

தமிழ்நாடு தமில்நாடு TAMILNADU

NLC Tamil Nadu Power Limited
Chennai

S. Sumathi

F 838180

ச. சுமதி,
முதுகாத்தூர் அபிவிருத்தி,
உரிமை எண்:-21/97,
I-138, முதுகாத்தூர் கனம், அக்டோபர்-2,
முதுகாத்தூர் டவுன் சிடி,
தமிழ்நாடு.



POWER PURCHASE AGREEMENT

BETWEEN

NLC-TAMILNADU POWER LIMITED (NTPL)

AND

KERALA STATE ELECTRICITY BOARD (KSEB)

FOR

NTPL'S THERMAL POWER STATION (1000 MW) AT TUTICORIN

THIS POWER PURCHASE AGREEMENT hereinafter called as "Agreement" entered into on this twentieth day of February, 2008 between

1. NLC Tamilnadu Power Limited, a Joint Venture Company formed between Neyveli Lignite Corporation Limited (NLC) and Tamil Nadu Electricity Board (TNEB) with a equity ratio of 89:11 respectively and incorporated under the

[Signature]
NTPL

[Signature]
KSEB

Companies Act, 1956 having its Registered office at "Neyveli House", 135, Periyar E.V.R. High Road, Kilpauk, Chennai, Tamilnadu and hereinafter called the 'NTPL' (which expression shall unless repugnant to the context or meaning thereof, include its representatives, successors and assigns) of the one part.

AND

2. Kerala State Electricity Board, constituted under the Electricity Supply Act, 1948 (Central Act LIV of 1948), having its office at Vaidyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004, in the State of Kerala hereinafter referred to as "KSEB" (which expression shall unless repugnant to the context or meaning thereof include its representatives, successors and assigns) of the other part.

NTPL and KSEB are hereinafter individually referred to as the "Party" and collectively as "Parties",

WHEREAS NTPL has proposed to implement a coal based 2x500 MW (1000 MW) Thermal Power Station at Tuticorin in the south Tamilnadu hereinafter referred to as "NTPL-TPS" which is expected to be commissioned by the year 2011-12.

AND WHEREAS the total capacity of NTPL-TPS after meeting the Station consumption, township consumption and other infrastructure consumption is proposed to be allocated to Tamilnadu Electricity Board, Karnataka Power Transmission Corporation Limited, Kerala State Electricity Board and Electricity Department, Puducherry (referred to as "Bulk Power Customers").

AND WHEREAS the Bulk Power Customers are desirous of purchasing energy from NTPL-TPS and NTPL is willing to sell energy from NTPL-TPS to the Bulk Power Customers from the date of commissioning of Unit-1 of NTPL-TPS on mutually agreed terms and conditions mentioned hereunder.

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


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1.0 INSTALLED CAPACITY

The installed capacity of NTPL-TPS will be 1000 MW consisting of 2x500 MW Pulvarised (PF) coal fired Boilers feeding to turbines of 2 x 500 MW.

2.0 ALLOCATION OF POWER

The allocation of power from NTPL-TPS amongst the Bulk Power Customers shall be in accordance with the decision of Government of India (GOI), Ministry of Power (MOP) from time to time which shall form an integral part of this Agreement. In case, any other Bulk Power Customer(s) /State Electricity Board(s) do not sign the Power Purchase Agreement, NTPL will approach Ministry of Power with a request to allocate their share of power to TNEB on first priority. However final allocation will be as decided by Central Electricity Authority (CEA) / MOP.

3.0 COMMERCIAL OPERATION OF GENERATING UNITS

The first unit is expected to achieve Commercial Operation hereinafter referred to as COD in 54 months from GOI sanction and the second Unit in 59 months from GOI sanction. The project time schedule is subject to GOI sanction, supply schedule as per the Letter of Intent (LOI) etc.

4.0 DRAWAL OF POWER

- 4.1 The power from NTPL-TPS shall be drawn by the Bulk Power Customer(s) directly and/or by method of displacement. The Bulk Power Customers shall draw their share of power from NTPL-TPS through transmission system of Power Grid Corporation of India Limited (PGCIL) and the transmission system(s) of Bulk Power Customer(s)/other agency(ies), for which NTPL will provide five 400 KV bays at its switch yard.
- 4.2 Both the parties shall endeavour to adhere to the Indian Electricity Grid Code (IEGC) rules.
- 4.3 Bulk Power Customers shall purchase power as per basic allocation made by MOP/CEA as per clause (2) and as per ABT regulation and UI mechanism.


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- 4.4 In the event of NTPL being unable to generate / supply energy from NTPL-TPS after COD of the power units, it is agreed between TNEB and NTPL that the accounting of energy drawn by NTPL to the extent and duration required for all the establishments of NTPL will be as per the existing practice adopted in Regional energy accounting in the Southern Region. This energy shall be deducted from the energy supplied by NTPL and the net energy be billed for. In case no energy is supplied during any particular month by NTPL, the energy consumed would be adjusted in the next energy bill.

5.0 WHEELING OF POWER

In the event of failure of any dedicated transmission system of NTPL, TNEB will permit to wheel the power through its transmission system to other beneficiaries subject to availability of the margin in their system. The beneficiaries are liable to pay the wheeling charges to TNEB for using their transmission system as per the guidelines of Tamil Nadu Electricity Regulatory Commission (TNERC).

6.0 POINTS FOR METERING

The Main and Check meters at all outgoing feeders at the 400 KV bus bars of NTPL-TPS are to be installed and maintained by PGCIL and other meters will be installed and maintained by NTPL as per IEGC regulation.

7.0 TARIFF

- 7.1 The Tariff and Terms and Conditions for the energy to be supplied by NTPL from NTPL-TPS shall be determined by Central Electricity Regulatory Commission (CERC) as per tariff regulations in force from time to time.
- 7.2 Statutory tax, Duty, Royalty, Cess or any other levy etc., which may be imposed by the Central and or State Govt. and / or any Local authority on the generation and sale of electrical energy excluding Disbursement Dividend tax shall be payable by the Bulk Power Customer(s) additionally to the extent of its incidence on energy sold to the Bulk Power Customer(s). The above taxes are the taxes that shall be levied on the Bulk Power customer(s) in proportion of energy draws by them from this power station only.


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7.3 The responsibility of NTPL is to supply power from NTPL-TPS at ex-bus. Hence the Power Tariff will be at Ex-Bus rate.

7.4 INCOME TAX and EXCHANGE RATE VARIATION

7.4.1 Incidence of advance income tax liability on NTPL as per the provisions of the Income Tax Act applicable from time to time shall be recovered from the Bulk Power Customer(s), duly certified by Statutory Auditors / Chartered Accountants in accordance with Govt. of India / CERC tariff notification for this station. After the Income tax assessment is completed, the excess or shortfall shall be adjusted in the following quarter's advance tax claim.

7.4.2 All tariff related matters such as Exchange rate variation, income tax reimbursement, rebate etc. shall be as per CERC regulations.

8.0 FUEL AND FUEL PRICING

8.1 The power Station shall be based on the coal supplied by Mahanadhi Coal Fields Limited (MCL), a subsidiary of Coal India Limited, from the Talcher Coal Fields of Orissa. NTPL may also use imported coal for blending with domestic coal in case of necessity with prior intimation to the beneficiaries.

8.2 Coal is the primary fuel for the project. Coal pricing will be determined and fixed as per the terms and conditions of the Fuel Supply Agreement between NTPL and MCL. In case of both indigenous and imported coal, price as per the invoice will be adopted for calculation of energy charges. Transportation charges, loading and unloading charges, insurance charges, import duty, port handling charges, statutory levies etc. will be pass through items and on actual.

9.0 In case the power tariff could not be notified by CERC before synchronization / commercial operation of the first unit, billing will be done by NTPL on provisional basis subject to retrospective adjustment as and when the tariff is notified by CERC. This covers fuel charges for infirm power i.e. sale of power prior to COD and power tariff after COD.


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Salient Features of Thermal Power Plant::

Capacity	2x500 MW
Estimated Capital Cost	Rs. 4677.08 Crores
Indicative First Year tariff at 80% PLF	Rs.2.92/Kwhr
First year domestic coal price at site	Rs. 2297/MT

NTPL-TPS shall approach the CERC three months prior to the proposed date of synchronization of the first unit seeking provisional tariff. In the event of non-award of provisional tariff by CERC within three months period, provisional billing for the infirm energy shall be done by NTPL-TPS.

10.0 BILLING

All charges under this Agreement shall be billed by NTPL and shall be paid by the Bulk Power Customer(s) in accordance with the following provisions

10.1 NTPL shall present separate bills after the end of each calendar month to the Bulk Power Customer(s) for the energy supplied during that calendar month based on the regional Energy accounts finalised for the Southern region by the Southern Regional Power Committee (SRPC) / Southern Regional Load Despatch Center (SRLDC).

10.1.1 The monthly bill shall be aggregate of charges in accordance with the provisions of this Agreement. If for certain reasons some of the charges cannot be included in the monthly main bills, such charges shall be billed as soon as possible through supplementary bill(s)

10.2 Establishment of Irrevocable/ revolving Letter of Credit (LC) and Payment of monthly Bills:

Payment of monthly bills for supply of power from NTPL-TPS shall be made by the Bulk Power Customer(s) through irrevocable Letters of Credit (LC) established in favour of NTPL with a scheduled bank at least one month prior to commencement of power supply from NTPL-TPS. The LC shall be opened at the same branch of the bank, which maintains the Bank Account of the Bulk Power Customer(s) to which the maturing obligations under the LCs will be debited.


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10.2.1 The irrevocable/ revolving Letter of Credit shall be opened for an amount mutually agreed between NTPL and Bulk Power Customer(s) for the period between the Commercial Operation Date (COD) and the end of the financial year in which the COD has occurred. For the subsequent financial years, the irrevocable LCs shall be opened for an amount equal to 105% of their average monthly billing for the preceding twelve months and the same shall be revised once in six months based on the said average.

10.2.2 LC shall be without any limitation or restriction with regard to the manner and dates when bill(s) can be presented to Bank by NTPL. The bills so presented by NTPL to the Bank shall be promptly paid on their presentation.

10.2.3 All LC charges are to be borne by the Bulk Power Customer(s). The operation of LC shall not depend on the recoupment of the amounts by Bulk Power Customer(s).

10.3 Rebate on payment through LC

10.3.1 Rebate on payments, if any, shall be as per the provisions of tariff notifications issued from time to time by GOI/CERC as the case may be. As per CERC regulations notification on 26.03.04, a rebate of 2.0% will be allowed on payment made through LC on presentation of the bills. For payments made by any other mode but within one month of presentation of bills by NTPL, a rebate of 1% will be allowed.

10.3.2 No Rebate shall be admissible on duties, taxes, royalty, cess levies and payment against arrears, if any, of previous months.

10.4 Surcharge on belated Payment.

In case payment is made after sixty days from the date of receipt of the bill by KSEB, surcharge at the rates as notified by Government of India / CERC, shall be charged on the amounts remaining unpaid after the said date in proportion to


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the number of days of delay after the said date. The surcharge amount shall also be payable along with the next bill.

- 10.5 In the event of failure to establish Letter of credit (LC) or to enhance LC within the specified period or if any bills remain unpaid for a period of exceeding three months from the date of receipt of the bill for the power supplies from NTPL-TPS to Bulk Power Customer(s), NTPL shall have the authority to discontinue / reduce the supply of power from NTPL-TPS and inform Bulk Power Customer(s) accordingly. In the event of prolonged default by Bulk Power Customer(s) beyond four months, NTPL will have the option to sell power to any other Bulk Power Customers directly.
- 10.6 In every bill presented to Bulk Power Customer(s), NTPL shall furnish full particulars of the meter readings and calculations to support the bill. Since the bills are negotiated through the Letter of Credit, two copies of the bill shall be sent to the Bulk Power Customer(s) on the same date, when it is presented to the bank.
- 10.7 In the event of any clerical errors or mistakes in the amount levied, demanded or charged by the NTPL, NTPL shall have the right to demand an additional amount in the case of undercharging and the Bulk Power Customer(s) shall have the right to get refund in case of excess charging, provided such claims are not barred by limitation under the law in force.
- 10.8 In disputed cases, Bulk Power Customer shall file a written objection with NTPL within 45 days of presentation of the bill, giving following particulars:
- (A) Item disputed, with full details/ data and reasons of dispute and
 - (B) Amount disputed against each item
- NTPL shall resolve the above dispute(s) with Bulk Power Customer(s) as soon as possible preferably within 90 days of receipt of such written objection from the Bulk Power Customer(s).

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11.0 DISPUTES AND REDRESSAL MECHANISM:

Any disputes will be settled mutually. If it is not settled, the same will be referred to CERC.

12. FORCE MAJEURE

- 12.1 The parties shall ensure due compliance of their respective obligations as per the terms of this Agreement. However, no party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to Force Majeure events such as war, rebellion, mutiny, civil commotion, riot, sabotage. Strikes, lock-out, or other concerted action of workmen, forces of nature or act of God such as floods, fire, earthquake and epidemic and any other reason beyond the control of concerned party. But any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an event and given written notice immediately to the other party to this effect. Generation / drawal of power shall be resumed as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist. However, the financial liabilities of the parties under this Agreement as on the date of occurrence of such an event shall remain unaltered under the condition of Force Majeure also.

13.0 IMPLEMENTATION OF THE AGREEMENT

- 13.1 All discretions to be exercised and directions, approvals, contents and notices to be given and actions to be taken under these presents, unless otherwise expressly provided herein, shall be exercised and given by the Signatories to this agreement or by the Authorized representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post.

14.0 NOTICE

- 14.1 All notices with regard .to default or dispute relating to this agreement shall be in writing and signed by the signatories to this agreement or by the authorized representative(s) as per clause 13.1 above. Each such notice shall be deemed to have been duly given or sent by the parties concerned, if the notice is delivered


NTPL


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against acknowledgement due to the designatories or the authorized representative(s) at their respective addresses.

15.0 EFFECTIVE DATE AND DURATION OF AGREEMENT

- 15.1 The Agreement shall come into force from the date of signing of this Agreement for all purposes and intent and shall remain operative up to completion of twenty five (25) years from the date of commercial operation of NTPL-TPS (2x500 MW) provided that this Agreement may be mutually extended, renewed or replaced by another Agreement on such terms and for such further period of time as the parties may mutually agree. In case the Bulk Power Customer(s) continues to get power from NTPL-TPS even after expiry of this Agreement without further renewal or formal extension thereof; then all the provisions of this Agreement shall continue to operate till this agreement is formally renewed, extended or replaced.

16.0 SUCCESSORS AND ASSIGNS

- 16.1 In case any of the parties to this agreement is restructured and / or its generation, transmission and distribution activities are taken over by other organization(s) / agency(ies), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor organization(s) / agency(ies) and guarantee by the State Government shall continue to remain valid with respect to the obligations of the successor organization(s) / agency(ies). In such an event, the LC arrangement referred to in para 10 above shall also be binding in respect of the successor organization(s) / agency(ies) with such modifications and changes as may be considered necessary.

17.0 MEGA POWER POLICY

The NTPL-TPS is being developed as Mega Power Project as per terms and conditions of the GOI applicable to Mega Power Projects. One of the conditions of Mega Power Policy is that the power be made available only to the Bulk Power Customers which agree and undertake to fulfill and comply with the terms and conditions of the Mega Power Policy of the GOI. KSEB hereby



NTPL




KSEB

agrees to comply with the terms and conditions of the Mega Power Policy of the Government of India as applicable

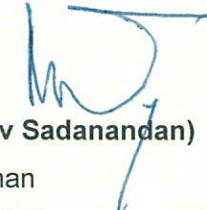
IN WITNESS WHEREOF Parties have entered at Thiruvananthapuram into Agreement as of the day and year first above written.



For and on behalf of
NLC Tamil Nadu Power Ltd.,


(S. Jayaraman) 20/02/08
Chairman
WITNESS

1. 
K. RADHAKRISHNAN.
2. 
C. RADHAKRISHNA PILLAI

For and on behalf of
Kerala State Electricity Board


(Rajeev Sadanandan)
Chairman
WITNESS

1. 
(S. RAJAGOPAL)
2. 
(JAWAHAR. N)