



পশ্চিমবঙ্গ পশ্চিম বঙ্গাল WEST BENGAL

S 844234

POWER PURCHASE AGREEMENT
BETWEEN
DAMODAR VALLEY CORPORATION
AND
KERALA STATE ELECTRICITY BOARD LIMITED
FOR
MEJIA THERMAL POWER STATION, 1000 MW, (U# 7 & 8-2 X 500 MW)
AND
RAGHUNATHPUR THERMAL POWER STATION, 1200MW, (U# 1 & 2-2 X 600MW)

This Power Purchase Agreement hereinafter called the "Agreement" entered into at Thiruvananthapuram on the...^{24th}... day of April, Two thousand and fourteen between Damodar Valley Corporation, a corporation constituted under the Damodar Valley Corporation Act (Act No.XIV of 1948), having its Head Quarter at DVC Towers, VIP Road, Kolkata-700054 hereinafter referred to as "DVC" (which expression shall unless excluded by or repugnant to the contract or meaning thereof include its successors, representatives and assigns) as party of the first part;



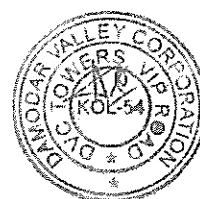
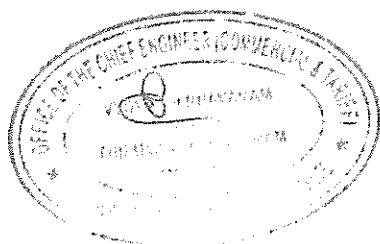
AND

Kerala State Electricity Board Limited, a company incorporated under the Indian Companies Act, 1956 having its registered office at Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695004, hereinafter referred to as "KSEB Ltd" (which expression shall unless excluded by or repugnant to the contract or meaning thereof include its successors, representatives and assigns) as party of the second part. Each of the parties of the first and second part above is individually referred to as "Party" and collectively as the "Parties".

WHEREAS

- i) DVC is operating a coal fired power station named as Mejia Thermal Power Station Unit#7&8 (2X500 MW) at P.O. MTPS in Bankura District of West Bengal State, hereinafter specifically referred to as "Mejia TPS"
- ii) DVC is operating a coal fired power station named as Raghunathpur Thermal Power Station Unit # 1 (1x600 MW) in Purulia District of West Bengal State and is setting up a coal fired power station named as Raghunathpur Thermal Power Station Unit #2 (1x600 MW) in Purulia District of West Bengal State, also hereinafter specifically referred to as "Raghunathpur TPS" and generally both Mejia TPS and Raghunathpur TPS be referred to individually as "Station" to be owned and operated by DVC.
- iii) KSEB Ltd is desirous of purchasing electricity from Mejia TPS (U#7&8) and Raghunathpur TPS (U#1&2) and DVC is willing to sell the surplus surrendered electricity from Mejia TPS (U#7&8) and Raghunathpur TPS (U#1&2) (in accordance with Ministry of Power, GOI letter dated 2nd January 2014 addressed to DVC regarding allocation of surplus power from DVC) to KSEB Ltd of the Southern Region from the date of commencement of power supply on mutually agreed terms and conditions mentioned hereunder.

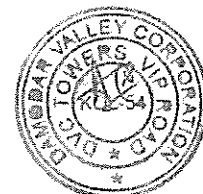
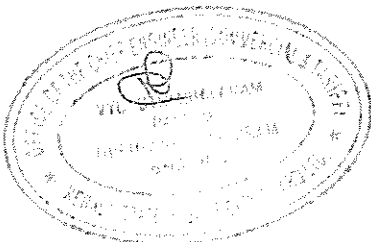
Now, therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows: -



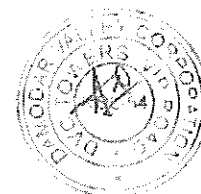
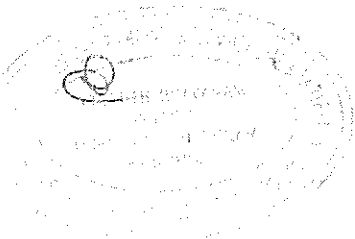
1.0 DEFINITIONS

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

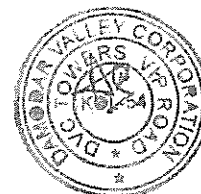
Act, 2003	The Electricity Act, 2003 as amended or modified from time to time, including any re-enactment thereof.
Agreement to Hypothecate Cum Deed of Hypothecation	Shall have the meaning as ascribed thereto under article 6.2.8 of this PPA
Availability	'Availability' as defined in the CERC (Terms and Conditions of Tariff) Regulations, 2014 and as amended or replaced from time to time
Billing Centre	The Office/HQ as intimated by DVC to KSEB Ltd from where the bills will be raised on them.
Bulk Power Customer(s)	Bulk Power Customer(s) in relation to the Station shall mean the person(s) including KSEB Ltd to whom capacity is contracted from the Station.
Bus bars/Ex Bus	Bus bars of the Station to which outgoing feeders are connected.
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CLD	Central Load Despatch Centre of DVC as specified in IEGC, Ref. Clause 1.3 (ii) and shall perform functions of SLDC envisaged in the IEGC code for the area of DVC.



CTU	Central Transmission Utility.
Capacity Charges	Capacity Charges are Fixed Charges as determined by CERC or any other Competent Authority and shall be paid in proportion to the Contracted Capacity from time to time.
Charges for supply of Electricity	Mean and include all charges including the Tariff to be paid by KSEB Ltd /other Bulk Power Customer(s) in respect of supply of electricity to them from the Station in accordance with the provisions of this Agreement.
Commercial Operation Date	'Date of Commercial Operation' or COD in relation to a unit means the date declared by DVC after demonstrating the Maximum Continuous Rating (MCR) or Installed Capacity (IC) through a successful trial run after notice to the Bulk Power Customer(s) and in relation to the generating station the date of commercial operation means the date of commercial operation of the last unit of the Station.
Contracted Capacity	Capacity contracted by KSEB Ltd /other Bulk Power Customer(s) under this Agreement under Article 2.2.
Delivery Point	The interconnection point of DVC system with CTU system
Effective Date	The date of signing of this Agreement including payment security as envisaged under Article 6.2 and from the date of Long Term Access (LTA) granted and Scheduling of Power under LTA. However, DVC is at liberty to sell the Power under STOA/MTOA mode till LTA is granted by CTU
Energy Charges	As defined in the CERC (Terms and Conditions of Tariff) Regulations, 2014 and as amended or replaced from time to time or by any other Competent Authority.
Default Escrow Agreement	Shall have the meaning as ascribed under Article 6.2.8 of this PPA.
Deviation Settlement Mechanism	Deviation Settlement Mechanism as defined in Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 and as amended or replaced from time to time.



Exit Option	Shall have the meaning as ascribed thereto under Article 11.00 of this PPA
ERLDC	Eastern Regional Load Despatch Centre.
ERPC	Eastern Regional Power Committee established under Section 2(55) of the Electricity Act, 2003.
Energy Account (EA)	Periodic Energy Account issued by SLDC of DVC at Maithon including amendments thereof.
GOI	Government of India.
IEGC	Indian Electricity Grid Code, as notified by CERC or any other competent authority and as amended from time to time.
infirm Electricity	Means electricity generated prior to commercial operation of a Unit(s) of the Station.
LC	Irrevocable, Revolving, Letter(s) of Credit.
Main, Check and Standby Meter	Meter for measurement and checking of import/export of energy on the outgoing feeders of the Station Busbars for Deviation Settlement Mechanism /Energy Accounting.
Monthly Bill	Monthly Bill as raised by DVC as per Energy Account issued by SLDC of DVC (CLD, at Maithon) in line with the CERC Regulation and as amended or replaced from time to time or any other Competent Authority. Provided that periodicity of billing may change as per CERC regulation from time to time or any other Competent Authority.
Party/Parties	Shall have the meaning ascribed thereto in this Agreement.
Permitted Assigns	Have the meaning as per Article 12 of this agreement
Powergrid	Power Grid Corporation of India Ltd.
Regional Energy Account (REA)	Periodic Energy Account issued by ERPC/ERLDC including amendments thereof.



RPC	Regional Power Committee
RLDC	Regional Load Despatch Centre
Scheduled Generation	Scheduled Generation as defined in the CERC (Terms and Conditions of Tariff) Regulations, 2014 and as amended or replaced from time to time.
SLDC	State Load Despatch Centre, i.e. CLD, DVC, Malithon.
Station	Have the meaning as given in the Recital.
STU	State Transmission Utility.
Supplementary B'll	Have the meaning under the Article 6.1.3.
Target Availability	Availability of the Station for recovery of full Capacity (Fixed) Charges on annual basis.
Transmission Licensee	Have the meaning as per Electricity Act 2003.
Tariff	Tariff shall constitute Capacity Charges, Energy Charges, Incentive and other charges viz. taxes, cess etc. for supply of electricity from the Station as determined by CERC or any other Competent Authority.
Third Party(ies)	Any person other than the person to whom electricity is contracted under this Agreement.
Unit	Each Unit of the Station

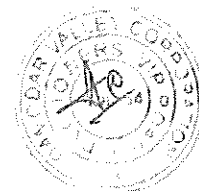
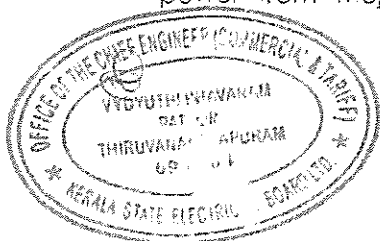
2.0 GENERAL

2.1 INSTALLED CAPACITY:

The nominal capacity of Mejia TPS U#7&8, is envisaged to be 500 MW each and the nominal capacity of Raghunathpur TPS U#1&2, is envisaged to be 600 MW each.

2.2 ALLOCATION OF CAPACITY

2.2.1 Allocation of capacity to the State of Kerala shall be 100 MW(10% of 1000MW) power from Mejia TPS #7&8 and 150 MW(12.5% of 1200MW) power from



Raghunathpur TPS#1&2 made by DVC in accordance with Ministry of Power, GOI letter dated 2nd January 2014 addressed to DVC regarding allocation of surplus power from DVC enclosed as Annexure-1 to this agreement. Further, Allocation of capacity to the KSEB Ltd shall be made subsequently by the Government of Kerala/ Kerala Electricity Regulatory Commission or any other competent authority as the case may be from time to time.

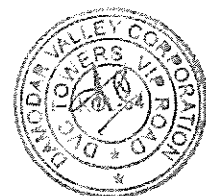
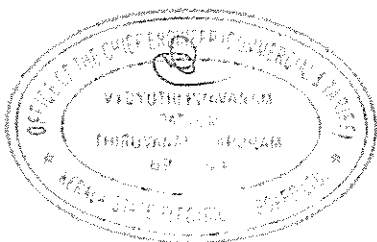
2.2.2 The allocation made from the Station by DVC or any other competent authority in favour of KSEB Ltd shall be Contracted capacity subject to signing of the Agreement, opening of LC and providing appropriate payment security mechanism as provided at Article 6.2 in this Agreement. The KSEB Ltd shall draw electricity against the above Contracted Capacity limited to the amount of LC opened and maintained by it. DVC shall intimate RLDC from time to time regarding the quantum of capacity KSEB Ltd is eligible to draw.

2.2.3 In case of shut down/partial outage of any of the units of the Station from which power has been allocated to KSEB Ltd and during that period, if there is surplus power available with DVC from any of its stations at different field formations, DVC shall allocate the short fall quantum of power to KSEB Ltd based on their request at the CERC determined tariff of the Station which is under shut down/partial outage. Necessary formalities for evacuation of such quantum beyond DVC periphery shall be arranged by KSEB Ltd.

3.0 TRANSMISSION/WHEELING OF ELECTRICITY

3.1 Sale of electricity shall be at the busbars of the Station and it shall be the obligation and responsibility of KSEB Ltd to make the required arrangement for evacuation of electricity from such delivery point of the DVC Station.

3.2 For timely and expeditious development of the required transmission system for evacuation of power from the said project KSEB Ltd, shall make an application for connectivity and Long Term Access to the CTU/Powergrid. KSEB Ltd also agrees to subsequently sign all necessary agreements, including BPTA/TSA with Powergrid/Other transmission licensees developing the identified transmission



system, corresponding to its share of allocated capacity from the project/Station. DVC will provide all assistance and act as a facilitator in obtaining the Long Term Access.

- 3.3 Charges for utilization of transmission system(s) owned by the Powergrid/other Transmission Licensee for wheeling of the electricity beyond busbar of the Station shall be paid directly by KSEB Ltd to the Powergrid or the Transmission Licensee as the case may be. DVC shall not be responsible for payment of such charges.

4.0 SCHEDULING, METERING AND ENERGY ACCOUNTING

4.1 SCHEDULING

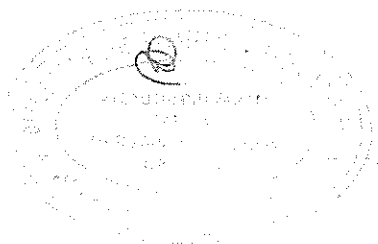
It is understood and agreed by and between the parties that DVC shall operate the Station as a base load station as per the manufacturers' guidelines, applicable grid operating standards, directions of the CERC and relevant statutory provisions, as applicable from time to time. Methodology of generation scheduling shall be as per IEGC and the decisions taken at ERPC forums from time to time.

All charges/fees related to scheduling and dispatch of electricity shall be borne by KSEB Ltd.

DVC shall make declaration of the capacity at the busbars of the Station after taking into account the capability of the Station to deliver Ex-bus which shall be considered while calculating the Declared Capacity (DC).

4.2 DECLARED CAPACITY

Declared Capacity or 'DC' in relation to a generating station as per CERC (Terms and Conditions of Tariff) Regulations' 2014 means the capability to deliver Ex-Bus electricity in MW declared by such generating Station in relation to any time block of the day as defined in the Grid Code or whole of the day, duly taking into account the availability of fuels or water and subject to further qualification in the relevant Regulations.



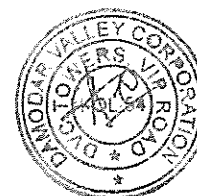
Notwithstanding the following, Station shall be deemed as available to the extent of DC declared by the Station for anytime period:

- a. Failure on account of KSEB Ltd /Bulk Power Customer(s) to transmit and wheel electricity from the Ex-Bus of the Station.
- b. Any other reason not attributable to DVC restricting scheduling and dispatch of capacity at the Ex-Bus of the Station.

KSEB Ltd shall have the right to schedule this DC in proportion to its allocation from the Station.

4.3 METERING

- 4.3.1 A set of Main, Standby/Check Meters of 0.2S accuracy class, as per CEA (Installation & operation of meters) Regulations 2006/IEGC as applicable from time to time, shall be installed by CTU on all outgoing feeders of the Station. DVC shall coordinate with CTU/STU for installation of meters on outgoing feeders of the Station. KSEB Ltd shall make all necessary arrangements for installation of meters of required accuracy and specifications, at all its drawl points.
- 4.3.2 The Main, Standby/Check Meters shall be checked jointly at the time of installation as per CEA (Installation & Operation of Meters) Regulations 2006 as amended from time to time.
- 4.3.3 Data shall be downloaded from the meters at regular intervals as decided by ERPC/ERLDC for preparation of the REA/ Deviation Settlement Mechanism Account.
However, Energy accounting will be done by SLDC,DVC at Maithon
- 4.3.4 Regular cross checking and analysis of meter readings and meter failure or discrepancies shall be reckoned as per CEA (Installation & Operation of Meters) Regulations 2006 as amended from time to time. If the Main Meter(s) or Check Meter(s) or Stand by meter(s) are found to be not working at the time of meter



readings or any other time, DVC shall inform CTU to get the same rectified. DVC may rectify the same in consultation with CTU/ERLDC/ERPC if allowed.

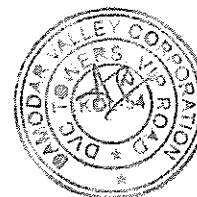
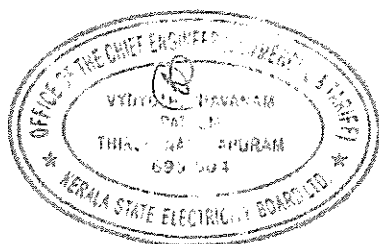
- 4.3.5 In case of failure of meters, energy/Deviation Settlement Mechanism accounting for the period shall be as per procedure laid down by CERC or as per the mutually agreed procedure in RPC. In case of absence of any such procedure, the following procedure shall be followed:

In case of failure of Main Meter(s), reading(s) of Check Meter(s) for the corresponding period shall be considered for energy/ Deviation Settlement Mechanism accounting. If both the Main and Check Meter(s) fail to record or if any of the PT fuses is blown out, energy shall be computed based on standby meters, if there be any or as guided by the applicable regulation. In case of dispute, the decision of Member Secretary of the ERPC would be final and binding.

- 4.3.6 Periodic testing of both Main, Standby and Check Meters shall be carried out in the presence of representatives of DVC and KSEB Ltd as per procedure laid out in CEA (Installation & Operation of Meters) Regulations, 2006 and as amended from time to time. For any testing and/or replacement, notice of seven days will be given.

4.4. ENERGY ACCOUNTING

- 4.4.1 Both the Parties agree to facilitate issue of Regional Energy Accounts/Energy Accounts by 1st day of every month.
- 4.4.2 Energy Account issued by SLDC of DVC (CLD), at Maithon or any other Competent Authority shall be binding on all the parties for billing and payment purposes.



4.4.3 Any change in the methodology of Regional Energy Account shall be done only as per the decisions taken in the ERPC forums/CERC and both the Parties agree to abide by the methodology so finalized and will be followed by SLDC of DVC of Maithon.

5.0 TARIFF

5.1 Terms and conditions:

5.1.1 The Tariff and other terms and conditions for the electricity supplied from the Station would be as determined by CERC from time to time.

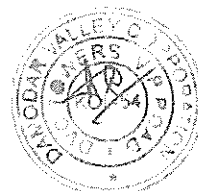
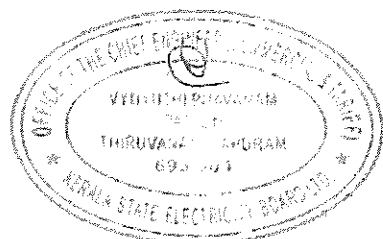
5.1.2 Tariff for sale of electricity from the Station shall comprise of Capacity Charge, Energy Charge, Incentive, Deviation Settlement Mechanism and all other applicable taxes/charges as per CERC Regulations or any other guidelines as may be applicable from time to time.

5.1.3 ADHOC TARIFF

DVC shall approach CERC for determination of Tariff before Commercial Operation Date of any unit of the Station. In case the Tariff is not determined for any reason by CERC prior to commencement of commercial operation of such unit of the Station/commencement of power supply to KSEB Ltd, the Parties agree that billing and payment shall be done on adhoc basis upto 95% of the annual fixed cost of the project claimed in the application of DVC submitted to CERC for Tariff or Provisional tariff. DVC shall inform KSEB Ltd of such adhoc tariff and this shall be subjected to adjustment along with applicable interest as and when such final/Provisional Tariff is determined by CERC.

5.2 SALE OF INFIRM ELECTRICITY:

Sale of infirm power i.e. energy prior to commercial operation of the unit, will be billed by DVC as per Regulation issued by CERC from time to time.



5.3 TAXES, LEVIES, DUTIES, ROYALTY, CESS ETC. :

5.3.1 TAX ON INCOME

Income tax applicable for the sale of power under this Agreement shall be governed by the applicable CERC Regulations and the parties agree to abide by and comply such Regulations from time to time.

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

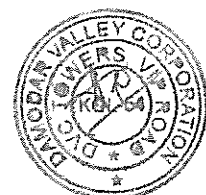
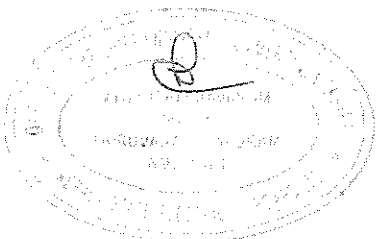
The taxes, levies, duties etc. shall be borne by KSEB Ltd as per provision of the CERC (Terms and Conditions of Tariff) Regulations, 2014 or as amended time to time and orders issued by CERC.

6.0 BILLING AND PAYMENT

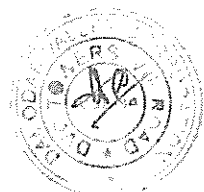
6.1 BILLING:

The Charges for Supply of Electricity under this Agreement shall be billed by DVC as determined from time to time by the Central Electricity Regulatory Commission/ or any other Competent Authority and the same shall be paid by KSEB Ltd in accordance with the following provisions:

6.1.1 DVC shall present the bills for electricity supplied to KSEB Ltd from the Station for the previous month based on Energy Account issued in accordance with the Article 4.4



- 6.1.2 Billing Centre of DVC shall carry out billing and associated functions. DVC would submit the bills to the Officer to be nominated by KSEB Ltd.
- 6.1.3 The Monthly Bill for the Station shall include the Charges for Supply of Electricity under this Agreement, other taxes, duties, cess etc. including additional bill(s) for the past Period(s) on account of orders of CERC/Appellate Tribunal for Electricity/Other Courts/other Competent Authority(ies). If for certain reasons some of the charges which otherwise are in accordance with this Agreement, cannot be included in the main Monthly Bills, such charges shall be billed as soon as possible through Supplementary Bill(s).
- 6.1.4 Due Date of payment shall be 60 days from the date of presentation of the bill/as per Terms and Conditions of Tariff Regulations issued by CERC as applicable from time to time. In case Due Date of payment is a bank holiday, the next Bank working Day shall be treated as Due Date.
However, for payment of bills of DVC through letter of credit on presentation or through NEFT/RTGS within a period of 2 days of presentation of bills by DVC, rebate allowed as per CERC (Terms and conditions of Tariff) Regulation 2014 and its amendment from time to time. In case the payment of any bill is delayed by KSEB Ltd beyond a period of 60 days from the date of billing a late payment surcharge will be levied at the rate as per CERC (Terms and conditions of Tariff) Regulation 2014 and its amendment from time to time.
- 6.1.5 KSEB Ltd shall arrange payment of such Monthly Bill(s)/Supplementary Bill(s) promptly through RTGS/irrevocable Letter of Credit (back up) at the designated account of DVC. The date of transfer of payment to DVC account shall be considered as the date of payment for computation of rebate or late payment surcharge in respect of such payment. The bill(s) of DVC shall be paid in full subject to the condition that -
- i) there is no apparent arithmetical error in the bill(s)
 - ii) the bill(s) is/are prepared in accordance with the tariff determined by CERC/ Adhoc Tariff.



- iii) they are in accordance with the Energy Accounts issued by CLD at Maithon/ or such other Competent Authority.

6.1.6 All payments made by KSEB Ltd shall be appropriated by DVC for amounts due from KSEB Ltd in the following order of priority

- i) Towards the statutory dues like other tax, royalty etc in the current bill(s)
- ii) Towards Late Payment Surcharge, payable if any
- iii) Towards earlier unpaid bill(s), if any; and
- iv) Towards the other charges in current monthly bill

6.1.7 In case KSEB Ltd disputes any amount, even then, it shall pay 95% of the disputed amount forthwith and file a written objection with DVC within 30 days of presentation of the bill, giving following particulars:

- i) Item disputed, with full details/data and reasons of dispute
- ii) Amount disputed against each item.

Provided that non-acceptance of tariffs determined/approved by CERC or any other Competent Authority shall not be a valid ground for dispute.

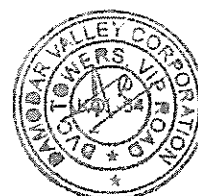
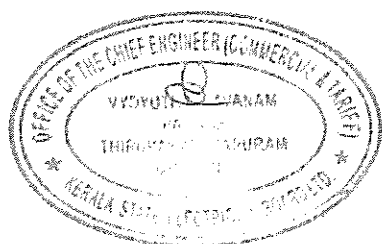
6.1.8 The amount of excess/shortfall with respect to the said 95% payment based on finally determined amount in line with Article 7.0 shall be paid/adjusted with the applicable interest as per CERC Tariff Regulations from time to time from the date on which the amount in dispute was payable/refundable.

6.1.9 REBATE AND LATE PAYMENT SURCHARGE

Rebate and Late Payment Surcharge shall be as per Terms and Conditions of Tariff Regulations issued by CERC as applicable from time to time.

6.2 ESTABLISHMENT OF LETTER OF CREDIT(LC) AND PAYMENT SECURITY MECHANISM:

6.2.1 KSEB Ltd shall establish one or more LCs in favour of DVC with any public sector/scheduled commercial bank prior to the commencement of electricity supply from the Station.



6.2.2 The LC shall cover 105% of one month's estimated billing in respect of electricity supplied from the Station to KSEB Ltd.

6.2.3 The amount of LC shall be reviewed each half year commencing April and October in a financial year on the basis of the average of billing of previous 12 months and the LC amount shall be enhanced/reduced accordingly not later than 1st July and 1st January respectively of the same financial year.

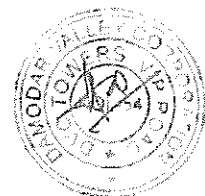
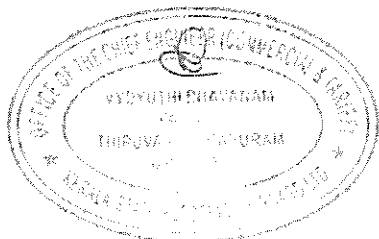
6.2.4 The LCs shall be established for a minimum period of one year. KSEB Ltd shall ensure that a valid LC is made available at all times during the entire/extended validity of this Agreement. New LCs shall be furnished/existing LC shall be renewed not later than 30 days prior to expiry of existing LCs.

6.2.5 LC shall specify the manner and dates when bill(s) can be presented to Bank by DVC. The bills so presented by DVC to the Bank shall be promptly paid on their presentation.

DVC shall not draw upon such LC (a) prior to the LC date(s) against relevant Monthly Bill and (b) if the payment against the Monthly Bill has already been made. However, where there has been a wrongful drawal on the LC by DVC, any charges and losses incurred by KSEB Ltd in that connection shall be borne and paid by DVC.

6.2.6 All Costs relating to opening, operating, maintenance and negotiation of LC shall be borne by KSEB Ltd.

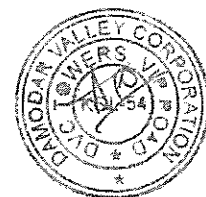
6.2.7 In case of drawal of the LC amount by DVC in accordance with the terms of this Article, the amount of the LC shall be reinstated automatically not later than 7 days from such drawal. KSEB Ltd shall arrange to furnish to DVC a certificate to this effect from Bank(s) providing LC. In the event LC is not reinstated within 7 days, regulation of power supply to the extent of 25% of the Contracted Capacity will start with immediate effect from 00 hrs on 8th day, till LC is reinstated



and outstanding payment is released. DVC will have right to divert such regulated quantum of the Contracted Capacity to Third Party(ies) and or reduce the schedule of KSEB Ltd by the same quantum.

Provided that KSEB Ltd shall continue to be liable to pay the Capacity Charges in proportion to its Contracted Capacity during the period of regulation/diversion of capacity or till the capacity is re-allocated to other Bulk Power Customer(s)/Third Party (ies).

6.2.8 KSEB Ltd hereby agrees to provide a payment security arrangement before commencement of power supply in the form of Default Escrow Arrangement as a back up to the Letter of Credit. Under this arrangement a Default Escrow Account in favour of DVC shall be established through which the Receivables of KSEB Ltd to the extent required for the payment of dues of DVC under this Agreement shall be routed as per the terms of Default Escrow Agreement. KSEB Ltd hereby agrees that DVC will have first charge on Receivables of KSEB Ltd. However, such first ranking charge shall be on the amounts, in excess of amounts, which have already been charged or agreed to be charged prior to the date of the execution of this Agreement and as listed in the schedule enclosed with this Agreement. KSEB Ltd agrees to enter into a separate 'Agreement to Hypothecate Cum Deed of Hypothecation' whereby, KSEB Ltd shall hypothecate Receivables to the extent required for Payment of dues of DVC by KSEB Ltd including under this Agreement by creation of first Charge in favour of DVC. These Receivables shall be routed through Default Escrow Account for payment to DVC in case of default in payments by KSEB Ltd. "Receivables" for this purpose shall mean all of the present and future payments, receipts, obligations, monies, claims, bills and any other property whatsoever which may from time to time be derived from or accrue or be offered or due to the KSEB Ltd in respect of the sale by the KSEB Ltd to the consumers of electric capacity, energy and/or services for any other reason whatsoever and all proceeds thereof.



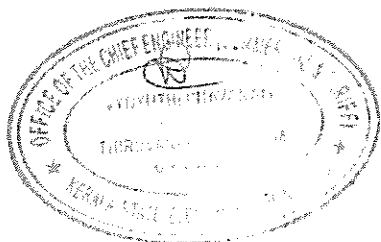
6.2.9 The Default Escrow Agreement and Agreement to Hypothecate Cum Deed of Hypothecation shall be established by KSEB Ltd to the satisfaction of DVC before commencement of power supply. In the event, KSEB Ltd does not sign the 'Default Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' before commencement of power supply or KSEB Ltd creates any superior charge in favour of any other party on its Receivables, DVC shall have the right to reallocate contracted capacity of KSEB Ltd to third party(ies). In case of termination of this Agreement or reallocation of capacity due to reasons stated above, KSEB Ltd shall be liable to pay capacity charges for such capacity till the capacity is reallocated.

Except for the provisions of this Agreement other terms and conditions for operation of "Default Escrow Agreement" and "Agreement to Hypothecate Cum deed of Hypothecation" shall be in the format as prescribed by Government of India in the "Standard Bidding Documents (Case-II)" as used for competitively bid Ultra Mega Power Projects.

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

Since KSEB Ltd has not so far executed any agreement hypothecating Receivables of KSEB Ltd to any other entity, signing of 'Agreement to Hypothecate cum Deed of Hypothecation' is not being insisted by DVC presently. It is however agreed that in case KSEB Ltd agrees to execute in future an agreement whereby KSEB Ltd hypothecates its Receivables by creation of charge in favour of any other entity, KSEB Ltd shall execute a separate 'Agreement to Hypothecate cum Deed of Hypothecation' with DVC whereby hypothecating their Receivables to the extent required for payment of dues under this agreement in favour of DVC as a first charge.

6.2.10 Notwithstanding the obligations of KSEB Ltd to pay all the dues as per this Agreement, in the event of default in opening of LC of requisite amount in favour



of DVC or non-payment of bills within a period of 60 days of billing, DVC shall be entitled to regulate/divert the contracted capacity of the KSEB Ltd to any other Bulk Power Customer(s)/Third Party(ies) as per the provisions of generic procedure for regulation of power supply issued by CERC or any other competent authority from time to time read with the provisions of this PPA (during the validity of the PPA) till the time default is set right.

In case of default in payment of bills beyond a period of 90 days of billing, DVC shall have the right to re-allocate power to other Bulk Power Customer(s).

It is clarified that the above arrangement shall not be construed as relieving KSEB Ltd of any of its obligations to DVC including obligation of payment of Capacity Charges.

For the removal of any doubt it is clarified that in case of default, KSEB Ltd shall continue to be liable to pay the Capacity Charges in proportion to its Contracted Capacity during the period of regulation/diversion of capacity or till the capacity is re-allocated to other Bulk Power Customer(s)/Third Party(ies).

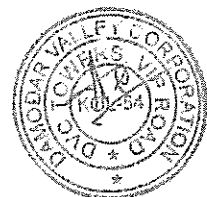
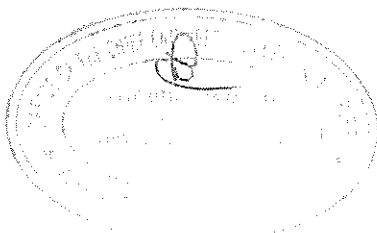
7.0 SETTLEMENT OF DISPUTES

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

In the event that the parties are unable to resolve any dispute, controversy or claim relating to or arising under this Agreement, as stated above, the same shall be dealt as per the provisions of the Electricity Act, 2003. The place of settlement of dispute shall be at New Delhi.

8.0 FORCE MAJEURE

Neither party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to force majeure events such as war, rebellion, mutiny, civil commotion, riot, strike, lock-out, forces of nature, accident, act of God or any



other such reason beyond the control of concerned party. Any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an eventuality and give written notice within a reasonable time to the other party to this effect. Generation/drawal of power shall be started as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist.

9.0 IMPLEMENTATION OF THE AGREEMENT

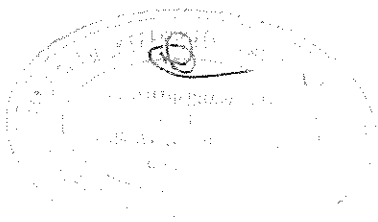
All discretions to be exercised and directions, approvals, consents and notices to be given and actions to be taken under these presents unless otherwise expressly provided herein, shall be exercised and given by the signatories to their Agreement or by the authorized representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post. Any other nomination of authorized representative(s) shall be informed likewise in writing to/by KSEB Ltd within one month of signing of the Agreement. Notwithstanding any nomination, Executive Director (Commercial) DVC, Kolkata/ Chief Engineer, Commercial Department, DVC, Kolkata or his authorized representative(s) at its Head Office first above mentioned shall be authorized to act severally for and on behalf of DVC.

10.0 NOTICE

All notices required or referred to under this Agreement shall be in writing and signed by the respective authorized signatories of the parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered or served by registered mail/speed post of Department of Posts with an acknowledgement due to the other parties in terms of IMPLEMENTATION OF THE AGREEMENT at Article 9 above.

11.0 EFFECTIVE DATE AND DURATION OF AGREEMENT

The agreement shall come into effect for all purposes and intent from the date of signing of the Agreement, subject to the establishment and continuance of payment security as envisaged under Article 6.2 under ESTABLISHMENT OF LETTER



OF CREDIT (LC), PAYMENT SECURITY MECHANISM, Long Term Access (LTA) granted and Scheduling of Power under Long Term Open Access. Agreement shall remain operative up to a period of twenty five (25) years from the date of commencement of power supply from the Station, unless it is specifically extended on mutually agreed terms.

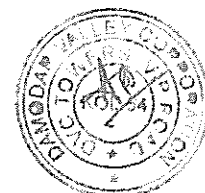
Provided that any time 12 months prior to every span of 5 years by efflux of time, the parties will be at liberty to review the Agreement / may take 'Exit option' as mutually agreed upon.

Provided further that, both the parties agree that in the event of continuation of this agreement the provisions of this agreement shall apply mutatis mutandis to the Contract period.

Provided also that in case CTU grants LTA for a partial quantum in a graded manner, the agreement shall be effective for the allotted quantum of LTA. In that case DVC shall be at liberty to sell the power on STOA/MTOA mode till the LTA for full quantum of power is granted by CTU.

12.0 SUCCESSORS AND PERMITTED ASSIGNS

- 12.1 In case the functions of KSEB Ltd are reorganized and/or this Agreement is assigned to other organization(s)/agency(ies), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor Distribution/Trading Organization(s)/agency(ies)/entities and shall continue to remain valid with respect to the obligations of the successor organization(s)/agency(ies)/entities provided that the successor organization(s)/agency(ies) is/are owned or controlled by the Government of Kerala.
- 12.2 In the event the functions of KSEB Ltd are reorganized and/or privatized or this Agreement is assigned to Private Organisation(s)/agency(ies), partly or wholly, KSEB Ltd shall ensure that the agreements namely 'Default Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' as mentioned at



Article 6.2 under ESTABLISHMENT OF LETTER OF CREDIT(LC) AND PAYMENT SECURITY MECHANISM are signed by the assignee before assignment of this Agreement.

12.3 Only such of the successor entities who fulfill the above requirements and execute the requisite documents as above shall be termed as the permitted assigns.

12.4 In the event of failure to comply with above clauses, DVC shall have the right to terminate this Agreement after observing the formalities as per applicable law. In the event of termination of this Agreement, KSEB Ltd shall be liable and continue to pay the Capacity Charges each month till firm arrangement for sale of KSEB Ltd's share with alternate customers, substituting the KSEB Ltd is tied up.


13.0 AMENDMENT


This Agreement only be amended or supplemented by a written Agreement between the parties and after duly obtaining the approval of the appropriate commission wherever necessary.

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


WITNESS


1.


শ্রী. কে. অঞ্জন / D. K. Aich
মুখ্য अभिযंता (व्यावसायिक)
Chief Engineer (Comm.)
दामोदर घाटी निगम / DVC
कोलकाता / Kolkata - 54


দামোদর বিদ্যমান (ব্যবসায়িক)
Executive Director (Comm.)
দামোদর ঘাটী নিগম / D.V.C.
কলকাতা / Kolkata - 54
For and on behalf of
Damodar Valley Corporation

2.


SATHESH KUMAR. G
Executive Engineer (Commercial)
KSEB, Vidyuthi Bhavanam
Pallem, Thiruvananthapuram


For and on behalf of
Kerala State Electricity Board Limited
DINESH. B
CHIEF ENGINEER
(Commercial & Tariff)

No.21/1/2013-DVC
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg
New Delhi, dated 2nd January 2014

To,

Dr Arup Roy Choudhury,
Chairman,
Damodar Valley Corporation,
DVC Towers, VIP Road,
Kolkata - 700 054.

Subject: Allocation of surplus power from DVC - regarding

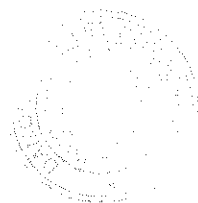
Sir,

I am to refer to DVC's letter No. PS/CHN/3-744 dated 14th August 2013 regarding allocation of surplus power from DVC. In this regard Ministry of Power has decided that DVC may allocate surplus power in accordance with their Board's decision and in a commercially prudent manner.

2. The decision for allotment of 500 MW to Railways (200 MW on long term basis and 300 MW on medium term basis) will be a decision obtaining approval of GCEA/Cabinet.

Yours faithfully

(Handwritten signature)
(Rajeev S. Chatterjee)
Director



(Handwritten signature)