 has extended the validity of the existing SOR of BPCL upto 31 March 2017 or till the revised Scale of Rates of BPCL comes into effect, whichever is earlier.

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

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

- (i). The existing Scale of Rates of the Bharat Petroleum Corporation Limited (BPCL) was last revised vide Order dated 4 August 2014. Vide the said Order, an across the board increase of 43% over the then existing level of tariff of BPCL was granted. The said Order prescribed a tariff validity upto 31 March 2016.

Subsequently, the validity of the Scale of Rates of BPCL has been periodically extended till 31 March 2017 or the date of effect of the revised Scale of Rates whichever is earlier. The extension of validity will be subject to fully adjusting the additional surplus, if any, over and above the admissible cost and permissible return accruing to the BPCL for the period post 1 April 2016 in the tariff to be determined.

- (ii). The BPCL filed its proposal for general revision of its Scale of Rates in July/ August 2016. This proposal was taken up for consultation with the relevant users and JNPT. While furnishing the information/ clarification sought by us, the BPCL in November/ December 2016 has filed a revised proposal. The revised cost statements furnished by the BPCL in November/ December 2016 along with the submissions made by BPCL during the processing of the case, are considered for the purpose of this analysis.
- (iii). Clause 2.13 of the tariff guidelines of 2005 mandates review of the actual physical and financial performance of the port operator at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff. The last review of the Scale of Rates of BPCL was done in August 2014. In the tariff Order of August 2014, the tariff of BPCL was fixed by relying upon the estimates for the years 2013-14 to 2015-16. Thus, the estimates vis-à-vis actuals for the years 2013-14 to 2015-16 are to be analyzed to assess the performance of BPCL during the said period.

- (iv). Before we start with the analysis of assessing the performance of BPCL for the period 2013-14 to 2015-16, it is relevant to discuss handling of Liquefied Petroleum Gas (LPG) by BPCL during the said years. The BPCL has stated that its previous proposal for the tariff cycle 2013-14 to 2015-16 was not approved by this Authority. In this connection, it is relevant to mention here that the BPCL in September 2012 had approached this Authority for fixation of tariff for handling LPG at the liquid cargo jetty and had envisaged to adopt the rates prevailing at Jawahar Dweep on adhoc basis. Since the proposal filed by BPCL then, was neither supported by any cost details nor was any document furnished by BPCL reflecting the consent of the users, as stipulated in Clause 2.17.1 to 2.17.3 of the tariff guidelines of 2005, the BPCL was requested to file a proposal in compliance with the tariff guidelines of 2005. Subsequently, we did not hear from BPCL.

Thereafter, in the proceedings relating to the BPCL general revision proposal which culminated in the tariff Order of August 2014, the BPCL had proposed to introduce wharfage charges on LPG. The BPCL had reported that it has commissioned the LPG cryogenic facility on 30 January 2012 by issue of a Trade Notice on 24 February 2012 and has adopted the rate of ₹ 60 per MT prevailing at Jawahar Dweep. Given that inspite of a specific request made to BPCL to submit its proposal in line with the stipulation contained in Clause 2.17.1 to 2.17.4 of the 2005 guidelines, the BPCL had chosen to remain silent and had started to levy the rates on its own, thereby keeping this Authority in dark, this Authority was not inclined to approve the levy of the wharfage charges on LPG retrospectively. Further, since the BPCL had not furnished the requisite cost details in support of the rate of ₹ 60/- per MT, inspite of operating the facility for a couple of years, this Authority was not inclined to approve the wharfage rate for LPG, unless the BPCL came up with a well analysed proposal in this regard.

Now, the BPCL has furnished the Cost details for handling of LPG, which is being discussed in the later part of the analysis. However, it is relevant to mention here that though the rates for LPG have not been approved by this Authority, the BPCL has continued to handle LPG at its jetty during the years 2013-14 to 2015-16. In other words, the actual income, expenses, capital employed of BPCL Jetty for the years 2013-14 to 2015-16 is inclusive of the income, expenses, capital employed pertaining to handling of LPG also. Since tariff for the handling of LPG has not been recognised by this Authority for the past period, it is not felt appropriate to consider the actuals inclusive of LPG components. Hence, the actual income, expenses, capital employed of BPCL Jetty for the years 2013-14 to 2015-16 is considered in the analysis after excluding the said components relating to handling of LPG. Further, it is clarified to BPCL that levy of charges without the specific approval of this Authority would be at the risk and responsibility of the BPCL.

- (v). The actual performance of the BPCL Jetty during the years 2013-14 to 2015-16 for the non-LPG cargo, as compared to the estimates is discussed below:

- (a). The aggregate of the actual traffic handled by BPCL (excluding LPG) during the three year period from 2013-14 to 2015-16 works out to 16.63 million metric tonnes as against the estimated traffic of 17.31 million metric tonnes, registering a negative variation of about 4%.
- (b). The figure of the operating income as reflected in the Certified Income & Expenditure Statement for the years 2013-14 to 2015-16 is ₹ 4346.87 lakhs, ₹ 4560.13 lakhs and ₹ 5787.09 lakhs respectively. After excluding the income from the handling of LPG to the tune of ₹ 28.63 lakhs, ₹ 334.56 lakhs and ₹ 429.35 lakhs, the BPCL has considered an income to the tune of ₹4318.24 lakhs, ₹ 4225.57 lakhs and ₹ 5054.74 lakhs in the Cost statement, for the said years respectively, which is considered in the analysis.

Further, to have a like to like comparison between the actuals and the estimates, the estimates of operating income for the period from the effective date of implementation of the Order dated 04 August 2014 to 31 March 2016 are updated to reflect the across the board increase of 43% granted in the then existing Scale of Rates of BPCL.

- (c). The figure of the overall operating expenses as considered by the BPCL in the Cost statement for the years 2013-14 to 2015-16 is seen to be in line with the expenditure figures reflected in the Certified Income & Expenditure Statement for the said years respectively, except for some adjustments as discussed below:
- (i). For the reasons stated above, the expenses relating to handling of LPG to the tune of ₹ 316.08 lakhs, ₹ 338.72 lakhs and ₹ 358.09 lakhs have been excluded by BPCL in the Cost statement.
- (ii). It may be recalled that during the last review of tariff of BPCL, the expenditure relating to 'MGT Expenses' was not considered on the ground that the payment

made by BPCL to JNPT on account of not meeting the minimum guaranteed throughput of any individual cargo item, even though the BPCL would have achieved the capacity utilization on aggregate basis, is penal in nature, and that it is not be appropriate to allow it as a pass through. Now, the BPCL has excluded the MGT Expenses to the tune of ₹ 203.15 lakhs, ₹ 300 lakhs and ₹ 380 lakhs from the analysis, which is relied upon.

- (iii). The amount of royalty payment made by BPCL to JNPT is not allowed as a pass through. It may be recalled that the matter has been referred to the Government and that if any decision contrary to the approach adopted by this Authority is received from the Government, this Authority would undertake a review of the tariff of the BPCL to correctly reflect the decision of the Government. The BPCL has not made a mention about it receiving any direction from the Government on the royalty issue, contrary to the approach adopted by this Authority. The BPCL has thus, excluded the royalty amount paid by it to JNPT to the tune of ₹ 1410.88 lakhs, ₹ 1452.90 lakhs and ₹ 1729.42 lakhs pertaining to the years 2013-14 to 2015-16, in its analysis.
- (iv). There is a change in the amount of depreciation considered in the Cost Statement for the years 2013-14 to 2015-16 vis-à-vis the depreciation as reflected in the Auditor Certified Capital employed Statement for the said years respectively, as shown below:

(₹ in lakhs)

Year	2013-14	2014-15	2015-16	Total
Depreciation as reflected in the Certified Income and Expenditure Statement	2296.11	1166.02	1094.64	4556.77
Depreciation as considered in non-LPG Cost Statement by BPCL (a)	964.51	954.42	1044.13	2963.06
Depreciation as considered in LPG Cost Statement by BPCL (b)	300.91	301.56	301.60	904.07
Total Depreciation considered in Cost Statement (a + b)	1265.42	1255.98	1345.73	3867.13
Difference in Depreciation considered in Certified Income and Expenditure Statement vis-a-vis Cost Statement	-1030.69	89.96	251.09	-689.64

The reason for considering a lower quantum of depreciation in the Cost Statement vis-à-vis the depreciation reflected in the Certified Income and Expenditure Statement, is reported to be arising on account of calculation of depreciation on account of the Companies Act, 2013, and on account of BPCL considering depreciation based on the Straight Line Method (SLM) for the purpose of tariff fixation as stipulated in Clause 2.7.1 of the 2005 Guidelines and considering the Written Down Value Method in its Certified Income and Expenditure Statement. Owing to the explanation and illustration furnished by BPCL, the amount of depreciation as considered by BPCL in the Cost Statement is relied upon.

- (d). On account of change in the amount of depreciation for the reasons explained above, there is a change in the amount of Net Block of assets for the years 2013-14 to 2015-16, as considered in the Cost Statement vis-à-vis the Net value of assets as reflected in the Auditor Certified Capital employed Statement for the said years respectively, as shown below:

(₹ in lakhs)

Year	2013-14	2014-15	2015-16	Total
Net Block of Assets as reflected in the Certified Income and Expenditure Statement	23349.00	24114.00	25660.00	73123.00
Net Block of Assets as considered in non-LPG Cost Statement by BPCL (a)	18051.01	19290.72	20954.60	58296.33
Net Block of Assets as considered in LPG Cost Statement by BPCL (b)	8312.52	8011.41	7763.41	24087.34
Total Net Block of Assets	26363.53	27302.13	28718.01	82383.67

considered in Cost Statement (a + b)				
Difference in Net Block of Assets considered in Certified Income and Expenditure Statement vis-a-vis Cost Statement	3014.53	3188.13	3058.01	9260.67

Owing to the explanation and illustration furnished by BPCL, the Net Value of Assets as considered by BPCL in the Cost Statement is relied upon.

- (e). BPCL has not considered any working capital requirement for the facility for all the years under consideration. It is noteworthy that even during the revisions of tariff of BPCL in the past, working capital requirement has not been considered by BPCL itself, on the ground that all the dealings are done by BPCL without any credit. Based on this position, no working capital has been considered by BPCL in this analysis. Thus, the Capital employed comprises of only net value of assets for all the years under consideration.
- (f). In the last tariff Order, Return on capital employed was allowed at 16% for the years 2013-14 to 2015-16, considering the capacity utilization during the years 2013-14 to 2015-16 as given by BPCL at 114.60%, 91.37%, and 96.47% respectively. During the last review of tariff of BPCL, the capacity of BPCL has been considered at 5.5 MTPA. Subsequently, in the year 2011-12, the BPCL has commissioned LPG cryogenic facility to handle LPG. The capacity at 5.5 MTPA is excluding the LPG facility capacity. Since the utilization is above 60%, full return at 16% is allowed for the years 2013-14 to 2015-16.
- (vi). (a). A statement showing the analysis of the performance of BPCL for non-LPG cargo, for the years 2013-14 to 2015-16 is attached as **Annex - I**. A summary of the comparison of the actuals vis-à-vis the estimates considered in the last tariff Order is tabulated below:

(₹ In Lakhs)

Particulars	Aggregate of the Estimates relied upon in the last Order for the years 2013-14 to 2015-16	Aggregate of Actuals for the years 2013-14 to 2015-16	% Variation
Traffic (in MTs)	17,307,600	16,633,820	-3.89%
Op. Income	13,764.49	13,598.55	-1.21%
Total Exps (incl. Depn)	6042.51	5,788.02	-4.21%
Surplus before Return	7721.98	7,810.53	1.15%

* The operating income estimates are adjusted to reflect the across the board increase granted in the August 2014 Order.

The details regarding the Actual Return earned by BPCL on the Capital Employed are given in the following table:

Particulars	2013-14	2014-15	2015-16	Total	Average
Actual Surplus (deficit) before Return earned by BPCL	2498.45	2490.23	2821.85	7810.53	2603.51
Actual Capital Employed	18,051.01	19,290.73	20,954.60	58,296.34	19432.11
Return on actual capital employed at eligible rate of 16%	2888.16	3086.52	3352.74	9327.41	3109.14
Actual Return on Capital Employed	13.84%	12.91%	13.47%	13.40%	13.40%

The variation in ROCE works out to (-) 16.25%, which is less than (-) 20%.

- (b). As per clause 2.13 of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or – 20%, then 50% of such accrued benefit / loss has to be adjusted in the next tariff cycle. As can be seen from the above tables, the variation in actual physical performance as well as financial performance as compared to the estimates is seen to be less than 20%. Therefore, in terms of the stipulation contained in Clause 2.13, there is no case to adjust the past deficit pertaining to the years 2013-14 to 2015-16 in the current tariff cycle of BPCL.
- (c). It may be recalled that we have vide our letter no. TAMP/46/2015-Misc dated 24 July 2015 communicated to BPCL that the surplus quantified for the tariff cycle immediately preceding

the last tariff Order No.TAMP/68/2012-BPCL dated 4 August 2014 will be taken up for review, based on the Ministry of Shipping (MOS) letter No. 14019/20/2009-PG dated 12 June 2015.

In this connection, it is relevant to mention here that the surplus quantified in the August 2014 Order with regard to the past period of 2010-11 to 2012-13, would undergo changes mainly on account of consideration of rebates/ discounts and set off of surplus pertaining to the period 2010-11 to 2012-13, only if both the physical and financial parameters are met.

In the case in reference, it may be recalled that in the August 2014 Order, the BPCL had categorically stated that it has not allowed any rebates and discount over the notified ceiling tariff during the years 2010-11 to 2012-13. In view of this position, there was no adjustment on account of rebates and discounts in the income considered for the years 2010-11 to 2012-13. With regard to the adjustment of surplus, given that the variation in actual physical performance and financial performance as compared to the estimates was then seen to be less than 20%, there was no case to adjust the past surplus/ deficit pertaining to the years 2010-11 to 2012-13 in the August 2014 Order of BPCL.

From the above, it can be seen that there is no impact arising out of implementation of the MOS decision in the August 2014 Order of BPCL.

- (vii). The estimates for the year 2016-17 to 2018-19 are analysed separately for Non- LPG Cargo and LPG Cargo in the following paragraphs.

A. Non – LPG Cargo:

- (viii) The non-LPG traffic estimated by BPCL for the years 2016-17 to 2018-19 is 5.707 million metric tonnes, 5.745 million metric tonnes and 5.776 million metric tonnes respectively for the said years. Though the estimated traffic for the years 2017-18 and 2018-19 is seen to be marginally higher as compared with the actual non-LPG traffic handled by the BPCL at 5.715 million metric tonnes during the year 2015-16, it is estimated to be at a lower level at 5.707 million metric tonnes during the year 2016-17.

Reduction in the traffic of Crude Oil due to reduction in handling by one of the main users of BPCL Jetty, reduction in Bunkering activity at JNPT and shift of the power companies to gas based power plant instead of use of Furnace oil, leading to reduction in the traffic of Furnace Oil, gradual moving over by households from Kerosene to LPG, non-requirement of SKO under the public distribution schemes run by the state government authorities, thereby reducing the traffic of SKO handled at BPCL Jetty are the reasons cited by BPCL, which are relied upon.

Further, its traffic estimates for the years 2016-17 to 2018-19 takes into account analysis of various economic trends and market conditions of the past few years. Further, the traffic estimates are reported to have been considered based on consultations with tank farm operators, agents, CHA and persons related to the businesses and the end users, who import edible oils, chemicals and petroleum products.

From the details of the actual traffic handled by BPCL for the period April 2016 to September 2016, it is seen that the total traffic for the year 2016-17 would work out on a proportionate basis at about 5.96 million metric tonnes. The traffic estimate of 5.707 million metric tonnes considered by BPCL for the year 2016-17 is closer to 5.96 Million Tonnes.

The JNPT is also of the view that the traffic projection for Non-LPG cargo as estimated by BPCL for the years 2016-17 to 2018-19 appears to be in order, based on the current trend of traffic.

It is relevant to mention here that none of the user/ user organizations have objected to the traffic forecasts made by BPCL. Also, this Authority does not carry out any independent study so as to determine the likely traffic at a port/ private terminal. Since the traffic projection for the year 2016-17 to 2018-19 is based on detailed analysis of BPCL and is concurred by the Licensor Port JNPT, the traffic forecasts for the years 2016-17 to 2018-19 as furnished by BPCL is considered for the purpose of this analysis.

- (ix). The operating income of BPCL comprises of Income from activities viz., Wharfage, Wharfage Management & Loading Arm, Pipeline, compressor, Pigging etc., and Bunker & Water Supply. The BPCL has furnished detailed workings for estimation of income from the above mentioned activities for each of the years 2016-17 to 2018-19. In this regard, it is relevant here to mention that the income as worked out by the BPCL is based on the estimated traffic for the years 2016-17 to 2018-19 and the relevant rates prescribed in the existing Scale of rates of BPCL.

It is seen that the income from supply of nitrogen to coastal vessels has been calculated by the BPCL by considering a rate of ₹ 137700/-per MT, instead of the rate of ₹ 25801.78 per MT prescribed in the existing Scale of Rates, for all the years 2016-17 to 2018-19. The income estimation in this regard is, therefore, modified for all the years under consideration.

Further, in the estimation of income from supply of fresh water to foreign vessels, which is a dollar denominated tariff, the BPCL is seen to have applied the exchange rate of ₹ 65.62 per Dollar. In this regard, it is relevant here to mention that the exchange rate prevailing at the time of analysis of the case is considered uniformly for estimation of income from dollar denominated tariff items for all the years under consideration. In our analysis, since the actual dollar exchange rate for the period from April 2016 upto December 2016 is available, the said income for the year 2016-17 is estimated based on the average exchange rate of ₹ 67.095 per US\$ that prevailed during the said period. For the years 2017-18 and 2018-19, an exchange rate of ₹67.833 per US\$ prevailing at the time of concluding the analysis of this case is considered. In view of the above position, there is a slight variation in the income of the Bunker & Water supply activity.

The income estimation in respect of other activities is relied upon, as furnished by the port.

- (x). The operating expenses estimated for the years 2016-17 to 2018-19 are analysed as under:
- (a). The annual escalation of the cost estimates is considered in terms of Clause 2.5.1 of the Tariff Guidelines of 2005 which requires that the expense projections of the terminal operators should be in line with traffic adjusted for price fluctuation with reference to current movement of Wholesale Price Index for all commodities as announced by the Government of India. The escalation factor to be adopted in respect of tariff cases to be disposed during the year 2016-17 is announced at 2.46%. Therefore, an escalation factor of 2.46% over the actuals for the year 2015-16 has been considered by BPCL to estimate the expenditure for the years 2016-17 to 2018-19.
 - (b). Each of the Operating & Direct labour, Equipment running Cost, Insurance cost, Other Expenses, Management & Administration Overheads and General Overheads has been estimated by BPCL by considering an escalation factor of 2.46% over the actuals for the year 2015-16, to estimate each of the said expenditure for the year 2016-17. For the years 2017-18 and 2018-19, each of the said expenditure has been estimated by considering an escalation factor of 2.46% over the estimates for the respective previous years. This position is relied upon in the analysis.
 - (c). For the reasons stated earlier, Royalty is not allowed as an item of cost for the years 2016-17 to 2018-19.
- (xi). The BPCL has not estimated any financial and miscellaneous income and expenditure for the years 2016-17 to 2018-19.
- (xii). The BPCL has estimated additions to the gross block of assets to the tune of ₹ 691.50 lakhs, ₹ 1940 lakhs and ₹ 1440 lakhs during the years 2016-17 to 2017-18. The BPCL has confirmed to have taken into account only completed and commissioned assets as capital employed.
- (a). Year 2016-17:
Based on the status of the capital additions as furnished by the BPCL as brought out in the factual position relating to the note, the following total capital additions to the tune of ₹ 691.50 lakhs are considered in the analysis:

Nature of investment	Cost of investment (₹ in Lakh)
Provision of 75 Kg DCP Fire Extinguisher at Jetty	2.50
JNPT-Extension of Existing structure PL Manifold	50.00
Replacement of SC1400 Fender at Jetty	42.00
Provision of additional cameras at JNPT Jetty	15.00
Provision of one Number Fire Water Pump at Jetty	272.00
Provision of stripper vacuum operated pump	10.00
Provision of 6000 LPM Tower monitor and Jumbo	90.00
Close loop of Fire water line in Jetty	60.00
Revamping of Control Panel	150.00
TOTAL	691.50

- (b). Year 2017-18:
Based on the status of the capital additions as furnished by the BPCL as brought out in the factual position relating to the note, the following total capital additions to the tune of ₹ 1940 lakhs are considered in the analysis:

Nature of investment	Cost of investment (₹ in Lakh)
Strengthening of Jetty structure	900
Replacement of existing black oil line at Jetty	250
Replacement of existing fenders at Jetty	200
Provision of GI platforms at LB01 & LB02	100
Provision of Hydraulic operated Shore Gangway of length 20ft * 2ft suitable to connect ships/vessel along side gangway to jetty, at LB01 & LB02	100
Revamping of Control Panel	200
Provision of stripper operated pump	40
Replacement and repairs of Oil pipelines	150
TOTAL	1940

(c). Year 2018-19:

Based on the status of the capital additions as furnished by the BPCL as brought out in the factual position relating to the note, the following total capital additions to the tune of ₹ 1440 lakhs are considered in the analysis:

Nature of investment	Cost of investment (₹ in Lakh)
Provision of Nitrogen Plant at Jetty	240
Strengthening of Jetty Structure	600
Replacement of OWS System at Jetty	200
Replacement of Bunkering Line at Jetty	250
Provision of Spray System	40
Provision of Fire Water Pump at Jetty	110
TOTAL	1440

(d). As already brought out earlier, no working capital has been claimed by the BPCL for the years 2016-17 to 2018-19.

(xiii). As per Clause 2.7.1 of tariff guidelines of March 2005, depreciation has to be calculated as per Straight Line Method following the life norms as per Companies Act or based on the life norms prescribed in the Concession agreement whichever is higher. The BPCL has furnished separate workings in respect of calculation of depreciation and has confirmed that the depreciation provided in the cost statement is in line with clause 2.7.1 of the tariff guidelines of March 2005. Accordingly, the estimated depreciation on the gross block of assets for the years 2016-17 to 2018-19 is considered as furnished by the BPCL.

(xiv). Considering the capacity of 5.5 MTPA, the estimated capacity utilisation for the years 2016-17 to 2018-19 based on the estimated throughput works out to 103.76%, 104.45% and 105.01% respectively. It may be recalled that even in the last general revision Order of BPCL, the capacity of the BPCL jetty at JNPT was considered at 5.5 Million Metric Tons Per Annum (MMTPA). In spite of the BPCL envisaging capital additions to the tune of ₹ 6.92 crores, ₹ 19.40 crores and ₹ 14.40 crores during the years 2016-17 to 2018-19 respectively, mainly towards replacement of fenders, extension of existing structure of PL Manifold, strengthening of jetty structure, replacement of black oil line at jetty, replacement of oil pipeline etc., as brought out earlier, the BPCL has categorically stated that the said capital additions will not be enhancing the throughput capacity of the jetty. According to BPCL, due to the corrosive climatic conditions, substantial part of BPCL jetty's assets is towards replacement of existing assets for safety reasons as per issuances of safety by Oil Industry Safety Directorate. However, the Licensor Port JNPT is of the view that though the capacity of BPCL jetty was 5.5 MMT prior to construction of Mooring Dolphin structure, with commissioning of Mooring Dolphin in April 2015 and completion of extension of existing pipelines towards South Side of jetty, it is estimated that the capacity of BPCL jetty is enhanced by 1 MMT. In other words, the JNPT has stated that the capacity of the BPCL Jetty is 6.5 MMTPA.

Nevertheless, the capacity utilisation of the BPCL would be beyond 60% for the years 2016-17 to 2018-19 at the capacity level of 6.5 MMTPA. The tariff guidelines of March 2005 provide for allowing maximum permissible return on capital employed, if the capacity utilisation is more than 60%. Accordingly, the BPCL is eligible for maximum permissible return. Therefore, the return on capital employed at the maximum permissible rate of 16% is considered for the years 2016-17 to 2018-19.

(xv). Subject to the discussion above, the cost statements for the BPCL as a whole and different sub-activities stand modified. As stated earlier, the extension granted to the validity of the existing SOR of BPCL beyond 31 March 2016 was subject to the condition that the additional surplus over and above the admissible cost and permissible return accruing to the BPCL for the period post 1 April 2016 will be set off fully in the tariff to be fixed. However, the Cost statement for the year 2016-17 reflects a deficit to the tune of ₹ 2.80 crores. The said deficit is taken into account fully in the

analysis. Since the estimated deficit of ₹2.80 Crores, is based on estimates, the surplus/ deficit, as the case may be, would be reviewed based on actuals for the year 2016-17 during the next review of tariff of BPCL.

- (xvi). The modified cost statements for the BPCL as a whole and different sub-activities are attached as **Annex - II (a) to (e)**. The summarised results of cost statements are presented in the table given below:

(₹ in crores)

Sr. No.	Particulars	Operating Income				Net Surplus / (Deficit)				Net Surplus / (Deficit) as a % of operating income			Average Surplus/ Deficit %
		2016-17	2017-18	2018-19	Total	2016-17	2017-18	2018-19	Total	2016-17	2017-18	2018-19	
1	BPCL as a whole excluding LPG activity	54.47	54.80	55.05	164.32	-2.80	-4.55	-5.27	-12.61	-5.13%	-8.30%	-9.57%	-7.67%
2	Wharfage	46.77	47.04	47.28	141.09	7.77	6.96	6.88	21.62	16.62%	14.80%	14.56%	15.33%
3	Loading Arm Wharf Management	4.03	4.06	4.08	12.18	-3.46	-3.82	-4.07	-11.36	-85.85%	-94.15%	-99.79%	-93.27%
4	Bunkering	0.68	0.68	0.69	2.05	-1.33	-1.40	-1.46	-4.19	-195.98%	-205.25%	-212.23%	-204.49%
5	Pipeline Pigging	2.99	3.01	3.01	9.01	-5.53	-6.03	-6.37	-17.93	-185.21%	-200.38%	-211.48%	-199.02%

- (a). As can be seen from the above table, the BPCL would be in a net deficit to the tune of ₹ 12.61 crores at the existing level of tariff during the years 2016-17 to 2018-19. Accordingly, there is a case for granting an upward increase in the existing level of tariff of BPCL. The JNPT Liquid Chemical Berth Users Association (JLCBUA) and Oil and Natural Gas Corporation (ONGC), have objected to the proposal of BPCL seeking increase in the existing tariff. The tariff of BPCL is being reviewed following the cost plus regime as per the tariff guidelines of 2005 and this Authority is not in a position to brush aside the estimated deficit and maintain status quo in the tariff level.
- (b). The increase of 6.61% sought by BPCL was for a period of three years beginning from 01 April 2016 and upto 31 March 2019. Given that the year 2016-17 is coming to an end, granting of the increase of 6.61% retrospectively would lead to accounting chaos and issues. At the same time, considering granting an increase of 6.61% for the remaining tariff validity period, would result in BPCL not in a position to fully recover its estimated admissible costs and the permissible return.
- (c). Considering the time involved for this Order to be notified in the Gazette of India and the lead period of 30 days for the revised Scale of Rates of BPCL to come into effect, it would be around March 2017. Thus, to enable BPCL recover the deficit of ₹ 12.61 crores from the overall estimated income at the existing level of tariff, over the remaining tariff cycle of 25 months from 1 March 2017 to 31 March 2019, it is seen that the overall cost position warrants an across the board increase of 11% over a period of 25 months, as against the across the board increase of 6.61% sought by the BPCL over a period of 36 months, in its revised proposal of November 2016.
- (d). In this connection, it is relevant to mention here that though the wharfage activity warrants a reduction in the exiting tariff, the wharfage activity would be cross subsidising the other deficit making activities, which warrant a significant increase in the existing tariff. Since the 2005 Guidelines stipulate phasing out of the impact of cross subsidisation among various activities, the BPCL is advised to take steps to make each of the activity self-sufficient.
- (e). In view of the above position, an across the board increase of 11% over the existing level of tariff of BPCL is granted. If the BPCL desires to levy the tariff at 6.61% increase, it can do so since the tariff at 11% increase is at ceiling level and BPCL has the flexibility to levy lower tariff.

B. LPG Cargo:

- (xvii). As brought out earlier, the BPCL has come up with a proposal for introducing wharfage rate for handling of LPG Cargo. The BPCL has furnished workings in support of the wharfage rate of ₹ 168.16 per MT in respect of LPG. Each of the parameters considered in arriving at the proposed rate is discussed herein after.

- (xviii). The traffic estimates of LPG has been estimated by BPCL at 650000 tonnes, 960000 tonnes and 1080000 tonnes for the years 2016-17 to 2018-19 respectively. The said traffic estimate is reported to be based on the capacity of the tank farm at BPCL. According to BPCL, presently it has a tank farm for the purpose of handling of LPG, due to which it can handle approximately 54 TMT vessel in a month, thereby working out to a traffic of 6.48 MMTPA (i.e. 54 TMT x 12 months), rounded off to 6.50 MMTPA which is considered as LPG traffic for the year 2016-17. The other tank farm is expected to be in operation from June 2017. Thus, traffic for 2017-18 is worked out at 9.72 MMTPA (i.e.) [(54 TMT x 3 months) + (90 TMT x 9 months)], rounded off to 9.60 MMTPA which is considered as LPG traffic for the year 2017-18. For the year 2018-19, the traffic is considered at 10.80 MMTPA (i.e. 90 TMT x 12 months).

It is noteworthy that the JNPT has concurred with the traffic projections for LPG cargo as estimated by BPCL. The JNPT is of the view that the LPG traffic as estimated by BPCL appears to be in order based on the current trend of traffic and increase in demand due to the rolling out of the Government's Scheme for providing LPG for every house hold.

It is relevant to mention here that none of the user/ user organizations have objected to the traffic forecasts made by BPCL. Also, this Authority does not carry out any independent study so as to determine the likely traffic at a port/ private terminal. Since the traffic projection for the year 2016-17 to 2018-19 is based on specific analysis of BPCL and is concurred by the Licensor Port JNPT, the traffic forecasts for the years 2016-17 to 2018-19 as furnished by BPCL is considered for the purpose of this analysis.

- (xvix). Each of the Operating & Direct labour, Equipment running Cost, Insurance cost, Other Expenses, Management & Administration Overheads and General Overheads towards handling of LPG Cargo has been estimated by BPCL by considering an escalation factor of 2.46% over the actuals for the year 2015-16, to estimate each of the said expenditure for the year 2016-17.

As brought out earlier, the BPCL has been handling the LPG cargo at its jetty during the past years. Hence, the actuals as reflected in the Certified Income and Expenditure Statement reflects the expenditure pertaining to handling of LPG also. The said actuals has been taken as base and thereafter escalated by BPCL by adopting an escalation factor of 2.46% to arrive at the estimates for the years 2016-17 to 2018-19. In this connection, it is clarified that relying upon the actual expenses pertaining to handling of LPG during the year 2015-16 is for the limited purpose to estimate the expenses for the years 2016-17 to 2018-19 and in no way, should be construed as an incidental approval for the levy of LPG charges during the year 2015-16. It is reiterated that levy of charges without the specific approval of this Authority would be at the risk and responsibility of the BPCL.

The expenses as estimated by the BPCL for handling of LPG cargo is relied upon in the analysis. It is noteworthy that Royalty has not been considered as an item of cost by BPCL for the years 2016-17 to 2018-19.

- (xx). The BPCL has furnished workings in respect of calculation of depreciation and has confirmed that the depreciation provided in the cost statement is in line with clause 2.7.1 of the tariff guidelines of March 2005. Accordingly, the estimated depreciation on the gross block of assets pertaining to the LPG for the years 2016-17 to 2018-19 is considered as furnished by the BPCL. The resultant value of net block of assets pertaining to the LPG is also considered as furnished by the BPCL.
- (xxi). The return on capital employed at the rate of 16% is considered for the years 2016-17 to 2018-19.
- (xxii). Based on the above parameters, the wharfage rate for handling per tonne of LPG works out to ₹ 168.16 per tonne as proposed by the Port. A Statement calculation to arrive at the wharfage rate for handling of LPG at BPCL is attached as **Annex – III**.
- (xxiii). 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, inter alia, approved the replacement of definition of 'Coastal Vessel' prescribed in the existing SOR of all the Major Port Trusts as follows:

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

Therefore, the definition of Coastal Vessel as proposed by the BPCL is modified with the above mentioned definition of 'Coastal Vessel'.

- (xxiv). The notes relating to System of classification of vessel for levy of Vessel Related Charges (VRC), Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate and Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate, has been prescribed in the Scale of Rates of BPCL in line with the common Order no. TAMP/53/2015-VOCPT dated 26 November 2015 read with common Order no. TAMP/53/2015-VOCPT dated 10 June 2016.
- (xxv). The note prescribed in the existing Scale of Rates of BPCL to the effect that in case a vessel idles due to non-availability or breakdown of the shore based facilities of the BPCL-IOCL liquid Cargo Jetty or any other reasons attributable to the BPCL-IOCL liquid Cargo Jetty, rebate equivalent to berth hire charges payable to JNPT accrued during the period of idling of vessel shall be allowed by the BPCL-IOCL liquid Cargo Jetty, is seen to have been deleted in the proposed Scale of Rates. The reason for the proposed deletion has not been explained by BPCL. Since the said notes flows from the stipulation contained in Clause 6.5.2 of the 2005 Guidelines, the said note may continue to be prescribed in the BPCL Scale of Rates.
- (xxvi). In line with clause 2.18.2 of the tariff guidelines, the proposed note 1.2(vi)(b) has been modified to reflect the prevailing Prime Lending Rate of State Bank of India at 14.05 %.

13.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the revised Scale of Rates of BPCL, which is attached as **Annex - IV**.

13.2. The revised Scale of Rates and conditionalities in respect of BPCL shall come into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall remain in force till 31 March 2019. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

13.3. The BPCL is advised to furnish to this Authority through JNPT its Annual Accounts and performance report within 60 days of closing of the respective accounting year. If BPCL fails to provide such information within the stipulated time limit, the JNPT is requested to initiate appropriate action against BPCL.

13.4. The tariff of the BPCL has been fixed relying on the information furnished by the operator and based on various assumptions made as explained in the analysis. If this Authority at any time during the prescribed tariff validity period, finds that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, it shall require the BPCL to file a proposal ahead of the schedule to review its tariff and to set off fully the advantage accrued on account of such variations in the revised tariff.

13.5. In this regard, the BPCL is requested to furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly period, this Authority will call upon the concerned operator to submit their proposal for an ahead of scheduled review. If the BPCL fails to file a tariff proposal within the time limit to be stipulated by this Authority, this Authority will proceed *suo motu* to review the tariff.

13.6. If there is any error apparent on the face of records considered, or for any other justifiable reasons, the BPCL may approach this Authority for review of the tariff fixed and the conditionalities prescribed giving adequate justification/ reasoning within 30 days from the date of notification of this Order in the Gazette of India.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

BHARAT PETROLEUM CORPORATION LIMITED
Analysis of the performance of BPCL for the years 2013-14 to 2015-16

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates relied upon in the Tariff Order dated 4 August 2014			Actuals		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
	Traffic (In MTs)	5,748,400	5,756,100	5,803,100	6,302,873	5,025,236	5,305,711
I	Total Operating Income	3,757.54	4,576.72	5,430.22	4,318.24	4,225.57	5,054.74
II	Operating Costs (excluding depreciation)						
	(i) Operating & Direct Labour.	115.48	122.41	129.75	224.48	58.29	232.22
	(iii) Equipment Running Costs	126.77	134.38	142.44	245.02	330.79	467.53
	(viii) Insurance	8.38	8.88	9.41	1.25	1.50	1.65
	(ix) Other expenses	200.44	212.47	225.22	113.75	175.02	243.82
	Total (i to v)	451.07	478.14	506.82	584.50	565.60	945.22
III	Depreciation	1220.24	1305.12	1337.42	964.51	954.42	1,044.13
IV	Overheads						
	(i) Management & Administration overheads	233.60	247.62	262.48	270.78	215.32	243.54
	Total (i & ii)	233.60	247.62	262.48	270.78	215.32	243.54
V	Total Expenditure (II + III + IV)	1904.91	2030.88	2106.72	1819.79	1735.34	2232.89
VI	Operating Surplus (I) – (V)	1852.63	2545.84	3323.50	2498.45	2490.23	2821.85
VII	Surplus Before Interest and Tax	1852.63	2545.84	3323.50	2498.45	2490.23	2821.85
VIII	Capital Employed	15902.85	16599.79	15945.70	18,051.01	19,290.73	20,954.60
IX	Return on Capital Employed	2544.46	2655.97	2551.31	2,888.16	3,086.52	3,352.74
X	Capacity Utilization	104.52%	104.66%	105.51%	114.60%	91.37%	96.47%
XI	RoCE adjusted for capacity utilization	2,544.46	2,655.97	2,551.31	2,888.16	3,086.52	3,352.74
XII	Net Surplus/(Deficit) (VII) - (XI)	-691.83	-110.12	772.19	-389.71	-596.29	-530.89

BHARAT PETROLEUM CORPORATION LIMITED
Consolidated Income & Cost statement

(Rupees in Lakhs)

Sr. No.	Particulars	Actuals			Estimates as given by BPCL at existing level of tariff in November 2016			Estimates at existing level of tariff as moderated by us		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
	Traffic (In MTs)	6,302,873	5,025,236	5,305,711	5,706,800	5,744,500	5,775,800	5,706,800	5,744,500	5,775,800
I	Total Operating Income									
	Wharfage	3,738.59	3,664.79	4,319.47	4,677.36	4,704.39	4,727.60	4,677.36	4,704.39	4,727.60
	Wharfage Management & Loading Arm	312.55	308.72	365.31	403.46	406.22	408.10	403.46	406.22	408.10
	Pipeline, Compressor, Pigging, Vaporiser etc	206.28	186.82	305.68	354.64	356.97	356.97	298.69	301.02	301.02
	Bunker & Water Supply	60.83	65.24	64.28	66.48	66.48	66.94	67.66	68.25	68.72
	Total (i to iv)	4,318.25	4,225.57	5,054.74	5,501.94	5,534.06	5,559.61	5,447.16	5,479.87	5,505.45
II	Operating Costs (excluding depreciation)									
	Operating & Direct Labour	224.47	58.28	232.22	237.93	243.79	249.78	237.93	243.79	249.78
	Equipment Running Costs	245.02	330.80	467.54	479.04	490.82	502.90	479.04	490.83	502.90
	Royalty/ Revenue Share	-	-	-	-	-	-	-	-	-
	Insurance	1.26	1.50	1.64	1.69	1.73	1.77	1.68	1.72	1.76
	Other expenses	113.74	175.01	243.81	249.81	255.97	262.27	249.81	255.95	262.25
	Total (i to v)	584.49	565.59	945.21	968.47	992.31	1,016.72	968.46	992.29	1,016.70
III	Depreciation	964.51	954.43	1,044.13	1,244.45	1,323.62	1,381.67	1,244.45	1,323.62	1,381.67
IV	Overheads									
	Management & Administration overheads	261.26	210.35	219.61	225.02	230.55	236.22	225.01	230.55	236.22
	General Overheads	9.52	4.98	23.92	24.51	25.12	25.73	24.51	25.11	25.73
	Total (i & ii)	270.78	215.33	243.53	249.53	255.67	261.95	249.52	255.66	261.95
	Total Expenditure	1,819.78	1,735.35	2,232.87	2,462.45	2,571.60	2,660.34	2,462.43	2,571.57	2,660.31
V	Operating Surplus (I) – (II) – (III) - (IV)	2,498.47	2,490.22	2,821.87	3,039.49	2,962.46	2,899.27	2,984.73	2,908.31	2,845.13
VI	Surplus Before Interest and Tax	2,498.47	2,490.22	2,821.87	3,039.49	2,962.46	2,899.27	2,984.73	2,908.31	2,845.13
VII	Capital Employed	18,051.01	19,290.73	20,954.60	20,401.63	21,018.00	21,076.34	20,401.63	21,018.00	21,076.34
VIII	Return on Capital Employed	2,888.16	3,086.52	3,352.74	3,264.26	3,362.88	3,372.21	3,264.26	3,362.88	3,372.21
IX	Capacity Utilization	114.60%	91.37%	96.47%	103.76%	104.45%	105.01%	87.80%	88.38%	88.86%
X	RoCE adjusted for capacity utilization	2,888.16	3,086.52	3,352.74	3,264.26	3,362.88	3,372.21	3,264.26	3,362.88	3,372.21
XI	Net Deficit (VI) - (X)	(389.69)	(596.30)	(530.87)	(224.77)	(400.42)	(472.94)	(279.53)	(454.57)	(527.08)
XII	Net Deficit as a percentage of operating income (XI / I)				-4.09%	-7.24%	-8.51%	-5.13%	-8.30%	-9.57%
XIII	Average deficit as a percentage of operating income					-6.61%			-7.67%	

BHARAT PETROLEUM CORPORATION LIMITED
Cost statement for Wharfage

(Rupees in Lakhs)

Sr. No.	Particulars	Actuals			Estimates as given by BPCL at existing level of tariff			Estimates at existing level of tariff as moderated by us		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
I	Operating Income	3,738.59	3,664.79	4,319.47	4,677.36	4,704.39	4,727.60	4,677.36	4,704.39	4,727.60
II	Direct Operating Expenses									
	Operating & Direct Labour	179.58	46.63	185.49	190.34	195.03	199.82	190.05	194.73	199.52
	Equipment Running Costs	-	-	-	-	-	-	-	-	-
	Royalty/ Revenue Share	-	-	-	-	-	-	-	-	-
	Insurance	0.75	0.90	0.99	1.01	1.04	1.06	1.01	1.04	1.06
	Other expenses	68.25	105.01	146.29	149.89	153.58	157.36	149.89	153.58	157.35
	Total	248.58	152.54	332.77	341.24	349.65	358.24	340.96	349.34	357.94
III	Depreciation	811.17	794.91	827.18	893.86	939.83	971.31	893.86	939.83	971.31
IV	Allocated share of Overheads									
	Management & Administration	261.26	210.35	219.61	225.02	230.55	236.22	225.01	230.55	236.22
	Others	9.52	4.98	23.92	24.51	25.12	25.73	24.51	25.11	25.73
	Total	270.78	215.33	243.53	249.53	255.67	261.95	225.01	230.55	236.22
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	2,408.06	2,502.01	2,915.99	3,192.73	3,159.24	3,136.10	3,217.53	3,184.67	3,162.14
VI	Surplus / deficit	2,408.06	2,502.01	2,915.99	3,192.73	3,159.24	3,136.10	3,217.53	3,184.67	3,162.14
VII	Capital Employed for the activity	15,615.94	15,774.14	15,884.51	15,252.35	15,552.52	15,461.21	15,252.35	15,552.52	15,461.21
VIII	Return on Capital Employed	2,498.55	2,523.86	2,541.52	2,440.38	2,488.40	2,473.79	2,440.38	2,488.40	2,473.79
IX	Capacity Utilization	114.60%	91.37%	96.47%	103.76%	104.45%	105.01%	87.80%	88.38%	88.86%
X	RoCE adjusted for Capacity utilization	2,498.55	2,523.86	2,541.52	2,440.38	2,488.40	2,473.79	2,440.38	2,488.40	2,473.79
XI	Net Surplus / (Deficit) (VI) - (X)	(90.49)	(21.85)	374.47	752.35	670.84	662.31	777.15	696.26	688.34
XII	Net Deficit as a percentage of operating income (XI / I)				16.09%	14.26%	14.01%	16.62%	14.80%	14.56%
XIII	Average deficit as a percentage of operating income				14.78%			15.33%		

BHARAT PETROLEUM CORPORATION LIMITED
Form 5 B (i) Cost statement for Loading Arm , Wharfage Management

Sr. No.	Particulars	Actuals			Estimates as given by BPCL at existing level of tariff			Estimates at existing level of tariff as moderated by us		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
I	Operating Income	312.55	308.72	365.31	403.46	406.22	408.10	403.46	406.22	408.10
II	Direct Operating Expenses									
	Operating & Direct Labour	22.45	5.83	23.22	23.79	24.38	24.98	23.79	24.38	24.98
	Equipment Running Costs	122.51	165.40	233.77	239.52	245.41	251.45	239.52	245.41	251.45
	Royalty/ Revenue Share	-	-	-	-	-	-	-	-	-
	Insurance	0.25	0.30	0.33	0.34	0.35	0.35	0.34	0.35	0.35
	Other expenses	22.75	35.00	48.76	49.96	51.19	52.45	49.96	51.19	52.45
	Total	167.96	206.53	306.08	313.61	321.33	329.23	313.61	321.32	329.23
III	Depreciation	56.96	59.25	80.58	130.22	142.55	152.42	130.22	142.55	152.42
IV	Allocated share of Overheads									
	(i) Management & Administration overheads	-	-	-	-	-	-	-	-	-
	(ii) General Overheads	-	-	-	-	-	-	-	-	-
	Total									
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	87.63	42.94	(21.35)	(40.37)	(57.66)	(73.55)	(40.37)	(57.66)	(73.55)
VI	Surplus / deficit	87.63	42.94	(21.35)	(40.37)	(57.66)	(73.55)	(40.37)	(57.66)	(73.55)
VII	Capital Employed for the activity	904.45	1,306.16	1,883.18	1,912.59	2,030.04	2,085.62	1,912.59	2,030.04	2,085.62
VIII	RoCE - Maximum permissible (16%/ 6.35%)	144.71	208.99	301.31	306.01	324.81	333.70	306.01	324.81	333.70
IX	Capacity Utilization	114.60%	91.37%	96.47%	103.76%	104.45%	105.01%	87.80%	88.38%	88.86%
X	RoCE adjusted for Capacity utilization	144.71	208.99	301.31	306.01	324.81	333.70	306.01	324.81	333.70
XI	Net Surplus / (Deficit) (VI) - (X)	(57.08)	(166.05)	(322.66)	(346.38)	(382.47)	(407.25)	(346.39)	(382.46)	(407.25)
XII	Net Deficit as a percentage of operating income (XI / I)				-85.85%	-94.15%	-99.79%	-85.85%	-94.15%	-99.79%
XIII	Average deficit as a percentage of operating income				-93.27%			-93.27%		

BHARAT PETROLEUM CORPORATION LIMITED
Cost statement for Water , Bunkering & others

Sr. No.	Particulars	Actuals			Estimates as given by BPCL at existing level of tariff			Estimates at existing level of tariff as moderated by us		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
I	Operating Income	60.83	65.24	64.28	66.48	66.48	66.94	67.66	68.25	68.72
II	Direct Operating Expenses									
	Operating & Direct Labour	11.22	2.91	11.90	11.90	12.19	12.49	12.19	12.49	12.80
	Equipment Running Costs	49.00	66.16	93.51	95.81	98.16	100.58	95.81	98.17	100.58
	Royalty/ Revenue Share	-	-	-	-	-	-	-	-	-
	Insurance	0.13	0.15	0.16	0.17	0.17	0.18	0.16	0.17	0.17
	Other expenses	11.37	17.50	24.38	24.98	25.60	26.23	24.98	25.59	26.22
	Total	71.72	86.72	129.95	132.86	136.12	139.48	133.15	136.42	139.78
III	Depreciation	8.76	9.12	12.40	20.03	21.93	23.45	20.03	21.93	23.45
IV	Allocated share of Overheads									
	Management & Administration overheads	-	-	-	-	-	-	-	-	-
	General Overheads	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	(19.65)	(30.60)	(78.07)	(86.41)	(91.57)	(95.99)	(85.52)	(90.11)	(94.51)
VI	Surplus / deficit	(19.65)	(30.60)	(78.07)	(86.41)	(91.57)	(95.99)	(85.52)	(90.11)	(94.51)
VII	Capital Employed for the activity	139.15	200.95	289.72	294.24	312.31	320.86	294.24	312.31	320.86
VIII	RoCE - Maximum permissible	22.26	32.15	46.36	47.08	49.97	51.34	47.08	49.97	51.34
IX	Capacity Utilization	114.60%	91.37%	96.47%	103.76%	104.45%	105.01%	87.80%	88.38%	88.86%
X	RoCE adjusted for Capacity utilization	22.26	32.15	46.36	47.08	49.97	51.34	47.08	49.97	51.34
XI	Net Surplus / (Deficit) (VI) - (X)	(41.91)	(62.75)	(124.43)	(133.49)	(141.54)	(147.33)	(132.60)	(140.07)	(145.85)
XII	Net Deficit as a percentage of operating income (XI / I)				-200.79%	-212.91%	-220.09%	-195.98%	-205.25%	-212.23%
XIII	Average deficit as a percentage of operating income				-211.26%			-204.49%		

BHARAT PETROLEUM CORPORATION LIMITED
Form 5 B (i) Cost statement for Pipeline, Compressor, Vapouriser, Pigging

Sr. No.	Particulars	Actuals			Estimates as given by BPCL at existing level of tariff			Estimates at existing level of tariff as moderated by us		
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
I	Operating Income	206.28	186.82	305.68	354.64	356.97	356.97	298.69	301.02	301.02
II	Direct Operating Expenses									
	Operating & Direct Labour	11.22	2.91	11.61	11.90	12.19	12.49	11.90	12.19	12.49
	Equipment Running Costs	73.51	99.24	140.26	143.71	147.25	150.87	143.71	147.25	150.87
	Royalty/ Revenue Share	-	-	-	-	-	-	-	-	-
	Insurance	0.13	0.15	0.16	0.17	0.17	0.18	0.16	0.17	0.17
	Other expenses	11.37	17.50	24.38	24.98	25.60	26.23	24.98	25.59	26.22
	Total	96.23	119.80	176.41	180.76	185.21	189.77	180.75	185.20	189.75
III	Depreciation	87.62	91.15	123.97	200.34	219.31	234.49	200.34	219.31	234.49
IV	Allocated share of Overheads									
	Management & Administration	-	-	-	-	-	-	-	-	-
	General Overheads	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	22.43	(24.13)	5.30	(26.46)	(47.55)	(67.29)	(82.40)	(103.48)	(123.22)
VI	Surplus / deficit	22.43	(24.13)	5.30	(26.46)	(47.55)	(67.29)	(82.40)	(103.48)	(123.22)
VII	Capital Employed for the activity	1,391.47	2,009.48	2,897.19	2,942.45	3,123.13	3,208.65	2,942.45	3,123.13	3,208.65
VIII	RoCE - Maximum permissible	222.64	321.52	463.55	470.79	499.70	513.38	470.79	499.70	513.38
IX	Capacity Utilization	114.60%	91.37%	96.47%	103.76%	104.45%	105.01%	87.80%	88.38%	88.86%
X	RoCE adjusted for Capacity utilization	222.64	321.52	463.55	470.79	499.70	513.38	470.79	499.70	513.38
XI	Net Surplus / (Deficit) (VI) - (X)	(200.21)	(345.65)	(458.25)	(497.25)	(547.25)	(580.67)	(553.19)	(603.18)	(636.60)
XII	Net Deficit as a percentage of operating income (XI / I)				-140.21%	-153.30%	-162.67%	-185.21%	-200.38%	-211.48%
XIII	Average deficit as a percentage of operating income				-152.06%			-199.02%		

CALCULATION TO ARRIVE AT THE WHARFAGE RATE FOR HANDLING OF LPG AT BPCL.

(Rupees in Lakhs)

	Particulars	2016-17	2017-18	2018-19	Average
A	Traffic (in tonnes)	650000	960000	1080000	896666.7
B	<u>Operating Expenses</u>				
	Operating & Direct Labour	11.12	11.39	11.67	11.39
	Equipment Running Costs	23.35	23.93	24.51	23.93
	Insurance	0.08	0.08	0.09	0.08
	Other expenses	11.67	11.96	12.25	11.96
	Depreciation	303.49	303.49	303.49	303.49
	Management & Administration overheads	10.51	10.77	11.04	10.77
	General Overheads	1.15	1.18	1.20	1.18
	Total	361.37	362.79	364.25	362.81
C	Capital Employed	7459.92	7156.43	6852.95	7156.43
D	Return on Capital Employed @ 16%	1193.59	1145.03	1096.47	1145.03
E	Total Revenue Requirement (B + D)	1554.96	1507.82	1460.72	1507.83
F	Rate per tonne of LPG in Rs. (E / A)	239.22	157.06	135.25	168.16

BPCL- IOCL LIQUID CARGO JETTY
JN-PORT, SHEVA, NAVI MUMBAI.

SCALE OF RATES

CHAPTER - I

1.1. Definitions

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

- (i). **“Coastal vessel”** shall mean any vessel exclusively employed in trading between any 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-going vessel”** shall mean any vessel other than Coastal vessel.
- (iii). **“Hazardous Chemicals”** mean and include the chemicals referred under Schedule I, Schedule II and Schedule III of Manufacture, Storage and import of Hazardous Chemicals Rules, 1989 framed under Environment (Protection) Act, 1986 and Rules, as applicable from time to time.
- (iv). **“Marine Loading Arm”** means by which liquid cargo is loaded to/ discharged from vessel used for petroleum products.
- (v). **“Vaporizer”** means by which liquid nitrogen is vaporized for use of pigging of dock lines after completion of cargo operation of class hazardous chemicals.
- (vi). **“Wharf Management”** means various services provided by BPCL – IOCL liquid cargo jetty during the cargo operation of vessel at the jetty.
- (vii). **“Compressor”** means equipment by which compressed air is supplied for pigging of dock lines after completion of cargo operation of vessel at jetty.
- (viii). **“Pigging”** means clearing/ emptying/ cleaning of dock lines before/after cargo operation using compressed air/ nitrogen/ water.

1.2. GENERAL TERMS & CONDITIONS

- (i). **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 License for Specified period or voyage issued by the Director General of Shipping and a custom conversion order.
- (ii). **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 License from the Director General of Shipping, no other document will be required to be entitled to coastal rates.
- (iii). **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 License for Specified period or voyage issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.
- (ii). (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.
- (b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.
- (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
- (d). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.
- (e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.
- (iii). (a). All dollar denominated tariff shall be recovered in Indian rupees after conversion of US currency to its equivalent Indian rupees at the market-buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any public sector banks as may be notified from time to time.
- (b). The date of entry of the vessel into the port limit shall be reckoned with as the day for such conversion.
- (c). A regular review of exchange rate shall be made once in thirty days from date of arrival of the vessels in cases of vessels staying in the Port for more than thirty days. In such cases the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.
- (iv). For the purpose of calculating the dues the unit by weight shall be 1 tonne or 1,000 kilograms, the unit by volume measurement shall be 1 cubic metre and the unit by capacity measurement for liquids in bulk shall be 1,000 litres.
- (v). (a). The Vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.
- (b). The cargo related charges for all Coastal cargo, other than POL including crude oil, should not exceed 60% of the normal cargo related charges.
- (c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from / to quay to / from storage area including wharfage.
- (d). For the purpose of this concession, cargo from a foreign port which reaches an Indian Port 'A' for subsequent transshipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo from /to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.
- (e). The charges for coastal cargo shall be denominated and collected in Indian Rupee.

- (vi). Interest on delayed payments / refunds:
- (a). The user shall pay penal interest on delayed payments under this Scale of Rates. Likewise, the BPCL-IOCL liquid Cargo Jetty shall pay penal interest on delayed refunds.
 - (b). The rate of penal interest will be 16.75%. The penal interest rate will apply to both the BPCL-IOCL liquid Cargo Jetty 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 BPCL-IOCL liquid Cargo Jetty. This provision shall, however, not apply to the cases where payment is to be made before availing the services / use of the BPCL-IOCL liquid Cargo Jetty's properties as stipulated in the Major Port Trust Act and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.
- (vii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.
- (viii). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.
- (ix). The users will not be required to pay charges for delays beyond a reasonable level attributable to the BPCL-IOCL liquid Cargo Jetty.
- (x). In case a vessel idles due to non-availability or breakdown of the shore based facilities of the BPCL-IOCL liquid Cargo Jetty or any other reasons attributable to the BPCL-IOCL liquid Cargo Jetty, rebate equivalent to berth hire charges payable to JNPT accrued during the period of idling of vessel shall be allowed by the BPCL-IOCL liquid Cargo Jetty.
- (xi). (a). Wherever a specific tariff for a service/cargo is not available in the notified Scale of Rates, the BPCL-IOCL liquid Cargo Jetty can submit a suitable proposal to the TAMP.
- (b). simultaneously with the submission of proposal, the proposed rate can be levied on an ad hoc basis till the rate is finally notified.
- (c). The ad hoc rate to be operated in the interim period must be derived based on existing notified tariffs for comparable services/ cargo; and, it must be mutually agreed upon by the BPCL-IOCL liquid Cargo Jetty and the concerned user(s).
- (d). The final rate fixed by the TAMP will ordinarily be effective only prospectively. The interim rate adopted in an ad hoc manner will be recognised as such unless it is found to be excessive requiring some moderation retrospectively.

CHAPTER-II

WHARFAGE CHARGES

Sr.No.	Tariff category	Foreign rate per metric tonne (in ₹)	Coastal rate per metric tonne (in ₹)
2.1. PETROLEUM PRODUCTS:			
(1)	Sk0, LDO	50.34	50.34
(2)	HSD,FO, Base Oil, CBFS, AHE	77.79	77.79
(3)	Naphtha, MS	123.55	123.55
(4)	AFS	155.59	155.59
(5)	Crude Oil	68.65	68.65
(6)	LPG	168.16	168.16
2.2. CHEMICALS:			
(1)	MEG, Styrene, Butyl Acrylate, Crude, Glycol, LAB, Xylene	155.59	93.35
(2)	Unenumerated chemicals	192.21	115.33
2.3. OTHER LIQUID CARGO			
(1)	Edible Oil	82.38	49.43
(2)	Acid	155.59	93.35
(3)	Molasses	64.06	38.44

NOTES:

- a) BPCL-IOCL liquid cargo jetty will provide only wharf facilities. Pumping in/out through pipelines shall be arranged by importers/ exporters through tank farm operators registered with the JNPT.
- b) Handling of liquid bulk cargo will normally be permitted through pipelines only.
- c) Assessment of cargo shall be done on the basis of the description of the cargo as given in the bill of entry/coastal bill of lading in case of import cargo and shipping bill in the case of export cargo, that best fits the item description covered under the schedule.
- d) Before classifying any cargo under unspecified category in the wharfage schedule, the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in the schedules.
- e) Wharfage dues shall be collected at the rates specified in the schedule on the basis of the manifested tonnage/measurement or volume of cargo given in the bill of entry/bill of lading/ coastal bill of lading in the case of import cargo and shipping bill/ bill of coastal goods in the case of export cargo.
- f) The gross tonnage/measurement shall be reckoned with as specified in the related document such as out-turn report / intake certificate duly signed by central excise/ ullage certificate issued by ship's surveyor. In the absence of these details, the tonnage/measurement arrived at by actual test check by the BPCL-IOCL Liquid cargo jetty administration shall be taken as gross tonnage/measurement.
- g) Requests for amendments in the import or export application or import general manifest or delivery order shall be accompanied by certificate duly signed by central excise/customs.

CHAPTER-III**MISCELLANEOUS CHARGES**

Sr. No.	Particulars	Unit	Foreign rate	Coastal rate
3.1.	Wharfage Management charges –for the use of loading arm/ intermediate pipeline	per MT	₹ 9.78	₹ 5.86
3.2.	Loading Arm charges –for the use of the loading arm while handling petroleum cargo at the jetty.	per MT	₹ 10.86	₹ 6.50
3.3.	Pipeline charges - for the use of BPCL-IOCL Liquid Cargo Jetty's cross country pipeline.	per MT	₹ 59.66	₹ 35.80
3.4.	Compressor charges - for the use of BPCL-IOCL Liquid Cargo Jetty's compressor for pipeline blowing/ pigging operation	per hour	₹ 5966.66	₹ 3580.00
3.5.	Hard pigging charges - for the use of hard pig for pigging operation incase BPCL-IOCL Liquid Cargo Jetty's pipeline is used	per operation	₹ 42959.95	₹ 25775.98
3.6.	Foam pigging charges - for the use of foam pig for pigging operation incase BPCL-IOCL Liquid Cargo Jetty's pipeline is used	per operation	₹ 28639.98	₹ 17183.99
3.7.	Liquid nitrogen charges - for purchase of nitrogen for pigging operation incase of imports/ exports of class 'A' product.	per MT	₹ 47733.29	₹ 28639.98
3.8.	BPC vaporizer charges - for the use of BPCL-IOCL Liquid Cargo Jetty's nitrogen vaporizer	per operation	₹ 17899.98	₹ 10740.00
3.9.	Bunkering charges –for handling bunker fuel at the jetty.	per MT	₹ 50.77	₹ 28.57
3.10.	Water charges –for supply of fresh water to vessels.	per MT	\$ 5.705	₹ 138.31
3.11.	Charges for vessel overstay - due to user's fault beyond 2 hours after completion of operation	per hour	₹ 47619.00	₹ 28571.40

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

F. No.TAMP/46/2016-BPCL	-	Proposal from Bharat Petroleum Corporation Limited (BPCL) for General Revision of its Scale of Rates.
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A summary of comments received from users / user organisations and the response of the BPCL thereon is tabulated below:

Sl. No.	Comments of user organisation	Response of BPCL
1.	Hindustan Petroleum Corporation Limited (HPCL)	
(i).	The proposal is having 8.36% increase over the existing Scale of rates, as far as POL products, Crude is concerned, effective 19th May 2014.	At the outset, it is clarified that the proposed increase of 8.36% is sought for NON-LPG products and not for the LPG.
(ii).	However, HPCL is not having any earlier Scale of Rate for LPG and hence we are not able to compare the proposed Tariff and we are not able to understand the basis for the 8.36% increase.	Further, it is submitted that LPG facility at jetty was started by BPCL in 2012 and accordingly, there was no prescribed rate for the said product in any earlier SOR. Therefore, LPG was charged at the rate of Unremunerated Chemical which was @ ₹ 173.16/MT.
(iii).	Further, it will be appropriate that the earlier and prevailing rates of other Major Ports Like Mangalore, Ennore- Chennai, Visakhapatnam, Bombay are compared for the increase in their respective Tariffs.	In the present proposal, BPCL have prepared a separate Cost Statement for LPG and have arrived at a rate of ₹168.34/MT which is lower than the previous rate.

2. A joint hearing on the case in reference was held on 10 October 2016. At the joint hearing, the BPCL made a Power Point presentation of the proposal. At the joint hearing, the BPCL, JNPT and the concerned users/ organization bodies have made their following submissions.

Bharat Petroleum Corporation Limited (BPCL)

- (i). Salient points of the presentation are:
 - (a). Jetty handles all types of petroleum products, oil and chemicals.
 - (b). BPCL and Indian Oil Corporation (IOC) have joint ownership of assets, Income and expenditure with equal share.
 - (c). Berth used by all cargo owners.
 - (d). Jetty has a capacity to handle 5.5 MMT in the two berths of combined length of 550 meters. With Dolphin Mooring available, double berthing of vessels can be done now on both berths. In the last tariff cycle, berth occupancy (other than LPG) was higher at 114.60 % in the year 2013-14.
 - (e). Wharfage income was substantially higher than the income from services in all the three years of the last tariff cycle.

- (f). Traffic is projected at 5.71 MMT, 5.74 MMT and 5.78 MMT for the years 2016-17, 2017-18 and 2018-19 respectively.
 - (g). Main capital expenditure of ₹9.00 crores and ₹6.00 crores is proposed to strengthen the jetty structure during the year 2017-18 and 2018-19 respectively, among other capital expenditure.
 - (h). Total capital expenditure for the next tariff cycle is proposed at ₹40.715 crores.
 - (i). Proposed increase is 8.36% over the existing tariff for non-LPG products.
 - (j). New tariff for LPG proposed at ₹168.34 per tonne.
 - (k). Proposed tariff will enhance berth utilization and efficiency of the jetty by attracting high discharge of cargo.
- (ii). We have filed a separate proposal for LPG tariff.

Oil and Natural Gas Corporation (ONGC)

We will give our comments within a week's time.

Jawaharlal Nehru Port Trust (JNPT)

We have given our written comments.

3. As decided at the joint hearing, the users were requested to furnish their comments. Accordingly, some of the users have furnished their comments. These comments were forwarded to BPCL for feedback comments. The BPCL has furnished its comments on the submissions made by the users. The comments of users and the comments of BPCL thereon are tabulated below:

Sl. No.	Comments of users/ user organisations	Comments of BPCL
1.	JNPT Liquid Chemical Berth Users Association (JLCBUA)	
(i).	There is no justification in this proposal regarding increased infrastructure cost by BPCL for handling LPG and why other products should bear the brunt for this.	BPCL has prepared two separate cost sheets for Non-LPG and LPG Products. Hence, the question of other products bearing the brunt of LPG product doesn't even arise.
(ii).	There is no product wise separation of infrastructure spend products wise and why the same should increase.	The entire workings of the cost statement is done as per guidelines of 2005 provided by TAMP in which there is no such product wise separation of costs.
(iii).	The tariff at all other ports including in Mumbai port is almost 40 percent lower than BPCL. Any further increase will be completely detrimental to our business and in fact we will prove that there is need for reduction in tariff.	At the outset, it is clarified that rates as proposed by BPCL and as proposed by other nearest Port (best JNPT) is almost approximately equal to one another. Moreover, BPCL provides various other ease facilities for its users. Hence, the increase demanded by BPCL is justifiable.
(iv).	Total i.e. absolute amount of wharfage collected should be considered for the calculation.	BPCL have considered total amount of wharfage in its calculation for proposed rate.
(v).	Revenue loss due to BPCL choice of giving priority berthing to its own vessels and PSU vessels should be not to account of other products.	We reproduce Clause no. 5.12.6 Preferential and Priority Berthing of the agreement between JNPT and BPCL:

	<p>Also, BPCL should not calculate their revenue after giving the agreed "revenue share" to JNPT in line with their concession agreement such calculation will give a distorted pictures of BPCL's ROCE. Why such CAPEX be loaded on Bulk Users?</p>	<p>"The Licensee shall have the right to offer preferential treatment in the matter of berthing of ships carrying cargo of the Licensee and of the oil industry public sector undertakings."</p> <p>The priority berthing facility given to BPCL's own vessel and PSU vessels is governed under circular no. JNP/OPRN-CMO/LIQUID/2013/544 dated 10.4.2013 given by JNPT and letter from Ministry of Petroleum & Natural Gas i.e. D.O. No. P-25011/11/2015-LPG dated 24.7.15. Priority of LPG is done to meet the basic needs of people to light up their kitchens under the Pradhan Mantri Ujjwala Yojana (PMUY) – Scheme for providing Free LPG connections to Women from BPL Households. Under the scheme 5 Crore LPG connection are to be provided to BPL households. The initiative is time bound, sensitive involving lives and livelihood of people, and has to be implemented in 'mission mode', as the same is being closely monitored by MOPNG and PMO. Needless to mention LPG comes under EC act.</p> <p>BPCL have not included its revenue share (i.e. Royalty) given by it to JNPT in its cost statements. The entire workings of the cost statement is done as per guidelines of 2005 provided by TAMP which includes CAPEX & REVEX expenses towards safe and smooth operation of jetty. The methodology adopted is as per framework given by TAMP which is obviously justifiable.</p>
(vi).	Justification unavailable how tariff is derived for each product.	No specific comments furnished by BPCL.
(vii).	Some of the facilities accounted are not available for use e.g. 24" pipelines, Nitrogen generator facility etc. have never been utilized/ very rarely utilized by BPCL.	JLCBUA are unaware of the actual facts of 24" pipe line. In fact after replacing the line and the required Nos. of 24 inch valves on the line, the same was hydro tested and is being used continuously for POL products being discharged to IOCL/ IOT and also used for loading of vessels. BPCL is sourcing for Nitrogen manufacturers to build, operate and commence Nitrogen facility at the earliest.
2.	JNPT Liquid Chemical Berth Users Association (JLCBUA)	Response of BPCL
(i).	<p>Revision sought for is retrospective with effect from 1st April, 2016.</p> <p>It is pertinent to note that, the period of seven months has already over since the beginning of the current financial year. To revise the rates w.e.f. 1st April, 2016 is erroneous and unjustifiable. Since the necessary charges has already been recovered at the existing rates without any binding on the parties to pay revised rates retrospectively, the proposal to revise the rates will be futile and will be legally incorrect. Hence, JLCBUA strongly object to the revision of rates prospectively and submit that the new tariff be fixed for a period of three years w.e.f. 1st January, 2017.</p>	The revision of rates are due from 01.04.2016 as per the TAMP guidelines. Since a time of 7 months have lapsed form the said due date, the economical loss for the said period may be compensated to the BPCL by TAMP while framing the revised rates.
(ii).	<p>Incremental Projected Traffic does not commensurate with the past trend.</p> <p>Projected revenue is considered on the basis of projected traffic for the year 2016-17 to 2018-19. Projected traffic for F.Y. 2017-18 and onwards is considered on the basis of actual traffic for F.Y. 2015.16 and estimated increase in the same.</p>	<p>JNPT Liquid Chemical Berth Users' Association have complained that BPCL have projected incremental traffic at a very low figure and is not in commensurate with the past trend.</p> <p>In this respect, it is submitted that BPCL has forwarded the traffic handled by it from April, 2016 to the TAMP.</p>

However, on the perusal of the same it is noticed that the projected incremental traffic is considered at a very low figure and is not in commensurate with the past trend. This has resulted into lesser projected revenue and hence deficit on account of the same.

Incremental traffic vis a vis past trend is depicted as under in respect of products which represents major chunk of the volume.

	2014-15 (Actl.)	2015-16 (Actl.)	2016-17 (Proj.)	2017-18 (Proj.)	2018-19 (Proj.)
HSD :-					
In MTs	3,69,571	7,06,190	8,12,200	8,33,400	8,47,500
Incremental %		91 %	15%	2.61%	1.69%
BASE OIL					
In MTs	1,10,140	1,21,916	1,30,500	1,30,500	1,30,500
Incremental %		11%	7 %	0 %	0 %
Edible Oil					
In MTs	11,85,758	14,62,052	16,08,300	16,15,600	16,22,900
Incremental %		23%	10%	0.5 %	0.5%

Thus, it can be seen that the incremental revenue considered in projection is on a lower side and is not commensurate with the past trend. It is pertinent to note that considering the overall recovery in the business, the future traffic is definitely going to increase substantially, which will result in higher revenue and may not warrant any further revision in the rates.

Actual traffic handled (for the six months) vis-à-vis projected traffic for the years 2016-17, 2017-18 and 2018-19 are depicted as under in respect of those products which JNPT Liquid Chemical Berth Users' Association have put forward in its letter.

Particulars	Actually Handled from 01/04/2016 to 30/09/2016	Average of traffic of years 2016-17, 2017-18 and 2018-19. All divided by 2 for comparison	2016-17 (Projected)	2017-18 (Projected)	2018-19 (Projected)
Base oil	61,294	65,250.00	1,30,500	1,30,500	1,30,500
HSD	4,47,635	4,15,516.67	8,12,200	8,33,400	8,47,500
Edible oil	6,53,238	8,07,800.00	16,08,300	16,15,600	16,22,900

In the above table, it is pertinent to note that the actual traffic handled by BPCL from 1st April, 2016 to 30th Sept. 2016 is either equal to or less from the average traffic of the projected three years for the same period.

Accordingly, it is submitted that the estimations made by the BPCL may be accepted.

(iii). **Proposed Additional Capacity leading to Additional movement and revenue :-**

It is pertinent to note that Tender has been floated to offer additional land on the port to build the Storage Tanks. Once the allotment process is complete and additional storage tanks are operational, the movement and operations shall also increase which will result into additional Wharfage and other charges to the BPCL.

This additional revenue is not considered in the present proposal. Once the additional revenue is considered accordingly, there won't be any deficit at the current rates and hence may not warrant any further revision in the rates.

It is important to note here that BPCL while estimating its traffic projection for the years under consideration have included all major and vital factors that might escalate or de-escalate the traffic for the concerned years. It is hereby clarified by BPCL that have already forwarded the under given explanation to TAMP. The relevant portion of the same is reproduced by BPCL for kind reference:-

"The estimation of the Throughput (Traffic) depends on various economic and market conditions. In such estimation, various trends and performance of the last few years have been analyzed. Moreover, movement and traffic of all these products depends upon various factors, some of which are even out of BPCL's control such as Government policy, dollar/rupee price rates at different countries for the same product etc. Accordingly, all these factors and taking into our experience, the estimation of the various products have been made. Further, the estimation has been provided after a number of meetings with tank farm operators, agents, CHA and persons related to the businesses and the end users, who import edible oils, chemicals and petroleum products in order to estimate the future traffic.

Accordingly, the traffic for these products has been estimated and presented before your Honors in the cost sheet for Financial Year 2016-17 to 2018-19.”

Moreover, the fact that the tender has just been floated to offer additional land on the port to build the Storage Tanks cannot be denied. Entire procedure of allotment of land and then building of Storage Tanks will certainly take a substantial period of time. The process of tendering, actual construction and consequential flow of additional revenue, if any, would take more than 3 to 4 years i.e. it won't have any impact on the current proposal. Added to this, with the new tank farms coming up, the berthing will get queued up as BPCL already achieves 100% berth occupancy. Hence, the waiting period of the vessel might increase as the movement of the product is done through the same old pipelines which are 8, 10, 12 and 18 inches. So, the throughput is not going to increase. If the tank farm operators replace these lines from 8 to 18 inches and the vessels have better pumping capacities, then the throughput might increase.

(iv). Comparison of Wharfage Charges between competing West Coast Ports
Following comparison is self-explanatory to understand the negative impact on the traffic at BPCL/JNPT in the future. We are afraid that the Importers and Trade shall divert their cargoes to other competitive ports which would reduce the revenue for BPCL adversely affecting BPCL's own interest.

WHARFAGE CHARGES ALL PORT COMPARISON							
NAME OF THE PRODUCT	MUMBAI PORT	JNPT PORT	KANDLA PORT	MUNDRA PORT	HAZIRA PORT	MANGLORE PORT	COCHIN PORT
ACETIC ACID	123.39	159.79	45.6	75.24	NA	NA	NA
Methanol	123.39	197.40	45.6	75.24	91.2	50.62	103.74
Acetone	123.39	197.40	45.6	75.24	91.2	50.62	103.74
Phenol	123.39	197.40	45.6	75.24	91.2	50.62	103.74
Toluene	123.39	197.40	45.6	75.24	91.2	50.62	103.74
Styrene Monomer	123.39	159.79	45.6	75.24	91.2	50.62	103.74
MEG	123.39	159.79	45.6	75.24	91.2	50.62	103.74
xylene	123.39	159.79	45.6	75.24	91.2	50.62	103.74
* ST inclusive for all ports							

We the tank farm Operators, have heavily invested in the facilities on the land allotted to us by JNPT and we shall be the real losers in the situation as our huge investments shall be nonproductive.

The rates being charged at various jetties are dependent on various factors. This varies from port to port depending on pros and cons of jetty, facilities offered, etc.

Moreover, it is pertinent to note here that rates as proposed by BPCL are on a lower side as compared to its nearest port i.e. JNPT.

Also, flow of traffic from BPCL & JNPT to distant ports such as Kandla & Hazira is least possible due to proximity of such ports.

Moreover, an escalation cost factor of 2.46% for all revenue expenses for each of the year based on 2015-16 has been given by TAMP. Thus, proposed rate of 6.61% as asked by BPCL doesn't seem to be unjustifiable after taking into account the facilities and ease to do work offered by it.

(v). **Additional cost of Demurrages paid by parties :-**
The movement of traffic by PSUs and Private Sector through this port would be in the ratio of approximately 60 : 40. It is worthwhile to note that on this port, PSUs get favourable treatment and are provided berth on a priority basis. After meeting the needs of PSUs, the private parties get their turns. Many a times, on last moment they are denied berth, as the PSUs are to be accommodated on a priority basis. This results into private parties paying huge demurrages to the Shipping Companies. Though the exact amount of demurrages paid by

JNPT Liquid Chemical Berth Users' Association have asserted that they suffer due to priority berthing given to PSUs. In this regards, BPCL submits that the priority berthing facility given to BPCL's own vessel and PSU vessels is governed under circular no. JNP/OPRN-CMO/LIQUID/2013/544 dated 10/04/2013 given by JNPT and letter from Ministry of Petroleum & Natural Gas i.e. D.O. No. P-25011/11/2015-LPG dated 24/07/2015. Priority of LPG is done to meet the basic needs of people to light up their kitchens under the Pradhan Mantri Ujjwala Yojana (PMUY) - Scheme for

	<p>private parties is not available in the public domain, it can be estimated to the tune of ₹80 to ₹100 Crores per annum. Therefore, any additional cost through the upward revision in wharfage and other charges would be detrimental to the private sector and hence be avoided.</p>	<p>Providing Free LPG connections to Women from BPL Households. Under the scheme 5 Crore LPG connections are to be provided to BPL households. The initiative is time bound, sensitive involving lives and livelihood of people, and has to be implemented in 'mission mode', as the same is being closely monitored by MOPNG and PMO. Needless to mention LPG comes under EC Act.</p> <p>Moreover, it is pertinent to note that we give our priority berthing dates well in advance. So, they have almost 30 days to plan for their vessel accordingly. The other way, Private sector can use the priority berthing facility by paying the priority berthing charges for the same. It is to be noted that BPCL also pays priority berthing charges to JNPT.</p>
(vi).	<p>Bifurcation of cost between Liquid Cargo and LPG. Comparison of Surplus / (Deficit) based on projections is done with the Return of Capital Employed. Surplus / (Deficit) is worked out on the basis of projected Income and Expenses. In the expenses major amount is of Depreciation charge. Depreciation is calculated on the existing assets as well as future projected addition to the asset. From perusal of addition to the assets, it is seen that the Addition to Jetty of ₹0.50 Cr, ₹9.00 Cr and ₹6.00 Cr is considered for the F.Y. 2016-17, 17-18 and 18-19 respectively.</p> <p>On account of above referred estimated addition and other addition to the Plant & Machinery, the depreciation cost has increased substantially. The Jetty is being used for Liquid Cargo as well as LPG. Therefore, ideally the cost of operation including depreciation be apportioned towards Liquid Cargo as well as LPG operations. However, it is noticed that the entire cost of depreciation is apportioned towards Liquid Cargo and nothing against LPG Operations.</p> <p>Under these circumstances it is submitted that if the Depreciation Cost is apportioned appropriately between the two operations, the overall cost of Liquid Cargo Operations shall reduce substantially and hence may not warrant any further revision in the rates.</p>	<p>From the proposal made by BPCL, it is very clear that all capital expenditures are being made for Liquid Cargo purposes only. Accordingly, depreciation on the same have already been accounted in Non-LPG sheets.</p>
(vii).	<p>Cost on unused assets :- The Depreciation and Capital Employed is calculated considering the cost of Nitrogen Plant, Compressor and 24" pipe line. However, these assets are not functional since inception. Therefore to consider the cost of the same in overall calculation would amount to putting unnecessary burden on the parties who are not using these assets or which are not made available to them.</p> <p>Under these circumstances it is submitted that the overall cost of depreciation and Capex in respect of Nitrogen Plant, Compressor and 24" pipe line not be considered for the current projections.</p>	<p>With respect to the use of Nitrogen plant, compressor and 24" pipe line, it is submitted that after replacing the line and the required nos. of 24 inch valves on the line, the same was hydro tested and is being used continuously for POL products being discharged to IOCL/IOT and also used for loading of vessels. BPCL is sourcing for nitrogen manufacturers to build, operate and commence nitrogen facility at the earliest. Therefore, the objection of Learned JNPT Liquid Chemical Berth Users Association is not correct.</p>
(viii).	<p>Higher rate of Return on Investment (ROI) @ 16 % :- Return of Capital Employed is considered @ 16 % p.a. considering the falling interest rate regime the rate of 16 % is substantially high and is unjustifiable. The appropriate ROI should be 12 % and hence the budgeted Surplus / (Deficit) be</p>	<p>It is pertinent to note here that BPCL have prepared the Cost Statements in line with the guidelines issued by TAMP and have accordingly taken ROCE @ 16%.</p>

<p>recalculated accordingly. Once the ROI is considered @ 12 %, there won't be any deficit at the current rates and hence may not warrant any further revision in the rates.</p> <p>Under these circumstances, we strongly object to the upward revision in the rates and if made would have very adverse impact on the overall trade in this sector and the respective party would be forced to look after the alternate arrangement which in turn will be prejudicial to the overall business growth through this terminal.</p>	
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4. The Oil and Natural Gas Corporation Limited (ONGC) has furnished its comments which are furnished below. The BPCL has not responded on the comments of ONGC.

- (i). ONGC created crude oil loading facility at JNPT with the sole aim of having an alternate loading point to meet any exigencies at MBPT port at Jawahar Deep (JD). For tanker loading, ONGC has installed 2 Nos. Marine loading arms at BPCL jetty and carrying out their maintenance, which are otherwise to be provided and maintained by the service provider i.e. M/s. BPCL. (MBPT is providing such facilities at JD without any charge). Likewise, no custom clearance for every tanker loaded from JNPT.
- (ii). Of late, the berth occupancy at BPCL jetty has increased considerably specially after commencement of LPG import by M/s. BPCL. In future, the berth occupancy is likely to increase further as more quantity of LPG shall be imported by M/s. BPCL.
- (iii). ONGC has to pay compensation to MBPT at the rate of 50% of wharfage charge applicable for JD for the quantity loaded from JNPT as per terms & conditions of the agreement between MBPT & ONGC signed on 28.1.2005 as per the directive of Ministry of Petroleum & Shipping. ONGC is incurring additional expenditure for loading crude oil from JNPT as compared to JD.
- (iv). In case of further increase in Wharfage and Wharfage Management Charges, ONGC may be forced to reduce loading from JNPT and increase loading from JD to avoid additional expenditure arising out of revision of rates.
