



उत्तरांचल UTTARANCHAL

B 573857

POWER PURCHASE AGREEMENT
BETWEEN
TEHRI HYDRO DEVELOPMENT CORPORATION LIMITED
AND
UTTAR PRADESH POWER CORPORATION LIMITED
FOR
VISHNUGAD PIPALKOTI HYDROELECTRIC POWER PLANT (444 MW)

This POWER PURCHASE AGREEMENT hereinafter called "Agreement" entered into on the 25th day of July (Month) Two Thousand Seven (...25./...07./2007) between Tehri Hydro Development Corporation Limited, a Company incorporated under the Companies Act, 1956 having its registered office at Bhagirathi Bhawan (Top Terrace), Bhagirathipuram, Tehri Garhwal-249001 (hereinafter referred to as "THDC" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the first part and Uttar Pradesh Power Corporation Limited, a company incorporated under the Companies Act 1956, having its Registered Office at Shakti Bhawan, 14, Ashok Marg, Lucknow-226001 (hereinafter referred to as "UPPCL" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the second part.

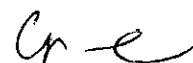
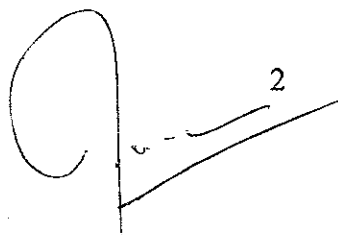
AND WHEREAS, THDC is a Generating Company formed as a joint venture between Govt. of India and Govt. of Uttar Pradesh. THDC is setting up Vishnugad Pipalkoti Hydroelectric Power Plant (444 MW) located in the district of Chamoli in the State of Uttarakhand (hereinafter specifically referred to as "Project") to be operated and maintained by THDC.

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 the rules framed thereunder or by any new bill, rule and Act that would come into force as a substitute or otherwise to the above stated Act. The words / expressions mentioned below should have the same meanings as respectively assigned to them hereunder:

- a) BPTA : Bulk Power Transmission Agreement.
- b) CEA : Central Electricity Authority.
- c) CERC : Central Electricity Regulatory Commission.
- d) GOI : Government of India.
- e) GOUP : Government of the State of Uttar Pradesh.
- f) GOUA : Government of the State of Uttarakhand.
- g) IEGC : Indian Electricity Grid Code.
- h) LC : Irrevocable Revolving Letter(s) of Credit.
- i) Month : English Calendar month.
- j) MOP : Ministry of Power, Govt. of India.
- k) Outage : The state of component when it is not available to perform its intended function due to some event directly associated with that component.
- l) Power/Energy : Electrical power/energy.
- m) POWER GRID : Power Grid Corporation of India Limited.



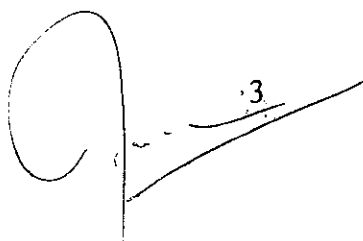
- n) Regional Energy Account (REA) : Periodic Energy Account including amendments thereof, if any, prepared by the NRPC/ NRLDC showing exchange of energy among the various constituents of NRPC.
- o) NRPC : Northern Regional Power Committee.
- p) NRLDC : Northern Regional Load Dispatch Centre.
- q) Year : Financial year commencing on 1st April and ending on 31st March.

2.0 INSTALLED CAPACITY & ALLOCATION OF POWER

- 2.1 The installed capacity of the Project is 444 MW, having 4 units of 111 MW 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.
- 2.2 The allocation of power from the Project amongst the Bulk Power Customers shall be in accordance with the instructions regarding allocation of power issued / to be issued by the Ministry of Power, Govt. of India from time to time, which shall form an integral part of this Agreement. UPPCL, however, is prepared to purchase 200 MW additional power over and above 25% in lieu of equity from the project.

3.0 GENERAL OBLIGATIONS

- 3.1 400KV (high voltage) side of the Generator Transformer of the Project shall be the delivery point for supply of energy. UPPCL shall make arrangements separately for wheeling of power and payments of wheeling charges etc. and THDC shall not be responsible for the same in any manner.
- 3.2 The energy supplied by the Project under this Agreement shall be three phase, 50 hertz alternating current at a voltage of 400 KV at the delivery point. The frequency and voltage of energy shall be subject to fluctuations as per provisions contained in IEGC and as amended from time to time except for the reasons and circumstances beyond the reasonable control of THDC. The supply of energy to UPPCL is subject to outages as may be necessary on account of shutdown of generating units of the Project. The periodicity and duration of such outages shall be such as may be determined by THDC in consultation with NRPC/NRLDC.
- 3.3 The metering will be at the delivery point of the Project as specified at clause 3.1 above. Metering arrangements including its installation, testing, maintenance and collection, transportation and processing of data required for energy exchange shall be governed as per the notification/directives issued/to be issued by CERC/CEA from time to time and as per the relevant provisions contained in IEGC as amended from time to time.



4.0 DEEMED GENERATION

- 4.1 As per CERC's notification dtd. 26.03.04, the clause of deemed generation is applicable as under:

"In case of reduced generation due to the reasons beyond the control of generating company or on account of non-availability of Board's/transmission licensee's transmission lines or on receipt of backing down instructions from the concerned Regional Load Despatch Centre resulting in spillage of water, the energy charges on account of such spillage shall be payable to the generating company. Apportionment of energy charges for such spillage among the beneficiaries shall be in proportion of their shares in saleable capacity of the generating station. Energy charges on the above account shall not be admissible if the energy generated during the year is equal to or more than the Design Energy."

- 4.2 The clause of deemed generation shall be applicable only if and as allowed by CERC in their tariff orders/notifications issued from time to time.

5.0 ACCOUNTING OF ENERGY

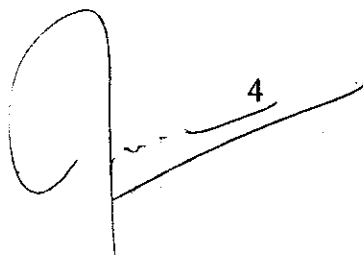
The quantum of energy sold to UPPCL out of the energy available for sale shall be the energy as indicated in the REAs as issued by NRPC/NRLDC. The REA including amendments, if any, as issued by NRPC/NRLDC shall form the basis for billing purposes and shall be binding on both the parties.

6.0 TARIFF

- 6.1 The tariff to be charged and its associated Terms and Conditions for the energy to be supplied by THDC from the Project shall be as per the Tariff Notifications/orders/directions issued/to be issued by CERC from time to time under the Electricity Act, 2003 and/or any other Act/Regulations as may be enacted/substituted by the Govt. of India in place of these provisions. Recovery of Income Tax and Foreign Exchange Rate Variation shall be governed as per orders/directions issued by CERC from time to time.

- 6.2 In addition to the energy tariff set out, UPPCL shall also be liable to pay to THDC in accordance with any law in force, all payments made or payable by it on account of taxes, duties, cess including environmental cess, levy, fees or other imposition etc. levied or to be levied in future by the Government or other authority in respect of generation, transmission and supply of energy including activities incidental and ancillary thereto as per approval/orders of CERC from time to time.

- 6.3 In case a new tariff for the period beyond the period mentioned in the previous tariff notification/order/ direction of the Competent Authority is not finalised before that date, UPPCL shall continue to pay to THDC for the power supplied from the project beyond this date on adhoc basis in the manner detailed in the previous notification /order/direction.



7.0 BILLING

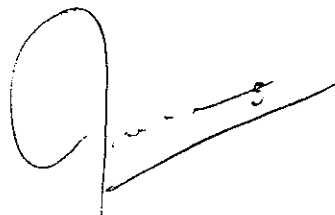
- 7.1 THDC shall prepare monthly bills for the energy supplied to UPPCL on the basis of REAs issued by NRPC and UPPCL shall accept these bills for payment. The bill shall be the aggregate of charges as approved /notified by CERC/GOI and also subject to all other related provisions wherever appearing in this Agreement.

Notwithstanding the above, THDC shall have the right to rectify any discrepancy in any bill, suo-moto if considered necessary, and as a result of such rectification by THDC, if any amount becomes due and payable to THDC, the same shall be paid by UPPCL.

- 7.2.1 The surcharge shall be levied by THDC in case of delayed payments. The provision for levy of surcharge in the monthly bills shall be governed as per notification/directives/guidelines issued/to be issued by CERC/GOI from time to time as per prevailing statutes and the same shall form an integral part of this Agreement.
- 7.2.2 The provision for allowing rebate shall be regulated as per the notification/directives/guidelines issued by CERC/GOI from time to time and the same shall form an integral part of this Agreement.
- 7.3.1 In case UPPCL has any objection as to the accuracy of any bill(s), it shall lodge a written objection with THDC within 30 days on presentation of such bill(s). However, the payment of such bill(s) shall be made in full by UPPCL. On such objection being upheld by THDC, 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).
- 7.3.2 If on such rectification, it is found that UPPCL has paid an excess amount, such excess amount shall be adjusted in next bill(s). However, if as a result of such rectification, any amount becomes due and payable to THDC, THDC shall raise necessary supplementary bill(s).
- 7.4 The settlement of all disputed current dues shall be governed as per the directives of CERC/GOI as issued/to be issued from time to time and the same shall form an integral part of this Agreement.

8.0 PAYMENT

- 8.1 Payment of bills for supply of energy from the project shall be made by UPPCL through a confirmed, revolving, irrevocable Letter of Credit (LC) to be established in favour of Tehri Hydro Development Corporation Ltd. 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 at least one month prior to the commencement of power supply from the Project.



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 half yearly. THDC shall intimate the revised amount of LC. In case of first LC, the amount of LC shall be as intimated by THDC after consultation with UPPCL. If the amount of energy supply bill is more than the amount of Letter of Credit, the payment of the excess amount shall be made by UPPCL directly on presentation of bill(s). All the bank charges shall be borne by UPPCL.

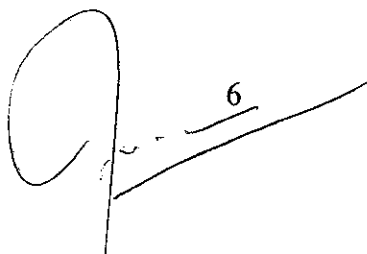
- 8.2 THDC shall present bill(s) to the said Bankers with a copy to UPPCL. The bill(s) so presented by THDC to the said Bankers shall be promptly paid on their presentation.
- 8.3 Notwithstanding what is contained above, if the bill(s) are not paid by UPPCL to THDC within 60 days from the date of issue of the bill, THDC shall have the authority to discontinue/reduce supply of power to UPPCL and inform NRPC/NRLDC accordingly.
- 8.4 UPPCL shall obtain Guarantee in favour of THDC from their State Government by 31.03.2008 as per mutually agreed draft to guarantee the performance of the obligations of UPPCL to make regular payments of the energy bill presented by THDC for power supplied/ to be supplied to UPPCL from THDC.

9.0 ARBITRATION

- 9.1 All questions, differences or disputes between the parties arising out of or in connection with this Agreement save and except as provided under clause 5.0 of this Agreement to the extent of power vested with NRPC shall be settled through arbitration as provided herein.

In the event of such differences or disputes between the parties, any party may by a written notice of 30 days to the other party request for appointment of Arbitrator(s) to be decided mutually by the parties and, in case of disagreement, to be decided by Chairman, Central Electricity Authority. The arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications thereto. The Arbitrator shall give a speaking and reasoned award. The arbitrator shall publish the award within a reasonable time.

- 9.2 The decision of the Arbitrator shall be final and binding on the parties. The venue of the arbitration proceedings shall be as decided by the Arbitrator with the consent of the parties. The Court of competent jurisdiction at Delhi shall have exclusive jurisdiction in all matters arising under this Agreement.
- 9.3 The Arbitrator shall reasonably decide his fee. However, the Arbitrator's fees and the cost of arbitration proceedings shall be borne equally by the parties.
- 9.4 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.





10.0 FORCE MAJEURE

The parties shall ensure due compliance with the terms of this Agreement. However, no 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, epidemics, landslide, fire, explosion, flood, drought, cyclone, lightning, earthquake or other forces of nature, accident or Act of God. The onus of satisfying the other party of the existence of such an event(s) shall be on the party invoking this clause who will give a written notice within a reasonable time to the other party to this effect.

11.0 DURATION OF AGREEMENT

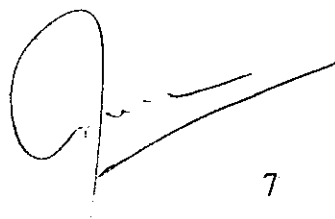
This Agreement shall come into force from the date of signing of this Agreement and shall remain operative for thirty (30) years from the commercial operation date of the last unit of the Project provided that this Agreement may be mutually extended, renewed, rescinded or replaced by another Agreement on such terms and for such further period of time as the parties may mutually agree to. However, the provisions of this Agreement shall continue to operate till this Agreement is formally renewed, extended or replaced, in case UPPCL continue to get power from the Project even after expiry of this Agreement without further renewal or formal extension thereof.

12.0 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 below, unless otherwise notified. Each such notice shall be deemed to have been duly served if delivered, or sent by registered mail/courier with an acknowledgement due to the other party.

To & by THDC Head of the Deptt. (Commercial)
Tehri Hydro Development Corporation Ltd,
Bypass Road, Rishikesh- 249201

To & by UPPCL Chief Engineer (Commercial)
Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226001



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13.0 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 from time to time. The nomination of authorised representative(s) shall be informed likewise in writing by UPPCL within one month of signing of the Agreement.

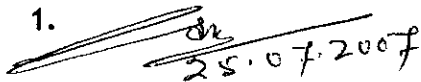
It is specifically agreed that this Agreement shall supersede all previous discussions and meetings held and correspondence(s) exchanged between UPPCL and THDC in respect of this Agreement and any decision(s) arrived at therein in the past and before signing of this Agreement if repugnant to the provisions made herein and will have no relevance with reference to matters covered under this Agreement and no reference of such discussions or meetings or past correspondence etc. shall be entertained for interpreting this Agreement or its implementation.

IN WITNESS thereof the parties hereto have caused this Agreement to be executed hereunder by their duly Authorised Representatives on this 25th day of July, 2007 at Lucknow (Uttar Pradesh) .

For and on behalf of
Tehri Hydro Development Corporation Limited

WITNESSES

1.


25.07.2007

AJAY KUMAR


Addl. General Manager (Commercial)
Tehri Hydro Development Corporation Ltd.
Rishikesh - 249 201 (Uttarakhand)


Financial Controller

C.P. SINGH
Financial Controller
Tehri Hydro Development Corporation Ltd.
Rishikesh-249201 (Uttarakhand)

For and on behalf of
Uttar Pradesh Power Corporation Limited

2.


T.K. Srivastava
S.E. (SPATC)


Director (Commercial)

(अवधि)
निदेशक (वितरण)
ए.ए. पावर कारपोरेशन लि.
राजिब भवन, लखनऊ