

POWER PURCHASE AGREEMENT BETWEEN

**SOUTHERN/ EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA
PRADESH LIMITED**

AND

M/s. _____

NCE MINI HYDEL PPA No. _____

1. This Power Purchase Agreement (“Agreement”) entered into this day of _____ 2017 between _____ Power Distribution Company of Andhra Pradesh Limited (DISCOM), incorporated by the Government of Andhra Pradesh in accordance with the Andhra Pradesh Electricity Reform Act 1998 (Act No.30 of 1998), under the provisions of Companies Act, 1956, having its office at _____, India, hereinafter referred to as the “DISCOM” (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) as first party, and M/s _____, having registered office at _____, India, hereinafter referred to as the “Mini Hydel Project Developer” (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) as second party;
2. WHEREAS, the Mini Hydel Power Developer has been selected as the Successful Bidder through an open competitive bidding process conducted by the Authorized Representative of the DISCOM and is setting up the Mini Hydel Project of _____ MW capacity at _____ Village, _____ District, Andhra Pradesh (hereafter called the Project) with a proposal of _____ MW for Sale to DISCOM as detailed in SCHEDULE 1 attached herewith and the LoIs issued by APSPDCL is enclosed as SCHEDULE 3.
3. WHEREAS, APTRANSCO/DISCOM has no obligation to recommend to any department for the grant of permissions/sanctions for the Mini Hydel Project. The Mini Hydel Project Developer shall on its own obtain permissions/ sanctions from Govt. authorities, if any required for establishing the project.
4. And whereas Mini Hydel Project Developer desires to sell entire Mini Hydel energy from the Contracted Capacity to DISCOM.

5. WHEREAS, the Mini Hydel Project Developer shall achieve Commercial Operation Date as per the timelines stipulated in this Agreement, in the default of which, the Mini Hydel Project Developer's Performance Bank Guarantee will be liable for forfeiture and agreement will also be liable for termination as per provisions of the agreement.

The PPA will continue to be in force for a period of 12/35 years (subject to APERC approval) from the Date of Commercial Operation (COD) or Scheduled Commercial Operation Date (SCOD) whichever is later.

6. WHEREAS, it has been agreed that the Project will be designed, engineered and constructed and operated by or on behalf of the Mini Hydel Project Developer or its successors with reasonable diligence subject to all applicable Indian laws, rules, regulations and orders having the force of law from time to time.
7. WHEREAS, the Project proposed at Village, District will be connected to 220/132/33 KV or 132/33 kV or 33/11 KV [insert name of the Location] grid substation for power evacuation within the time frame stipulated in this Agreement. The injection of power from the Project to the grid is to be limited to the already technically approved capacity.
8. The terms and conditions of this Agreement are subject to the provisions of the Electricity Act/Rules and also subject to relevant Regulations, if any, issued by the APERC from time to time.
9. The Mini Hydel Project Developer shall only deploy commercially established technologies for generation of Mini Hydel Project.
10. The Mini Hydel Project Developer shall not be eligible for obtaining RECs, as per prevailing Regulations issued by CERC and APERC, for energy generated from this Project and supplied to DISCOMs under this PPA and the Discom alone is eligible to claim the capacity for all purposes including RECs.
11. This Agreement shall come into force subject to APERC's approval.
12. NOW THEREFORE, in consideration of the foregoing premises and their mutual covenants herein, and for other valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound hereby agree as follows:

ARTICLE 1

DEFINITIONS

Unless the context otherwise expressed in this Agreement, the following terms shall have the meanings set forth herein below. Defined terms of singular number shall include the plural and vice-versa. In absence of availability of definitions in the foregoing references, the capitalized terms shall be interpreted in accordance with the Electricity Act 2003, the APERC/CERC (Terms and Conditions of Tariff Regulations 2004, Grid Code or any other relevant electricity law, rule or regulation prevalent in India, as amended or re-enacted from time to time, in that order

“Act” shall mean the Electricity Act, 2003 and include any modifications, amendments and substitution from time to time;

“Agreement” shall mean this Power Purchase Agreement including the articles, schedules, amendments, modifications and supplements made in writing by the parties from time to time.

“APERC” shall mean Andhra Pradesh Electricity Regulatory Commission

“Authorized Representative” shall mean the body corporate Authorized by the AP DISCOMs(s) i.e. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) to carry out the bidding process for the selection of the Successful Bidder(s) on their behalf as per the provisions of the RfS.

“APTRANSCO” shall mean Transmission Corporation of Andhra Pradesh incorporated under the Company Act 1956.

“Bid” shall mean the Techno-commercial Bid and Financial Bid submitted by the Bidder, in response to the RfS, in accordance with the terms and conditions thereof.

“Bidder” shall mean Bidding Company or a Bidding Firm or a Bidding Consortium submitting the Bid. Any reference to the Bidder includes Bidding Company /Bidding Firm/ Bidding Consortium, Member of a Bidding Consortium including its successors, executors and permitted assigns and Lead Member of the Bidding Consortium jointly and severally, as the context may require;

“Bidding Company” shall refer to such single Company that has submitted the Bid in accordance with the provisions of the RfS.

“Bidding Firm” shall refer to such single partnership Firm that has submitted the Bid in response to the RFS. Sole proprietorship participating in this Bid process and that has submitted the Bid in response to the RFS shall also be referred to as Bidding Firm

“Bidding Consortium” or “Consortium” or “Bidding Consortium of Firms” Shall refer to a group of Companies or Firms that have collectively submitted the Bid in accordance with the

provisions of the RFS.

“Billing Date” shall mean the fifth (5th) Working day after the Meter Reading Date.

“Bidding Firm” shall refer to such single partnership Firm that has submitted the Bid in response to this RFS. Sole proprietorship participating in this Bid process and that has submitted the Bid in response to this RFS shall also be referred to as Bidding Firm

“Billing Month” shall mean the period commencing from 25th of the calendar month and ending on the 24th of the next calendar month. Provided that the period from Commercial Operation Date (COD) or Scheduled Commercial Operation date, whichever is later, till the subsequent 24th of the calendar month shall be construed as a Billing Month.

“Capacity Utilization factor” (“CUF”) shall mean ratio of total kWh (units) of power generated by Mini Hydel Plant in a Tariff Year and Contracted Capacity in kW multiplied with number of hours in the same Tariff Year.

“CERC” shall mean Central Electricity Regulatory Commission formed under Section 76 of the Electricity Act 2003.

“Change in Law” shall mean the same as provided in ARTICLE 13 of this Agreement.

“Commercial Operation Date (COD)” shall be considered as the actual date of commissioning of the Project as declared by the Commissioning Committee. The following two milestone dates for commissioning may be observed and may fall on separate dates:

- (i) **Inter connection with Grid:** This may be provided by the STU on the request of the Project Developer, to facilitate testing and allow flow of power generated into the grid to avoid wastage of power.
- (ii) **Commissioning of Project:** This will be on a date when the Project is declared by the Mini Hydel Developer to be operational, provided that the Mini Hydel Developer shall not declare the Project to be operational until all generating Unit(s) have met the suitable conditions of the Clause 3.11.

APDISCOMs intend to purchase power from the Successful Bidders only after the Scheduled Commercial Operation Date (SCOD) or Commercial Operation Date (COD), whichever is later. If any Successful Developer intends to supply power to the APDISCOMs prior to the Scheduled Commercial Operation Date or Commercial Operation Date, whichever is later, APDISCOMs may pay the Tariff at Average Pooled Cost of Power Purchase (determined by APERC from time to time) for such power subject to the power requirement of APDISCOMs, but the same is not the obligation on part of APDISCOMs.

“Conciliation Period” shall mean the period of sixty (60) days or such other longer period as

the parties may agree, commencing from the date of issuance of a Mini Hydel Project Developer Preliminary Default Notice or DISCOM Preliminary Default Notice as provided in ARTICLE 10 of this Agreement, for conciliation between the parties to mitigate the consequence of the relevant event having regard to all the circumstances;

“Controlling Shareholding” shall mean not less than 51% of the voting rights and paid up share capital (including fully, compulsorily and mandatorily convertible Preference shares/ Debentures) in the Company/Firm/Consortium;

“Contracted Capacity” shall mean [*insert capacity here*] MW contracted with DISCOM for supply by the Mini Hydel Project Developer to DISCOM at the Inter-connection Point from the Project and same shall not be more than the Installed Capacity.

“Delivered Energy” shall mean, with respect to any Billing Month, the kilo watt hours (kWh) of electrical energy generated by the Project and delivered to the DISCOM at the Inter-connection Point, as measured by both energy meters at the Inter-connection Point during that Billing Month at the designated substation of APTRANSCO/DISCOM.

Explanation 1: For the purpose of clarification, Delivered Energy, excludes all energy consumed in the Project, by the main plant and equipment, lighting and other loads of the Project from the energy generated and as recorded by energy meter at Inter-connection Point.

Explanation 2: The Delivered Energy in a Billing Month shall be limited to the energy calculated based on the Contracted Capacity in KW multiplied with number of hours and fraction thereof the Project is in operation during that Billing Month. However, no payment shall be made for any excess energy delivered beyond the quantum of energy calculated at 100% PLF of Contracted Capacity.

Explanation 3: Energy beyond the CUF of 45% would be procured from the Mini Hydel Developer by the DISCOMS as per Clause 2.2.

“Delivery Point” shall be the Inter-connection Point at which the Mini Hydel Project Developer shall deliver power to the APTRANSCO/DISCOM.

“DISCOMs” shall mean power Distribution Company limited of Andhra Pradesh. In this PPA, DISCOMs shall refer to Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) and Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL).

“Due Date of Payment” shall mean the date on which the amount payable by the DISCOM to the Mini Hydel Project Developer hereunder for Delivered Energy, if any, supplied during a Billing Month becomes due for payment, which date shall be thirty (30) days from the Meter Reading Date provided the bill is received by DISCOM within 5 working days from Meter Reading Date,

and in the case of any supplemental or other bill or claim, if any, the Due Date of Payment shall be thirty (30) days from the date of the presentation of such bill or claim to the designated officer of the DISCOM. If the last date of payment falls on a holiday, the next working day shall be considered as last date.

“Effective Date” shall mean the date of execution of this Power Purchase Agreement (PPA) by both the parties;

“Effective Tariff” will be the lowest of all Quoted Tariffs submitted by all the Bidders.

“Financing Agreement” shall mean the agreement pursuant to which the Mini Hydel Project Developer has sought financing for the Project including the loan agreements, security documents, notes, indentures, security agreements, letters of credit and other documents, as may be amended, modified, or replaced from time to time, but without in anyway increasing the liabilities of APTRANSCO/ DISCOM;

“Financial Bid” shall mean the information provided by the Mini Hydel Project Developer as per the Format 6.9 prescribed in RfS as a part of its Bid

“Financial Closure” shall mean arrangement of necessary funds by the Mini Hydel Project Developer either by way of commitment of funds by the Company from its internal resources and/or tie up of funds through a bank / financial institution by way of sanction of a loan;

“Firm” shall mean a Partnership Firm registered under the Indian Partnerships Act, 1932 and as amended from time to time. A sole proprietorship registered under the India Partnerships Act, 1932 shall also be referred to as Bidding Firm.

“Grid Code” shall mean the Indian Electricity Grid Code issued by CERC vide Notification No. L-1/18/2010-CERC, New Delhi, 28-04-2010 including any amendments and modifications thereto and/or AP Grid Code, as amended from time to time. In case of conflict between Indian Electricity Grid Code and AP Grid Code, the provisions of APERC Grid Code shall prevail.

“Installed Capacity” shall mean the sum total of name plate capacity of all the Units of the Project.

“Inter-connection Facilities” shall mean all the equipment and facilities, including, but not limited to, all metering facilities, switchgear, substation facilities, transmission lines and related infrastructure and required land for bay (if required), to be installed at the Voltage of Delivery at the Mini Hydel Project Developer's expense from time to time throughout the Term of the Agreement, necessary to enable the DISCOM to economically, reliably and safely receive Delivered Energy from the Project in accordance with the terms of this Agreement. The Mini Hydel Project Developer has to bear entire expenditure of Inter-connection Facilities for power evacuation as per the sanctioned estimate by the field officers of DISCOM.

“Inter-connection Point / Injection Point” shall mean the point or points where the Project and the grid system of APTRANSCO/ DISCOM are interconnected at the grid substation of APTRANSCO/ DISCOM. The metering for the Project will be provided at the Inter-connection Point as per Clause 4.1.

“Inter-connection Substation” shall mean the substation where the Project and the APTRANSCO/ DISCOM grid system are interconnected.

“Lead Member of the Bidding Consortium” or “Lead Member” There shall be only one Lead Member, having the largest shareholding of not less than 51% in the Bidding Consortium and cannot be changed till 1 year after the Commercial Operation Date (COD) of the Project. Lead Member and all related provisions in this PPA, unless explicitly specified, shall apply mutatis mutandis to both Bidding Consortium of Companies as well as Bidding Consortium of Firms.

“Letter of Intent” or “LoI” shall mean the letter issued by the Authorized Representative to the Successful Bidder for award of the Project

“Member in a Bidding Consortium” or “Member” shall mean each Company in a Bidding Consortium. Member in a Bidding Consortium of Companies shall be a Company and Member in Bidding Consortium of Firms shall be a Firm.

“Metering Code” shall mean Central Electricity Authority (“CEA”) (Installation and Operation of Meters) Regulations, 2006, as amended from time to time.

“Meter Reading Date” shall mean the 25th (twenty fifth) day of each calendar month, at 12:00 hours, at the Inter-connection Point.

“Metering Point” shall mean points where metering shall be provided for Project and shall be as follows:

Both meters (main & check) shall be provided at the Inter-connection Point for purposes of recording of Delivered Energy of the Project; and

A standby meter shall be provided at the same point as per CEA norms.

Metering point shall have three separate sets of 0.2s class accuracy ABT meters as specified in Clause 4.1, main meter, check and standby meter installed by the Mini Hydel Project Developer and all meters sealed by the DISCOM, having facilities to record both export and import of electricity to / from the grid.

“Mini Hydel Project” or “Mini Hydel” shall mean the power project that uses running water for conversion into electricity and that is being set up by the Developer to provide power to the DISCOM as per the terms and conditions of this Agreement.

“Mini Hydel Project Developer/Mini Hydel Developer/ Developer” shall mean the Bidder who

has been selected based on the RfS No. APSPDCL/MHP/01/2016 dated 7th March 2017 issued by Authorized Representative for execution of Mini Hydel Projects.

“**MW**” shall mean mega watts

“**Payable Tariff**” shall have the same meaning as Effective Tariff as defined in this PPA.

“**Performance Bank Guarantee (PBG)**” shall mean any Bank Guarantee (PBG) furnished by the Mini Hydel Project Developer to DISCOM as per the terms of the RfS and as per format specified in SCHEDULE 4 of this PPA, to assure timely and satisfactory completion of a Project by the Developer

“**Project**” shall mean the Mini Hydel power generation facility of Installed Capacity of.....MW, located at ____Village,district, Andhra Pradesh; Which includes all units and auxiliaries such as water supply, treatment or storage facilities; bay/s for transmission system in the switchyard, and all the other assets, buildings/structures, equipment, plant and machinery, facilities and related assets required for the efficient and economic operation of the power generation facility; whether completed or at any stage of development and construction or intended to be developed and constructed for the purpose of supply of power as per this Agreement;

“**Project Company**” shall mean the Company incorporated by the Bidder as per Indian Laws for the implementation of Project selected based on the RfS

“**Project Capacity**” shall mean the capacity that has been already been sanctioned by the NREDCAP and Irrigation & CAD Department, Government of Andhra Pradesh (now known as Water Resources Department, Government of Andhra Pradesh) to the Mini Hydel Project Developer.

“**Prudent Utility Practices**” shall mean those practices, methods, techniques and standards, that are generally accepted for use in electric utility industries taking into account conditions in India, and commonly used in prudent electric utility engineering and operations to design, engineer, construct, test, operate and maintain equipment lawfully, safely, efficiently and economically as applicable to power stations of the size, service and type of the Project, and that generally conform to the manufacturers' operation and maintenance guidelines.

“**Quoted Tariff**” shall mean charges for each Tariff Year after commencement of supply of power for the entire term of the PPA , quoted by the Mini Hydel Project Developer as part of the Financial Bid submitted on [Insert date of submission of Financial Bid] in response to the RfS APSPDCL/MHP/01/2016 issued by APSPDCL on 7th March 2017.

“**RfS**” shall mean the bidding document issued by Authorized Representative (APSPDCL) including all attachments vide RfS no. APSPDCL/MHP/01/2016 issued by APSPDCL on 7th March

2017 for 'Selection of Developers for power procurement from Mini Hydel Projects in Andhra Pradesh through competitive bidding route' in the state of Andhra Pradesh and shall include any modifications, amendments, alterations or clarifications thereto;

"Scheduled COD" shall mean the date when all the generating Unit(s) are commissioned and where upon the Developer is required to start injecting power from the Project to the delivery point i.e. Twenty Four (24) months from the Effective Date of signing of the PPA.

"SLDC" shall mean the State Load Dispatch Center as notified by the State Government under the provisions of the Electricity Act 2003.

"Successful Bidder" shall mean the Bidder selected pursuant to the RfS to set up the Project and supply electrical output as per the terms of PPA. It shall also have the same meaning as Developer/ Mini Hydel Developer/ Mini Hydel Project Developer.

"Surcharge on Reactive Energy" shall mean the charge liable on the reactive power drawn by Mini Hydel plant at the rate of 25 paise (Twenty five paise) per KVARH of reactive energy drawn from grid upto 10% of net active energy generated and is 50 Paise per KVARH for the drawl of reactive energy drawn is more than 10 % of net active energy generated. The above mentioned rates are subject to revision as per APERC orders revised time to time.

"System Emergency" means a condition affecting the APTRANSCO/ DISCOM electrical system including grid which threatens the safe and reliable operation of such system or which is likely to result in the disruption of safe, adequate and continuous electric supply by the APTRANSCO/DISCOM, or which endangers life or property, which condition is affected or aggravated by the continued delivery of Delivered Energy from the Project.

"Tariff" shall have the same meaning as provided for in Clause 2.2 of this Agreement.

"Tariff Year" shall mean the each period of 12 months beginning from the COD or SCOD, whichever is later. The last Tariff Year shall end on the date of expiry or termination of this Agreement as applicable.

"Term of the Agreement" shall have the same meaning as provided for in ARTICLE 7 of this Agreement.

"Unit" when used in relation to the Mini Hydel Project, shall mean unit of the Power Station which is equipped with a turbine and associated facilities for generation of electricity independently of other units at the Power Station. Unit when used in relation to electrical energy, means Kilo Watt Hour (kWh).

"Voltage of Delivery" shall mean 132 kV or 33 kV being the voltage at which the electrical energy generated by the Project is required to be delivered to the APTRANSCO/

DISCOM grid substation at the Inter-connection Point.

All other words and expressions used herein and not defined herein but defined in AP Electricity Reform Act, 1998 and the Electricity Act, 2003 and rules and Regulations made there under shall have the meanings respectively assigned to them in the said laws, as amended from time to time.

ARTICLE 2

PURCHASE OF DELIVERED ENERGY AND TARIFF

2.1 All the Delivered Energy, as mentioned in SCHEDULE 1, at the Inter-connection Point for sale to DISCOM will be purchased at the Tariff provided for in Clause 2.2 limited to capacity of the Project only, after the Commercial Operation Date (COD) or Scheduled Commercial Operation Date (SCOD), whichever is later, of the Project, and title to Delivered Energy purchased shall pass from the Mini Hydel Project Developer to the DISCOM at the Inter-connection Point.

2.2 The DISCOM shall pay Tariff to the Mini Hydel Project Developer post the Commercial Operation Date (COD) or Scheduled Commercial Operation Date (SCOD), whichever is later, in the following manner-

The Effective Tariff for the entire term of the PPA (35 years) for every unit generated upto a CUF of 45%

For any unit generated above the CUF of 45%, no Tariff will be paid and only an incentive of 35 paise/kWh shall be payable.

Illustration

Let the generation units at 45% CUF are 100. If in a month a developer generates 110 units, then Effective Tariff will be paid for the 100 units and only an incentive of 35 paise/kWh will be paid for the remaining 10 units.

2.3 The Payable Tariff by the DISCOM will be inclusive of all taxes i.e. Income Tax / MAT /Any other duties or levies apart from those mentioned in Clause 2.4

2.4 The Payable Tariff will be exclusive of Water Royalty Charges and Electricity Duty (if applicable). These charges will be reimbursed on an actual basis by the DISCOM subject to furnishing of documentary evidence by the developer.

2.5 The Mini Hydel project developers shall pay Surcharge on Reactive Energy as per the rates that may be decided by APERC from time to time to APDISCOM.

2.6 The Mini Hydel Project Developer, at any time during validity of this Agreement, shall not add any extra Mini Hydel Units more than the Contracted Capacity.

2.7 The Mini Hydel Project Developer is entitled to draw the power for its auxiliary consumption, the limit of which is specified in SCHEDULE 1 from DISCOM. The energy supplied by the DISCOM to the Mini Hydel Project Developer through a bilateral arrangement, to maintain the Auxiliaries of the power plant in situations of non-generation of power, in any billing month shall be liable to be paid as under:

Where in any billing month, the gross energy and demand supplied by the APDISCOMs to the Mini Hydel Developer as a bilateral arrangement to maintain the Auxiliaries of the power plant in situations of non-generation of power plant shall be billed by the APDISCOMs under HT category -1 consumers and the Mini Hydel Developer shall pay the APDISCOMs for such energy and demand supplies.

Explanation: The Mini Hydel plants during the plant shut down/non-generation periods shall draw the energy from DISCOM only for the essential loads not exceeding auxiliary consumption.

ARTICLE 3

INTER-CONNECTION FACILITIES, SYNCHRONIZATION, COMMISSIONING AND COMMERCIAL OPERATIONS

- 3.1 Upon receipt of a requisition from the Mini Hydel Power Developer, APTRANSCO/DISCOM will prepare an estimate for arranging Inter-connection Facilities for power evacuation at the Voltage of Delivery and shall also identify the nearest Inter-connection point for power evacuation from the Project. The Mini Hydel Project Developer has to bear the entire cost of the Inter-connection Facilities as per the sanctioned estimate.
- 3.2 APTRANSCO and DISCOM may also permit the Mini Hydel Project Developer to execute the Inter-connection Facilities for power evacuation as per the sanctioned estimate at its discretion duly collecting the supervision charges as per procedure in vogue.
- 3.3 APDISCOM will pay Rs. 3.00/- per unit to the Mini Hydel Project Developer for the infirm power (power injected into the grid during the period of testing and commissioning until synchronization of the project) supplied by the developer.
- 3.4 The Mini Hydel Project Developer shall own, operate and maintain Inter-connection Facilities from Project to grid sub-station from time to time and necessary expenditure shall have to be borne by the Mini Hydel Project Developer. The maintenance work at the grid sub-station and connected bay and equipment has to be done in coordination with the APTRANSCO and DISCOM authorities. If APTRANSCO/DISCOM carryout the O&M work, the power producer shall pay such expenses to APTRANSCO/DISCOM as applicable from time to time.
- 3.5 Any modifications or procedures or changes in arranging Inter-connection Facilities for power evacuations rest with APTRANSCO and DISCOM.
- 3.6 DISCOM reserves the right to add any additional loads on the feeder without detriment to the existing generator/Mini Hydel plants on the same feeder.
- 3.7 The Mini Hydel Project Developer shall be responsible to operate the Project as envisaged under this Agreement & to provide appropriate facility/ instrumentation/metering arrangement as per Clause 4.1.
- 3.8 The Mini Hydel Project Developer shall deploy components/equipment complying with approved/minimum technical standards as per International Electro technical Commission ("IEC") & Bureau of Indian Standards ("BIS") or technical standards that are as specified by Ministry of New and Renewable Energy ("MNRE") as amended from time to time at the cost of the Mini Hydel Project Developer.
- 3.9 **Acceptance/Performance Test**

Prior to synchronization of the Project as per Clause 3.11, the Mini Hydel Project Developer shall be required to get the Project certified for the requisite Acceptance/Performance test as may be laid down by CEA/APERC/APTRANSCO or an agency identified by APTRANSCO/DISCOM to carry out testing and certification for the Mini Hydel Project Projects.

3.10 Verification by APTRANSCO/DISCOM

3.10.1 The Mini Hydel Project Developer shall be further required to provide entry to the site of the project free of all encumbrances at all times during the Term of the Agreement to APTRANSCO/DISCOM for inspection and verification of the works being carried out by the Mini Hydel Project Developer at the site of the Project.

3.10.2 The APTRANSCO/DISCOM may verify the construction works/operation of the Project being carried out by the Mini Hydel Project Developer and if it is found that the construction works/operation of the Project is not as per the Prudent Utility Practices, it may seek clarifications from Mini Hydel Project Developer or require the works to be stopped or to comply with the instructions of such third party.

3.11 Synchronization, Commissioning and Commercial Operation

3.11.1 The Mini Hydel Project Developer shall give a written notice to the concerned SLDC and DISCOM, at least sixty (60) days in advance to the date on which it intends to synchronize the generating Unit to the grid system.

3.11.2 The generating Unit may be synchronized by the Mini Hydel Project Developer to the grid system when it meets all the connection conditions prescribed in applicable Grid Code then in effect and otherwise meets all other Indian legal requirements for synchronization to the grid system.

3.11.3 The synchronization equipment shall be installed by the Mini Hydel Project Developer at its generation facility of the Project at its own cost. The Mini Hydel Project Developer shall synchronize its system with the Grid System only after the approval of synchronization scheme is granted by the head of the concerned sub-station/grid system and checking/verification is made by the concerned authorities of the grid system.

3.11.4 The Mini Hydel Project Developer shall immediately after synchronization/ tripping of generator, inform the sub-station of the grid system to which the generating Unit is electrically connected in accordance with applicable Grid Code.

3.11.5 The Mini Hydel Project Developer shall commission the Project within timelines defined for Scheduled COD as per this Agreement, and any delay of the same is subject to the penalties stated in Clause 10.5 of this Agreement.

ARTICLE 4

METERING AND PROTECTION

- 4.1 The Mini Hydel Project Developer shall install main meter, check meter of static type 0.2s class accuracy of ABT Meters at the Inter-connection Point. Also, Mini Hydel Project Developer shall install stand-by meter of same accuracy as per norms fixed by CEA/APERC/APTRANSCO. The main meter, check meter and stand by meter will each consist of a pair of export and import parameters with facility for recording meter readings using meter recording instrument. For the purpose of uniformity, the Mini Hydel Project Developer shall follow metering specifications as developed by the DISCOM from time to time and as per Metering Code. The Mini Hydel Project Developer shall be responsible to enable remote monitoring of generation (providing of AMR modules to the billing meters by Mini Hydel Project Developer).
- 4.2 All of the meters required to be installed pursuant to Clause 4.1 above, shall be jointly inspected and sealed on behalf of both parties and shall not be interfered with, tested or checked except in the presence of representatives of both parties and as per Metering Code.
- 4.3 The meter readings from the main meters will form the basis of billing. If any of the meters required to be installed pursuant to Clause 4.1 above are found to be registering inaccurately the affected meter will be immediately be replaced.
- 4.4 Where the half yearly meter check indicates an error in one of the main meter/meters beyond the limits for such meter but no such error is indicated in the corresponding check meter/meters, billing for the month will be done on the basis of the reading on the check meter/meters and the main meter will be replaced immediately. If both the main and check meters indicate an error beyond the limits, billing for the month will be reconciled on the basis of the reading on the standby meter/meters, and the main and check meters will be replaced immediately.
- 4.5 If during the half yearly test checks, all the main meters and the corresponding check meters and standby meters are found to be beyond permissible limits of error, all the meters shall be immediately replaced and the correction applied to the consumption registered by the main meter to arrive at the correct Delivered Energy for billing purposes for the period of one month up to the time of such test check, computation of Delivered Energy for the period thereafter till the next monthly meter reading shall be as

per the replaced main meter.

- 4.6 Corrections in Delivered Energy billing, whenever necessary, shall be applicable to the period between the previous monthly meter reading and the date and time of the test calibration in the current month when the error is observed and this correction shall be for the full value of the absolute error. For the purpose of determining the correction to be applied to any meter registering inaccurately, the meter shall be tested under conditions simulating 100, 50, 20 and 10 percent load at unity power factor and 0.5 power factor. Of these eight values, the error at the load and power factor nearest the average monthly load served at the Inter-connection Point during the applicable period shall be taken as the error to be applied for correction.
- 4.7 If all the main, check and standby meters fail to record or if all/any of the PT fuses are blown out, then the energy will be computed on a mutually agreeable basis for that period of defect.
- 4.8 The main, check and standby meters shall be tested and calibrated once in a Financial Year utilizing a standard meter of 0.02 class accuracy testing meter ("Standard Meter"). The Standard Meter shall be calibrated once in every year at the approved Laboratory by Government of India / Government of Andhra Pradesh as per Terms and Conditions of supply. The testing of meters shall be carried out as per APERC/APTRANSCO/DISCOM rules and regulations.
- 4.9 All main, check and stand by meter tests shall be jointly conducted by the authorized representatives of both the parties and the results and correction so arrived at mutually will be applicable and binding on both the parties.
- 4.10 On the Meter Reading Date of each month, meter readings shall be taken (and an acknowledgement thereof signed) by the authorized representatives of both parties.
- 4.11 Within Twenty Four (24) months, following the execution of this Agreement, the Mini Hydel Project Developer and the APTRANSCO/DISCOM shall mutually agree to technical and performance specifications (including, but not limited to, the metering configuration for the Project) concerning the design and operation of the facilities required to be installed by the Mini Hydel Project Developer in order for the Mini Hydel Project Developer to operate in parallel with the grid. Thereafter, any change in such specifications shall be subject to mutual agreement of the parties.
- 4.12 The Project shall be operated and maintained in accordance with good and generally accepted prudent utility standards with respect to synchronizing, Voltage, frequency and reactive power control.

- 4.13 Voltage regulation shall be such as to enable continued paralleling and synchronization with the network voltage at the point of inter-connection.
- 4.14 The equipment of the Mini Hydel Project Developer shall be designed for fluctuations in the frequency within limits of -5% and +3% of the standard frequency of 50 cycles per second.
- 4.15 The Mini Hydel Project Developer shall ensure that the power factor of the power delivered to the DISCOM is maintained as per the APERC/CEA norms from time to time.
- 4.16 Any change in rupturing capacity of switch-gear, settings of the relays, etc., shall be subject to approval of the APTRANSCO/DISCOM.
- 4.17 As the Mini Hydel Project's plant may carry fault currents that may occur on the grid, the Mini Hydel Project Developer shall provide adequate switchgear protection against such faults. The APTRANSCO/DISCOM is not responsible for damage, if any, caused to the Project's plant and allied equipment during parallel operation of the plant with the grid.
- 4.18 The Mini Hydel Project Developer shall make bonafide effort to operate the Project in such a manner so as to avoid fluctuations and disturbances to the APTRANSCO/DISCOM network due to parallel operation with the network.
- 4.19 The Mini Hydel Project Developer shall control and operate the Project as per Prudent Utility Practices. The APTRANSCO/DISCOM shall only be entitled to request the Mini Hydel Project Developer to reduce electric power and energy deliveries from the Project during a System Emergency, and then only to the extent that in the APTRANSCO/DISCOM's reasonable judgment such a reduction will alleviate the emergency. The DISCOM shall give the Mini Hydel Project Developer as much advance notice of such a reduction as is practicable under the circumstances and shall use all reasonable efforts to remedy the circumstance causing the reduction as soon as possible. Any reduction required of the Mini Hydel Project Developer hereunder shall be implemented in a manner consistent with safe operating procedures.
- 4.20 SLDC may instruct the Mini Hydel plant to back down generation on consideration of grid safety and security or safety of any equipment or personnel is endangered and Mini Hydel plant shall comply with the same. For this, the Mini Hydel Project Developer shall provide Data Acquisition System ("DAS") facility compatible to SLDC Supervisory Control and Data Acquisition ("SCADA") system in consultation with SLDC for transfer of online information to concerned SLDC as per the clause No. 5.2.U of APERC Grid Code and IEGC 2010 & APERC Grid Code.

(in) SLDC may direct the Mini Hydel Power Developer to curtail its VAR / Injection

incase the security of grid or safety of any equipment or personnel is endangered.

(ii) During the Project start-up, the Mini Hydel Project Developer shall ensure that the reactive power drawl (inrush currents in case of induction plants) shall not affect grid performance

- 4.21 The Mini Hydel Project Developer shall ensure the connectivity standards applicable to the Mini Hydel generating stations as per the Central Electricity Authority (CEA) Regulations and its amendments thereto are adhered to.
- 4.22 The Mini Hydel Project Developer will install necessary current limiting devices such as thyristors etc., if required. The Mini Hydel Project Developer shall provide protection system in compliance to grid code requirement for short circuit level, neutral grounding, current unbalance, limiting of harmonics, fault- clearing time etc. A generating unit may be synchronized to the state grid system, when the Mini Hydel Project Developer has obtained permission for synchronization after meeting system requirements and such generating unit complies with Prudent Utility Practices.
- 4.23 Harmonics: The generator shall ensure that the harmonics injected into the grid shall conform to the grid specifications as specified by APERC/CERC from time to time.

ARTICLE 5

BILLING AND PAYMENT

- 5.1 For the Delivered Energy purchased, Mini Hydel Project Developer shall furnish a bill to the DISCOM calculated at the Tariff provided for in ARTICLE 2, in such form as may be mutually agreed between the DISCOM and the Mini Hydel Project Developer, for the billing month on or before the 5th working day following the Meter Reading Date.
- 5.2 The DISCOM shall be entitled to get a rebate of 1% of the total amount billed in any billing month for payments made before the Due Date of Payment. Any payment made beyond the Due Date of Payment, DISCOM shall pay interest at prevailing SBI bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction.
- 5.3 The DISCOM shall pay the bill on monthly basis as per Clause 5.5, by opening a one month revolving Letter of Credit in favor of Mini Hydel Project Developer.
- 5.4 **Letter of Credit:** Not later than 30 days prior to the Scheduled COD, DISCOMs shall cause to put in place an irrevocable revolving Letter of Credit issued in favor of Mini Hydel Project Developer by a Scheduled Bank (the "Letter of Credit") for one month's billing value.
- a. However Letter of Credit shall not be invoked for any disputed bill amount.
 - b. Further LC can be invoked only when DISCOMs fail to pay bill amount by due date of bill payment.
- 5.5 **Payment for bills raised:** Mini Hydel developer shall submit bills for the energy delivered during the billing period as per the provision of this PPA and there upon DISCOMs shall make payment for the eligible bill amount by the due date of payment.
- 5.6 **Billing disputes:** The DISCOM shall pay the bills of Mini Hydel Project Developer promptly subject to the Clauses 5.1 and 5.2.

The DISCOM shall notify Mini Hydel Project Developer in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. Mini Hydel Project Developer shall immediately take up issue with all relevant information with DISCOM which shall be rectified by the DISCOM, if found satisfactory. Otherwise notify its (DISCOM's) rejection of the disputed claim within reasonable time with reasons therefor. The dispute may also be decided by mutual agreement. If the resolution of any dispute requires the DISCOM to reimburse Mini Hydel Project Developer, the amount to be reimbursed shall bear interest at prevailing SBI bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction from the date of disallowance to the date of reimbursement.

5.7 All payments by the DISCOM to Mini Hydel Project Developer hereunder shall be made to such address as may be designated by Mini Hydel Project Developer to the DISCOM in writing from time to time.

Address: M/s ,

Telephone: +91

Fax: +91

Mail ID:

5.8 Notwithstanding anything stated in this PPA, the dispute of correctness or otherwise of the applicable Tariff, shall not be considered as billing dispute.

5.9 Further in the event, at any time, DISCOMs find that amount is due from Mini Hydel Project Developer either under this agreement or under any other transaction, the DISCOM is entitled to recover the said due amount with interest by recovering from the monthly bill amount payable to the Mini Hydel Project Developer.

ARTICLE 6

UNDERTAKING

6.1 The Mini Hydel Project Developer shall be responsible:

- (i) For proper maintenance of the Project in accordance with established Prudent Utility Practices.
- (ii) For operation, maintenance, overhaul of the plant, equipment, works, switch yard and transmission lines and equipment up to the Inter-connection Point of the Project in coordination with the APTRANSCO/DISCOM officials.
- (iii) To furnish the generation and maintenance schedules every year, during peak and non-peak season.
- (iv) For making all payments on account of any taxes, cess, duties or levies imposed by any government or competent statutory authority on the land, equipment, material or works of the Project or on the energy generated or consumed by the Project or the Mini Hydel Project Developer or on the income or assets of the Mini Hydel Project Developer.
- (v) For obtaining necessary approvals, permits or licenses for operation of the Project and sale of energy to DISCOM there from under the provision of the relevant laws.
- (vi) To comply with the provisions of the Grid Code. Notwithstanding any provision in this Agreement, the Mini Hydel Project Developer shall comply with the state Grid Code, dispatch practices, performance standard, protection & safety as required as per the rules & regulations in force as applicable from time to time in the State of AP.
- (vii) For achieving Financial Closure within 180 days from the date of signing of PPA.
- (viii) For achieving Commercial Operation Date within the timelines stipulated for Scheduled COD as per this Agreement.
- (ix) For seeking approval of APTRANSCO and DISCOM in respect of Inter-connection Facilities with grid substation and synchronization of the Project generating Units with grid.
- (x) To install new machinery in the plant.
- (xi) The Mini Hydel Project Developer shall not dismantle and take away Project machinery and Inter-connection Facilities during the Term of the Agreement.
- (xii) To share Clean Development Mechanism ("CDM") benefit with DISCOM as provided in CERC (Terms and Conditions for the Tariff determination from Renewable Energy Sources) Regulations, 2012, and as amended from time to time, as indicated below:

- (1) The proceeds of carbon credit from approved CDM Project shall be shared between Mini Hydel Project Developer and DISCOM in the following manner, namely
 - a) 100% of the gross proceeds on account of CDM benefit to be retained by the Mini Hydel Project Developer in the first year after the date of commercial operation of the Project;
 - b) In the second year, the share of the DISCOM shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the Mini Hydel Project Developer and the DISCOM.
- (xiii) The Mini Hydel Project Developer shall abide by the minimum equity requirements as follows –
 - (1) After execution of PPA, the percentage of controlling shareholding of the Bidding Company/Bidding Firm or Lead Member in the Project Company setting up the Project shall be maintained for a period of one (1) year after COD. Thereafter, any change can be undertaken under intimation to the DISCOM.
 - (2) Lead Member in the Consortium shall have the Controlling Shareholding in the Company having more than 51% of voting rights in the Company
- (xiv) Any other obligation related to ownership imposed on the Mini Hydel Project Developer as per the provisions of the RfS.

(xv) Satisfaction of conditions subsequent by the Mini Hydel Project Developer

The Mini Hydel Project Developer agrees and undertakes to duly perform and complete all of the following activities at its own cost and risk within one hundred and eighty (180) days from the date of signing of this Agreement, unless such completion is affected by any Force Majeure event, or if any of the activities is specifically waived in writing by DISCOM

- (1) For obtaining all Consents, Clearances and Permits required for supply of power to DISCOM as per the terms of this Agreement;
- (2) For making project financing agreements and completing financial closure and shall provide necessary documents to DISCOM in this regard;
- (3) For making adequate arrangements to connect the Power Project

switchyard with the Inter-connection Facilities at the Delivery Point;

6.2 The DISCOM agrees:

- (i) To make all reasonable efforts for making arrangements for evacuation of power from the Project to be completed prior to the COD of the Project subject to ARTICLE 3.
- (ii) For purchase of Delivered Energy from the Project as per Clause 2.2
- (iii) To co-ordinate with APTRANSCO/DISCOM and guide the Mini Hydel Project Developer in obtaining approval for the inter-connection facilities where the inter-connection is at 33 kV or above voltages, for synchronization, commercial operation, regular operation etc., as required by the Mini Hydel Project Developer.

6.3 Mini Hydel Project Developer shall take insurance for the project assets against losses due to natural calamities, fire, riot and strike for replacement value.

6.4 Performance Bank Guarantee

- (i) The Performance Bank Guarantee of INR 30 lakh/MW to be furnished under this Agreement and before signing of this PPA shall be for guaranteeing the commencement of the supply of power up to the Contracted Capacity within the time specified in this Agreement as per format provided in SCHEDULE 4. The Performance Bank Guarantee of INR 30 lakh/MW shall be submitted in three (3) Nos. of Bank Guarantee in the ratio of 20%, 40% & 40% value. Performance Bank Guarantee will have a validity period of six months from the Scheduled COD as per this agreement.
- (ii) The failure on the part of the Mini Hydel Project Developer to furnish the Performance Bank Guarantee before signing of this PPA or to maintain the Performance Bank Guarantee till the validity period of the Performance Bank Guarantee as stated in Clause 6.4(i) of this Agreement, shall be a material breach of the terms of this Agreement on the part of the Mini Hydel Project Developer.
- (iii) If the Mini Hydel Project Developer fails to commence supply of power from the Scheduled Commercial Operation Date specified in this Agreement, subject to conditions mentioned in Article 9.2, DISCOM shall have the right to encash the Performance Bank Guarantee without prejudice to the other rights of DISCOM under this Agreement.
- (iv) Subject to Article 6.5, DISCOM shall return / release the Performance Bank Guarantee three (3) months after the Commercial Operation Date.
- (v) The return / release of the Performance Bank Guarantee shall be without prejudice to other rights of DISCOM under this Agreement.

6.5 Consequences of non-fulfillment of conditions subsequent specified in Clause 6.1

- (vi) In case of a failure to submit the documents as above, DISCOM shall have the right to terminate this Agreement by giving a Termination Notice to the Mini Hydel Project Developer in writing of at least seven (7) days. The termination of the Agreement shall take effect upon the expiry of the 7th day of the Notice.
- (vii) DISCOM shall be entitled to encash all the Performance Bank Guarantees submitted by the Mini Hydel Project Developer.
- (viii) For the avoidance of doubt, it is clarified that this Article shall survive the termination of this Agreement.
- (ix) In case of inability of the Mini Hydel Project Developer to fulfill any one or more of the conditions specified in Article 6.1 (xv) due to any Force Majeure event, the time period for fulfillment of the conditions subsequent as mentioned in Article 6.1 (xv) shall be extended for the period of such Force Majeure event.

Provided that due to the provisions of this Article 6.5 any increase in the time period for completion of conditions subsequent mentioned under Article 6.1 (xv) shall also lead to an equal extension in the Commissioning Date.

6.6 Mini Hydel Project Developer shall not encumber, assign or mortgage project assets except for getting finance for execution of the project.

However the developer can transfer, sell, assign or mortgage the project assets in line with the provisions of 10.1.1 (i) (b)).

ARTICLE 7

DURATION OF AGREEMENT

This Agreement is subject to para (5) of the Preamble and shall be effective upon its execution and delivery thereof between parties hereto and shall continue in force from the Commercial Operation Date (COD) or Scheduled Commercial Operation Date, whichever is later, and until the 35th anniversary that is for a period of thirty five years from the Commercial Operation Date (COD) or Scheduled Commercial Operation Date (SCOD), whichever is later. This Agreement may be renewed for such further period of time, with or without modification and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period, subject to the consent of the APERC. In such a case, the first right of refusal shall lie with the DISCOM. Any one or all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of APERC.

ARTICLE 8

NOTICES

8.1 Except as otherwise expressly provided in this Agreement, all notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by registered post or faxed or emailed to address as follows:

If to the Mini Hydel Project Developer:

Attention : Mr. ,
M/s ,

Telephone : +91

Fax : +91

Email :

If to the DISCOM:

Attention :
.

Fax No. :

Telephone No. :

Email :

- 8.2 All notices or communications given by fax or email shall be confirmed by depositing a copy of the same in the post office in an envelope properly addressed to the appropriate party for delivery by registered post. All notices shall be deemed delivered upon receipt, including notices given by fax or mail regardless of the date of the confirmation of such notice is received.
- 8.3 Any party, may, by written notice, change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.

ARTICLE 9

FORCE MAJEURE

9.1 Definition of Force Majeure:

- (a) "Force Majeure" shall mean any event or circumstance or combination of events or circumstances that materially and adversely affects the performance by either party (the "Affected Party") of its obligations pursuant to the terms of this Agreement (including by preventing, hindering or delaying such performance), but only if and to the extent that such events and circumstances are not within the Affected Party's reasonable control and were not reasonably foreseeable and the effects of which the Affected Party could not have prevented by Prudent Utility Practices or, in the case of construction activities, by the exercise of reasonable skill and care. Any events or circumstances meeting the description of Force Majeure which have the same effect upon the performance of any of the Mini Hydel Project setup in accordance with Mini Hydel policy announced by GoAP under competitive bidding route and which therefore materially and adversely affect the ability of the Project or, as the case may be, the DISCOM to perform its obligations hereunder shall constitute Force Majeure with respect to the Mini Hydel Project Developer or the DISCOM, respectively. The decision of Discoms on being such notification by developers as to claim of Force majeure shall be final and binding.
- (b) Force Majeure circumstances and events shall include the following events to the extent, that they or their consequences satisfy the above requirements.
- (i) Non Political Events such as acts of GOD including but not limited to any storm, flood, Drought, Lightning, Earthquake or other natural calamities, fire, accident, explosion, strikes, labor difficulties, epidemic, plague or quarantine, air crash, shipwreck, train wrecks or failure ("Non Political Events").
- (ii) Indirect Political Events such as acts of war sabotage, terrorism or act of public enemy, blockades, embargoes, civil disturbance, revolution or radioactive contamination ("Indirect Political Events").
- (iii) Direct Political Events such as any Government Agencies' or the DISCOM's unlawful or discriminatory delay, modification, denial or refusal to grant or renew, or any revocation of any required permit ("Direct Political Events").

9.2 In the event of a delay in COD due to:

(a) Force Majeure Events affecting the Mini Hydel Project Developer; or

(b) DISCOM Event of Default as defined in 10.2,

the COD shall be deferred, for a reasonable period but not less than 'day-for-day' basis subject to a maximum period of six (6) months from the Scheduled COD as per this agreement, to permit the Mini Hydel Project Developer or DISCOM through the use of due diligence, to overcome the effects of the Force Majeure events affecting the Mini Hydel Project Developer or DISCOM, or till such time such event of default is rectified by Mini Hydel Project Developer or DISCOM, whichever is earlier.

ARTICLE 10

EVENTS OF DEFAULT AND TERMINATION

10.1 Mini Hydel Project Developer Event of Default:

10.1.1 The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by DISCOM of its obligations under this Agreement, shall constitute a Mini Hydel Project Developer Event of Default (“Mini Hydel Project Developer Event of Default”):

- (i) If
 - (a) the Mini Hydel Project Developer assigns, mortgages or charges or purports to assign, mortgage or charge any of its assets or rights related to the Project in contravention of the provisions of this Agreement; or
 - (b) the Mini Hydel Project Developer transfers or novates any of its rights and/ or obligations under this Agreement, in a manner contrary to the provisions of this Agreement; except where such transfer
 - is in pursuance of a law; and does not affect the ability of the transferee to perform, and such transferee has the financial capability to perform, its obligations under this Agreement or
 - is to a transferee who assumes such obligations under this Agreement and the Agreement remains effective with respect to the transferee;
- (ii) if
 - (a) the Mini Hydel Project Developer becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or
 - (b) any winding up or bankruptcy or insolvency order is passed against the Mini Hydel Project Developer, or
 - (c) the Mini Hydel Project Developer goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to law,
 - (d) Provided that a dissolution or liquidation of the Mini Hydel Project Developer will not be a Mini Hydel Project Developer Event of Default if such dissolution or liquidation is for the purpose of a merger, consolidation or reorganization and where the resulting company retains

creditworthiness similar to the Mini Hydel Project Developer and expressly assumes all obligations of the Mini Hydel Project Developer under this Agreement and is in a position to perform them; or

- (iii) the Mini Hydel Project Developer repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from DISCOM in this regard; or
- (iv) except where due to any DISCOM's failure to comply with its material obligations, the Mini Hydel Project Developer is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the Mini Hydel Project Developer within thirty (30) days of receipt of first notice in this regard given by DISCOM; or
- (v) the Mini Hydel Project Developer delays the commissioning of the Project by more than six months from the Scheduled COD, in which case the procedures of Clause 10.5 shall be followed; or
- (vi) Occurrence of any other event which is specified in this Agreement to be a material breach/default of the Mini Hydel Project Developer.

10.2 DISCOM Event of Default

10.2.1 The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by the Mini Hydel Project Developer of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting DISCOM ("DISCOM Event of Default"):

- (i) DISCOM fails to pay (with respect to payments due to the Mini Hydel Project Developer according to ARTICLE 5), for a period of ninety (90) days after the Due Date of Payment and the Mini Hydel Project Developer is unable to recover the amount outstanding to the Mini Hydel Project Developer through the Letter of Credit, or
- (ii) DISCOM repudiates this Agreement and does not rectify such breach even within a period of thirty (30) days from a notice from the Mini Hydel Project Developer in this regard; or
- (iii) except where due to any Mini Hydel Project Developer's failure to comply with its obligations, DISCOM is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by DISCOM within thirty (30) days of receipt of notice in this regard from the Mini Hydel Project Developer to DISCOM; or

(iv) if:-

- DISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or any winding up or bankruptcy or insolvency order is passed against DISCOM, or
- DISCOM goes into liquidation or dissolution or a receiver or any similar officer is appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to law

Provided that it shall not constitute a DISCOM Event of Default, where such dissolution or liquidation of DISCOM or DISCOM is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and has creditworthiness similar to DISCOM and expressly assumes all obligations of DISCOM and is in a position to perform them; or

(v) If DISCOM is subject to any of the above defaults and DISCOM does not designate another DISCOM for purchase of Mini Hydel Project; or

(vi) Occurrence of any other event which is specified in this Agreement to be a material breach or default of DISCOM.

10.3 Procedure for cases of Mini Hydel Project Developer Event of Default

10.3.1 Upon the occurrence and continuation of any Mini Hydel Project Developer Event of Default under Clause 10.1, DISCOM shall have the right to deliver to the Mini Hydel Project Developer, with a copy to the representative of the lenders to the Mini Hydel Project Developer with whom the Mini Hydel Project Developer has executed the Financing Agreements, a notice stating its intention to terminate this Agreement (“DISCOM Preliminary Default Notice”), which shall specify in reasonable detail, the circumstances giving rise to the issue of such notice.

10.3.2 Following the issue of a DISCOM Preliminary Default Notice, the Conciliation Period of sixty (60) days or such longer period as the parties may agree, shall apply and it shall be the responsibility of the parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant Mini Hydel Power Developer.

Event of Default having regard to all the circumstances

10.3.3 During the Conciliation Period, the parties shall continue to perform their respective obligations under this Agreement.

10.3.4 After a period of seven (7) days following the expiry of the Conciliation Period unless the parties shall have otherwise agreed to the contrary or the Mini Hydel Project Developer Event of Default giving rise to the Conciliation Period shall have ceased to exist or shall have been remedied, DISCOM may terminate this Agreement by giving a written Termination Notice of thirty (30) days to the Mini Hydel Project Developer.

10.3.5 Subject to the terms of this Agreement, upon occurrence of a Mini Hydel Project Developer Event of Default under this Agreement, the lenders may exercise their rights, if any, under Financing Agreements, to seek substitution of the Mini Hydel Project Developer by a selectee for the residual period of the Agreement, for the purpose of securing the payments of the total debt amount from the Mini Hydel Project Developer and performing the obligations of the Mini Hydel Project Developer.

Provided that any substitution under this Agreement can only be made with the condition that the selectee meets the eligibility requirements of RfS issued by DISCOM.

10.3.6 The lenders may seek to exercise right of substitution under Clause 10.3.5 by an amendment or novation of the Agreement in favor of the selectee. The Mini Hydel Project Developer shall cooperate with the lenders to carry out such substitution and shall have the duty and obligation to continue to operate the Project in accordance with this Agreement till such time as the substitution is finalized.

10.4 Procedure for cases of DISCOM Event of Default

10.4.1 Upon the occurrence and continuation of any DISCOM Event of Default specified in Clause 10.2 the Mini Hydel Project Developer shall have the right to deliver to DISCOM, a Mini Hydel Project Developer Preliminary Default Notice, which notice shall specify in reasonable detail the circumstances giving rise to its issue.

10.4.2 Following the issue of a Mini Hydel Project Developer Preliminary Default Notice, the Conciliation Period of sixty (60) days or such longer period as the parties may agree, shall apply and it shall be the responsibility of the parties to discuss as to what steps shall be taken with a view to mitigate the consequences of the relevant DISCOM Event of Default having regard to all the circumstances.

10.4.3 During the Conciliation Period, the parties shall continue to perform their respective obligations under this Agreement.

10.4.4 After a period of seven (7) days following the expiry of the Conciliation Period and unless the parties otherwise agreed to the contrary or DISCOM Event of Default giving rise to the Conciliation Period shall have ceased to exist or shall have been remedied, the Mini Hydel Project Developer shall be free to sell the Contracted Capacity to any third party of the Mini Hydel Project Developer's choice. Provided further that at the end of three (3) months period from the period mentioned in this Clause 10.4.4, this Agreement may be terminated by the Mini Hydel Project Developer.

10.5 Penalties in case of Delayed Commissioning

Under normal circumstances the Project has to be commissioned within Twenty Four (24) months for the projects where inter-connection point is at 33 kV and 132 kV voltage level from the date of signing of this Agreement. In case of failing to achieve this milestone, DISCOM shall encash the Performance Bank Guarantee which was submitted by Mini Hydel Developer to the DISCOM at time of entering the PPA, in the following manner:

Contracted Capacity commissioned but with delay:

- (a) Delay upto one (1) month – DISCOM will encash 20% of Performance Bank Guarantee on per day basis proportionate to the Capacity not commissioned.
- (b) Delay of more than one (1) month and upto two months – DISCOM will encash 40% of the Performance Bank Guarantee on per day basis proportionate to the Capacity not commissioned.
- (c) Delay of more than two and upto three months – DISCOM will encash the remaining Performance Bank Guarantee on per day basis proportionate to the Capacity not commissioned.
- (d) In case the commissioning of Power Project is delayed beyond three (3) months from the Scheduled Commercial Operation Date, the Mini Hydel Project Developer shall pay to DISCOM, the Liquidated Damages at rate of INR 1, 00,000/- per MW per day of delay for the delay in such remaining Capacity which is not commissioned. The amount of liquidated damages would be recovered from the Mini Hydel Project Developer from the payments due on account of sale of Mini Hydel power to DISCOM.
- (e) The maximum time period allowed for commissioning of the full Project Capacity with encashment of Performance Bank Guarantee and payment of Liquidated Damages shall be limited to six (6) months from the Scheduled COD as per this Agreement. In case, the commissioning of the Power Project is delayed beyond six (6) months from the Scheduled COD as per this Agreement, it shall be considered as an Mini Hydel Project Developer Event of Default and provisions of ARTICLE 10 shall apply and the Contracted Capacity shall stand reduced/amended to the Project Capacity Commissioned within six (6) months from the Scheduled COD as per this

Agreement and the PPA for the balance Capacity will stand terminated.

- (f) For all other cases of Mini Hydel Project Developer Event of Default, procedure as provided in Clause 10.3 shall be applicable.

ARTICLE 11

DISPUTE RESOLUTION

- 11.1 Each party shall designate in writing to the other party a representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner.
- 11.2 Following notice by one party to the other setting out the particulars of the dispute, if the designated representatives are unable to resolve a dispute under this Agreement within 15 days, such dispute shall be referred by such representatives to a senior officer designated by the Mini Hydel Project Developer and a senior officer designated by the DISCOM, respectively, who shall attempt to resolve the dispute within a further period of 15 days.
- 11.3 The parties hereto agree to use their best efforts to attempt to resolve all disputes arising hereunder promptly, equitably and in good faith and further agree to provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any such dispute.
- 11.4 Failing resolution of the dispute in terms of the above provisions or even otherwise, any party may approach the APERC to resolve the dispute in terms of Section 86 (1) (f) of Electricity Act, 2003.
- 11.5 In the event of any conflict of interpretation in terms and conditions between RfS document and the clarifications issued under this RfS or in case of any ambiguity, the provisions of PPA would prevail.

ARTICLE 12

SPECIAL PROVISIONS

- 12.1 The waiver of any breach or failure to enforce any of the terms, covenants or conditions of this Agreement shall not in any way affect, limit, modify or waive the future enforcement of such terms, covenants or conditions.
- 12.2 No oral or written modification of this Agreement either before or after its execution shall be of any force or effect unless such modification is in writing and signed by the duly authorized representatives of the Mini Hydel Project Developer and the APTRANSCO/DISCOM, subject to the condition that any further modification of the Agreement shall be done only with the prior approval of APERC. However, the amendments to the Agreement as per the respective orders of APERC from time to time shall be carried out. All the conditions mentioned in the Agreement are with the consent of APERC.
- 12.3 However, in respect of power evacuation, the voltage levels for interfacing with grid will be as per Voltage of Delivery. The cost of Inter-connection Facilities has to be borne by the Mini Hydel Project Developer as per ARTICLE 3.
- 12.4 The invalidity or unenforceability for any reason of any provision of this Agreement shall not prejudice or affect the validity or enforceability of any other provision of this Agreement.
- 12.5 The failure of any party to insist in one or more instances upon the strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or relinquishment of any such rights but the same shall continue in full force and effect.
- 12.6 Unless the context otherwise requires, every arrangement, procedure or any other matter which is, under any of the provisions of this Agreement, required to be mutually agreed upon between the parties, shall be concluded by a written Agreement between the parties not later than the date specified in the concerned clause of this Agreement, subject to the consent of the APERC.
- 12.7 This Agreement, including Schedules attached hereto, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no oral or written understandings, representations or commitments of any kind, express or implied, not set forth herein.
- 12.8 The headings contained herein are included solely for the convenience of the parties and are not to be used as a basis for interpreting the various sections of this Agreement.
- 12.9 The parties each agree to act in good faith in implementing the terms and conditions of

this Agreement and in carrying out their respective obligations hereunder.

- 12.10 In the event of the merger or re-organization of DISCOM, if the resulting entity is able to perform DISCOM's obligations hereunder in no less a manner than DISCOM, the resulting entity shall take the right and responsibility for performance of DISCOM's obligations.
- 12.11 In the event of the merger or re-organization of Mini Hydel Project Developer if the resulting entity is able to perform Mini Hydel Project Developer's obligations hereunder in no less a manner than Mini Hydel Project Developer, the resulting entity shall take the right and responsibility for performance of Mini Hydel Project Developer's obligations.
- 12.12 Assignment and Financing: Neither party shall assign this Agreement or any portion thereof to any third party without the prior written consent of the other party which consent shall not be unreasonably withheld.
- 12.13 DISCOM shall not be liable for any damage or loss due to loss of Grid connectivity or any other event related to Grid for what so ever reasons.

ARTICLE 13

Change in Law

13.1 Definitions

In this ARTICLE 13, the following terms shall have the following meanings:

"Change in Law" means the occurrence of any of the following events after the Effective Date resulting into any additional recurring/ non-recurring expenditure by the Mini Hydel Project Developer or any income to the Mini Hydel Project Developer:

- the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation) in India, of any Law, including rules and regulations framed pursuant to such Law;
- a change in the interpretation or application of any Law by any Indian Governmental Instrumentality having the legal power to interpret or apply such Law, or any Competent Court of Law;
- the imposition of a requirement for obtaining any Consents, Clearances and Permits which was not required earlier;
- a change in the terms and conditions prescribed for obtaining any Consents, Clearances and Permits or the inclusion of any new terms or conditions for obtaining such Consents, Clearances and Permits; except due to any default of the Mini Hydel Project Developer;
- Notification of AP as special category state and or any change in tax or introduction of any tax made applicable for supply of power by the Mini Hydel Project Developer as per the terms of this Agreement.

but shall not include (i) any change in any withholding tax on income or dividends distributed to the shareholders of the Mini Hydel Project Developer, or (ii) any change on account of regulatory measures by the Appropriate Commission.

13.2 Relief for Change in Law

13.2.1 The aggrieved Party shall be required to approach APERC for seeking approval of Change in Law.

13.2.2 The decision of the APERC to acknowledge a Change in Law and the date from which it will become effective, provide relief for the same, shall be final and governing on

both the Parties.

IN WITNESS WHEREOF, the Mini Hydel Project Developer (Mini Hydel Project Developer) and the DISCOM have caused this Agreement to be executed as on the date and the year first set forth above.

For and behalf of

_____ **POWER DISTRIBUTION COMPANY OF
LIMITED**

WITNESS

1. By:

For and behalf of M/s.

WITNESS

1. By:

2. Its:

SCHEDULE 1

Particulars of the Project

(Referred to in the Preamble to the Agreement)

NAME OF THE PROJECT AND	LOCATION	VOLTAGE OF DELIVERY	INTER-CONNECTION POINT	TYPE OF PROJECT	CAPACITY OF THE PROJECT (MW)
M/s.		--		Mini Hydel	

* Out of _____MW, _____MW is for Auxiliary Consumption and _____MW is for export to grid for sale to DISCOM.

* Note: Auxiliary Consumption is 1% of capacity for Mini Hydel Project.

SCHEDULE 2

Attached Copy of letter for APERC approval and GoAP Approval for procurement of Mini Hydel power through competitive bidding route

SCHEDULE 3

Attached copy of Letter of Intent issued by APSPDCL/ APEPDCL

SCHEDULE 4

(Note: -Performance Guarantee @ INR 30 Lakh/MW is to be submitted in 3 Nos. of Bank Guarantee in the ratio of 20%, 40% & 40% Value.)

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.)

In consideration of the [Insert name of the Bidder] (Hereinafter referred to as selected 'Mini Hydel Project Developer') submitting the response to RfS inter alia for selection of the project of the capacity of MW, at[Insert name of the place], for supply of power there from on long term basis, in response to the RfS dated _____ issued by APSPDCL (hereinafter referred to as "Authorized Representative") having its Registered Office at Tirupati, Andhra Pradesh and Authorized Representative considering such response to the RfS of[insert the name of the selected Mini Hydel Project Developer] (which expression shall unless repugnant to the context or meaning thereof include its executers, administrators, successors and assignees) and selecting the Mini Hydel Project of the Mini Hydel Project Developer and issuing Letter of Intent No Datedto [Insert Name of selected Mini Hydel Project Developer] as per terms of RfS and the same having been accepted by the selected Mini Hydel Project Developer resulting in a Power Purchase Agreement (PPA) to be entered into, for purchase of Power [from selected Mini Hydel Project Developer or a Project Company, {a Special Purpose Vehicle (SPV) formed for this purpose}, if applicable]. As per the terms of the RfS, the [insert name & address of bank] hereby agrees unequivocally, irrevocably and unconditionally to pay to [Insert name of the DISCOM with which PPA will be signed] at [Insert Name of the Place from the address of the DISCOM with which PPA will be signed] forthwith on demand in writing from DISCOM or any Officer authorized by it in this behalf, any amount upto and not exceeding Rupees----- [Total Value] only, on behalf of M/s _____[Insert name of the selected Mini Hydel Project Developer / Project Company]

This guarantee shall be valid and binding on this Bank up to and including _____ and shall not be terminable by notice or any change in the constitution of the Bank or the term of contract or by any other reasons whatsoever and our liability hereunder shall not be impaired or discharged by any extension of time or variations or alternations made, given, or agreed with or without our knowledge or consent, by or between parties to the respective agreement.

Our liability under this Guarantee is restricted to INR _____ (INR _____ only). i) Nos -----

dated ----, Value -----; ii) Nos----- dated ----, Value ---; iii) Nos----- dated ----, Value ---).

Our Guarantee shall remain in force until _____[*Insert date corresponding to Article 6.4 (i) of this PPA*]. DISCOM shall be entitled to invoke this Guarantee till _____ [*Insert date corresponding to thirty (30) days after the validity of Performance Bank Guarantee as per Article 6.4 (i) of the PPA*].

The Guarantor Bank hereby agrees and acknowledges that the [*Insert name of the DISCOM with which PPA will be signed*] shall have a right to invoke this BANK GUARANTEE in part or in full, as it may deem fit.

The Guarantor Bank hereby expressly agrees that it shall not require any proof in addition to the written demand by [*Insert name of the DISCOM with which PPA will be signed*], made in any format, raised at the above mentioned address of the Guarantor Bank, in order to make the said payment to [*Insert name of the DISCOM with which PPA will be signed*].

The Guarantor Bank shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection by ----- [*Insert name of the selected Mini Hydel Project Developer / Project Company as applicable*] and/or any other person. The Guarantor Bank shall not require [*Insert name of the DISCOM with which PPA will be signed*] to justify the invocation of this BANK GUARANTEE, nor shall the Guarantor Bank have any recourse against DISCOM in respect of any payment made hereunder

This BANK GUARANTEE shall be interpreted in accordance with the laws of India and the courts at Andhra Pradesh shall have exclusive jurisdiction.

The Guarantor Bank represents that this BANK GUARANTEE has been established in such form and with such content that it is fully enforceable in accordance with its terms as against the Guarantor Bank in the manner provided herein.

This BANK GUARANTEE shall not be affected in any manner by reason of merger, amalgamation, restructuring or any other change in the constitution of the Guarantor Bank.

This BANK GUARANTEE shall be a primary obligation of the Guarantor Bank and accordingly [*Insert*

name of the DISCOM with which PPA will be signed] shall not be obliged before enforcing this BANK GUARANTEE to take any action in any court or arbitral proceedings against the selected Mini Hydel Project Developer / Project Company , to make any claim against or any demand on the selected Mini Hydel Project Developer / Project Company or to give any notice to the selected Mini Hydel Project Developer / Project Company or to enforce any security held by DISCOM or to exercise, levy or enforce any distress, diligence or other process against the selected Mini Hydel Project Developer / Project Company .

The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to [*Insert name of the DISCOM with which PPA will be signed*] and may be assigned, in whole or in part, (whether absolutely or by way of security) by [*Insert name of the DISCOM with which PPA will be signed*] to any entity to whom [*Insert name of the DISCOM with which PPA will be signed*] is entitled to assign its rights and obligations under the PPA.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is restricted to INR _____(INR____only) and it shall remain in force until _____ [*Insert date corresponding to Article 6.4 (i) of the PPA*]. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only if [*Insert name of the DISCOM with which PPA will be signed*] serves upon us a written claim or demand.

Signature __

Name _____

Power of Attorney No. _____

For

_____ [*Insert Name of the Bank*] _____

Banker's Stamp and Full Address. Dated this_day of __, 20 ____

Witness:

1.

Signature

Name and Address

2.

Signature

Name and Address

Notes:

1. The Stamp Paper should be in the name of the Executing Bank.
2. The Performance Bank Guarantee shall be executed by any of the Bank from the List of Banks enclosed.

List of Banks for Insurance of Bank Guarantees against PBG

1. SCHEDULED COMMERCIAL BANKS	2. OTHER PUBLIC SECTOR BANKS
SBI AND ASSOCIATES	IDBI Bank Ltd.
1. State Bank of India	3. FOREIGN BANKS
2. State Bank of Bikaner & Jaipur	1. Bank of America
3. State Bank of Hyderabad	2, Bank of Tokyo Mitsubishi UFJ Ltd.

4. State Bank of Indore	3. BNP Paribas
5. State Bank of Mysore	4. Caylon Bank
6. State Bank of Patiala	5. Citibank N.A.
7. State Bank of Travancore	6. Deutsche Bank A.G
NATIONALISED BANKS	7. The Hong Kong and Shanghai Banking Corpn. Ltd.
1. Allahabad Bank	8. Standard Chartered Bank
2. Andhra Bank	9. Societe Generale
3. Bank of India	10. Barclays Bank
4. Bank of Maharashtra	11. Royal Bank of Scotland
5. Canara Bank	12. Bank of Nova Scotia
6. Central Bank of India	13. Development Bank of Singapore (DBS Bank Ltd.)
7. Corporation Bank	14. Credit Agricole Corporate and Investment Bank
8. Dena Bank	4. SCHEDULED PRIVATE BANKS
9. Indian Bank	1. Federal Bank Ltd.
10. Indian Overseas Bank	2. ING Vysya Bank Ltd.
11. Oriental Bank of Commerce	3. Axis Bank Ltd.
12. Punjab National Bank	4. ICICI Bank Ltd.
13. Punjab & Sind Bank	5. HDFC Bank Ltd.
14. Syndicate Bank	6. Yes Bank Ltd.
15. Union Bank of India	7. Kotak Mahindra Bank
16. United Bank of India	8. IndusInd Bank Ltd.

17. UCO Bank	9. Karur Vysya Bank
18. Vijaya Bank	
19. Bank of Baroda	

SCHEDULE 5

[Mini Hydel Project Developer to insert the finalized Financial Bid]

SCHEDULE 6

[Mini Hydel Project Developer to insert the photocopies of the PBG]

SCHEDULE 7

- No Objection from Irrigation & CAD Department, Government of Andhra Pradesh (now known as Water Resources Department, Government of Andhra Pradesh)
- Valid Sanction letter of the Project site by GoAP and NREDCAP and agreement signed with NREDCAP.