

## Addendum to Proposed Tariff Methodology for Tariff Years 2021/22 – 2023/24

(as published for comment on 27 November 2019; Comments are due on 03 February 2020)

To be inserted on page 22 as section 8 of the proposed Tariff Methodology for tariff years 2021/22 – 2023/24:

### “8. Downtime adjustment to WEGO

The adjustment of the WEGO allowance for downtime in the event of a service not being rendered due to either a mechanical breakdown of equipment, or unavailability of equipment, or alternatively to a labour related incident or issue, resulting in day(s) lost.

The adjustment will be calculated on the basis of previous revenue streams (a three-year moving average) as a ratio of the collected Cargo Dues and will be applied to the WEGO calculated revenue amount (i.e. it will be an adjustment to the profit or the Return on Equity).

$$\text{Operational Profit Reduction Ratio (OPRR)} = \frac{1}{365} \sum_{i=1}^p [PR_i \sum_{j=1}^n (D_j \times TR_j)]$$

$$\text{Total WEGO adjustment} = \text{OPRR} \times \text{TCD}$$

Where:

$D_j$	=	Days lost per terminal $j$ due to labour strike, “slow-go” or mechanical breakdown*
$PR_i$	=	Proportional cargo dues revenue per commercial port $i$ **
$TR_j$	=	Proportional cargo dues revenue per terminal $j$ in port $i$ ***
$TCD$	=	Total cargo dues collected in port system
$i$	=	Individual port reference
$j$	=	Individual terminal reference
$n$	=	Total number of terminals in each port
$p$	=	Total number of ports

\*Days lost will be based on recorded downtime due to equipment failure or unavailability of labour. Downtime due to weather delays will not be taken into consideration.

\*\*The proportional cargo dues revenue ratio will be based on all cargo dues revenue collected from the individual ports as a share of total cargo dues revenue collected (moving average of the previous three years).

\*\*\*The proportionally cargo dues revenue ratio will be based on all cargo dues collected per terminal (or marine services) as a ratio of total cargo dues revenue collected per port (moving average of the previous three years).

Information requirements to be submitted, by the NPA, to the Regulator (on a quarterly basis)

Annual revenue per port in the following categories:

- All cargo dues per terminal per port; and
- All recorded delays per terminal per port.”