



EU Port Services Regulation 2017 (EU 2017/352) ("the Regulation")

Consultation on new port charge

The Port of Milford Haven is seeking your views on the introduction of a new charge to be paid by shipping accessing the Port of Milford Haven.

The charge is proposed to be introduced in accordance with the powers of Milford Haven Port Authority as set out in Part IV of the Milford Haven Conservancy Act 1983. Clause 32 of the Act stipulates that “the Board may demand and take, in respect of every vessel (other than a vessel used wholly for recreation) entering, using or leaving the Haven, such charges as the Board may determine, and those charges shall be ship, passenger and goods for the purposes of the Harbours Act 1964”.

The new charge

It is proposed that the charge shall be introduced with effect from 1st January 2019, and shall be listed in our standard charges as follows:

In respect of any vessel entering or leaving the port carrying a cargo of Liquefied Natural Gas (LNG), goods dues in the amount of £1.15 per tonne of LNG. Before entering or leaving, any ship or its agents shall be required to declare the volume of LNG carried on board as a cargo.

Currently, no goods dues are levied on any cargo by the Milford Haven Port Authority.

Reasons for the introduction of the new charge

The charging structure of Milford Haven Port Authority has to take into account not only the level of charge but the volume of shipping and its consistency year by year in order to produce a total annual revenue that meets the cost of the overall service of providing an accessible, safe and reliable port operation and generates a profit margin for the business which is acceptable, in accordance with trust port guidance and in line with the market.

It is essential that the charging structure for use of the port is equitable and fair across the different trades that use the port, taking account of the particular trading characteristics of individual trades.



Port of Milford Haven

Our customers require us to maintain the highest possible standards in terms of safety, reliability, and also in terms of integrity and community relationships. Having begun the handling of LNG in 2009 with the expectation that the volume throughput would be substantial and consistent from year to year, the structure of the global market in LNG has changed such that, with 9 years of trading experience, it is now clear that the volume throughput can be expected to fluctuate very significantly from year to year. This constitutes a completely different set of trading characteristics to that experienced with crude oil and petrol products. From the point of view of sustaining and financing our business, it is now clear that LNG requires a tariff structure that fully reflects the volatility and therefore risk to the port peculiar to LNG as a trade.

The level of charge

With the introduction of the new charge, the port costs (conservancy, goods dues, pilotage, and oil pollution charge) payable in respect of an LNG vessel will be approximately in line with a vessel of similar size calling at the Port of Medway (the other key LNG terminal in the UK) and considerably below what a vessel of similar size would pay at Teesport, or Sullom Voe.

Our current view is that the level of charge will not distort the market. It will not constitute any form of abusive pricing, and nor is it unaffordable for the customer. Differentials in pricing for the supply of LNG in different markets around the globe, as indicated by Spot netback calculations produced by many market commentators show that this change in port charges represents less than 0.5% of the value of an LNG carrier's cargo.

Consultation

In setting any new due, we are entitled to determine it by reference to the Port's own commercial strategy and investment plans, but we must have regard to whether the due and resultant charges structure at Milford Haven Port Authority is fair and equitable; commercial and competitive; and in that sense reasonable. Our present view is that it is, but we wish to understand your views on these matters.

This consultation discharges our duties under article 15 of the Regulation.



Port of Milford Haven

It is emphasised that we are presently consulting in relation to the possible introduction of the new charge detailed above and no decision to introduce a new charge has been taken by the Port. You are invited to respond in writing to us at:

FAO Alexander Don
Milford Haven Port Authority
Gorsewood Drive
Milford Haven
Pembrokeshire
SA73 3EP

If you would prefer to meet with representatives of the Port to discuss the proposals in order to clarify your understanding ahead of any consultation response you may wish to make, we would be happy to do so.

The closing date for responses to this consultation is 5.00pm on Friday 27 October 2018. Consultation responses will be given full consideration by the Board in reaching its final decision as to whether the goods due proposal should be introduced and the level at which it should be levied.