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Tariff Authority for Major Ports

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New Delhi

12 February 2019

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 approves Performance Norms based Incentive and Penalty Scheme for cargo operations at the Cochin Port Trust as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/48/2018-COPT

Cochin Port Trust

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Applicant

QUORUM

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

ORDER

(Passed on this 18th day of January 2019)

This case relates to the proposal dated 29 May 2018 received from Cochin Port Trust (COPT) for approval of the Performance Norms based Incentive and Penalty Scheme for cargo operations.

2.1. The Ministry of Shipping (MOS) under cover of its letter dated 16 June 2016 has announced the Berthing Policy for Dry Bulk Cargo for Major Ports, 2016 and has requested all the Major Port Trusts to take action.

2.2. In this backdrop, the COPT had come up with a proposal in November 2016 for approving the Performance Norms based Incentive and Penalty scheme for two of the cargo items viz. POL Products (except Furnace Oil) and Cement handled through pipelines.

2.3. The cement handled by the port is through pipelines. The berthing policy does not prescribe norms or methodology for arriving at the performance norms for handling of dry bulk cargo through pipelines.

In view of the above position, and in the absence of any specific methodology prescribed in the Berthing Policy for prescription of performance standards in respect of pipe line operation, the port had proposed the performance norms for cement handled through pipelines on the basis of actual performance achieved in the year 2015-16.

2.4. For POL products (except Furnace oil, Benzene and Vacuum Residue), the port had proposed performance norms considering the berth facilities available in terms of Loading/Unloading arms at the berths, viz., Cochin Oil Terminal, (COT), North Tank Berth (NTB) and South Tank Berth (STB) based on the actual performance achieved in the year 2015-16.

2.5. The Berthing Policy requires the ports to review the performance norms every quarter in the first year until target norms are achieved. Since the proposal filed by the COPT for POL products was stated to be in view of the Berthing Policy issued by the MOS and adopting the principles of incentive/penalty prescribed in the ibid policy, the performance standards proposed by the Port for incentive/penalty linked to performance standards were approved for the first year only.

2.6. Accordingly, this Authority vide its Order No.TAMP/75/2016-COPT dated 29 March 2017 had approved the Performance norm based Incentive / Penalty, for cargo operations at COPT as proposed by the COPT. This Order was notified in the Gazette of India on 05 May 2017 vide Gazette No.189. The notified provisions came into effect from 04 June 2017 and was valid upto for one year, i.e. 3 June 2018.

3. The main points made by COPT in its current proposal dated 29 May 2018 are summarised below:

- (i). The 'Performance Norms based Incentive and Penalty Scheme' for cargo operations at COPT for POL products (except Furnace oil) handled at COT, NTB & STB and Cement handled through Pipelines was implemented with effect from 04 June 2017, as under:

(a). **Performance Norms based Incentive and Penalty Scheme:**

Sr. no.	Commodity	Performance norms
1.	POL products except Furnace oil, handled at COT, NTB & STB	650 Tonnes / Hour
2.	Cement handled through Pipelines	190 Tonnes / Hour / Point

(b). **Incentive & Penalty:**

Sr. no.	Incentive (For Berth Hours saved)		Penalty (For Berth Hours exceeding Normative Hours)	
	Actual Berth Hours	Incentive	Actual Berth Hours	Penalty
1.	Within 5% of stipulated time	Nil	Within 5% of stipulated time	Nil
2.	Lower beyond 5% to 15% of the stipulated time	0.5 X Berth Hire	More than 5% to 15% of the stipulated time	1.0 X Berth Hire
3.	Lower beyond 15% of the stipulated time	1.0 X Berth Hire	More than 15% of the stipulated time	2.0 X Berth Hire

- (ii). A time of 6 hours is allowed for pre-commencement and post completion formalities; for vessels carrying multiple POL products, additional 2 hours for each grade of cargo are allowed.
- (iii). Any stoppage of operation on account of the following is excluded from the computation of performance of the ships for calculating penalty / incentive:
- (a). Any stay of ships waiting for tide, draft, etc. for safe sailing as certified by the Deputy Conservator.
 - (b). Any delay in sailing of the ship due to the Port including late supply of pilot and unavailability of tug.
 - (c). Weather related stoppages and delays.
 - (d). Stoppages and delays due to shifting of vessels.
 - (e). Any extended stay of the ship for bunkers, repair, etc. authorised by the Port.
 - (f). Time consumed by draft surveys up to a maximum period of 30 minutes.
 - (g). Break-down / non-availability of Port provided equipment at Berth.
- (iv). As per TAMP order, the scheme is valid for one year from the date of implementation with effect from 04 June 2017. The scheme was initially implemented with the following norms:

Sr. no.	Commodity	Performance norms
1.	POL products except Furnace oil, handled at COT, NTB & STB	650 Tonnes/Hour
2.	Cement handled through Pipelines	190 Tonnes/Hour/Point

- (v). The Berthing Policy lays down guidelines for prescribing performance norms for different commodities of Dry Bulk. However, COPT proposed the norms for POL Products (except Furnace Oil) considering the dominance of POL in its cargo profile; and only one Dry Bulk commodity; Cement handled through pipelines was considered for applying the norms since other Dry Bulk cargo remains insignificant for COPT. Adaptation of the guidelines by Major Ports for specific situations is permitted by the Berthing Policy.
- (vi). Also, as per clause 10.7 of the 'Working Guidelines to Operationalize the Policy for Determination of Tariff for Major Port Trusts, 2015', notified by the TAMP vide Gazette No.207 dated 04 June 2015 in compliance of Clause 1.5 of the 'Policy for Determination of Tariff for Major Port Trusts, 2015', issued under the policy direction of the GOI under Section 111 of the Major Port Trusts Act, 1963, objective criteria or loading/ unloading norms to be achieved shall be specified failing which penal berth hire charges will become payable. The norms will have to take into account cargo type, handling equipment and other facilities at the berth, any stay of ships waiting for tide, draft, etc. for safe sailing as certified by the Deputy Conservator.

(vii). As per clause 7.2 of Berthing Policy, for Rolling out Performance Norms of the Berthing Policy, it is expected that in the case of ideal norms, most of the ships will be able to achieve the norms with some ships performing better than norms. As a guideline, if more than 60%-70% of ships are achieving the set norms then Port should increase the norms.

(viii). Accordingly, Port revised the norms with effect from 12 February 2018 to the following:

Sr. no.	Commodity	Performance norms
1.	POL products except Furnace oil, handled at COT, NTB & STB	800 Tonnes / Hour
2.	Cement handled through Pipelines	210 Tonnes / Hour / Point

(ix). In a quarterly assessment made for the period from 15 February 2018 to 15 May 2018, post revision of norms, it was found that 24 ships of POL products except furnace oil were handled at COT, NTB & STB of which 17 ships (70.8%) ships achieved the norm of 800 TPH. The average productivity of the 24 ships in the period was 984 TPH, which was achieved by 14 (58.3%) ships. Therefore, the norm for POL products except Furnace oil handled at COT, NTB & STB is proposed to be revised to 1000 TPH.

(x). Similarly, in the period from 15 February 2018 - 15 May 2018, post revision of norms of 14 ships handled Cement handled through pipelines, 6 ships (42.8%) achieved a norm of 210 TPH. The average productivity of the 14 ships in the period was 196 TPH, which was achieved by 9 (64.3%) ships. Therefore, the norm for Cement handled through Pipelines is retained at 210 without revision.

(xi). The above revised norms are proposed to be implemented with effect from 15 June 2018.

(xii). Approval of the Authority is requested for extending the validity of the Performance Norms based Incentive and Penalty Scheme at COPT for POL products except Furnace Oil, handled at COT, NTB & STB and Cement handled through Pipelines, under the Berthing Policy of the MOS, notified by the TAMP vide Gazette No.189 dated 05 May 2017, and effective till 03 June 2018 for another 2 years with effect from 04 June 2018.

4.1. In accordance with the consultative procedure prescribed, a copy of the COPT proposal dated 29 May 2018 was circulated vide our letter dated 06 June 2018 to the concerned users/ user organisations seeking their comments, followed by reminder dated 06 July 2018.

4.2. The comments received from the Coimbatore Custom House and Clearing Agents' Association (CCHCAA) and Bharat Petroleum Corporation Limited (BPCL) vide their emails dated 11 July 2018 and 12 July 2018 respectively and Ambuja Cements Limited (ACL) vide its letter dated 13 July 2018 on the subject proposal were forwarded to COPT as feedback information. The COPT vide its letter dated 07 August 2018 has furnished its reply.

4.3. While furnishing the comments on comments of Users / User Associations, the COPT has made a few more submissions. Additional submissions made by the COPT are summarised below:

(i). In accordance with the clause 7.2 of Guidelines of the Berthing Policy, the Norms were revised by COPT with effect from 12 February 2018, as under:

(a). In the case of POL Products except Furnace Oil, handled at COT, NTB and STB, the norms were revised from 650 Tons per Hour (TPH) to 800 TPH. This was in consideration of the fact that 39 out of 51 (76.5%) ships of POL Products except Furnace Oil handled at COT, NTB and STB achieved the earlier norms of 650 TPH in the period of 2 Quarters. Jun-Nov, 2017, besides, the average productivity of the 51 ships in the aforesaid period was 837 TPH, which was achieved by 25 ships (49.0%);

and the revised norms of 800 TPH, proposed was achieved by 28 out of 51 (54.9%) ships.

- (b). In the case of Cement handled through Pipelines, the norms were revised from 190 TPH to 210 TPH. This was in consideration of the fact that 26 out of 33 (78.8%) ships handling Cement through Pipelines achieved the earlier norms of 190 TPH in the period of 2 Quarters, Jun-Nov, 2017. Besides, the average productivity of the 33 ships in the aforesaid period was 202 TPH, which was achieved by 23 ships (69.7%); and the revised norms of 210 TPH proposed was achieved by 15 out of 33 (45.4%) ships.
- (ii). As per Clause 3 'Objective' of the Berthing Policy, the major intention of the Berthing Policy is to design norms with the objective of driving higher productivity and achieving near- design capacity of the available equipments / infrastructure in order to:
- (a). Reduce turn-around time of ships & drive higher cargo throughout, adding to ports' revenues and unlocking value for trade.
- (b). Improve utilization of port assets to increase Rol on existing assets and avoid CAPEX for additional capacity creation, and
- (c). Increase competitiveness of major ports vis-à-vis private ports.
- (iii). In the light of the above, the COPT has implemented the Incentive and Penalty Scheme as per the guidelines of the Berthing Policy, based on realized productivity of ships that handled the cargo considered under the Scheme.
- (iv). The pay-outs under incentive exceeded the receipts under Penalty during the operation of the Scheme for POL Products except Furnace Oil handled at COT, NTB, and STB, from implementation on 04 June 2017 till 30 June 2018. For Cement handled through Pipelines, Penalty has exceeded Incentive payments, except during Jan-Mar, 2018. The incentive and penalty on the two cargo items are tabulated below:

A. POL Products except Furnace Oil Handled at COT, NTB & STB (in ₹)

Item	Jun 17	Jul-Sep 17	Oct-Dec 17	Jan-Mar 18	Apr-Jun 18	Total
Incentive	5,68,460	22,80,364	22,44,822	18,71,253	13,98,690	83,63,589
Penalty	10,24,229	5,65,782	16,02,995	12,44,870	20,03,760	64,41,636
Net payments on account of Incentives	-4,55,769	17,14,583	6,41,827	6,26,383	-6,05,070	19,21,953

B. Cement handled through Pipelines (in ₹)

Item	Jun 17	Jul-Sep 17	Oct-Dec 17	Jan-Mar 18	Apr-Jun 18	Total
Incentive	43,654	93,332	1,50,756	1,14,635	73,418	4,75,794
Penalty	85,051	3,03,470	2,62,88,	1,08,597	3,31,551	10,91,551
Net receipts on account of penalty	-41,397	-2,10,138	-1,12,125	6,037	-2,58,133	-6,15,756

- (v). As stated in the original proposal for the scheme, COPT has prescribed Penalty uniformly at two times the Incentive as against Penalty prescribed at three times the Incentive, in the Berthing Policy towards easing the burden of Penalty on underperforming Ships.
- (vi). Considering the above, the Authority may kindly approve the proposal for extending the validity of the "Performance Norms based Incentive and Penalty Scheme" at COPT for POL products except Furnace Oil, handled at COT, NTB & STB and Cement handled through Pipelines, under the Berthing Policy of the Ministry of Shipping, notified by the TAMP vide Gazette No.189 dated 05 May 2017, and effective till 03 June 2018 for another 2 years with effect from 04 June 2018 with the revised norms as stated in the proposal dated 29 May 2018.

5.1. A joint hearing in this case was held on 23 October 2018 at the COPT premises. The COPT made a brief Power Point presentation of its proposal. The COPT and the concerned users/ user organizations have made their submissions at the joint hearing.

5.2. As agreed at the joint hearing, the COPT was requested vide our letter dated 26 October 2018 to take action on the following points arising out of joint hearing proceedings:

- (i). At the joint hearing the Bharat Petroleum Corporation Ltd. (BPCL) and Indian Oil Corporation (IOCL) mainly pointed out about difficulty in achieving the proposed increased Performance Standards of POL products at 1000T/ hour citing that different nature of cargo have different loading / discharge rate and pressure of pipeline cannot be increased beyond safety limit. They requested for cargo-wise Performance Standards. As agreed at the joint hearing, in view of the points made by the Oil Companies, the COPT was, vide our letter dated 26 October 2018 requested to sit with them and examine the proposal and respond in a week's time, i.e. by 2 November 2018.
- (ii). As decided at the joint hearing, users / user organisations were also requested vide our letter dated 26 October 2018 to furnish additional comments, if any, on the subject proposal to this Authority and to COPT within 4 days i.e. 31 October 2018. The COPT was requested to furnish its response on comments of users / user organisations within 4 days on receipt of comments from the users.

6.1. With reference to the above first and second points of action referred at para 5.2. above, BPCL, Penna Cements Industries Limited (PCIL) and IOCL have furnished their comments vide their emails dated 24 October 2018 and 2 November 2018, 3 November 2018 and 3 November 2018 respectively, which were forwarded to COPT as feedback information. The COPT vide its letter dated 16 November 2018 has furnished its reply.

6.2. The commodity wise productivity norms for HSD, MS, Naphtha instead of common norms for POL products (except Furnace oil) which are handled at COT, NTB and STB proposed by COPT are tabulated below:

Sr. no.	Commodity	Performance norms
1.	POL products except Furnace oil, handled at COT, NTB & STB	
	HSD	1,050 Tonnes/Hour
	MS	600 Tonnes/Hour
	Naphtha	750 Tonnes/Hour
2.	Cement handled through Pipelines	210 Tonnes/Hour/Point

7.1. The proposal of COPT was not accompanied with a copy of Board Resolution approving the proposal of COPT.

7.2. The COPT vide its email dated 17 December 2018 has stated that the Performance Norms based Incentive and Penalty Scheme was implemented at COPT in 2016 after obtaining approval from the Board vide Resolution No.82 of the meeting dated 08 August 2016. Subsequently, when the norms were revised, approval of the Chairman was obtained and the same was implemented. The COPT has stated that it shall place the matter relating to revised berthing norms in the ensuing Board Meeting and ratify the implementation of revised norms and forward a copy of the Board's ratification to the Authority.

8. Subsequent to above, Bharat Petroleum Corporation Limited (BPCL) vide its email dated 14 December 2018 has forwarded a copy of letter dated 14 December 2018 addressed to COPT. A copy of the said letter received from the BPCL was forwarded to COPT for feedback information and to furnish point wise specific comments vide our letter dated 18 December 2018. The port has not furnished its response.

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

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

- (i). This Authority vide Order No.TAMP/75/2016-COPT dated 29 March 2017 has approved the performance norms and Incentive/ Penalty linked to performance norms, for two categories of cargo viz. POL (except Furnace Oil, Benzene and Vacuum Residue) and Cement handled through pipelines for cargo operations at Cochin Port Trust (COPT) as proposed by the COPT. The said Order came into effect from 04 June 2017 and was valid upto for one year, i.e. 3 June 2018.

The Berthing Policy requires the ports to review the performance norms every quarter in the first year until target norms are achieved. Since the proposal filed by the COPT for POL products was stated to be in view of the Berthing Policy issued by the MOS and adopting the principles of incentive/ penalty prescribed in the ibid policy, the performance standards proposed by the Port for incentive/ penalty linked to performance standards were approved for the first year only which was valid till 3 June 2018.

- (ii). Now, the COPT has submitted its current proposal under Berthing Policy seeking extension of the validity of the Performance Norms based Incentive and Penalty Scheme at COPT for POL products (except Furnace Oil, Benzene and Vacuum Residue) handled at COT, NTB & STB and Cement handled through Pipelines, approved by this Authority vide Order dated 29 March 2017. Though the proposal of the COPT is for extension of the Performance Norms, it can be seen from the following paragraphs that the COPT has also proposed revised improved Performance norms for the said two cargo categories in its original proposal dated 29 May 2018.

Subsequently, in view of the constraints expressed by the oil companies viz. Bharat Petroleum Corporation Ltd. (BPCL) and Indian Oil Corporation (IOCL) in achieving the revised proposed Performance Standards of POL products at 1000T/ hour, the COPT has vide its letter dated 16 November 2018 reviewed the proposed performance norms and proposed commodity-wise norms for POL products viz. High Speed Diesel, (HSD), Motor Spirit (MS) and Naphtha instead of the common performance norms for POL Products proposed by the port in its original proposal. The final revised draft cargo-wise Performance norms furnished by COPT vide its letter dated 16 November 2018 along with submissions made by the port during the processing of the case are considered in this analysis.

- (iii). (a). Clause 4.1.2. of the Berthing Policy prescribes the methodology for calculation of normative productivity of dry bulk cargo. The model requires port to calculate the normative productivity level for each dry bulk commodity by taking into consideration the variables viz. Density of commodity, Size of grab available, Picking factor for the particular commodity, Number of cycles per hour, Non-working time per shift, % of total cargo that is covered by full-load or partial-load operation and Vessel profile. The performance norms prescribed in the Berthing Policy for these dry bulk commodities mentioned therein are with reference to 100T HMC, 60T/80T HMC and with Ship gears. Clause 7.1. of the Berthing Policy stipulates that all major ports will have to use the approach detailed in the Policy adapting it based on their existing infrastructure to calculate performance norms for different dry bulk cargo commodities.

As clarified by the port during the last Order dated 29 March 2017, the cement handled by the port is through pipelines. The berthing policy does not prescribe norms or methodology for arriving at the performance norms for handling of dry bulk cargo through pipelines. The port has 3 operators who handle cement. As per the existing infrastructure at the port for handling cement, the ship is connected to silos through pipelines for transfer of this cargo from the ship. No other equipments and manpower

are required at the berth for operation. The position furnished by the COPT during the last revision Order dated 29 March 2017 are taken into consideration for the current proposal also.

- (b). Clause 7.2 of the Policy stipulates that if more than 60%-70% of ships are achieving the set-norms then the port should increase the norms. The Berthing Policy requires the ports to review the performance norms every quarter in the first year until target norms are achieved.

In view of the above, the COPT has reviewed and revised norms for cement handled through pipeline from 190 TPH prescribed in the March 2017 Order to 210 TPH based on the productivity actually achieved at the port during June to November 2017. This is tabulated below:

Cement through Pipeline

SI No.	Details	Productivity Norms
1.	TAMP approved productivity norm for one year period from 04.06.2017 to 03.06.2018. 78.80% of cement ships achieved 190 T/hrs. during Review Period from June 2017 to November 2017 (6 months)	190 T/hr.
2.	So, COPT revised the norms with effect from 12.02.2018. 42.80% of cement ships achieved 210 T/hrs. during 15.02.2018 to 15.05.2018.	210 T/hr.
3.	So, Norms of 210 T/hrs. retained for the further period of 2 years.	

- (c). In view of the above position, and in the absence of any specific methodology prescribed in the Berthing Policy for prescription of performance norms in respect of pipeline operation, and recognising the revised norms proposed for cement handled through pipelines is on the basis of actual performance achieved at the port from 04 June 2017 to 15 May 2018, this Authority approves the revised norm proposed by the port for the said cargo item of cement.
- (d). The Ambuja Cement Limited (ACL) has requested to retain the performance standard at the level of 190 TPH approved by this Authority in the March 2017 Order. The COPT has, however, not accepted the request made by ACL stating that the scheme is introduced for the cement cargo handled under certain methodology. Specific users cannot be selectively exempted from the scheme. Further, during the proceeding of the case, ACL has admitted that they have been able to achieve 200 TPH after some improvement. Clause 7.2. of the Berthing Policy, 2016 issued by the MOS requires the Major Port Trusts to review the norms every quarter in the first year and increase the norms if more than 60%-70% of ships are achieving the set-norms until target norms are reached. The proposal of the COPT complies with the said clause of the Berthing Policy. The request made by the ACL to maintain status quo in the performance norms is not found to be in line with the Berthing Policy.
- (e). The Penna Cement Industries Limited (PCIL) has stated that their average performance has been below par primarily due to their discharge silos being farther from the berth in comparison to other cement terminals and the cement discharge pipelines are with many number of bends. The PCIL has, therefore, requested to factor the distance of the discharge silo from the berth and prescribe separate productivity norm on that basis. In response, the port has categorically stated that the argument is not supported by actual performance of Cement ships as Ultra Tech Cements who is a best performer presently and whose silos are at about the same distance from the ship as that of PCIL. Further, COPT has stated that, in any case, the productivity of the Cement Ships of all the firms needs to be analyzed in totality on stabilization of operations by the year 2019. Therefore, the norm

for Cement handled through Pipelines has been proposed to be retained by the port at revised norm of 210 TPH already implemented by the COPT since 12 February 2018. For the reasons explained in the preceding paragraph and recognizing that the proposal of the port intends to improve the performance of the port and to improve turnaround time of vessel and also since the proposal filed by the port is in compliance with the Berthing Policy issued by the MOS, this Authority approves the proposal of the port.

- (iv). Citing clause 7.2. of Berthing Policy guidelines which stipulates that if more than 60%-70% of ships are achieving the set-norms then the port should increase the norms, the COPT has also reviewed the actual performance since its implementation for POL products except furnace oil. The Norm prescribed at 650 TPH in March 2017 Order has been revised to 800 TPH. The Port has applied the revised norm with effect from 12 February 2018. In the current proposal, the port has sought to revise the performance norm to 1000 TPH which is already implemented by the port from 15 June 2018. This position is summarized below in the following table:

POL Products except Furnace Oil

Sr. No.	Details	Productivity Norms
1.	TAMP approved productivity norm for one year period form 04.06.2017 to 03.06.2018	650 Tonnes/hour
2.	As a guideline, if more than 60% - 70% of ships achieve the set norm, then the port should increase the norm. Accordingly, the COPT revised the norm upwards with effect from 12.02.2018	800 Tonnes/hour
3.	(a). 70% to 80% of ships achieved the norms of 800 tonnes per hour during the Quarterly period from 15.02.2018 to 15.05.2018. (b). The average productivity of ships handled in the period was 984 tonnes / hour. Therefore, the proposed norm with effect from 15.06.2018	1000 Tonnes/hour

- (v). BPCL stated that they are handling 3 POL products viz. M.S, Naptha and Diesel. BPCL can achieve maximum 1400 T/ hour for Diesel and for Motor Spirit (MS) performance norm of 900 T/ hour is achieved.
- (vi). The COPT has analyzed the performance of ships that handled POL Products except Furnace Oil at COT, NTB & STB for the two quarters for the year 2018-19 from April to September 2018. The port has stated that out of the 46 ships that handled HSD during the year 2018-19 from April 2018 to September 2018, 29 ships i.e. 63% of the total ships achieved the average productivity of 1016 TPH. Therefore, the norm of 1050 TPH has been proposed for HSD in line with clause 7.2. of the Berthing Policy 2016.

As regards MS, out of the 34 that handled MS, 19 ships i.e. 56% achieved average productivity of 546 TPH. Therefore, the norm of 600 TPH has been proposed for MS, which is achieved by 16 ships 47%.

As regards Naphtha out of 10 ships that handled Naphtha, 4 ships have achieved the average productivity of 747 TPH. Also, all the 10 ships (100%) achieved the productivity of 700 TPH. Therefore, the norm of 750 TPH has been proposed for Naphtha.

- (vii). As stated earlier, the Berthing Policy does not cover the POL products. However, recognising that the proposal of the port is to improve the performance of the port and to reduce the turnaround time of vessels and also since the proposed performance norms for three categories of POL products as sought by the oil companies and reportedly based on the actual performance achieved by the port in the year 2018-19 from April 2018 to September 2018, the revised performance standards for the three POL products are approved as proposed by the port.

- (viii). As regards the point made by the BPCL that equipment and pipelines cannot be operated beyond the safety limit to achieve the flow rate over and above the design parameters, the port has stated that in view of the revised proposal proposing different productivity norms for the three POL products, the point made by the BPCL is not found relevant.
- (ix). The port has during the processing the case stated that the norms proposed by the port are with the approval of Chairman of the port. The port has stated that it shall seek approval of the Board of Trustees on the revised proposed norms and forward a copy of the Board approval to this Authority. As agreed by the port, the COPT is advised to forward the approval of its Board of Trustees on this matter.
- (x). The current proposal of the port is only for revision in the norms prescribed in the March 2017 Order. The port has not proposed any modification in the existing incentive and penalty scheme and the conditionalities prescribed in the March 2017 Order. That being so, the incentive and penalty scheme and the conditionalities prescribed in the March 2017 are allowed to continue.
- (xi). In view of the proposal of the port for product wise performance for POL products, the port has proposed to insert a note for computation of Normative Berth Hours for the ships, that handle HSD, MS and Naphtha. For ships handling any single commodity, the applicable norm will be directly applied to compute the Normative Berth Hours. For ships handling multiple commodities, the Normative Berth Hours is proposed to be computed considering sum of the applicable norms of the commodities handled simultaneously for the time of concurrent handling of multiple commodities. The condition is approved as proposed by the port
- (xii). The Berthing Policy also prescribes guidelines for prescription of anchorage charges to be levied across all major ports for the purpose of reducing pre-berthing delay and hence the overall turn-around time for vessels. In the last tariff Order, the port was requested to file a proposal for prescription of anchorage charges in line with the Berthing Policy issued by the MOS within two months from the date of notification of the Order (to be approved) in the Gazette of India. The COPT has, however, not filed the proposal so far. The COPT is again advised to file a proposal for prescription of anchorage charges in line with the Berthing Policy issued by the MOS within two months from the date of notification of the Order (to be approved) in the Gazette of India.
- (xiii). The Performance Norms based Incentive and Penalty Scheme approved in 29 March 2017 Order came into effect from 4 June 2017 and validity of the said Order was for one year, i.e. 3 June 2018. In the original proposal, the port has sought revised norms with effect from 4 June 2018. However, the port has subsequently proposed revised norms cargo wise for POL products vide its letter dated 16 November 2018 based on the request made by the oil companies.

Clause 7.2 of the Policy stipulates that if more than 60%-70% of ships are achieving the set-norms then the port should increase the norms. The Berthing Policy requires the ports to review the performance norms every quarter in the first year until target norms are achieved.

In accordance with the said Berthing Policy, the port has post implementation of the Performance norms approved in March 2017 Order reviewed the actual performance achieved for cement cargo for the two quarters i.e. June 2017 to November 2017. Considering 78.8% of ships handling Cement through Pipelines have achieved the earlier prescribed norms of 190 TPH and 76.5% of ships handling POL products have achieved the earlier prescribed norm of 650 TPH during the said period, the port has revised the performance norms for Cement handled through pipe line from 190T/ hour to 210T/ hour and for POL products from 650T/hour to 800TPH for POL with effect from 12 February 2018 and issued trade circular in this regard.

Subsequent to that the port has again reviewed the actual performance for the three months period 15 February 2018 to 15 May 2018 whereby port has reported that 70.80% of ships handling POL products have achieved the 800 TPH during the said period and based on the actual performance revised the performance norms for POL products from 800T/ hour to 1000 T/ hour. For Cement handled through pipe line the port has retained at 210 T/ hour. The port has issued a trade circular dated 8 June 2018 for the revised norms made effective from 15 June 2018.

The review of the performance norms and increased performance norms by the COPT is in accordance with the clause 7.2. of the Berthing Policy.

- (xiv). Subsequent to the port proposing product wise productivity norms for POL products at the request of the oil companies, the BPCL during the last stage of processing of this case made a reference about refund of about penalty imposed by the port. This matter falls under the domain of the port. The mandate of this Authority is to fix the Scale of Rates and conditions governing the rates.
- (xv). As per the guidelines, the rates approved by this Authority have prospective effect after expiry of 30 days from the date of notification of the Order in the Gazette of India. There are no special circumstances warranting deviation from the guideline position. Therefore, the revised productivity norms proposed by the port shall come into force after expiry of 30 days from the date of notification of the Order in the Gazette in line with the approval generally accorded by this Authority.

The port has sought validity of revised Performance norms for a period of two years. Clause 8.5. of the Berthing Policy stipulate that performance norms will be revised every quarter during the first year until target norms for commodity are reached. Subsequent revisions will be done yearly or upon upgradation of berth infrastructure. The first year of implementation of the penalty/ incentive linked to performance norms is already over and the port has during the first year revised the norms twice based on quarterly review of the actual performance. That being so, the validity of the revised norms approved are prescribed for a period of two years from the date it comes into effect.

11.1. In the result, and for the reasons given above, and based on a collective application of mind, the following revised Performance norms and incentive and penalty scheme linked to the revised performance norms are approved:

“Incentive and Penalty Scheme based on Performance Norms

1. Performance Norms:

Sr. No	Cargo Particulars	Productivity Norms
1.	POL products except Furnace oil, handled at COT, NTB & STB:	
	(i). HSD	1050 Tonnes / Hour
	(ii). MS	600 Tonnes / Hour
	(iii). Naphtha	750 Tonnes / Hour
2.	Cement handled through Pipelines	210 Tonnes / Hour / Point

2. Incentive/ Penalty

- (i) The stipulated time for a vessel’s stay at berth will be calculated based on the stipulated performance norms as mentioned above.
- (ii) (a). Time required for pre-commencement and post completion formalities shall be considered as 6 hours.
- (b). For vessels carrying multiple POL products, additional two hours for each grade of cargo shall be considered for pre commencement and post completion formalities.
- (c). For ships handling multiple commodities, the ‘Normative Berth Hours will be computed as under.

- (iii). For the time of single commodity handling- Performance norm applicable for the commodity.
- (iv). For the time of concurrent handling of multiple commodities - Sum of the Performance norms applicable for the commodities handled simultaneously.
- (v). For failure or success in achieving the stipulated time at berth, penalty / incentive will be applicable as tabulated below:

Sr. No.	Penalty for actual berth hours exceeding the normative hours		Incentive (for Berth Hours saved)	
	Actual working period of the ship (time between berthing at the working berth till completion of vessel's operation)	Penalty	Actual working period of the ship (time between berthing at the working berth till completion of vessel's operation)	Incentive
1	Within 5% of the stipulated time	Nil	Within 5% of the stipulated time	Nil
2	More than 5% to 15% of the stipulated time	1.0 x Berth Hire	Lower beyond 5% to 15% of the stipulated time	0.5 x Berth Hire
3	More than 15% of the stipulated time	2.0 x Berth Hire	Lower Beyond 15% of the stipulated time	1.0 x Berth Hire

- (vi). Penalty prescribed in the above table will be levied for additional hour (i.e., Actual hours – Normative Hours) taken to complete the ship's cargo operation. Incentive will be payable for every additional hour saved i.e. Normative Hour – Actual hour.
 - (vii). In computing actual performance achieved by each ship for the purpose of calculating penalty / incentive, stoppage of operation on account of the following are to be excluded:
 - (a). Any stay of ships waiting for tide, draft, etc. for safe sailing as certified by the Deputy Conservator.
 - (b). Any delay in sailing of the ship due to the Port including late supply of pilot and unavailability of tug.
 - (c). Weather related stoppages and delays.
 - (d). Stoppages and delays due to shifting of vessels
 - (e). Any extended stay of the ship for bunkers, repair, etc. authorized by the Port.
 - (f). Time consumed for draft surveys upto maximum period of 30 minutes
 - (g). Break-down/ non-availability of port provided equipment at berth.
3. The performance and penalty/ incentive norms as specified above will be effective after expiry of 30 days from date of notification of the Order in the Gazette of India and will remain valid for two years.”

11.2. The above provisions shall come into effect after expiry of 30 days from the date of notification of the Order (to be) passed in the Gazette of India and will remain valid for two years, subject to Board of Trustees of COPT approves the revised Performance Norms and Performance Norms based Incentive and Penalty Scheme for cargo operations.

(T.S. Balasubramanian)
Member (Finance)

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

TAMP/48/2018-COPT	:	Proposal from Cochin Port Trust seeking approval for extension of Performance norms based Incentive and Penalty Scheme approved by the Authority vide Order No. TAMP/75/2016-COPT dated 29 March 2017 alongwith approval for the revised Performance Norms based Incentive and Penalty Scheme for cargo operations.
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The summary of comments received from the Cochin Port Trust (COPT) and the users / user associations are tabulated below:

Sl. No.	Comments of the users / user organisations	Reply of COPT
1.	Coimbatore Custom House and clearing Agent's Association (CCHCAA)	
(i).	CCHCAA do not have any objections in this regard and confirmed their acceptance of the scheme related to incentive and Penalty for cargo related operations of COPT.	The CCHCAA has confirmed their acceptance of the Scheme.
2.	Bharat Petroleum Corporation Limited (BPCL)	
	This has reference to the Trade Circular No. A5/F-15/2018-T dated 8 June 2018 of COPT regarding revision in performance norms based incentive and Penalty Scheme for cargo operations and your email dated 9 July 2018. BPCL offers the following comments on the above:	-
(i).	COPT has introduced the Performance Norms based incentive and Penalty Scheme for cargo operation from 04.06.2017 after long deliberation between various port users. Applying a uniform performance norms of 650 MT/hour at all the three berths (COT/NTB/STB) was accepted based on the pipeline size limitation and design parameters Loading/discharge rate of the products varies depending on nature of the products and oil transferring facilities. Equipment and pipelines can't be operated beyond the safety limit to achieve the flow rate over and above the design parameters.	The contentions of BPCL on the variation of load/discharge rate of products due to the nature of products and transfer facilities including equipment and pipelines are not relevant. It is in view of the different nature of the products that POL Products like Furnace Oil and Vacuum Residue, and Petrochemicals have been excluded from the scheme while implementing the same in June, 2017 after detailed deliberations in the Joint Hearing held by the TAMP on 07.06.2016.
(ii).	Based on the above, the proposal for increasing the flow rate to 1000 TPH is not practically feasible. Submitted for favourable consideration by the Hon'ble authority.	
3.	Ambuja Cement Limited (ACL)	
(i).	ACL commenced its operations from Q1 berth in April 2009 and ACL is transporting the committed quantity of 3 lakhs MT of throughput annually. TAMP vide its Order No. TAMP/75/2016-COPT dated 20 April 2016 had ordered a minimum discharge rate of 190 TPH for improving the port throughput performance. The same was implemented by COPT from 04.06.2017. At that time ACL was achieving around 160 TPH due to	No comments furnished by the COPT.

	various reasons including the limitations of the ship, shore receiving facility etc.	
(ii).	ACL has invested time and money to improve the shore facility to receive at a higher rate and with efforts from the shore team and the ship, ACL was achieving the required discharge rate as directed by the port. Similarly, the berth hire, wharfage have also been increased.	No comments furnished by the COPT.
(iii).	In a short time of seven months COPT has re issued a trade circular (A3/F-24/2017-T) dated 06.02.2018 revising the target discharge rate to 210 T/Hr. which is being put into effect from 12 February 2018.	No comments furnished by the COPT.
(iv)	The additional penalties resulting due to not achieving the new discharge rate is an additional burden adding to the cost of the transportation. The cement industry is going through tough times with the input cost (coal, peat coke, lime stone, gypsum) prices increasing substantially and the transporting costs (IFO and Marine diesel) are steadily climbing.	No comments furnished by the COPT.
(v).	Further investments to increase the receiving facilities to suit port requirements will be an additional burden which the company will not be seeking in the immediate future.	No comments furnished by the COPT.
(vi)	A copy each of letters already submitted at COPT on 09 February 2018 and 26 June 2018 are furnished. In view of above and the long term association of ACL with COPT, ACL requests you to re-consider the change in increasing the discharge rate and revert to the discharge rate as prescribed by TAMP.	ACL is one of the three Cement companies operating Cement Packing Terminate at COPT and handling Cement through pipelines from the ships. The Scheme is introduced for certain cargo handled under certain methodology. Therefore, specific users cannot be selectively exempted from the Scheme.

2.1. A joint hearing in this case was held on 23 October 2018 at the COPT premises. The COPT made a power point presentation of its proposal. At the joint hearing, the COPT and the concerned users / user associations have made their submissions:

Cochin Port Trust (COPT)

[Deputy Chairman]

- (i). Briefly explains the proposal.
- (ii). As per Berthing Policy of 2016, issued by the MOS, COPT wanted to increase the efficiency parameters.
- (iii). Two main products handled at the COPT viz. POL products other than furnace oil and Cement handled through pipelines were identified for benchmarking performance standards to improve efficiency in handling.

- (iv). Based on the proposal of the COPT, Performance Standards for POL products (excluding Furnace Oil) was approved by TAMP in March 2017 Order at 650 T/ hour and for cement at 190 T/ hour.
- (v). The port started implementation of approved tariff Order from 4 June 2017. As per the Berthing Policy, Port reviewed the Performance Standards every quarter.
- (vi). On review it was seen that actual performance of POL products excluding furnace oil has improved. It has increased to 800 T/ hour as against benchmark performance standards of 650T/ hour. Cement handled through pipeline had also achieved on an average 190T/ hour as approved in March 2017 Order.
- (vii). Port, therefore, increased Performance Standards for POL products from 650T to 800T from February 2018. For cement, port increased it from 190T/ hour to 210T/ hour.
- (viii). Turnaround time of vessel has also improved by 3 hours on account of the implementation of incentive/ penalty scheme.

Bharat Petroleum Corporation Limited (BPCL)

- (i). We always try to complete operation on time. We do not delay as other vessels are waiting to berth.
- (ii). We handle 3 POL products viz. M.S, Naptha and Diesel. Diesel constitutes almost 47% of the POL products. For diesel, we can achieve maximum 1400 KL/ hour, whereas for M.S. 900 KL/ hour is achieved.
- (iii). The proposal of COPT is to increase the performance standards to 1000 T/ hour for all POL products excluding furnace oil.
- (iv). Loading / discharge rate of product varies depending upon nature of products. Equipment and pipeline cannot be operated beyond safety limit. We cannot increase more pressure. Increasing flow rate to 1000 T/ hour is not practically feasible.
- (v). It is not correct to combine all POL products together. The Performance Standards may be proposed cargo-wise.
- (vi). Both, M.S. and diesel are loaded together through separate loading arms. No flushing is required.

Indian Oil Corporation Ltd.

- (i). There is no facility to repair if something goes wrong due to increase in pressure.

- (ii). If we increase the pumping rate, we apprehend it can create a problem.

[Dy. Chairman, COPT: What is the status of tanker pumps vis-à-vis pressure taking capacity of pipeline?]

- (iii). New tankers can cross 1000 T/ hour. Government is encouraging to use Indian tankers. Indian tankers are old which cannot achieve this rate. We have to use tankers which are available.

Indian Oil Corporation Ltd.

- (i). Pipelines are long and old. If we increase the pressure, it may not be good considering the design. There is no possibility to change the pipelines due to location and design.

COPT

[Sr. Dy. T.M.]

- (i). Most of the issues were discussed and settled with the concerned users before filing the proposal to TAMP.
- (ii). Berthing Policy of 2016 is policy of Government. The three objectives of the said Berthing Policy are to reduce the turnaround time of vessels, to improve utilisation of port assets and to increase competitiveness of Major Ports vis-à-vis Private Ports.
- (iii). All cargo whose flow rate is less have been excluded. Hence, the Port has excluded Furnace Oil, Benzene and Vacuum Residual from the POL products.
- (iv). Actual POL products handling rate has increased from 650T/ hour to 1000T/hour. Even with 1000T/hour, productivity has been achieved.
- (v). The upfront tariff Guidelines of 2008 which was issued 10 years back prescribes handling norm for POL products at 1000T/hour. So, it is not unfair to follow the said norm of 1000T/hour already prescribed in 2008 guidelines.
- (vi). We have proposed increased productivity for the two cargo categories based on actual productivity achieved at the port.

Indian Oil Corporation Ltd.

- (i). Infrastructure at COPT is old. It is not possible to improve it.
- (ii). Furnace Oil is exempted. The share of furnace oil passing through pipeline is less than 10%

Penna Cement Industries Ltd.

- (i). We started our operations 6 months back.
- (ii). We got pipeline only in 2017. There are lot of bents in our pipeline due to design structure. We tried various options. If we operate with 2 lines, we can achieve 210 T/ hour. If we do 4 pipelines, loading rate is reduced to 175 T/ hour.
- (iii). We have invested on 4 lines. Vessel are having capacity to handle 4 lines. But, 2 lines are idle because with 4 lines the productivity falls and we have to pay penalty.

[COPT (Dy. Chairman): The route for the pipeline is based on the proposal of Penna Cement. COPT is not to blame for bent in the pipeline. Whatever is technically feasible is given to Penna Cement.]

COPT

[Sr. Dy. T.M.]

- (i). When technology is changing and evolving, we are open to have different and improved norms.
- (ii). Berthing Policy stipulate penalty at 3 times the berth hire rate if the performance is beyond 5% of the prescribed performance. As against that, the COPT has proposed penalty at 1 time the berth hire for actual performance beyond 5% to 15% of the prescribed level and penalty is prescribed at 2 times the berth hire if it is beyond 15%. Port has with approval of Board of Trustees thus moderated penalty to maximum of two times.
- (iii). Penna Cement is the first Company which has put 4 pipelines. Other Cement companies have maximum 1 to 2 pipelines.

Penna Cement Industries Ltd.

- (i). Route of pipeline is ok. We are worried to operate 4 pipelines as they pass through the city.

Zuari Cement Ltd.

- (i). We are able to achieve 180 T/ hour. We tried to improve the facility which gave us 230 T/ hour. But, then the cost of operating was going high. So management has not approved that.
- (ii). If we go through Penna we are able to achieve 210 T/ hour. But, that contract is for limited period.
- (iii). We request to give a norm based on machine installed at our point based on best achieved performance and with some improvement.

[COPT, T.M.: We cannot have different norm for different machines. 210 T/ hour is achievable.]

Ambuja Cements Limited

- (i). We achieved 150 T/ hour as against 190 T/ hour till February 2018.
- (ii). Now, we are achieving 200 T/ hour after some improvement. We have limitation of ship. We cannot achieve beyond 200 T/ hour.
- (iii). Sweeping time is high in ship. It takes around 8 hours to sweep the vessel.

COPT

[Dy. Chairman]

- (i). The proposal is for improvement in performance and reducing the turnaround time of the vessel.

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

Sl. No.	Comments of the users / user organisations	Reply furnished by COPT
1.	Bharat Petroleum Corporation Limited (BPCL)	
(i).	This has reference to the meeting conducted on 23rd Oct. 2018 at Cochin Port Trust regarding changes in Performance based incentive and penalty scheme. Cochin Port Trust implemented the Scheme on 04-06-2017 with a performance norm of 650 MT/hr for POL products and subsequently revised the norms to 800 MT/hr unilaterally.	(i). COPT analyzed the performance of ships that handled POL Products except Furnace Oil at COT, NTB & STB in the H1 of 2018-19 (Apr-Sept). The POL Products other than Furnace Oil handled at Cochin Port at COT, NTB & STB are MS, HSD and Naphtha. Out of the total 64 ships that handled these products, 26 ships had handled two products; HSD and MS simultaneously; 20 ships handled HSD alone; 8 ships handled MS alone and 10 ships handled Naphtha alone. While BPCL handled all three Products, IOCL and HPCL handled only the import of MS. The productivity in the said period is found to be; for HSD, 1016 TPH (BPCL had furnished the figure of 980 TPH); for MS 546 TPH (for BPCL alone, 537; BPCL had furnished the figure of 640 TPH); and for Naphtha, 747 TPH (BPCL had furnished the figure of 780-800 TPH).
(ii).	During the discussion, BPCL-KR informed that evacuation of product from refinery is our prime requirement and we are utilizing all means to improve the product loading/unloading rate to minimize the tanker turnaround time. Also, tankers are coming to Kochi as per schedule and operated according to the predetermined planning by oil companies to ensure product availability Pan India.	
(iii).	Presently BPCL-KR is handling multiproduct (MS and HSD) simultaneously, which reduces the tanker turnaround time considerably. With the existing facility and optimum utilization of the system, BPCL-KR has handled 2.31 million finished petroleum product through jetty during the first half of the FE 2018-19.	(ii). Considering the significant variation in productivity across products, it is proposed to have commodity-wise norms for HSD, MS and Naphtha instead of the current common norm for POL Products except Furnace Oil handled at COT, NTB & STB as under.
(iv).	Product transferring pipelines from Refinery and Irumpanam Installation to Jetty was laid in 1966 and 1991 and the lines are passing through heavily populated city area. To ensure safe operation, we maintain optimum flow rate	

	and velocity as per the advice from our safety and inspection departments.	
(v).	Regarding the suggestion to implement the weighted average rate for performance norms, we would like to inform that the average rate achieved for MS is 640 MT/hr and 980 MT/hr for HDC. Considering the above, request TAMP/Cochin Port to review the matter and withdraw the proposal for revision in performance based incentive and penalty scheme norm.	(iii). Out of the 46 (26+20) ships that handled HSD, 29 ships (63%) achieved the average productivity of 1016 TPH. Also, 30 ships (65%) achieved the productivity of 1,000 TPH. Therefore, the norm of 1050 TPH is proposed for HSD, which was achieved by 24 (52%) in accordance with Clause 7.2 of 7. 'Guidelines for Rolling Performance Norms of the Berthing Policy, that the Port should increase the norms if more than 60%-70% of ships are achieving the set norms.
(vi).	The average rate BPCL get for Naphtha loading is around 1200 KL/hr which is equivalent to 780-800 MT/hr.	<p>(iv). Similarly, out of the 34 (26+8) ships that handled MS, 19 ships (56%) achieved average productivity of 546 TPH. Therefore, the norm of 600 TPH is proposed for MS, which is achieved by 16 ships (47%).</p> <p>(v). Further, out of the 10 ships that handled Naphtha, 4 ships (40%) achieved the average productivity of 747 TPH. Also, all the 10 ships (100%) achieved the productivity of 700 TPH. Therefore, the norm of 750 TPH is proposed for Naphtha, which is achieved by 4 ships (40%).</p> <p>(vi). The 'Normative Berth Hours' for the ships, that handle the aforesaid commodities, HSD, MS and Naphtha, will be computed as under for implementation of the incentive and Penalty Scheme.</p> <p>(a). For ships handling any single commodity, the applicable norm will be directly applied to compute the 'Normative Berth Hours'.</p> <p>(b). For ships handling multiple commodities, the 'Normative Berth Hours will be computed as under.</p> <p>(i). For the time of single commodity handling- Applicable norm for the commodity.</p> <p>(ii). For the time of concurrent handling of multiple commodities - Sum of the applicable norms of the commodities handled simultaneously.</p> <p>(vii). All the existing condition of the prevailing Incentive and Penalty Scheme for POL Products except Furnace Oil, handled at COT, NTB & STB and Cement handled through Pipelines will remain the same, and 6 hour are allowed for pre-</p>

		<p>commencement and post completion formalities; and for vessels carrying multiple POL Products, additional 2 hour for each grade of cargo are allowed.</p> <p>(viii). Since the norms for POL Products except Furnace Oil, handled at COT, NTB & STB and completely remodeled, a revision is due after a Quarter from the implementation of the revised norms after the approval of the TAMP. This is as per Clause 8.5 of 8. 'Linking Incentives and Penalties with 'Norms' of the Berthing Policy, whereby, Performance norms will be revised every quarter during the first year unit target norms for commodity are reached Subsequent revisions will be done yearly or upon up gradation of berth infrastructure'.</p>
2.	Penna Cements Industries Limited (PCIL)	
(i).	Penna Suraksha, the self-discharging cement carrier owned by Penna Cement Industries Limited (PCIL) has carried out the first discharge at Cochin Port from Monday the 3rd September, 2018 to 8th September, 2018 at berth Q5 and subsequently from 27 September to 30 September 2018 and third from 30 October 2018 to 02 Nov 2018.	<p>A new Cement Terminal, operated by PCIL, has been commissioned in the latter half of August, 2018 as the 4th terminal at COPT. The PCIL vide e-mail dated 03 November 2018 to TAMP have suggested modification of norms based on the distance of the silos from the ship, with the present norm of 210 TPH for distance up to 250 m and lesser norms for longer distances. The argument, however is not supported by actual performance of Cement ships. The best performer today, Ultra Tech Cements also have their silos at about the same distance from the ship as that of Penna Cements. In any case, the productivity of the Cement Ships of all the firms needs to be analyzed in total on stabilization of operations, possibly by end 2018 or early, 2019. Therefore, the norm for Cement handled through Pipelines is not proposed to be revised now, and is retained at 210 TPH.</p>
(ii).	The performance parameter of the vessel in the first three discharge cycles at COPT has been an average of 130.14 MT/Hour/Line. The penal charges levied on the company and the timing details of discharge are in the COPT performance penalty invoices furnished.	
(iii).	The discharge average performance has been below par primarily due to discharge SILOS of PCIL being at a horizontal distance of 325 meter as against the distance of the silos of other cement terminals which are less than 250 meters. This is more so since the routing for the cement discharge pipelines approved by the COPT for PCIL is with many number of bends. The copy of the built lay out is furnished.	
(iv).	The company has based its plans of the cement self-discharging system and the discharge performance appraisals of the vessel for the cargo discharge on the basis of performance target of 190 MT/Hour/Line.	
(v).	In view of the above, the following is proposed for kind consideration:	
	<p>The discharge efficiency for self-discharging vessels be amended to factor the distance of the discharge silo from the berth in to three slabs on the basis of distance as below,</p> <p>1. Distance of up to 250 m horizontal distance @210MT/Hour/Line</p>	

	2. Distance of up to 250 to 350 m horizontal distance @190MT/Hour/Line 3. Distance of up to 350 to 500 m horizontal distance @170MT/Hour/Line	
3.	Indian Oil Corporation (IOCL)	
(i).	As per Clause 7.2 of Berthing Policy for Rolling out Performance Norms” of the Berthing Policy, it is expected that in the case of ideal norms, most of ships will be able to achieve the norms with some ships performing better than norms. As a guideline, if more than 60% - 70% of ships are achieving the set-norms then the port should increase the norms.	The contention of IOCL on the varying time for pre-commencement and post-completion formalities were examined for the ships that were handled in 2018-19 (Apr-Sep). There were 7 ships of IOCL, discharging MS. Similarly, there were 3 ships of BPCL discharging MS as single commodity, and there ships loading MS as single commodity. It is found that the IOCL ships discharging MS had the average time of 10.5 hrs for pre-commencement and post-completion formalities against 9.9 hrs. for BPCL vessels. Also, BPCL vessels loading MS had the average time of 13.2 hrs for pre-commencement and post-completion formalities. It is also relevant to note that in the aforesaid period of 2018-19, the average time; for pre-commencement and post-completion formalities for all ships was 10.0 hours; with 10.7 hours for discharging ships and 9.9 hours for loading ships. However, the rather high average value is due to extraordinary delays for some ships. Otherwise, out of the 64 ships, 29 ships (45%) had the average time of 8.0 hrs or less for pre-commencement and post-completion formalities. Therefore, the argument that discharging ships suffer higher time for pre-commencement and post-completion formalities than the loading ships is not supported by the performance of ships handled in the period 2018-19 (Apr-Sep). Rather, performance of ships is mostly determined by the productivity of the cargo, not by the time availed by ships for pre-commencement and post-completion formalities.
(ii).	As per above at Cochin Port for POL Vessels except Furnace oil the minimum pumping rate norm has been gradually increased from 650 MT per Hour to 800MT per Hour w.e.f. 12-02-2018. This was further increased to 1000MT per Hour w.e.f. 15.06.2018.	
(iii).	Among the POL Vessels Berthing at Cochin Port around 85% are Vessels which are Loading POL Products from M/s Kochi Refineries (KRL). Whereas, the balance around 15% are the POL Vessels are Unloading POL Products for M/s Indian Oil Corporation, M/s. Hindustan Petroleum and sometimes for Bharat Petroleum Corporation.	
(iv).	Moreover the activity wise time working (Pre-discharge) for POL Unloading Vessels is about 10 Hrs, while for POL Loading Vessels (Pre-loading & Post-loading) it is about 6 Hrs. [The IOCL has given a detailed working analysis.]	
(v).	Based on above statistics, the guideline of 60%-70% of ships achieving the set norms is skewed totally towards POL Loading Vessels as they are in a monopoly position both in terms of their majority presence (about 85%) and also their activity wise time as per the enclosed Anneexure-1 is almost 4 hours less time than that of POL Unloading Vessels.	
(vi).	Consider a hypothetical scenario wherein the POL Vessels Loading user (M/s KRL) does not improve his loading efficiency over a period of time, say for 2 years, but the POL unloading vessel users (M/s. IOC, M/s. HPC and M/s. BPC) improve their unloading efficiency, say by about 40% during the same period of two years.	
(vii).	In the above scenario by applying the current guideline of 60% - 70% of ships achieving set norms the Cochin Port shall not be in a position to increase the set norms as loading vessel user is in a monopoly situation (85% majority ships). This is a scenario where the current guideline intended to increase productivity can become ineffective.	
(viii).	To remove the above anomaly and also ensure fair competition by providing level playing field for POL Port Users we hereby suggest the	

	following for ensuring overall improvement of Productivity.	
(a).	Applying the guidelines of 60% - 70% of ships for POL Unloading Vessels separately by excluding the POL Loading Vessels.	
(b).	As POL Vessel Loading User at Cochin Port is under Monopoly being single entity the quantum of increase in the performance norms by POL Vessels Unloading Users shall be made applicable to them also.	
(c).	Time based increase in performance norms shall be introduced as deemed suitable by the TAMP authorities thru Joint Hearing if there is no considerable progress in increasing performance norms by both POL Vessels Unloading / Loading Users based on the existing guidelines of 60% - 70% of ships. Incremental improvements in productivity normally decrease with time as saturation point is approached. It is at this point of time that Performance Incentive and Penalty rates may be equalized by TAMP authorities which shall not only incentivize the performance to innovate further but this shall also motivate the under performer to find ways to improve quickly.	

3. A summary of the further submissions made by BPCL is tabulated below:

Sl. No.	Written submissions of BPCL
(i).	After the introduction of performance based incentive scheme from 04 June 2017, Cochin Port Trust has further revised the performance norms based incentives and penalty scheme from 12 June 2018 and implemented the norms of 800 MT/hr for POL products except Furnace Oil. COPT has further proposed to revise the norms to 1000 MT/hr from 15 June 2018 unilaterally and implemented the revised scheme. After receiving the trade circular No.A5/F-15/2018-T dated 08 June 2018, we have taken up the matter with CPT & TAMP. A meeting was conducted by TAMP involving COPT and other port users on 23 October 2018 and the decision based on the discussion is awaited.
(ii).	Meantime, COPT has imposed penalty of ₹4,51,278.24 on MT Challenger Premier, Naphtha export vessels based on the rate of 1000 MT/hr. Since the revised norms of 1000 MT/hr is not achievable for light POL products like MS/LAN and the issue is pending finalization with TAMP, BPCL requests COPT to hold implementation of the revised norms of 1000 MT/hr for POL products until further directive from TAMP and also requests port to refund the penalty imposed on the vessel - MT Challenger Premier.
