

**ANNEXURE – 2 :**  
**MINI HYDEL PROJECTS**

This Power Purchase Agreement is made at .....this.....day of.....between  
....ESCOM, a company formed and incorporated in India under the Companies Act,  
1956, with its registered office located at..... Karnataka State,  
hereinafter referred to as the ".....Electricity Supply Company (...ESCOM) (which  
expression shall, unless repugnant to the context or meaning thereof, include its  
successors and permitted assigns) as the party of the first part, and M/s.....  
, a company formed and incorporated under the Companies Act, 1956 or the  
Companies Act, 2013 or the Limited Liability Partnership Act, 2008, a proprietary  
concern/partnership firm/trust/ co-operative society etc., and having its Registered  
Office at .....hereinafter referred to as the "Company" (which  
expression shall, unless repugnant to the context or meaning thereof, include its  
successors, and permitted assigns) as party of the second part.

... ESCOM and the Company will be jointly known as the parties and will be individually  
known as party

**WHEREAS,**

- (i) The Govt. of Karnataka by its Order No. (1) ..... dated .....  
and 2] ..... dated ..... has accorded its sanction to the  
proposal of M/s..... for installation of a Mini Hydro Electric Power  
Generating Station of ..... MW capacity, across ..... near  
.....village in .....Taluk, .....District and permitted ...ESCOM to enter into  
an agreement with the Company for purchase of Electricity.
  
- (ii) Pursuant to (i) above the Company has plans to develop, design, engineer,  
procure finance, construct, own, operate and maintain a Mini Hydro Electric  
Power Generating Station, hereinafter defined as the Project, with a gross  
capacity of ....MW across ..... near..... Village in ..... Taluk ...  
District and desires to sell Electricity generated in the said project to ...ESCOM and,

...ESCOM, which is at present engaged in the purchase, supply and distribution of electricity has agreed to purchase Electricity generated in the said project (as hereinafter defined) from the Company on the conditions set forth herein.

NOW THEREFORE IN VIEW OF THE FOREGOING PREMISES AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE ...ESCOM AND THE COMPANY HEREBY AGREE AS FOLLOWS.

**ARTICLE 1**  
**DEFINITIONS**

1.1 For all purposes of this Agreement, unless the context otherwise requires the following words and expressions shall have the respective meanings set forth below:

- (I) **"Agreement"** shall mean this Power Purchase Agreement executed hereof, including the schedules hereto, amendments, modifications and supplements made in writing by the parties from time to time;
- (II) **"Approvals"** mean the permits, clearances, licenses and consents to be obtained by the Company, as are listed in Schedule 4 hereto and any other statutory approvals;
- (III) **"Billing Period"** means the calendar month ending with the Meter Reading Date. The first Billing Period shall commence with the Commercial Operation Date and end with the Meter Reading Date corresponding to the month in which the Commercial Operation Date occurs;
- (IV) **"Billing Date"** shall be the first Business Day after the Meter Reading Date of each Billing Period;
- (V) **"Business Day"** means any Day on which commercial banks are not authorized or not required by Law to remain closed in the State of Karnataka;
- (VI) **"Commercial Operation Date"** with respect to each Unit of the Project shall mean the date on which such Unit is available for commercial operation as certified by Corporation/SLDC and in any case, shall not be beyond the Schedule Date of Completion;
- (VII) **"Commission"** means the Karnataka Electricity Regulatory Commission;
- (VIII) **"Construction Default"** shall mean default on the part of the Company in the completion of the Project on or before the Scheduled Date of Completion thereof or in the construction thereof with equipment substantially inadequate to utilize the full water potential of the Project;
- (IX) **"Corporation"** means the Karnataka Power Transmission Corporation Limited (KPTCL) or its successor entity;

**(X) "Corporation's Electrical System"** includes the Corporation's power transmission lines, Transformers, Circuit Breakers, CTs, PTs, relays, Towers, Structures and associated equipments involved in the transmission of Electrical energy;

**(XI) "Delivery Point" or "Interconnection/evacuation Point"** shall be the point at which the power is injected in to the substation bus of the ...ESCOM/Corporation.;

**(XII) "Delivered Energy"** means the kilowatt hours of Electricity actually fed and measured by the energy meters at the Delivery Point in a Billing Period:

Explanation: Where a Receiving Station or a Pooling Station is maintained for evacuating the electricity generated by the project to the grid system of the Corporation/...ESCOM, the Delivered Energy shall be:

$$DE = X_1 - (X_1 \times Z)$$

Where

DE is the Delivered Energy pertaining to the Projects,

X<sub>1</sub> is the reading of the energy meter installed at the Project Site,

Z is the percentage transmission/distribution line loss incurred in the transmission /distribution line between the Project and the Receiving Station and shall be:

$$Z = \left\{ \frac{(X_1 + X_2 + X_3 + X_4 + \dots) - Y}{(X_1 + X_2 + X_3 + X_4 + \dots)} \right\} \times 100$$

Where

Y is the reading of the bulk energy meter installed on the .... KV side of the Receiving Station

X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub> etc. are the readings of the energy meters installed at the various individual mini hydro power plants set up in the area and connected to the Receiving Station;

**(XIII) "Effective Date"** means the date on which all the conditions precedent pursuant to clause 2.1 are either satisfied in full or such conditions precedent which are unfulfilled are waived by the Parties and in any case shall not be beyond 6 [six] months from the date of signing of this Agreement;

**(XIV) "Electricity"** shall mean the electrical energy in kilowatt-hours;

- (XV) **"Electricity Laws"** shall mean the Electricity Act, 2003 and the relevant rules, notifications, and amendments issued thereunder and all other Laws in effect from time to time and applicable to the development, financing, construction, ownership, operation or maintenance or regulation of electricity generating companies in India;
- (XVI) **"Emergency"** means a condition or situation affecting either Corporation's/..ESCOM's electrical system or the Grid System, including without limitation, voltage/frequency variations beyond the Technical Limits, which threatens the safe and reliable operation of such system or which is likely to result in disruption of safe, adequate and continuous electric supply by Corporation or the Grid System or could endanger life or property;
- (XVII) **"ESCOMs' electrical System"** includes the ESCOM's power distribution lines, Transformers, Circuit Breakers, CTs, PTs, relays, Towers, Structures and associated equipments involved in the distribution of Electrical energy;
- (XVIII) **"Financing Documents"** mean the agreements and documents between a Company and the Financing Parties relating to the financing of the design, construction, commissioning, operation and maintenance of the Project (which may include asset leasing arrangements);
- (XIX) **"Financial Closure"** means the signing of the Financing Documents for financing of the Project and the fulfillment of all conditions precedent to the initial availability of funds thereunder and the receipt of commitments for such equity as required by the Company in order to satisfy the requirements of the Lenders, provided however that the Company has immediate access to funds (subject to giving the required drawdown notices) regarded as adequate by the Company and in any case shall be achieved within 6 [six] months from the date of signing of this Agreement;
- (XX) **"Financing Parties"** mean the parties financing the Project, pursuant to the Financing Documents;
- (XXI) **"Fiscal Year"** shall mean, with respect to the initial Fiscal Year, the period beginning on the Commercial Operation Date and ending at 12.00 midnight on the following 31<sup>st</sup> day of March. Each successive Fiscal Year shall begin on 1<sup>st</sup> day of April of the following calendar year and end on the following 31<sup>st</sup>

day of March, except that the final Fiscal Year shall end on the date of expiry of the term or on termination of this Agreement, whichever is earlier;

**(XXII) "Force Majeure Event"** shall have the meaning set forth in Article 8;

**(XXIII) "GoI"** means the Government of India and any agency, legislative body, department, authority or instrumentality thereof;

**(XXIV) "GoK"** means the Government of Karnataka an entity existing under the laws of the Republic of India or any agency, legislative body, department, political subdivision, authority or instrumentality thereof;

**(XXV) "Grid System"** means the Corporation's/...ESCOM's power transmission/distribution system through which Delivered Energy is evacuated and distributed;

**(XXVI) "Interconnection/evacuation Facilities"** in respect of the Company shall mean all the facilities installed by the Company or by any other person acting on its behalf to enable ....ESCOM to receive the Delivered Energy from the Project at the Delivery Point, including transformers and associated equipments, relay and switching equipment, protective devices and safety equipments and transmission/distribution lines from the Project to Corporation's/....ESCOM's nearest sub-station;

**(XXVII) "Installed Capacity"** means the capacity of the Project at the generating terminal(s) and shall be equal to ..... MW;

**(XXVIII) "KV"** means Kilovolt;

**(XXIX) "KW"** means Kilowatt;

**(XXX) "kWh"** means Kilowatt-hour;

**(XXXI) "Letter of Credit"** shall mean the letter of credit established pursuant to Article 6;

**(XXXII) "Meter Reading Date"** for a Billing Period, means midnight of the last Day of the calendar month;

**(XXXIII) "Metering Point"** means the point at which meters are installed for purposes of recording of Delivered Energy at the Delivery Point and shall include two separate sets of electronic tri-vector meters, main meter installed by the Company and check meter installed by the ...ESCOM and both sealed by the

...ESCOM, having, facilities to record both export and import of electricity to/from the grid;

**(XXXIV) "MW"** means Megawatts;

**(XXXV) "O & M Default"** shall mean any default on the part of the Company to operate and maintain any of the Units of the Project at all times and with due diligence during the period of availability of water for generation, for a continuous period of 90 days;

**(XXXVI) "Project"** means a hydro-electric power station proposed to be established or established by the Company across ..... near..... Village in ..... Taluk, ..... District, Karnataka State comprising of .... Units with individual capacity of ..... kilowatts and a total Installed Capacity of ..... Megawatts and shall include land, buildings, plant machinery, ancillary equipments, material, headrace, tailrace, bye-pass channels, switchgear, transformers, protection equipment and the like necessary to deliver the Electricity generated by the Project to ...ESCOM at the Delivery Point;

**(XXXVII) "Project Site"** means any and all parcels of real property, rights-of-way, easements and access roads located at the Project across .....near .....Village in .....Taluk, ..... District, Karnataka State, India upon which the Project and its related infrastructure will be located, as described in Schedule 1 here to.

**(XXXVIII) "Prudent Utility Practices"** mean those practices, methods, techniques and standards, as changed from time to time, 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;

**(XXXIX) "Scheduled date of Commencement"** shall mean the date on which the construction work at the Project Site is actually started by the Company and such date shall be within three [3] months from the date of achievement of Financial Closure;

- (XL) **“Scheduled Date of Completion”** shall mean the date on which the last Unit of the Project is scheduled to deliver Electricity to ..ESCOM at the Delivery Point after completion of all the required tests, and shall be within 24 months from the date of achievement of financial closure or 30 months from the date of execution of Agreement, whichever is later;
- (XLI) **“Receiving Station OR Pooling station”** shall mean the .....KV electric switching station constructed and maintained by the Company or by ..... acting on its behalf at.....Village\_near the ... KV/... KV sub-station of the Corporation/ESCOM located at....., for the sole purpose of evacuating the Electricity generated by the Project to the Grid System and for facilitating evacuation/Interconnection/evacuation between the transmission/distribution lines emanating from the Project and the Grid System;
- (XLII) **“State Load Despatch Centre”** means the centre established under sub-section (1) of the section 31 of the Electricity Act, 2003;
- (XLIII) **“System Constraint”** means a condition or situation including the condition of 'Emergency' under which the Corporation's/..ESCOM's electrical system is not able to evacuate and transmit/distribute the generated energy fully or partly from the project due to unforeseen breakdown of the system;
- (XLIV) **“Tariff”** shall have the meaning set forth in Clause 5.1;
- (XLV) **“Technical Limits”** means the limits and constraints described in Schedule 2;
- (XLVI) **“Term”** means the term of the Agreement as defined in Clause 9.1;
- (XLVII) **“Unit”** means one set of hydro turbine-generator and auxiliary equipment and facilities forming part of the Project;
- (XLVIII) **“Voltage of Delivery”** means the voltage at which the electricity generated by the Project is required to be delivered to ESCOM and shall be .....KV.

## 1.2 Interpretation:

- (a) Unless otherwise stated, all references made in this Agreement to "Articles" and "Schedules" shall refer, respectively, to Articles of, and Schedules to, this Agreement. The Schedules to this Agreement form part of this Agreement



and will be in full force and effect as though they were expressly set out in the body of this Agreement.

- (b) In this Agreement, unless the context otherwise requires, (i) the singular shall include plural and vice versa; (ii) words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other legal entities; (iii) the words "include" and "including" are to be construed without limitation; and (iv) a reference to any party includes that party's successors and permitted assigns.

**ARTICLE 2**  
**CONDITIONS PRECEDENT**

**2.1 Conditions Precedent:**

The obligations of the ...ESCOM and the Company under this Agreement are conditional upon the occurrence of following in full:

- (a) The Company shall have been granted and received all permits, clearances and approvals (whether statutory or otherwise) as are required to execute and operate the Project (as specifically listed out in Schedule 4) (hereinafter referred to as "Approvals");
- (b) The Financial Closure shall have occurred.

**2.2** The date on which the Company fulfills any of the Conditions Precedent pursuant to sub-clause (a) and (b) of clause 2.1, it shall promptly notify ...ESCOM of the same and furnish copies of all permits, clearances and other documents in support of fulfillment of conditions precedent, so obtained.

**2.3 Non-Fulfillment of Conditions Precedent:**

- (a) In case of non-fulfillment of any of the Conditions Precedent within six (6) months from the date of signing of this Agreement as stipulated in clause 2.1 ...ESCOM shall be entitled to terminate this Agreement as provided in clause 9.3.1.
- (b) Information of termination pursuant to clause (a) above shall be notified by ...ESCOM to the Company and the concerned authorities from whom such of the permits, clearances, approvals and Licenses have been obtained as specified in clause 2.1 (a).

**ARTICLE 3**  
**CONSTRUCTION AND OPERATION**

- 3.1** The Company shall complete the construction of all the Units of the Project before the Scheduled Date of Completion.
- 3.2** For the purposes of such completion of the project, the Company shall take all necessary steps for obtaining Approvals pursuant to Clause No: 2.1.
- 3.3** The company shall achieve Financial Closure within 6 (six) months of signing of this Agreement.
- 3.4** The Company shall provide to the State and Area Load Despatch Centre and Transmission Zone Chief Engineer of the Corporation or Chief Engineer of ...ESCOM, information regarding electricity generated during testing, commissioning, synchronization and startup.
- 3.5** The Company shall suitably back down its generation on the occurrence of an emergency in the Corporation's/...ESCOM's evacuation system and the Corporation/...ESCOM reserves the right to shut down the transmission/distribution line for ensuring safe operation of the grid and shall have no obligation to evacuate the electricity or pay any compensation during such period. . .ESCOM will, however, make reasonable endeavors to remedy such emergency, and bring back normalcy at the earliest.

## **ARTICLE 4**

### **UNDERTAKINGS**

#### **4.1 Obligations of the Company:**

- (i)** The company shall obtain all statutory approvals, clearances and permits necessary for the Project in addition to those approvals as listed in schedule 4.
- (ii)** The Company shall construct the Project including the evacuation/ Interconnection facilities and Receiving Station required for the Interconnection/evacuation.
- (iii)** The Company shall commence construction of the Project on or before the Scheduled Date of Commencement.
- (iv)** The Company shall achieve Scheduled Date of Completion within twenty four (24) months from the date of achieving financial closure or thirty (30) months from the date of signing the Agreement whichever is later.
- (v)** The Company shall make available to ..ESCOM confirmatory letters from the financing parties within 15 days from receipt of such documents.
- (vi)** The Company shall seek approval of Corporation/ESCOM in respect of Interconnection/evacuation Facilities.
- (vii)** The Company by itself or by any other person acting on its behalf, shall undertake at its own cost, construction / up-gradation of, (a) the Interconnection/evacuation Facilities; (b) the transmission lines; and (c) Receiving Station as per the specifications and requirements of Corporation/..ESCOM, as notified to the Company.
- (viii)** The Company by itself or by any other person acting on its behalf shall undertake at its own cost maintenance of the Interconnection/evacuation Facilities and the Receiving Station including the dedicated transmission line beyond the Receiving Station as per the specifications and requirements of Corporation/..ESCOM, as notified to the Company, in accordance with Prudent Utility Practices. The dedicated transmission line so constructed shall remain as dedicated transmission line without provision for any tapping.

- (ix)** The Company shall operate and maintain the Project in accordance with Prudent Utility Practices.
- (x)** The Company shall be responsible for all payments on account of any royalties on the water utilised by the Project, any taxes, cesses, duties or levies imposed by the GoK or competent statutory authority on the land, equipment, material or works of the Project or on the electricity generated or consumed by the Project or by itself or on the income or assets owned by it.
- (xi)** The cost of maintenance of the bypass channel, if any, between the Project intake and tailrace shall be borne by the Company.
- (xii)** Sharing of CDM Benefits:

The proceeds of carbon credit from approved CDM project shall be shared in the following manner, namely: -

- (a) 100% of the gross proceeds on account of CDM to be retained by the project developer in the first year after the date of commercial operation of the generating station;
- (b) In the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion, by the generating company and the beneficiaries.

#### **4.2 Obligations of ESCOM:**

- (i)** To allow Company to the extent possible to operate the Project as a base load generating station subject to system constraints.
- (ii)** Subject to system constraints to off-take and purchase the Electricity generated by the Company at the Delivery Point.
- (iii)** To make tariff payments to the Company as set out in Clause 5.1.
- (iv)** To accord approval within a reasonable period for the Interconnection/evacuation Facilities to be constructed by the Company where the Interconnection/evacuation is at 33 KV or lower Voltage.
- (v)** To coordinate with the Corporation and assist the Company in obtaining approval for the Interconnection/evacuation Facilities where the

Interconnection/evacuation is at 66 KV or above voltages, for synchronization, Commercial Operation, Regular Operation etc., as required by the Company.

- (vi)** To provide startup power required for the plant as and when necessary and requested for and to provide supply of electricity from the grid to the project when there is no generation in the project, on application requiring such supply.

**ARTICLE 5**  
**RATES AND CHARGES**

**5.1 Monthly Energy Charges:**

Subject to Clause 5.4 ...ESCOM shall for the Delivered Energy pay, for the term of the PPA from the Commercial Operation date, to the Company at the rate of Rs.... [Rupees ... only] per Kilowatt-hour without any escalation.

**5.2** In case Induction Generators are used for generation of energy and any reactive power is used by the generator, for each KVARH drawn from the grid, the company shall pay at the rate of 40 paise for each KVARH drawn or such other rates as determined by the Commission from time to time.

**5.3.** The Company shall pay to the ...ESCOM, within six months from the date of signing of this Agreement, at the rate of Rs. 37,000/- [Rupees Thirty Seven Thousand only] per MW of Installed Capacity and for fractions thereof on a pro-rata basis as a one-time lump sum payment for the sole purpose of providing the required MVAR capacity at the sub-station of the Corporation/...ESCOM to which the Project is interconnected to supply the requisite reactive power to the Grid system or such other rates as determined by the Commission from time to time. Corporation/...ESCOM shall install the capacitors of required capacity at the substation of the Corporation/...ESCOM to which the project is interconnected before Commercial Operation Date of the project.

In case the Corporation/...ESCOM fails to install the capacitors of requisite capacity before the Commercial Operation Date, the amount collected for this purpose shall be refunded by the ...ESCOM to the Company who has paid the amount, within 30 days from the date of Commercial Operation of the project.

**5.4** The Company shall be permitted to draw power up-to 10% of the installed capacity for startup, after inspection by the concerned officers of the ...ESCOM and 115% of

such energy provided by the ...ESCOM for startup purposes shall be deducted from the Delivered Energy by the Company for determining the amount to be paid by the ...ESCOM to the Company.

- 5.5** If energy other than the above requirement as per Clause 5.4 is drawn from the Grid, the same shall be billed under the tariff applicable to HT industries including demand charges.



## **ARTICLE 6**

### **BILLING AND PAYMENT**

#### **6.1 Tariff Invoices:**

The Company shall submit to the designated officer of ...ESCOM, a Monthly Invoice for each Billing Period in the format prescribed by ...ESCOM setting forth those amounts payable by ...ESCOM for the Delivered Energy in accordance with Clause 5.1 and setting forth those amounts payable by Company to ...ESCOM in accordance with Clauses 5.2 and 5.5 as per the bills raised by ...ESCOM.

#### **6.2 Payment:**

...ESCOM shall make payment of the amounts due in Indian Rupees within thirty (30) days from the date of receipt of the Tariff Invoice by the designated officers of ...ESCOM. In case, the Company is liable to pay any amount under the monthly invoice as per the bill raised by ...ESCOM, it shall pay the amount due within thirty (30) days from the date of monthly invoice.

#### **6.3 Late Payment:**

In case, the payment of any bill for charges payable under this agreement is delayed beyond the due date of payment, a late payment surcharge at the rate of 1.25% per month shall be payable to the Company or ...ESCOM on such amount due, as the case may be.

#### **6.4 Disputes:**

In the event of a dispute as to the amount of any Monthly Invoice relating to Delivered Energy, ...ESCOM shall notify the Company of the amount in dispute and ..ESCOM shall pay the Company the total Monthly Invoice including the disputed amount. The Parties shall discuss within a week from the date on which ...ESCOM notifies the Company of the amount in dispute and try to settle the dispute amicably. If the dispute is not settled during such discussion, then the

payment made by ...ESCOM shall be considered as a payment under protest. Upon resolution of the dispute, in case the Company is subsequently found to have overcharged, then it shall return the overcharged amount with an interest of SBI medium term Lending rate per annum for the period it retained the disputed amount. .... ESCOM/Company shall not have the right to challenge any Monthly Invoice or to bring any court or administrative action of any kind questioning/modifying a Monthly invoice after a period of one year from the date when the Monthly invoice was due and payable.

In the event of a dispute as to the amount of any bills raised by ....ESCOM, the same procedure stated above shall, mutatis mutandis, be followed.

#### **6.5 Letter of Credit:**

The ...ESCOM shall establish and maintain transferable, assignable, irrevocable and unconditional non-revolving Letter of Credit in favour of, and for the sole benefit of, the Company. The Letter of Credit shall be established in favour of, and issued to, the Company on the date hereof and made operational thirty (30) days prior to the Commercial Operation Date of the Project and shall be maintained consistent herewith by the ....ESCOM at any and all times during the Term of the Agreement. Such Letter of Credit shall be in a form and substance acceptable to both Parties and shall be issued by any Scheduled Bank and be provided on the basis that:

- (i)** In the event a monthly Invoice or any other amount due and payable by ....ESCOM pursuant to the terms of this Agreement is not paid in full by ....ESCOM as and when due, the Letter of Credit may be called by the Company for payment in full of the unpaid Monthly Invoice or any such other unpaid amount.
- (ii)** The foregoing as determined pursuant hereto, upon presentation of such Monthly Invoice or other invoice or claim for such other amount by the Company on the due date there for or at any time thereafter, without any notification, certification or further action being required.

- (iii) The amount of the Letter of Credit shall be equal to one month's projected payments payable by the ...ESCOM based on the average of the annual generation.
- (iv) The ...ESCOM shall replenish the Letter of Credit to bring it to the original amount within 30 days in case of any valid draw down.
- (v) The Company shall allow a rebate of 1.8% of the Monthly Invoice amount for the Letter of Credit expenses incurred, and the same shall be deducted from the Monthly Invoice amount payable to the Company.
- (vi) The Letter of Credit shall be renewed and/or replaced by the ...ESCOM not less than 60 days prior to its expiration.

#### **6.6 Payment under the Letter of Credit:**

The drawal under the Letter of Credit in respect of a Monthly Invoice shall require:

- (i) a copy of the metering statement jointly signed by the official representatives of the Parties supporting the payments attributable to the Delivered Energy in respect of such Monthly Invoice,
- (ii) a certificate from the Company stating that the amount payable by ...ESCOM in respect of such Monthly Invoice has not been paid by ...ESCOM within the Due Date of Payment of the Monthly Invoice.

**ARTICLE 7**  
**METERING AND COMMUNICATION**

**7.1 Metering:**

The Delivered Energy shall be metered by the Parties at the high voltage side of the step- up transformer installed at the project site.

**7.2 Metering Equipment:**

Metering equipment shall be electronic tri-vector meters having accuracy class of 0.2 required for the Project (both main and check meters). The main meter shall be installed and owned by the Company, whereas the check meter shall be installed and owned by the ...ESCOM. Dedicated core of both CT's and PT's of required accuracy shall be made available by the Company to ...ESCOM. The metering equipment shall be maintained in accordance with electricity standards. Such equipment shall have the capability of recording half hourly and monthly readings. The Company shall provide such metering results to ...ESCOM. The meters installed shall be capable of recording and storing half-hourly averages of all the electrical parameters for minimum of 35 days with digital output.

**7.3 Meter Readings:**

The monthly meter readings (both main and check meters) of a month shall be taken jointly by the Parties on the first day of the following month at 12 Noon. At the conclusion of each meter reading, an appointed representative of the ...ESCOM and the Company shall sign a document indicating the number of kilowatt-hours recorded in the Meter up to the Meter Reading Date.

**7.4 Inspection of Energy Meters:**

All the main and check energy meters (export and import) and all associated instruments and transformers installed at the Project shall have an accuracy class of

0.2S. Each meter shall be jointly inspected and sealed on behalf of the Parties and shall not be interfered with by either Party except in the presence of the other Party or its accredited representatives.

#### **7.5 Meter Test Checking:**

All the main and check meters shall be tested for accuracy every calendar quarter with reference to a portable standard meter which shall have an accuracy class of 0.1S. The portable standard meter shall be owned by ...ESCOM at its own cost and expense and, tested and certified at least once every year against accepted laboratory Standard meter in accordance with the Electricity Standards. The meters shall be deemed to be working satisfactorily if the errors are within specifications for meters having accuracy class of 0.2S. The consumption registered by the main meters alone will hold good for the purpose of billing as long as the error in the main meter is within the permissible limits.

- (i)** If during the quarterly tests, the main meter is found to be within the permissible limit of error and the corresponding check meter is beyond the permissible limits, then billing will be as per the main meter as usual. The check meter shall, however, be calibrated immediately.
- (ii)** If during the quarterly tests, the main meter is found to be beyond permissible limits of error, but the corresponding check meter is found to be within permissible limits of error, then the billing for the month up to the date and time of such test shall be as per the check meter. There will be a revision in the bills for the period from the previous calibration test up to the current test based on the readings of the check meter. The main meter shall be calibrated immediately and billing for the period thereafter till the next monthly meter reading shall be as per the calibrated main meter.
- (iii)** If during the quarterly tests, both the main meters and the corresponding check meters are found to be beyond the permissible limits of error, both the meters shall be immediately calibrated and the correction shall be applied to the reading registered by the main meter to arrive at the correct reading of energy supplied for billing purposes for the period from the last month's meter

reading up to the current test. Billing for the period thereafter till the next monthly meter reading shall be as per the calibrated main meter.

- (iv) If during any of the monthly meter readings, the variation between the main meter and the check meter is more than that permissible for meters having accuracy class of 0.2S, all the meters shall be re-tested and calibrated immediately.

#### **7.6 Interconnection/evacuation and Metering Facilities:**

The Company shall provide dedicated core for the check metering. Both the main meter and the check meter shall be installed nearest to the PT in the outdoor yard and shall be housed in a suitable weatherproof cubicle.

#### **7.7 Communication Facilities:**

The Company shall install and maintain at its cost, communication facilities such as fax and telecommunication facilities to the project to enable receipt of data at the Load Dispatch Centre.

**ARTICLE 8**  
**FORCE MAJEURE**

**8.1 Force Majeure Events:**

**(a)** Neither Party shall be responsible or liable for or deemed in breach hereof because of any delay or failure in the performance of its obligations hereunder (except for obligations to pay money due prior to occurrence of Force Majeure events under this Agreement) or failure to meet milestone dates due to any event or circumstance (a "Force Majeure Event") beyond the reasonable control of the Party affected by such delay or failure, including the occurrence of any of the following:

- (i)** acts of God;
- (ii)** typhoons, floods, lightning, cyclone, hurricane, drought, famine, epidemic, plague or other natural calamities;
- (iii)** strikes, work stoppages, work slowdowns or other labour actions (other than such strikes, stoppages, slowdowns or actions involving employees of the Company);
- (iv)** acts of war (whether declared or undeclared), invasion or civil unrest;
- (v)** any requirement, action, omission to act pursuant to any judgment or order of any court or judicial authority in India, (provided such requirement, action or omission to act is not due to the breach by the Company or ...ESCOM of any Law or any of their respective obligations under this Agreement);
- (vi)** inability despite complying with all legal requirements to obtain, renew or maintain required licenses or Legal Approvals;
- (vii)** earthquakes, explosions and accidents ;
- (viii)** fire;
- (ix)** expropriation and/or compulsory acquisition of the Project in whole or in part;
- (x)** chemical or radioactive contamination or ionizing radiation; or
- (xi)** damage to or breakdown of transmission/ distribution facilities of either Party ;

- (xii) breakdown of generating equipment of the Company ;
- (xiii) breach of canal supplying water to the generating plant

(b) The availability of Clause 8.1 (a) to excuse a Party's obligations under this Agreement due to a Force Majeure Event shall be subject to the following limitations and restrictions:

- (i) the non-performing Party gives the other Party written notice describing the particulars of the Force Majeure Event as soon as practicable after its occurrence;
- (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure Event;
- (iii) the non-performing Party is able to resume performance of its obligations under this Agreement, it shall give the other Party written notice to that effect;
- (iv) the Force Majeure Event was not caused by the non-performing Party's negligent or intentional acts, errors or omissions, or by its negligence / failure to comply with any material Law, or by any material breach or default under this Agreement;
- (v) in no event shall a Force Majeure Event excuse the obligations of a Party that are required to be completely performed prior to the occurrence of a Force Majeure Event.

## **8.2 Payment Obligations:**

For avoidance of doubt, neither Party's obligation to make payments of money due and payable prior to occurrence of Force Majeure events under this Agreement shall be suspended or excused due to the occurrence of a Force Majeure Event in respect of such Party.



**ARTICLE 9**  
**TERM, TERMINATION AND DEFAULT**

**9.1 Term of the Agreement:**

This Agreement shall become effective upon the execution and delivery thereof by the Parties hereto subject to approval of the Commission and unless terminated pursuant to other provisions of the Agreement, shall continue to be in force for such time until the completion of a period of twenty (20) years from the Commercial Operation Date and may be renewed for such further period of ten (10) years on such terms and conditions as may be mutually agreed upon between the Parties subject to approval by the Commission ninety (90) days prior to the expiry of the said period of twenty (20) years.

**9.2 Events of Default:**

**9.2.1 Company's Default:**

The occurrence of any of the following events at any time during the Term of this Agreement shall constitute an Event of Default by the Company:

(a) O&M Default on part of the Company.

(b) Failure or refusal by the Company to perform its material obligations under this Agreement.

**9.2.2 ...ESCOM's Default:**

Failure or refusal by...ESCOM to pay two consecutive monthly tariff invoices or to perform its financial and other material obligations under this Agreement.

**9.2.2** In the event of failure to pay three consecutive monthly tariff invoices by ...ESCOM, the Company shall be permitted to sell electricity to third parties by entering into a Wheeling & Banking Agreement with the ...ESCOM for which it shall pay transmission and other charges to the ESCOM at the rates applicable from time to time and as approved by the Commission. If the invoice amount

with interest is paid subsequently, the company shall restore supply of power to the ...ESCOM, not later than 30 days after the invoice amount and interest are paid.

### **9.3 Termination:**

#### **9.3.1 Termination for Company's Default:**

Upon the occurrence of an event of default as set out in clause 9.2.1 above, or for non-fulfillment of the Conditions Precedent set out in clause 2.3 herein before ...ESCOM may deliver a Default Notice to the Company in writing which shall specify in reasonable detail the Event of Default or non-fulfillment of Conditions Precedent giving rise to the default notice, and calling upon the Company to remedy the same within such reasonable time not less than thirty days as may be specified in the notice.

At the expiry of the time specified in the default notice from the date of delivery of default notice and unless the Parties have agreed otherwise, or the Event of Default giving rise to the default notice has been remedied, ...ESCOM may terminate this Agreement by delivering a Termination Notice to the Company and intimate the same to the Commission. Upon delivery of the Termination Notice this Agreement shall stand terminated and ...ESCOM shall stand discharged of all its obligations. However all payment obligations as per Article 5 prior to the date of termination of the Agreement shall be met by the Parties.

Where a Default Notice has been issued with respect to an Event of Default, which requires the co-operation of both ...ESCOM and the Company to remedy, both the parties shall render all reasonable co-operation to enable the Event of Default to be remedied.

#### **9.3.2 Termination for ESCOM's Default:**

Upon the occurrence of an event of default as set out in sub-clause 9.2.2 above, the Company may deliver a Default Notice to the ...ESCOM in writing which shall specify in reasonable detail the Event of Default giving rise to the default notice, and calling upon the ESCOM to remedy the same within such reasonable time not less than thirty days as may be specified in the notice.

At the expiry of the time specified in the default notice, from the date of delivery of default notice and unless the Parties have agreed otherwise, or the Event of Default giving rise to the Default Notice has been remedied, the Company may terminate this Agreement by delivering a Termination Notice to...ESCOM and intimate the same to the Commission. Upon delivery of the Termination Notice this Agreement shall stand terminated and the Company shall stand discharged of its obligations.

Where a Default Notice has been issued with respect to an Event of Default, which requires the co-operation of both the Company and ...ESCOM, to remedy, both the parties shall render all reasonable co-operations to enable the event of Default to be remedied.

### **9.3.3 Continuation of rights and obligations:**

The expiry or termination of this Agreement shall not affect accrued rights and obligations of the Parties under this Agreement, including the right to receive Liquidated Damages as per the terms of this Agreement, nor shall it affect any continuing obligations for which this Agreement provides, either expressly or by necessary implication.

**ARTICLE 10**  
**DISPUTE RESOLUTION**

- 10.1** All disputes or differences between the Parties arising out of or in connection with this Agreement shall be first tried to be settled through mutual negotiation.
- 10.2** The Parties hereto agree to attempt to resolve all disputes arising hereunder promptly, equitably and in good faith through mutual negotiations.
- 10.3** Each Party shall designate in writing and communicate to the other Party its own representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner and, unless otherwise expressly provided herein, to exercise the authority of the Parties hereto to make decisions by mutual agreement.
- 10.4** If the designated representatives are unable to resolve a dispute under this Agreement within thirty days after such dispute arises, such dispute shall be referred to higher authorities designated by each of the Parties for resolution of the dispute.
- 10.5** In the event that such differences or disputes between the Parties are not settled through mutual negotiations within ninety (90) days after such dispute arises, then either Party may approach the Commission for dispute resolution in accordance with the provisions of the Electricity Act, 2003.

## **ARTICLE 11**

### **INDEMNITY**

#### **11.1 Company's Indemnity:**

The Company agrees to defend, indemnify and hold harmless ...ESCOM, its officers, directors, agents, employees and affiliates (and their respective officers, directors, agents and employees) from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses, suits, actions and damages arising by reason of bodily injury, death or damage to property sustained by third parties that are caused by an act of negligence or the willful misconduct of the Company, or by an officer, director, sub-contractor, agent or employee of the Company except to the extent of such injury, death or damage is attributable to the willful misconduct or negligence of, or breach of this Agreement by, ...ESCOM, or by an officer, director, sub-contractor, agent or employee of ..ESCOM.

#### **11.2 ESCOM's Indemnity:**

...ESCOM agrees to defend, indemnify and hold harmless the Company, its officers, directors, agents, employees and affiliates (and their respective officers, directors, agents and employees) from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses, suits, actions and damages arising by reason of bodily injury, death or damage to property sustained by third parties that are caused by an act of negligence or the willful misconduct of ...ESCOM, or by an officer, director, sub-contractor, agent or employee of ...ESCOM except to the extent of such injury, death or damage is attributable to the willful misconduct or negligence of, or breach of this Agreement by the Company, or by an officer, director, sub-contractor, agent or employee of the Company.

**ARTICLE 12**  
**MISCELLANEOUS PROVISIONS**

**12.1 Governing Law:**

This Agreement shall be interpreted, construed and governed by the Laws of India.

**12.2 Insurance:**

The Company shall obtain and maintain necessary policies of insurance during the Term of this Agreement consistent with Prudent Utility Practice.

**12.3 Books and Records:**

The Company shall maintain books of account in accordance with generally accepted Indian accounting principles.

**12.4 Waivers:**

Any failure on the part of a Party to exercise, and any delay in exercising, exceeding three years, any right hereunder shall operate as a waiver thereof. No waiver by a Party of any right hereunder with respect to any matter or default arising in connection with this Agreement shall be considered a waiver with respect to any subsequent matter or default.

**12.5 Limitation Remedies and Damages:**

Neither Party shall be liable to the other for any consequential, indirect or special damages to persons or property whether arising in tort, contract or otherwise, by reason of this Agreement or any services performed or undertaken to be performed hereunder.

**12.6 Notices :**

Any notice, communication, demand, or request required or authorized by this Agreement shall be in writing and shall be deemed properly given upon date of receipt if delivered by hand or sent by courier, if mailed by registered or certified mail at the time of posting, if sent by fax when despatched (provided if the sender's transmission report shows the entire fax to have been received by the recipient and only if the transmission was received in legible form), to:-

**(i) In case of the Company:**

M/s. ....  
Plot .....  
.....  
Telephone No : .....  
Fax No. : .....  
E-mail : .....

**(ii) In case of ...ESCOM:**

The General Manager  
.....  
.....,  
Karnataka State  
Telephone No : .....  
Fax No. : .....  
The Chief Engineer Electricity  
...ESCOM  
.....  
.....  
Telephone No : .....  
Fax No. : .....  
E-mail : .....

### **12.7 Severability:**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without or affecting the validity, enforceability in any other jurisdiction.

### **12.8. Amendments:**

This Agreement shall not be amended, changed, altered, or modified except by a written instrument duly executed by an authorized representative of both Parties. However, ...ESCOM may consider any amendment or change that the Lenders may require to be made to this Agreement subject to the approval of the Commission.

### **12.9 Assignment:**

- (i) Neither Party shall assign this Agreement, or any portion hereof without the prior written consent of the other Party, provided further that any assignee shall expressly assume the assignor's obligations thereafter arising under this Agreement pursuant to documentation satisfactory to such other Party.
- (ii) ...ESCOM shall consent to the assignment by the Company of its rights herein to the Financing Parties and their successors and assigns in connection with any financing or refinancing related to the construction, operation and maintenance of the Project and shall execute documents reasonably satisfactory to the Financing Parties if requested by the Company to evidence such consent. In furtherance of the foregoing, ...ESCOM acknowledges that the Financing Documents may provide that upon an event of default by the Company under the Financing Documents, the Financing Parties may cause the Company to assign to a third party the interests, rights and obligations of the Company thereafter arising under this Agreement. ESCOM further



acknowledges that the Financing Parties, may, in addition to the exercise of their rights as set forth in this Section, cause the Company to sell or lease the Project and cause any new lessee or purchaser of the Project to assume all of the interests, rights and obligations of the Company thereafter arising under this Agreement.

#### **12.10 Entire Agreement, Appendices:**

This Agreement constitutes the entire agreement between ...ESCOM and the Company, concerning the subject matter hereof. All previous documents, undertakings, and agreements, whether oral, written, or otherwise, between the Parties concerning the subject matter hereof are hereby cancelled and shall be of no further force or effect and shall not affect or modify any of the terms or obligations set forth in this agreement, except the same may be made part of this agreement in accordance with its terms, including the terms of any appendices, attachments or exhibits. The appendices, attachments and exhibits are hereby made an integral part of this Agreement and shall be fully binding upon the Parties.

In the event of any inconsistency between the text of the Articles of this Agreement and the appendices, attachments or exhibits hereto or in the event of any inconsistency between the provisions and particulars of one Appendix, Attachment or Exhibit and those of any other Appendix, attachment or exhibit ..ESCOM and the Company shall consult to resolve the inconsistency.

#### **12.11 Further Acts and Assurances:**

Each of the Parties after convincing itself agrees to execute and deliver all such further agreements, documents and instruments, and to do and perform all such further acts and things, as shall be necessary or convenient to carry out the provisions of this Agreement and to consummate the transactions contemplated hereby

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their fully authorized officers, and copies delivered to each Party, as of the day and year first above stated.

**FOR AND ON BEHALF OF ...ESCOM**

.....

Name:  
(Authorized Officer/Signatory...ESCOM)  
Designation:

**WITNESSES**

- 1. SRI.....
- 2. SRI.....

**FOR AND ON BEHALF OF COMPANY**

.....

Name:  
(Authorized Person/Signatory...Company)

**WITNESSES**

- 1. SRI.....
- 2. SRI.....

**SCHEDULE 1**

**SITE AND SITE CHARACTERISTICS**

PROJECT IS LOCATED ACROSS .....RIVER IN .....VILLAGE IN  
.....TALUK, .....DISTRICT, KARNATAKA STATE

LOCATION.....

STATE KARNATAKA

DISTRICT.....

TALUK .....

VILLAGE.....

## **SCHEDULE 2**

### **TECHNICAL LIMITS**

1. The nominal steady state electrical characteristics of the system are as follows:
  - (a) Three phase alternating current at 50 Hertz plus or minus 0.2 Hertz.
  - (b) Nominal voltage of +.....% to -.....% on ..... KV
  - (c) A power factor (at maximum rated power) between 0.85 lagging and 0.95 leading.
2. The facility shall be designed and capable of being synchronized and operated within a frequency range of 49.8 to 50.2 Hertz, and voltage of .....KV and ..... KV and a power factor (at maximum rated power) between 0.85 lagging and 0.95 leading at the generator terminals;
3. Each Unit shall be capable of generating and delivering reactive power corresponding to a power factor as specified in item 1(c) above;
4. Operation of the Project outside the nominal voltage and power factor range specified above will result in a reduction of power output consistent with generator capability curves;

**SCHEDULE 3**  
**GOVERNMENT ORDERS**

[1] .....dated .....

[2] .....dated .....

GOK AGREEMENT dated ..... executed between Government of Karnataka and  
M/s.....

## **SCHEDULE 4**

### **APPROVALS**

#### **Permits, Clearances, Approvals, Statutory and Non-Statutory Permits and Clearances as applicable for Mini Hydel Power Project:**

**I** To be obtained within six months of signing the Agreement:

- 1) Consent from the ...ESCOM for the comprehensive evacuation scheme for evacuation of the power generated by the proposed power projects of M/s..... vide letter no:
- 2) Approval of the Corporation/...ESCOM for Interconnection/evacuation of the Project to the Grid System
- 3) Permission from all other statutory and non- statutory bodies required for the project
- 4) Clearance from the Department of Forest, Ecology and Environment.
- 5) Any other approvals/permits specific to the project
- 6) Approval of the Commission.

**II.** After completion of the construction of the project and before commissioning of the generating unit/s.

Approval of the Electrical Inspectorate, Government of Karnataka for commissioning of the transmission/ distribution line for evacuation of power from the project and for commissioning of the generating unit/s installed at the at the project site.

**III** After commissioning of the project:

Certification of Commissioning of the Project issued by...ESCOM.

## **SCHEDULE 5**

### **TESTING PROCEDURES**

The Company and the ...ESCOM shall evolve suitable testing procedures three (3) months before the Commercial Operation Date of the Project considering relevant Standards.

## SCHEDULE 6

### SPECIFICATION OF ELECTRICAL ENERGY DELIVERY

1. The generation voltage from ..... Mini Hydel Project is ..... KV;
2. The generated power at .....KV will be stepped up to .....KV at the Project Site and further stepped up to .....KV at the Receiving station maintained by the Company and its associates at .....Village in .....District for the purpose of evacuation/Interconnection/evacuation with the Corporation/...ESCOM grid at the Sub Station of the ...ESCOM /Corporation.