

दिल्ली DELHI

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POWER PURCHASE AGREEMENT
BETWEEN
NTPC LIMITED
AND
UTTAR PRADESH POWER CORPORATION LIMITED
FOR
NATIONAL CAPITAL THERMAL POWER PROJECT
STAGE-II (2x 490 MW)

THIS POWER PURCHASE AGREEMENT hereinafter called the "Agreement" entered into at *Delhi* on the ...*20.11.*.....day of *November*, Two Thousand Seven (*20.11.2007*) between NTPC Limited, a Company incorporated under the Companies Act, 1956 having its registered office at NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi – 110003 (hereinafter called "NTPC") which expression shall unless repugnant to the context or meaning thereof includes its successors and assigns as party of the first part; and Uttar Pradesh Power Corporation Limited, having its Registered Office at Shakti Bhawan, 14, Ashok Marg, Lucknow – 226 001 (hereinafter referred to as "UPPCL") which expression shall unless repugnant to the context or meaning thereof shall include its successors and permitted assigns as party of the second part.

WHEREAS NTPC is a Generating Company as defined under Section 2(28) of the Electricity Act, 2003 and is a Govt. of India Enterprise having various power stations throughout the country including National Capital Thermal Power Station Stage-I (nominal capacity: 840 MW) at Dadri in Gautam Budha Nagar district of Uttar Pradesh from which the Bulk Power Customers of Northern Region are drawing power as per BPSA signed between Bulk Power Customers and NTPC. The capacity of said National Capital Thermal Power Station is under expansion in Stage-II, (Nominal capacity : 2x490= 980 MW) herein after specially referred to as "NCTPP Stage-II" and generally referred to as "Generating Station" to be owned and operated by NTPC. National Capital Thermal Power Station consisting of Stage -II&I shall collectively be referred to as "NCTPS".

AND WHEREAS the total Capacity of NCTPP Stage-II, is proposed to be allocated as 90% to the NCT of Delhi and balance 10% to the Home State (i.e. Uttar Pradesh) in line with the decision taken by MOP, GOI.

AND WHEREAS the UPPCL is desirous of purchasing energy from NCTPP Stage-II and NTPC is willing to sell energy from NCTPP Stage-II to UPPCL from the date of commissioning of NCTPP Stage-II on mutually agreed terms and conditions mentioned hereunder.

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

1.0 DEFINITIONS

- (a) The words or expressions used in this Agreement but not defined hereunder shall have the same meaning assigned to them by the Electricity Act, 2003 as amended from time to time, the Rules framed there under and Regulations issued by CERC from time to time.
- (b) The words or expressions mentioned below shall have the meanings respectively as assigned hereunder:

Act; 2003

Shall mean the Electricity Act, 2003 as amended or modified from time to time, including any re-enactment thereof.



Beneficiary	Beneficiary in relation to a generating station shall mean the person to whom power is allocated from the station.
Busbars	Shall mean 400 KV Busbars of the Station to which outgoing feeders are connected.
CEA	Shall mean Central Electricity Authority.
CERC	Shall mean Central Electricity Regulatory Commission.
CTU	Shall mean Central Transmission Utility.
Capacity Charges	Capacity Charges are Fixed Charges as determined by CERC and shall be paid on a monthly basis in proportion to the allocated capacity.
Charges for supply of energy	Shall mean and include all charges to be paid by Beneficiary(ies) in respect of supply of energy/power to them by NTPC in accordance with the provisions of this Agreement.
Date of Commercial Operation	Date of Commercial Operation or 'COD'
GOI	Shall mean Govt. of India.
RBI	Shall mean Reserve Bank of India.
IEGC	Shall mean Indian Electricity Grid Code, as approved by CERC or any other competent authority and as amended from time to time.
LC	Shall mean irrevocable Revolving Letter(s) of Credit.
PPA	Power Purchase Agreement.
NRLDC	Shall mean Northern Regional Load Despatch

Centre.

Main and Check Meter	Shall mean Meter for measurement and checking of import/export of energy on the outgoing feeders of the Station Busbars for UI Energy Accounting.
NTPC	Shall mean NTPC Limited.
Powergrid	Shall mean Power Grid Corporation of India Ltd.
NRPC	Shall mean Northern Regional Power Committee established under Section 2(55) of the Electricity Act, 2003.
Regional Energy Account (REA)	Shall mean periodic Energy Accounting including amendment thereof issued by NRPC/ NRLDC or any other competent Authority named from time to time
Tripartite Agreement (TPA)	Shall mean the Tripartite Agreement dated 20.03.2003 signed by Govt of Uttar Pradesh, GOI and Reserve Bank of India as per the provisions of the GOI Scheme for One time Settlement of SEBs dues.
UI	Unscheduled Interchange (as defined by CERC).
Escrow Agent cum LC Banker	Escrow Agent cum LC Banker means the Bank(s) identified to act as the Escrow Agent and provides LC for payment on behalf of UPPCL and made a party to the Tripartite Default Escrow Agreement.
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 GENERAL

2.1 **Installed Capacity:**

- 2.1.1 The nominal capacity of NCTPP Stage-II is 980 MW (2x490MW).
- 2.1.2 The installed capacity is, however, subject to derating / rerating of the generating units as determined from time to time, after following the prescribed procedure as laid down by CEA.

2.2 **Allocation of Power**

- 2.2.1 In line with the decision taken in the MOP, GOI 90% of power from NCTPP Stage-II i.e. 882 MW shall be allocated to Delhi Transco Ltd. (DTL) and 10% i.e. 98 MW to Home State (Uttar Pradesh) subject to the signing of PPA by the beneficiary(ies). However, the final allocation of power by Govt. of India, Ministry of Power, shall form an integral part of this Agreement.
- 2.2.2 The right of UPPCL to draw power against the above allocation shall be limited to the amount of LC opened and maintained by them.
- 2.2.3 Notwithstanding the obligations of UPPCL to pay all the dues as per this Agreement, in the event of default in opening of LC of adequate amount in favour of NTPC or payment of bills beyond a period of 60 days from the date of billing, NTPC shall be entitled to regulate/divert the share of the UPPCL to any other Beneficiary(ies) as per the provisions of generic procedure for regulation of power supply issued by CERC or any other competent authority from time to time read with the provision of TPA till the time default is rectified.
- 2.2.4 In case of default in payment of bills beyond a period of 90 days of billing, NTPC shall have the right to re-allocate power to other Beneficiary (ies).
- 2.2.5 In case of default, UPPCL shall continue to be liable to pay the Capacity Charges in proportion to its allocation during the period of regulation/ diversion of power till the power is reallocated to other Beneficiary(ies).



2.3 Operation of the Power Station

It is understood and agreed by and between the parties that NTPC shall operate the Station as per the manufacturers' guidelines, applicable grid operating standards, directions of the CERC and relevant statutory provisions, as applicable from time to time.

3.0 TRANSMISSION / WHEELING OF POWER

3.1 Power shall be made available by the NTPC at the Busbars of the Station and it shall be the obligation and responsibility of UPPCL to make the required arrangement for evacuation of power from such delivery points of the NTPC.

3.2 UPPCL shall coordinate with the appropriate authorities/agencies including Powergrid or any Transmission Licensee or other Licensees for power evacuation from the above delivery point.

3.3 UPPCL shall be responsible to coordinate with the Powergrid or any Licensee or other agencies for implementation of the transmission system for evacuation of power from the Station matching with the commissioning schedule of the station.

3.4 For wheeling of the power beyond Busbar of the Station, charges for utilisation of transmission system(s) owned by the Powergrid/other agency(ies) shall be paid directly by UPPCL to the Powergrid or Licensee or other agency(ies) by the UPPCL. NTPC shall not be responsible for payment of such charges.

4.0 SCHEDULING, METERING AND ENERGY ACCOUNTING

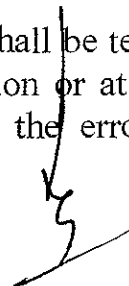
4.1 Scheduling

Methodology of generation scheduling shall be as per Indian Electricity Grid Code (as revised from time to time) and the decisions taken at NRPC forums.



4.2 Metering

- 4.2.1 A set of Main and Check Energy Meters of 0.2 accuracy class, as per IEGC/ CEA (Installation & operation of meters) Regulations 2006 as applicable, shall be installed on all outgoing feeders of the Station. UPPCL shall make all necessary arrangements for installation of meters, at all its drawal points.
- 4.2.2 The main and check meters shall be checked jointly at the time of installation and for any testing and/ or replacement, notice of seven days will be given, so that the representative of the UPPCL can be present for the same.
- 4.2.3 Data shall be downloaded from the meters at regular intervals as decided by NRPC/NRLDC for preparation of the REA/UI Account.
- 4.2.4 If the main meter is found to be not working/not indicating at the time of meter readings or at any other time, the NTPC shall inform the CTU/NRLDC of the same and data from check meters shall be considered by NRLDC for energy accounting for the period.
- 4.2.5 If both the main and check meter(s) fail to record or if any of the PT fuses blow out, then the energy accounting shall be done on a mutually agreeable basis between NTPC, UPPCL and NRLDC/NRPC for that period of defect. In case there is no mutual agreement, the decision of Member Secretary of the NREB/NRPC would be final and binding.
- 4.2.6 The main & check meter shall be checked on a quarterly basis by comparison of the readings between these two meters and in case the readings of the two meters differ by more than 0.4%, both the meters will be checked separately with respect to another reference meter and defective meter shall be replaced. The energy metered during the period of defect would be revised by applying a correction factor on the energy metered by the defective meter.
- 4.2.7 Once in every five years, both main and check meters shall be tested for accuracy by a substandard meter either at the station or at any approved testing laboratory. During testing, in case the error is



found to be more than the permissible limits, then the meter shall be replaced by a correct meter.

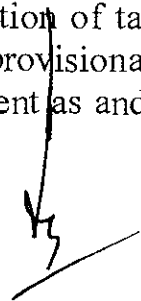
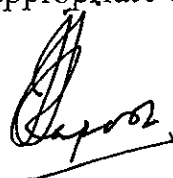
4.3 Energy Accounting

- 4.3.1 Both the parties agree to facilitate issue of Regional Energy Accounts by 1st day of every month.
- 4.3.2 NTPC shall prepare and submit bills to the Beneficiaries on the basis of such Regional Energy Accounts.
- 4.3.3 Regional Energy Account issued by NRPC/NRLDC or any other Competent Authority shall be binding on all the parties for billing and payment purposes.
- 4.3.4 Any change in the methodology of Regional Energy Accounting shall be done only as per the decisions taken in the NRPC forums and both the parties agree to abide by the Methodology finalised in the same.

5.0 TARIFF

5.1 Terms and conditions:

- 5.1.1 The Tariff for the electricity supplied from the Station would be as determined by CERC or any other Competent Authority authorised from time to time.
- 5.1.2 In case the tariff is not determined by CERC or any other competent authority prior to commencement of commercial operation of the 1st unit of the Station, the parties agree that NTPC may work out an adhoc tariff based on CERC's terms and conditions or guidelines of competent authority, as applicable from time to time and as per estimated completion cost for the project. NTPC shall inform UPPCL of such adhoc tariff and pending determination of tariff by CERC or any other competent authority, billing on provisional basis would be carried out, subject to appropriate adjustment as and when



the tariff is determined by CERC or any other competent authority or any order passed pending the determination of such tariff.

5.2 Sale of Infirm Power:

Infirm power, i.e., sale of energy prior to commercial operation of the unit, will be billed by NTPC based on norms for variable charges as notified by CERC or any other competent authority from time to time.

5.3 Taxes, Levies, Duties, Royalty, Cess etc.:

5.3.1 Tax on Income:

Tax on the income derived from generation of electricity by NTPC shall be computed as an expense and shall be recovered from the Beneficiary (ies). Billing and recovery of income tax shall be as per regulations of CERC or any other competent authority as applicable from time to time.

5.3.2 Other Taxes, Levy, Duties, Royalty, Cess:

Statutory taxes, levies, duties, royalty, cess or any other kind of imposition(s) imposed/charged by any Government (Central/State) and/or any other local bodies/authorities on generation of electricity including auxiliary consumption or any other type of consumption including water, environment protection, sale or on supply of power/electricity and/or in respect of any of its installations associated with the Station payable by NTPC to the authorities concerned shall be borne and additionally paid by UPPCL to NTPC.

6.0 BILLING AND PAYMENT

6.1 Billing:

The charges under this Agreement shall be billed by NTPC and shall be paid by the UPPCL in accordance with the following provisions:

- 6.1.1 NTPC shall present the bills after the end of each calendar month as per CERC Regulations for energy supplied to UPPCL from the Station as per Regional Energy Account issued by NRPC/NRLDC or any other Competent Authority.



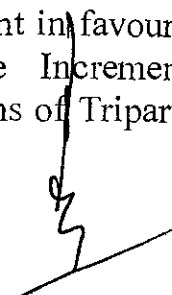
- 6.1.2 Billing Centre of NTPC shall carry out billing and associated functions. NTPC would submit the bills to the Officials and of address as intimated by UPPCL.
- 6.1.3 The monthly bill for the Station shall be aggregate charges in accordance with the provisions of the Agreement. If for certain reasons some of the charges which otherwise are in accordance with this Agreement, cannot be included in the main monthly bills, such charges shall be billed as soon as possible through supplementary bill(s).
- 6.1.4 The bill(s) of NTPC shall be paid in full subject to the condition that—
- i) there is no apparent arithmetical error in the bill(s).
 - ii) the bill(s) is/are claimed as per the agreed tariff.
 - iii) they are in accordance with the Regional Energy Accounts issued by NRPC/NRLDC or any other Competent Authority
- 6.1.5 If UPPCL disputes any amount, it shall pay 95% of the disputed amount forthwith and file a written objection with NTPC within 30 days of presentation of the bill, giving following particulars:
- i) Item disputed, with full details/data and reasons of dispute.
 - ii) Amount disputed against each item.
- Provided that non-acceptance of tariffs determined/approved by CERC or any other competent authority shall not be a valid ground for dispute.
- 6.1.6 The amount of excess/shortfall with respect to the said 95% payment and finally determined amount in line with Clause 7.0 shall be paid/adjusted with interest @ 15% per annum from the date on which the amount in dispute was payable/refundable.
- 6.1.7 Rebate on payments and surcharge on delay in payments, if any, shall be as per CERC Regulations, as amended from time to time.


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6.2 Establishment of Letter of Credit (LC) and payment of bills:

- 6.2.1 Payment of bills for supply of power from the Station shall be made by UPPCL through irrevocable revolving Letters of Credit (LC) established in favour of NTPC with a public sector / scheduled commercial bank [as agreed by NTPC] at least one month prior to the commencement of power supply from the Station.
- 6.2.2 The LC shall cover 105% of the one month's estimated billing in respect of power supplied from the Station to UPPCL. This shall be in addition to the obligation of the UPPCL to establish similar letters of credit for supply of energy to the UPPCL from all other generating Stations of NTPC.
- 6.2.3 The amount of LC shall be reviewed each half-year commencing April and October in each financial year on the basis of the average of billing of previous 12 months and the LC amount shall be enhanced/reduced accordingly.
- 6.2.4 The LC shall be established for a minimum period of one year. UPPCL shall ensure that LC remains valid at all times during the entire/extended validity of this Agreement.
- 6.2.5 LC shall specify the manner and dates when bill(s) can be presented to Bank by NTPC. The bills so presented by NTPC to the Bank shall be promptly paid on their presentation. The LC charges shall be borne by the UPPCL.
- 6.2.6.1 Provisions of Tripartite Agreement signed on 20.03.2003 between Govt. 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 validity period of the Tripartite Agreement is over, an alternative payment security arrangement in the form of Tripartite Default Escrow Agreement between NTPC, the Escrow Agent cum LC Banker and UPPCL as a back up to the Letter of Credit shall be provided. Under this arrangement an Escrow Account in favour of NTPC shall be established through which the Incremental Receivables of UPPCL shall be routed as per the terms of Tripartite

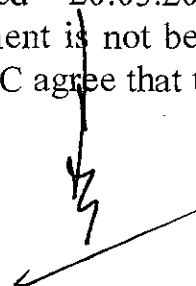


Default Escrow Agreement. Escrow Agent cum LC Banker means the Bank(s) identified to act as the Escrow Agent and provides LC for payment on behalf of UPPCL and made a party to the Tripartite Default Escrow Agreement.

UPPCL hereby agrees that NTPC will have first charge on Incremental Receivables of UPPCL. 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. Incremental Receivables shall, however, further be subject to adjustment of receivable-base due to the tariff orders issued by CERC/UPERC from time to time. UPPCL agrees to enter into a separate 'Agreement to Hypothecate Cum Deed of Hypothecation' whereby, UPPCL shall hypothecate Incremental Receivables to the extent required for Payment of dues of NTPC by UPPCL under this Agreement by creation of first charge in favour of NTPC. These Incremental Receivables shall be routed through Escrow Account for payment to NTPC in case of default in payments. Notwithstanding the above, the LC Banker would have a superior charge, to the extent of LC provided, to NTPC for supply under this Agreement.

The Tripartite Default Escrow Agreement and Agreement to Hypothecate Cum Deed of Hypothecation shall be established by UPPCL to the satisfaction of NTPC at least one year before the completion of the validity period of the Tripartite Agreement. In the event before expiry of TPA, UPPCL does not sign the 'Tripartite Default Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' at least 3 months before the expiry of TPA or UPPCL creating any superior charge in favour of any other party on its Incremental Receivables, NTPC shall have the right to reallocate power to other customers. In case of termination of this Agreement or reallocation of power due to reasons stated above, UPPCL shall be liable to pay capacity charges till the power is reallocated.

Since the payments from UPPCL are currently secured as per the provisions of the Tripartite Agreement dated 20.03.2003, establishing of Tripartite Default Escrow Arrangement is not being insisted upon by NTPC presently. UPPCL and NTPC agree that this



Agreement shall be deemed to have created a legally binding first charge on UPPCL's Incremental Receivables in favour of NTPC. However, the UPPCL is free to use the Incremental Receivables for any purpose whatsoever including creation of encumbrances valid not beyond three months before the expiry of the Tripartite Agreement ie on 31.10.2016 or privatisation of UPPCL/DISCOMS , whichever is earlier. Accordingly, UPPCL shall not create any encumbrance, charge, and lien or otherwise execute any instrument which in any way affects the first charge of NTPC over the Incremental Receivables.

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 based on the format prescribed by Government of India as "Standard Bidding Document (Case II)" / competitively bid Ultra Mega Power Projects or any other format prescribed by the Govt. of India for such Power Purchase Agreements.

UPPCL agrees to ensure that the successor entities of UPPCL are duly notified of the above arrangement with NTPC and shall be bound by the terms of this Agreement as if they are parties to this Agreement.

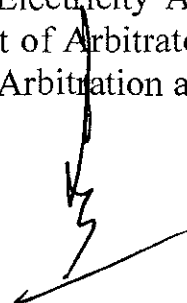
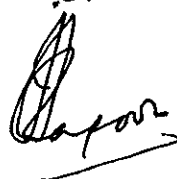
7.0 SETTLEMENT OF DISPUTES

7.1 All differences or disputes between the parties arising out of or in connection with this Agreement shall be mutually discussed and resolved within 90 days.

7.1.1 Arbitration

7.1.2 In the event that the parties are unable to resolve any dispute, controversy or claim relating to or arising under this Agreement, as stated above, which are falling under the provisions of the Electricity Act, 2003, the same shall be dealt in accordance with the said Act.

7.1.3 All other disputes which are not covered under the Electricity Act, 2003 shall be referred to arbitration. The appointment of Arbitrators and arbitration proceedings shall be governed by the Arbitration and



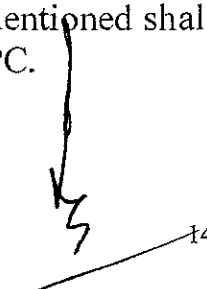
Conciliation Act, 1996. The venue of Arbitration shall be New Delhi. The Courts of Delhi shall have exclusive jurisdiction in all matters.

8.0 **FORCE MAJEURE**

Neither party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to force majeure events such as war, rebellion, mutiny, civil commotion, riot, strike, lock-out, forces of nature, accident, act of God and any other reason beyond the control of concerned party. Any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an event and give written notice within a reasonable time to the other party to this effect. Generation/drawal of power shall be started as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist.

9.0 **IMPLEMENTATION OF THE AGREEMENT**

All discretions to be exercised and directions, 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 authorised representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post. Any other nomination of authorised representative(s) shall be informed likewise in writing to/by UPPCL within one month of signing of the Agreement. Notwithstanding any nomination, the Regional Executive Director (NCR), NTPC, NCRHQ, NTPC, Plot No. A-8A, Sector-201 301, NOIDA, Distt; Gautam Budha Nagar, Regional Executive Director (NR), B-1 Block, Pickup Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010 as well as Executive Director (Commercial), NTPC, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110 003 or their authorised representative(s) at its Registered Office first above mentioned shall be authorised to act severally for and on behalf of NTPC.



10.0 NOTICE

All notices required or referred to under this Agreement shall be in writing and signed by the respective authorised signatories of the parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered or served by registered mail/speed post of Department of Posts with an acknowledgement due to the other parties in terms of Clause 9.0 above.

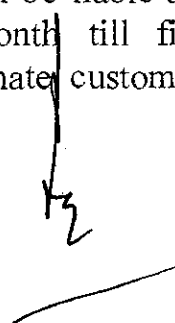
11.0 EFFECTIVE DATE AND DURATION OF AGREEMENT

This agreement shall come into force from the date of signing of this Agreement for all purposes and intent and shall remain operative upto completion of twenty five (25) years from the date of commercial operation of last unit of NCTPP Stage-II, unless it is specifically extended on mutually agreed terms.

12.0 SUCCESSORS AND ASSIGNS

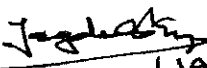
In case the functions of UPPCL are reorganised and/or this Agreement is assigned to other organisation(s)/agency(ies), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor Distribution/Trading organisation(s)/agency(ies)/entities and shall continue to remain valid with respect to the obligations of the successor organisation(s)/agency(ies)/entities provided that the successor organisation(s)/agency(ies) is/are owned or controlled by the Government of Uttar Pradesh.


In the event the functions of UPPCL are reorganised and/or privatised or this Agreement is assigned to Private organisation(s)/agency(ies), partly or wholly, UPPCL shall ensure that the agreements namely 'Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' as mentioned at 6.2.6 are signed by the assignee before assignment of this Agreement failing which NTPC shall have the right to terminate this Agreement. In the event of termination of this Agreement UPPCL shall be liable and continue to pay the Capacity Charges each month till firm arrangement for sale of UPPCL's share with alternate customers substituting the UPPCL is tied up.



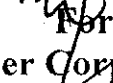
IN WITNESS WHEREOF the parties have executed these presents through their Authorised Representatives on the date mentioned above.

WITNESS

1. 
JAGDISH ROY
AGM (Comm)
NTPC NRH & LKO

2. 
Supraintending Engineer
S.P.A.T. Circle,
U.P. Power Corpn. Ltd.,
LUCKNOW


For and on behalf of
RAJIV KAPOOR
NTPC (Comm)
Executive Director (Commercial)
LUCKNOW NTPC/NTPC Limited


For and on behalf of
Uttar Pradesh Power Corporation Limited

(राजीव कपूर)
आई०ए०एस०
प्रबन्ध निदेशक
उ०प्र० पावर कारपोरेशन लि०
शक्ति भवन, लखनऊ