No. 165  
New Delhi, the 21 August 2002

Tariff Authority for Major Ports

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 from the Mormugao Port Trust for fixation of reefer charges on reefer containers as in the Order appended hereto.

(S. Sathyam)  
Chairman

The Mormugao Port Trust  
Applicant

ORDER

(Passed on this 12th day of August 2002)

This case relates to a proposal received from the Mormugao Port Trust (MOPT) about fixation of charges for supply of electricity to reefer containers.

2.1. The MOPT has made the following points in its proposal:

(i). To promote refrigerated cargo through the port, 56 numbers of reefer points at Berth no. 10 are provided for reefer containers.

(ii). Presently, the bill in respect of the electric power consumed at these reefer points is raised, based on the actual units consumed at the unit rate of electricity contained in the Scale of Rates (SOR), which is based on the tariff charged by the State Government some times ago

The State Government had revised the electricity supply tariff (commercial) from Rs.2 per kwh to Rs. 4.25 per kwh with effect from 2 May 2000.

(iii). Subsequent to a switchover to M/s. RSPCL for uninterrupted power supply, the electric power tariff has gone up substantially. The unit rate of the RSPCL power supply is not uniform and fluctuates from month to month depending on various factors such as Guaranteed Load Factor, Monthly Fixed Capacity Charge Payment, Monthly Foreign Debt Charge Payment, Monthly Variable Energy Charges Payment, Monthly Reactive Energy Charge Payment, Monthly Water Charge Payment, Monthly Wheeling Charge Payment, Exchange Parity, taxes etc.
In line with the practice followed at the other ports, it is proposed to fix a uniform rate per container per shift or part thereof; and, the rate is worked out based on rated power consumption per container per shift.

Considering the maximum rated wattage of the reefer containers (frequenting this port) as 13500 watts, the maximum average rated power consumption for a reefer container is assessed as 110 unit per shift per container. The average unit rate of electricity for the period from February 2001 to November 2001 works out to Rs.6.53; and, therefore, the rate per shift per box works out to Rs. 718.30.

For the purpose of fixing the rate, no distinction has been made between container of 20 ft. and 40 ft. in length.

The proposed rate is a promotional rate since the average container traffic handled at this port is only around 6,000 TEUs.

In this backdrop, the MOPT has requested this Authority to approve a charge for supply of electricity to reefer containers at Rs.720/- per container per shift or part thereof.

The proposal was endorsed by the Board of Trustees of the MOPT in its meeting held on 30 January 2002.

In accordance with the procedure prescribed, a copy of the proposal was forwarded to various concerned port users/representative bodies of port users for comments. The comments received from them are summarised below:

**Shipping Corporation of India Limited (SCI)**

We have no objection to the proposal to fix the rate at Rs.720/- per container per shift.

**Mormugao Ships’ Agent’s Association (MSAA)**

The MSAA has forwarded the comments given by one of its members, M/s. Aspinwall & Co., who are the agents handling the only container line (Maersk Line) operations at this port. The points made by M/s. Aspinwall & Co. are summarised below:

(i). There is hardly any difference between the power consumption of 20’ and 40’ reefer containers as normally the power ratings of the compressors in both the sizes are basically the same.

(ii). The proposed rate of Rs.720/- per box/shift has been calculated on a rate of electricity of Rs.6.53 per unit, which is far in excess of what the port would actually pay to M/s. RSPCL, if periodic requisitions are properly forecast. In a favourable month, when the port correctly requisitions to M/s. RSPCL, the rate paid by it would work out as low
as Rs.3.53 per unit. The shortcomings on the part of the port administration shall not be passed on to the consumers.

(iii). The current maximum power tariff rate as per the Goa Government Gazette is Rs.4.25 per unit, though for most of the industries, the rate is as low as Rs.3.00 to Rs.3.25 per unit.

(iv). It is suggested to calculate the box rate based on the rate of Rs.3.75 per unit and to charge the tariff for electricity consumption @ Rs.600/- per live reefer per shift or part thereof basis, which was arrived at Rs.3.75 per unit x 40 x 12 units/day - 3 shifts/day.

**Goa Chamber of Commerce and Industry (GCCI)**

(i). In view of the fluctuating power tariff structure, a fixed rate is in order.

(ii). It is not recommended to fix the same rate for 20’ and 40’ container since the space occupied as well as the power consumed for the respective two types of containers is in the ratio of 1:2 and the tariff structure must also reflect this difference.

(iii). It is recommended that the MOPT may be asked to provide the data on average power consumption on per day basis for a 24’ and 40’ container and decision on rates may than be taken accordingly.

3.2. A copy of the comments received from the above users was forwarded to the MOPT as feedback information.

3.3. The Indian National Shipowners’ Association and the Container Shipping Lines Association did not furnish any written comments.

4. The MOPT has responded on the comments of the port users. The points made by it are summarised below:

**On the comments of the SCI**

(i). Since the SCI has conveyed its no objection to the proposal to fix the rate at Rs. 720 per container, no comments are offered.

**On the comments of the MSAA (M/s. Aspinwall Company Ltd.)**

(i). As the power ratings of the compressors of the containers of both sizes is basically the same, no distinction has been made between the containers of 20’ (TEU) and 40’ (FEU) while fixing the rate.

(ii). The rate of Rs. 6.53 per unit is a ten monthly average of the rate charged by M/s. RSPCL towards the electricity power supply. At no point of time the rate of Rs. 3.53 per unit for the RSPCL electric power supply was availed of by it.

A rate of Rs. 3.00 to 3.25 per unit stated to be applicable to most of the industries is yet to be availed by the MOPT as on date.
The suggestion to calculate the box rate based on Rs. 3.75 per unit cannot be implemented, as the same is not availed of by it till date.

**On the comments of the Goa Chamber of Commerce & Industry**

(i). The GCCI has accepted the proposal to have a fixed rate. Same rate has been fixed for 20’ and 40’ container as the power ratings of the compressors of both sizes of containers is same.

5.1. On a preliminary scrutiny of the proposal, the MOPT was requested to furnish additional information / clarification / comments on certain points like reasons for not distinguishing between 20’ and 40’ containers for prescription of reefer charges, actual average consumption of electricity by 20’ and 40’ containers, the actual average unit rate of electricity paid during April 2001 – March 2002 giving reasons for variations in unit rates, if any, prescription of the unit of reefer charges as ‘per 8-hours or part thereof, etc.

5.2. The MOPT has responded on the queries raised by us. The points made by it are summarised below:

(i). The power ratings of the compressors in the containers of sizes 20’ and 40’ are basically the same and there is hardly any difference in consumption of power.

(ii). The actual average consumption of electricity by 20’ and 40’ container is taken as maximum rated supply of electric current that could be drawn at the reefer point.

(iii). The actual average unit rate of M/s. RSPCL electricity supply paid during April 2001 to March 2002 is Rs. 6.17 per unit, which is not uniform and depends on various factors such as guaranteed load factor, etc.

(iv). The reefer charges have been worked out based on the average unit rate of electricity for the period from February 2001 to November 2001. The power consumed per shift by the reefer point is 110 kwh and the average rate per unit is Rs. 6.53.

(v). The rate proposed per container per shift or part thereof is actually per reefer point per shift of 8 hours or part thereof. The rate may be fixed for a period of 8 hours or part thereof.

(vi). A rebate by way of not charging for the duration of non-supply of electric power by the MOPT at the reefer points does not arise as uninterrupted electric power supply is ensured, failing which the containerised cargo will perish leading to heavy losses to the users.

6.1. A joint hearing in this case was held on 28 May 2002 at the MOPT premises. At the joint hearing, the following submissions were made:
Mormugao Port Trust

(i). The users will now pay a common rate per box and not per unit of electricity consumed. This proposal is to rationalise the existing method of charging.

Container Shipping Lines Association

(i). This will mean, we will pay more. Actual consumption will be less. A rate of Rs. 6.50/- per unit per shift is too high.

Shipping Corporation of India and MSAA

(i). We agree with CSLA.

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

(i). The MOPT has proposed to introduce a box rate for supply of electricity to reefer containers instead of the existing method of levying of charges based on the actual unit consumed at the unit rate of electric supply prescribed in its SOR. Levy of charges in the proposed method will avoid the complicated procedure of measuring actual consumption and also allow a stability in the tariffs from the users point of view. That being so, this proposed method of charging will be beneficial to both users and the port trust. Incidentally, the proposed method of charging is already in vogue at almost all other major ports/private terminals.

(ii). The MOPT has initially proposed the rate for a unit of per shift. As in the case of berth hire charges, the unit of reefer charges can be prescribed for 8-hour instead of per shift. It is relevant to mention here that this Authority has prescribed similar unit of charge in the case of Chennai Container Terminal, New Mangalore Port Trust and the Kandla Port Trust. It is noteworthy that the MOPT has subsequently agreed to fix the rate for a unit of 8-hours.

(iii). The MOPT has arrived at the proposed rate considering the average unit rate of electricity (of Rs.6.53) per unit for the period from February 2001 to November 2001.

The MSAA has objected to the calculation of box rate based on this rate and has suggested that the calculation be made at the rate of Rs.3.75/- per unit as in a favourable month the rate of electricity will be as low as Rs.3.53/- per unit.

The MOPT has tied up with a private power supplier to ensure uninterrupted electric supply to port operations. As a part of this case this Authority has not gone into the reasonableness of the Power Purchase Agreement. Nevertheless, the fact remains that the MOPT does no longer get electric supply from the State Electricity Board; and,
therefore, the old electricity tariff is not relevant any more. Further, no basis has been explained for the rate of Rs.3.75 per unit suggested by the MSAA.

It is true that the unit rate of electricity procured by the Port varies. But, the effect of such fluctuations gets evened out to a greater extent by considering average unit rate and due to introduction of box rate.

(iv). On being requested, the MOPT has furnished the actual average unit rate of electricity during the period from April 2001 to March 2002 as Rs.6.17. Nevertheless, the proposed rate is calculated based on the average rate for the period from February 2001 to November 2001 which is Rs.6.53 per unit. Besides being a recent updated figure, the revised rate of Rs.6.17 per unit is arrived at by considering the average of a longer period of one year, which takes care of seasonal and cyclic fluctuations. It is, therefore, appropriate to fix the rate based on the unit rate of Rs.6.17.

(v). The other major element in computation of the rate is the quantity of power consumption. The MOPT has considered a uniform consumption of 110 units per 8 hours taking the ‘maximum rated supply of electric current that could be drawn at a reefer point’. Since the maximum rated supply is considered, the MOPT has argued that no distinction must be made between a 20’ and a 40’ reefer container.

It is admitted that this Authority, given the professional staff constraints, does not enquire into the bases in the case of existing rates and allows only a percentage increase in such rates to the extent warranted by the cost deficit in the concerned activity group. Notwithstanding this general position, this Authority ordinarily goes into the details of cost in the case of fixing new rates.

In the recent past, cost based reefer charges have been introduced at the VPT and the NMPT. In its proposal, the VPT indicated an average power consumption of 40 units and 50 units per 8 hours by a 20’ and a 40’ container respectively. This input was validated by the CSLA also. In the NMPT case, the Port had confirmed a consumption of about 44.5 units and 48 units per 8 hours at a power factor of 0.8 by a 20’ and a 40’ container respectively.

While it is understandable that unit rate of electricity may vary from place to place, the reasons why the same type of utility should consume electricity differently at different places, and that too more than double at the MOPT by the reefer containers are not discernable.

In view of the position already reported by the other major port trusts and confirmed by a major national level user group dealing with containers, this Authority does not find any reason to ignore the power consumption pattern already considered at some other major ports for
specifying the rate for reefer containers and to agree the estimates given in this case by the MOPT for prescription of the rate for a similar service.

Allowing a cushion for margin of error in estimation, it is reasonable to consider in the MOPT case also, the maximum power consumption under respective categories considered at the NMPT and the VPT. Accordingly, the proposed rate is revised by considering an average power consumption of 45 units per 8 hours in the case of a 20’ container and 50 units per 8 hours in the case of a 40’ container.

(vi). Based on the changes in average unit rate and average power consumption, the rates for supply of electricity to reefer containers will be Rs.278/- per 8 hours or part thereof in case of a 20’ container and Rs.309/- per 8 hours or part thereof in case of a 40’ container.

The rates for similar services at some other terminals like COPT, KPT, NMPT, VPT, PSA SICAL, and CCTL are in the range of Rs.240/- to Rs.270/- for a 20’ container and Rs.280/- to Rs.400/- for a 40’ container. The revised rates at the MOPT fits well into the range obtaining at the other ports.

(vii). The GCCI has argued for a differential rate between a 20’ and a 40’ container. Although the MOPT has proposed a uniform rate, the revised methodology adopted to arrive at the rate automatically brings in a rate differential.

(viii). Some of the container tariffs are denominated on dollar terms following the legal fiction of treating a container as an extension of ship’s hold. Considering such precedence available, this Authority has decided that the electricity charges for reefer containers can be denominated in US Dollar terms. But, many of the Ports like JNPT, NMPT, KOPT, VPT and COPT have continued to have this tariff item denominated in Indian rupee terms. The MOPT has also not proposed this charge to be denominated in dollar terms. That being so, the charges in question will be denominated, at least for the present, in Indian rupee terms.

8.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following rates for supply of electricity for reefer containers by the MOPT:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate per 8 hour or part thereof (in Rs.)</th>
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<tbody>
<tr>
<td>Charges for supply of electricity per reefer container –</td>
<td></td>
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<tr>
<td>(a). Containers of length upto 20’</td>
<td>278</td>
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<tr>
<td>(b). Containers of length above 20’</td>
<td>308</td>
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8.2. These rates approved will be effective after 15 days from the date of notification of this Order in the Gazette of India.

9. The MOPT is directed to amend its Scale of Rates accordingly.

( S. Sathyam )
Chairman

[ List of Ports | List of Orders]