

भारतीय गैर न्यायिक

पचास  
रुपये  
रु. 50



FIFTY  
RUPEES  
Rs. 50

INDIA NON JUDICIAL

हरियाणा HARYANA

889106

POWER PURCHASE AGREEMENT

BETWEEN

NHPC LTD.

AND

U.P. POWER CORPORATION LTD.

This POWER PURCHASE AGREEMENT is entered into on this 4<sup>th</sup> day of October 2010 between NHPC Limited, (formerly known as National Hydro Power Corporation Limited), a Company incorporated under the Companies Act, 1956 having its registered office at NHPC Office Complex, Sector-33, Faridabad (Haryana) - 121003. (hereinafter called 'NHPC', which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the first part and U.P. Power Corporation Ltd., 14, Ashok Marg, Shakti Bhawan, Lucknow - 226001 (hereinafter referred to as "Bulk Power Customer" which expressions unless repugnant to the context shall include their respective successors and assigns) as party of the second part.

Whereas NHPC is a generating company of Government of India and the Bulk Power Customer (s) shall be allocated power by Govt. of India from Subansiri Lower HE Project (2000MW), Arunachal Pradesh (hereinafter specifically referred to as "NHPC Station") owned and to be operated by NHPC.

*[Signature]*

*[Signature]*

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*Account*

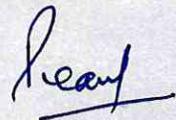
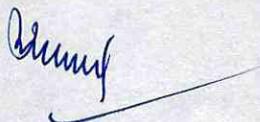
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Now, therefore, in consideration of the premises and mutual covenants and conditions set forth herein, it is hereby agreed by and between the parties hereto as follows:-

## 1.0 DEFINITIONS:

The words/expressions used in this Agreement, unless repugnant to the context, shall have the same meanings as respectively assigned to them by the Electricity Act, 2003 as amended from time to time and Act that would come into force as a substitute or otherwise to the above stated Act. The words/expressions mentioned below shall have the same meaning as respectively assigned to them hereunder :-

- i) Month : means English Calendar Month.
- ii) Year : means financial year commencing on 1st April and ending on 31st March.
- iii) Energy : means the electrical energy.
- iv) Power : means the electrical power.
- v) LC : means Irrevocable revolving Letter(s) of Credit.
- vi) FERV : means Foreign Exchange Rate Variation.
- vii) CEA : means Central Electricity Authority.
- viii) CERC : means Central Electricity Regulatory Commission.
- ix) GOI : means Government of India.
- x) IEGC : means Indian Electricity Grid Code.
- xi) MOP : means Ministry of Power.
- xii) Outage : means the state of component when it is not available to perform its intended function due to some event directly associated with that component.
- xiii) POWER GRID : means Power Grid Corporation of India Limited.
- xiv) RPC : means Regional Power Committee.
- xv) NERPC : means North Eastern Regional Power Committee.
- xvi) NLDC : means National Load Dispatch Center
- xvii) NERLDC : means North Eastern Regional Load Dispatch Center.



- xviii) REA : means periodic regional energy account including amendments thereof, if any, prepared/issued by RPC based on the data provided by NLDC/NERLDC showing exchange of energy amongst the various constituents of NERPC and the relevant constituents of other regions with whom the inter regional exchange of power is taking place.
- xix) Incremental receivables : Incremental receivables are the receivables in excess of the receivables over which a charge has been created by UPPCL through legally binding agreements before the date of signing of this Agreement, subject to the extent of the monthly LC requirement.

## 2.0 INSTALLED CAPACITY & ALLOCATION OF POWER :

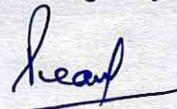
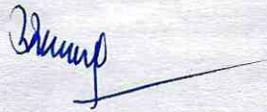
- 2.1 The installed capacity of Subansiri Lower HE Project is 2000 MW having 8 units of 250MW each. The installed capacity is however, subject to derating/uprating of the generating units as determined from time to time by CEA or any other agency authorised to do so by MOP, GOI.
- 2.2 The allocation of power from the NHPC Station amongst the Bulk Power Customer (s) shall be in accordance with the instructions issued/ to be issued by the MOP, Govt. of India / or any other Competent Authority from time to time.

## 3.0 GENERAL OBLIGATIONS:

- 3.1 The energy to be supplied under this Agreement shall be in the form of three phase, 50 hertz alternating current at a voltage of 400 KV or as applicable. The frequency and voltage shall be subject to fluctuations as per provisions contained in IEGC (latest amendment effective from 1st April, 2009) and any further amendment to IEGC from time to time except for the reasons and circumstances beyond the reasonable control of NHPC. The supply of energy to Bulk Power Customer is subject to outages as may be necessary on account of shutdown of generating units of the NHPC Station and associated transmission system for inspection, maintenance or repair or for any other reason beyond the reasonable control of NHPC. The periodicity and duration of such outages shall be such as may be determined by NHPC in consultation with NLDC/NERLDC/ RPC.

## 3.2 EVACUATION OF POWER FROM NHPC STATION:

400 KV bus bar or any other point designated at the NHPC Station shall be the delivery point for supply of energy to the Bulk Power Customer(s). Evacuation of power from the delivery point of the NHPC Station shall be through the transmission system of POWER GRID or any other authorised agency as the case may be. The Bulk Power Customer(s) shall make necessary arrangements separately with the concerned agency for evacuation



of power & payments of evacuation charges etc. and NHPC shall not be responsible for the same in any manner.

- 3.3 The Bulk Power Customer shall apply to Central Transmission Utility (CTU) for grant of connectivity in terms of Central Electricity Regulatory Commission (Grant of connectivity, Long-term Access and Medium-term Open Access in inter-state Transmission and related matters) Regulations, 2009 and shall be the long-term customer for the purpose of above regulations. The Bulk Power Customer shall pay the applicable charges as laid down in the above regulations.

#### 4.0 METERING ARRANGEMENTS:

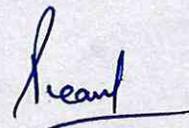
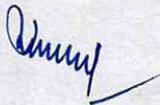
Metering arrangements including its installation, testing, operation, maintenance, collection, transportation and processing of data required for energy exchange shall be governed in accordance with Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 and as per the notification/ directives issued / to be issued by CERC from time to time and the relevant provisions contained in IEGC as amended from time to time.

#### 5.0 ACCOUNTING OF ENERGY:

The quantum of energy sold to the Bulk Power Customer(s) out of the energy available for sale shall be the energy as indicated in the REAs issued by RPC based on the data provided by NLDC/NERLDC. The REA including amendments, if any, as issued by RPC shall form the basis for billing purposes and shall be binding on both the parties.

#### 6.0 TARIFF:

- 6.1 The tariff to be charged & its associated Terms and Conditions for the energy to be supplied from the NHPC Station shall be as per Tariff Notifications/ orders/directions issued / to be issued by CERC from time to time under Electricity Act, 2003 and / or any other Act / Regulations as may be substituted by Government of India in place of these provisions.
- 6.2 In case a new tariff for the period beyond the period mentioned in the previous tariff notification/orders/direction of the Competent Authority is not finalized before that date, the Bulk Power Customer shall pay to NHPC the tariff as per previous tariff notifications for the power supplied from the NHPC Station beyond this date on adhoc/provisional basis as per the directions/instructions/orders of CERC.
- 6.3 In addition to the energy tariff set out, the Bulk Power Customer(s) shall also be liable to pay to NHPC in accordance with any law in force, all payments made or payable by it on account of taxes, duties, cess, levy, fees or other imposition etc. levied or to be levied in future as a new tax by the government or other authority in respect of generation, transmission and supply of energy including activities incidental and ancillary thereto as per orders of CERC in this regard.



## **7.0 BILLING :**

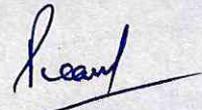
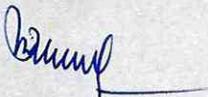
- 7.1 NHPC shall prepare bill(s) for the energy supplied to the Bulk Power Customer(s) on the basis of REAs issued by RPC based on the data provided by NLDC/NERLDC and Bulk Power Customer (s) shall accept these bills for payment. The bill(s) shall be the aggregate of charges as approved /notified by CERC/Government of India from time to time. Similarly supplementary bill(s) would be raised as and when required following revised REA's / CERC notification / directives issued / to be issued.
- 7.2 In case Bulk Power Customer(s) has any objection as to the accuracy of any bill(s), it shall lodge a written objection with NHPC within 30 days on presentation of such bill(s). On such objection being upheld by NHPC, the same shall be rectified within a period of 30 days from the date of receipt of written objection and necessary effect of the same shall be given in the subsequent bill(s).
- 7.3 All issues relating to dues shall be governed as per the directives of CERC/GOI as issued from time to time

## **8.0 PAYMENT:**

- 8.1 Payment of bill(s) for supply of power from the NHPC Station shall be made by the Bulk Power Customer(s) through a confirmed, revolving, irrevocable Letter of Credit to be established in favour of NHPC for an amount equivalent to 105 percent of their average monthly billing of preceding 12 months with appropriate bank as mutually acceptable to the parties. The LC shall be kept valid at all the time during the validity of this Agreement or extended period. The amount of LC shall be reviewed once in six months. NHPC shall intimate the revised amount of LC one month in advance. If the amount of energy supply bill is more than the amount of LC, the payment of excess amount shall be made by the Bulk Power Customer(s) directly on presentation of such bill(s). All the bank charges shall be borne by the Bulk Power Customer(s).
- 8.2 Upon unbundling / restructuring of beneficiary, if any, the outstanding payment liability / payment of revised bills to be raised after unbundling / restructuring pertaining to previous period shall be discharged by the successor entities.
- 8.3 NHPC shall present bill(s) to the said Bankers with a copy to the Bulk Power Customer(s). The bill(s) so presented by NHPC to the said Bankers shall be promptly paid on their presentation.
- 8.4 The amount of LC during the first year of commercial operation of the NHPC station shall be for an amount equivalent to 105% of average monthly energy bill based on the share of the Bulk Power Customer in the design energy of the NHPC station.

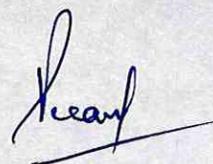
## **9.0 PAYMENT SECURITY MECHANISM**

- 9.1 Provisions of Tripartite Agreement signed on 20<sup>th</sup> March, 2003 between Government of Uttar Pradesh, Govt. of India and Reserve Bank of India under the Scheme for one time



settlement of SEB dues shall be applicable for supply of power from this station and safeguarding payments for the same. It is hereby mutually agreed that after the expiry period of the Tripartite Agreement, an alternative payment security arrangement in the form of Escrow Arrangement as a back up to amount of the LC shall be provided. Under this arrangement an Escrow Account in favour of NHPC shall be established through which the incremental receivables of Bulk Power Customer shall be routed as per the terms of Escrow Agreement. Bulk Power Customer hereby agrees that NHPC will have first charge on incremental receivables of Bulk Power Customer. Bulk Power Customer agrees to enter into a separate 'Agreement to Hypothecate Cum Deed of Hypothecation' as collateral arrangement whereby, Bulk Power Customer shall hypothecate incremental receivables to the extent required for payment of dues of NHPC by Bulk Power Customer including this Agreement by creation of first charge on incremental receivables in favour of NHPC. These incremental receivables shall be routed through Escrow Account for payment to NHPC in case of default in payments.

- 9.2 The Escrow Agreement and Agreement to Hypothecate Cum Deed of Hypothecation shall be executed by Bulk Power Customer to the satisfaction of NHPC at least one year before the completion of the validity period of the Tripartite Agreement. In the event before expiry of Tripartite Agreement, Bulk Power Customer does not sign the 'Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' at least 3 months before the expiry of Tripartite Agreement or Bulk Power Customer creating any superior charge in favour of any other party on its incremental receivables, NHPC shall have the right to reallocate power to other customers by giving notice of 30 days. In case of termination of this Agreement or reallocation of power due to reasons stated above, Bulk Power Customer shall be liable to pay capacity charges till the power is reallocated.
- 9.3 Since the payments from Bulk Power Customer are currently secured as per the provisions of the Tripartite Agreement, establishing of Escrow Arrangement is not being insisted upon by NHPC presently. Bulk Power Customer and NHPC agree that this Agreement shall be deemed to have created a legally binding first charge on incremental receivables on Bulk Power Customer's incremental receivables in favour of NHPC. Accordingly, Bulk Power Customer shall not create any encumbrance, charge, and lien or otherwise execute any instrument which in any way affects the first charge over the incremental receivables. While creating any subsequent charge on its incremental receivables or agreeing to provide Escrow cover or any other form of payment security to any other entities like power supplier(s), banks, financial institutions etc. during the interim period till signing of Escrow Agreement with NHPC, Bulk Power Customer shall duly inform such power supplier(s), banks, financial institutions etc. of the legally binding first charge on Bulk Power Customer's incremental receivables in favour of NHPC and the first charge on incremental receivables of NHPC shall be in preference to any other charge that Bulk Power Customer may create in favour of any other party.
- 9.4 Except for the provisions of this Agreement other terms and conditions for operation of "Escrow Agreement" and "Agreement to Hypothecate Cum Deed of Hypothecation" shall be in the format prescribed by Govt. of India as "Standard Bidding Document (Case II)" / competitively bid Ultra Mega Power Projects.



- 9.5 Bulk Power Customer agrees to ensure that the successor entities of Bulk Power Customer will be duly notified of the above arrangement with NHPC and shall be bound by the terms of this Agreement as if they are parties to this Agreement.
- 9.6 In case of regulation of power, the matter may be dealt in accordance with prevailing CERC's "Generic procedure on regulation of power supply to beneficiaries in case of non payment of dues of central power utilities" as amended from time to time.

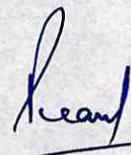
#### **10.0 SURCHARGE ON LATE PAYMENT AND REBATE :**

- 10.1 The provision for levy of surcharge and rebate shall be governed as per notification/directives/guidelines issued / to be issued by CERC/GOI from time to time or any other rebate scheme as mutually agreed upon from time to time as per prevailing statutes and same shall form an integral part of this Agreement.
- 10.2 Notwithstanding what is contained above, if the bill(s) are not paid by Bulk Power Customer to NHPC within 60 days from the date of billing, NHPC shall have the option to regulate the supply of energy to Bulk Power Customer in accordance with the directives/guidelines issued / to be issued by CERC/GOI from time to time.
- 10.3 All payments received from the Bulk Power Customer shall be appropriated by NHPC for amounts due in the following order of priority :
- (i) Towards earlier un-paid monthly Bills, if any;
  - (ii) Towards late payment surcharge payable, if any;
  - (iii) Towards the statutory dues like income tax, duties, royalties, cess, any other tax, royalty etc. in the current bills.
  - (iv) Towards the Capacity Charges, Energy Charges, and any other charges in current bill.

#### **11.0 QUARTERLY RECONCILIATION:**

Both NHPC and Bulk Power Customer acknowledge that all payments made against all Bills in the quarter shall be subject to quarterly reconciliation at the beginning of the following quarter to take into account the adjustment of payments, Rebate, Late Payment Surcharge etc. to determine the outstanding dues, if any. Both NHPC and Bulk Power Customer therefore, agree that as soon as all such data in respect of any quarter has been finally verified and payments adjusted, NHPC and Bulk Power Customer shall jointly sign such reconciliation statement. Any dispute with regard to the above reconciliation shall be dealt with in accordance with the provisions of this Agreement.

  
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## 12.0 ARBITRATION:

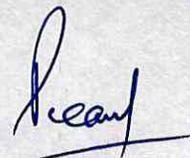
- 12.1 The disputes arising under this agreement which are falling under the provisions of the Electricity Act, 2003, shall be dealt in accordance with the said Act.
- 12.2 All other disputes which are not covered under the provisions of the Electricity Act, 2003, shall be referred to arbitration. The appointment of arbitrator and arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996. The venue of the arbitration proceedings shall be decided by the Arbitrator with the consent of parties. The decision of the arbitrator shall be final and binding on the parties. The High Court of Punjab and Haryana, Chandigarh shall have exclusive jurisdiction in all matters arising under this agreement.
- 12.3 The Arbitrator shall reasonably decide his fees. However, the Arbitrator's fees and cost of arbitration proceedings shall be borne equally by the parties. The arbitrator shall publish the award, within reasonable time.
- 12.4 Notwithstanding the existence of any question, disputes and differences referred to arbitration, the parties hereto shall continue to perform their respective obligations under this Agreement.

## 13.0 FORCE MAJEURE:

Both the parties shall ensure compliance of the terms of this Agreement. Save and except the order/directions/regulations issued by CERC or Government of India from time to time in this regard, no party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of this Agreement to the extent that such failure is due to Force Majeure events such as rebellion, mutiny, civil commotion, riot, strike, lock out, fire, explosion, flood, drought, cyclone, lightning, earthquake, war or other forces, accident or act of God. But any party claiming the benefit of this clause shall satisfy the other party of the existence of such an event(s).

## 14.0 DURATION OF AGREEMENT:

This Agreement shall come into force from the date of signing and shall remain operative for 5 years from the date of commercial operation of the last unit of project provided that this Agreement may be mutually extended, renewed or replaced by another agreement on such terms and for such further period of time as the parties may agree to. However, the provisions of this Agreement shall continue to operate till this Agreement is formally renewed, extended or replaced, in case Bulk Power Customer continue to get power from the NHPC Station even after expiry of this Agreement without further renewal or formal extension thereof.



## 15.0 NOTICES:

All notices required or referred to under this Agreement shall be in writing and signed by the authorities mentioned herein below unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered, or sent by registered / speed post with an acknowledgement due to the other party.

### a) TO NHPC

Executive Director (Comml.)/General Manager(Comml.) /  
Chief Engineer(Comml.)  
NHPC Ltd. ,NHPC Office Complex,  
Sector-33, Faridabad-121003,  
Haryana.

With a copy to :

General Manager / Chief Engineer  
Subansiri Lower Project, NHPC Ltd.  
Gerukamukh, via- Gogamukh,  
Distt. Dhemaji (Assam) - 787035

### b) BY NHPC

Executive Director (Comml.) /General Manager (Comml.)/  
Chief Engineer (Comml.)  
NHPC Ltd. ,NHPC Office Complex,  
Sector-33, Faridabad-121003,  
Haryana.

### c ) To U.P. Power Corporation Ltd.

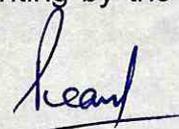
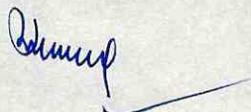
To be intimated by U.P. Power Corporation Ltd.

### d) By U.P. Power Corporation Ltd.

To be intimated by U.P. Power Corporation Ltd.

## 16.0 IMPLEMENTATION OF THE AGREEMENT;

All discretions to be exercised and direction, approvals, consents and notices to be given and actions to be taken under these presents unless otherwise expressly provided herein, shall be exercised and given by the signatories to this agreement or by the authorized representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post / speed post from time to time. Nomination of authorized representative(s) shall be informed likewise in writing by the Bulk Power Customer within one month of signing of the Agreement.



**17.0 INTERPRETATION:**

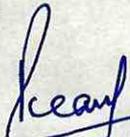
In case, any of the provisions of this Agreement are inconsistent with the provisions of the Tripartite Agreement signed between Govt. of India, Reserve Bank of India and Uttar Pradesh, then the provisions of Tripartite Agreement shall prevail during the period of validity of the Tripartite Agreement.

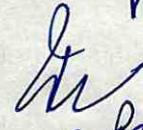
In WITNESS WHEREOF, the parties have executed these presents through their duly authorised representatives caused on the day month and year first above written.

For and on behalf of  
NHPC Ltd

Witness

1.

  
4/10/10  
PRASHANT KAUL

  
G.P. Patel  
ED, NHPC

  
M.K.J.  
04/10/10

(MANOJ KUMAR JHA)

DM (Comm.).

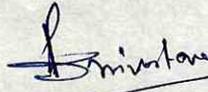
For and on behalf of  
U.P. Power Corporation Ltd.

Witness

1.

  
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2.

  
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