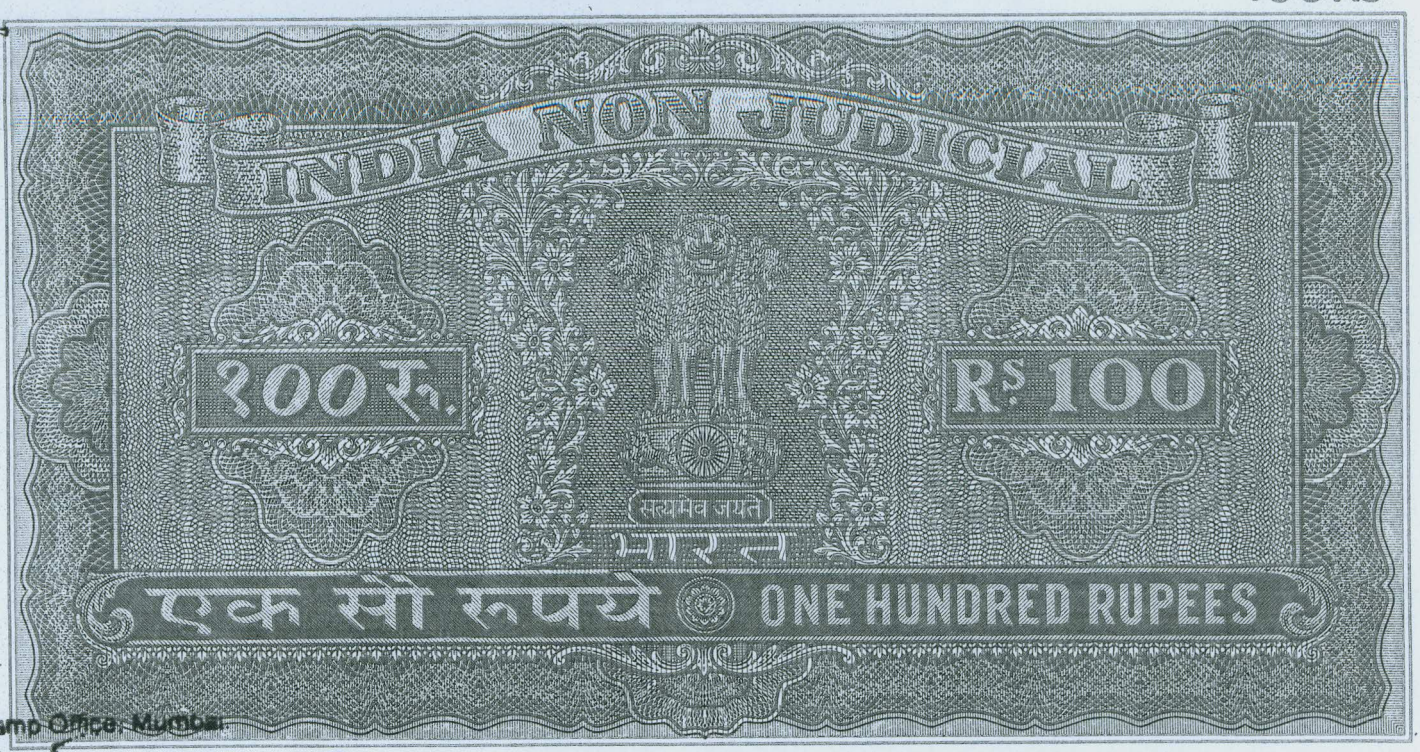
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General Stamp Office, Mumbai
Date.....
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Shri. S. P. Sonawane
Proper Officer

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SUPPLEMENTARY POWER PURCHASE AGREEMENT Bhadi

BETWEEN
ELECTRICITY DEPARTMENT OF
UNION TERRITORY OF DADRA & NAGAR HAVELI
AND
NATIONAL THERMAL POWER CORPORATION LIMITED
FOR
SIPAT SUPER THERMAL POWER STATION STAGE-II
(2 x 500 MW =1000 MW)

THIS SUPPLEMENTARY POWER PURCHASE AGREEMENT hereinafter called the " Supplementary Agreement" entered into on the ..... day of ....., Two Thousand Three (...../...../2003) between the Electricity Department of Union Territory of

Dadra & Nagar Haveli, having its Head Office at Silvassa-396230 (hereinafter called "DNH") which expression shall unless repugnant to the context or meaning thereof include its successors and assigns as party of the first part and National Thermal Power Corporation Limited, a Company incorporated under the Companies Act, 1956 having its registered office at NTPC Bhawan, Core-7, SCOPE Complex, 7, Institutional Area, Lodi Road, NEW DELHI – 110003 (hereinafter referred to as "NTPC") which expression shall unless repugnant to the context or meaning thereof include its successors and assigns as party of the second part.

Whereas a Power Purchase Agreement was signed by and between DNH and NTPC on 13.05.2003 for supply of power to DNH from Sipat STPS Stage-II of nominal capacity of 660 MW (1 x 660 MW) (copy enclosed at Annexure- I).

Whereas in terms of the above, the said capacity of Sipat STPS Stage-II in the Power Purchase Agreement as signed on 13.05.2003 is now required to be revised to the extent as under:

"Sipat Super Thermal Power Station Stage-II (2 x 500 MW =1000 MW)".

NOW, THEREFORE IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES HEREBY AGREE AS FOLLOWS.

(1) In the main heading the words "Sipat Super Thermal Power Station Stage-II (660 MW)" in the said Power Purchase Agreement as signed on 13.05.2003 shall stand replaced and substituted by "Sipat Super Thermal Power Station Stage-II (2 x 500 MW =1000 MW)".

(2) On page 2, para 1 line 8 the words "Stage-II (nominal capacity : 660 MW)" shall stand replaced and substituted by "Stage-II (nominal capacity : 1000 MW)".

(3) On page 2, para 2 lines 1 and 2 the words "Sipat Stage-II (Nominal Capacity 660 MW)" shall stand replaced and substituted by "Sipat Stage-II (Nominal Capacity : 1000 MW)".

(4) In Clause 2.0, line 2 the words "660 MW (1 x 660 MW) under Stage-II" shall stand replaced and substituted by "1000 MW (2 x 500 MW) under Stage-II".

In Clause 2.0, line 4 the words "shall be 2640 MW" shall stand replaced and substituted by "shall be 2980 MW".

(5) The table in Clause 2.1.1 indicating tentative allocation of power to Bulk Power Beneficiaries shall stand replaced and substituted by the following table :

Bulk Power Beneficiaries	Tentative allocation of power (MW)
MPSEB	131
CSEB	142
MSEB	319
GEB	239
Goa	12
D&D	3
DNH	4
Unallocated	150
TOTAL	1000

In Clause 2.1.1, para 2 at the bottom of the table, lines 1 and 2, the words "Sipat Stage-II (nominal capacity of 660 MW)" shall stand replaced and substituted by "Sipat Stage-II (nominal capacity of 1000 MW)".

(5.1) *

(6) Except the aforesaid changes, all other terms of the Power Purchase Agreement for Sipat Super Thermal Power Station Stage-II (660 MW) signed on 13.05.2003 shall remain in full force and binding on the Parties hereto. This Agreement shall be considered as an integral part of the said Power Purchase Agreement signed on 13.05.2003.

* DNH requested for additional requirement of power to the extent of 50 mw over and above the tentative allocation as indicated above.
NTPC will consider above request however the final allocation shall be as approved by appropriate authority

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

WITNESS

1.

2.

For and on behalf of

Union Territory of Dadra & Nagar Haveli.

1.

2.

For and on behalf of

National Thermal Power Corporation Ltd.

100Rs.



POWER PURCHASE AGREEMENT

BETWEEN

ELECTRICITY DEPARTMENT OF

UNION TERRITORY OF DADRA & NAGAR HAVELI

AND

NATIONAL THERMAL POWER CORPORATION LIMITED

FOR

SIPAT SUPER THERMAL POWER STATION STAGE – II

(660 MW).

THIS POWER PURCHASE AGREEMENT hereinafter called the "Agreement" entered into on this Thirteenth.... day of ....May...., Two Thousand Three (..13th/05../2003) between the Electricity Department of Union Territory of Dadra & Nagar Haveli, having its Head Office at Silvassa-396230 (hereinafter referred to as "DNH") as party of the first part and the National Thermal Power Corporation Limited, a Company incorporated under the Companies Act, 1956 having its registered office at NTPC Bhavan, Core-7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi – 110003 (hereinafter referred to as "NTPC" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the second part.

WHEREAS NTPC is a Generating Company as defined under Section 2(4A) of Electricity (Supply) Act,1948 and owned by Government of India, executing Sipat STPS Stage-I (nominal capacity :1980 MW) of Sipat Super Thermal Power Station located at Sipat in Bilaspur District, Chhattisgarh State from which Bulk Power Beneficiaries including Dadra & Nagar Haveli shall draw power as per Power Purchase Agreement (PPA) individually signed by them. The capacity of Sipat Super Thermal Power Station is being expanded in Stage-II (nominal capacity : 660 MW) hereinafter referred to as "Sipat Stage-II". It shall generally be referred to as "Generating Station" to be owned and operated by NTPC, collectively referred to as "Sipat STPS" consisting of Stage-I and II.

AND WHEREAS the total capacity of Sipat Stage-II (Nominal Capacity 660 MW) is proposed to be allocated to Madhya Pradesh State Electricity Board (MPSEB), Maharashtra State Electricity Board (MSEB), Gujarat Electricity Board (GEB), Chhattisgarh State Electricity Board (CSEB), Electricity Department of Government of Goa (Goa), Electricity Department of Union Territory of Daman and Diu (D&D) and Electricity Department of Union Territory of Dadra and Nagar Haveli (DNH) [hereinafter referred to as "Bulk Power Beneficiary" individually and "Bulk Power Beneficiaries" collectively] in accordance with the tentative share of power allocation as mentioned under clause 2.1 subject to final approval and issuance of notification by GOI.

AND WHEREAS the Bulk Power Beneficiaries have been allocated capacity from NTPC's Sipat STPS Stage-I and are desirous of purchasing energy from NTPC's Sipat Stage-II and NTPC is willing to sell energy from Sipat Stage-II to Bulk Power Beneficiaries from the date of commissioning of Unit I of Sipat Stage-II 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

The words/expressions used in this agreement, unless repugnant to the context shall have the same meaning as assigned to them by the Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998, as amended

from time to time and the rules framed thereunder. The words/expressions mentioned below shall have the meanings as assigned respectively hereunder:

i)	GOI :	Shall mean Govt. of India.
ii)	CEA :	Shall mean Central Electricity Authority, which is a statutory Authority.
iii)	CERC :	Shall mean Central Electricity Regulatory Commission constituted under the Electricity Regulatory Commissions Act, 1998 (Central Act 14 of 1998).
iv)	Powergrid:	Shall mean Power Grid Corporation of India Ltd. a company owned by the GOI and incorporated under the Companies Act, 1956.
v)	WREB :	Shall mean Western Regional Electricity Board duly established by the Government of India vide Resolution No.EL-II-35(2)/63 dated 28.3.1964 and subsequent amendment/resolution thereof and as defined in the amended Electricity(Supply) Act, 1948;
vi)	WRLDC :	Shall mean Western Regional Load Despatch Centre
vii)	CTU	Shall mean Central Transmission Utility
viii)	Busbars :	Shall mean 765 KV or 400 KV Busbars of the station (as the case may be) to which outgoing feeders are connected.
ix)	Main Import/ Export Meter:	Shall mean meter for measurement of import/export of active energy on the outgoing feeders at Sipat Stage-II Busbars for Energy Accounting.
x)	Check : Import/ Export Meter	Shall mean meter on the outgoing feeders at Sipat Stage-II Busbars for maintaining a check on performance of Main Import/Export meter.

xi)	Reactive Import/ Export Meter :	Shall mean meters for measurements of import/export of reactive energy on the outgoing feeders at Sipat Stage-II Busbars.
xii)	Regional Energy Account :	Shall mean periodic Regional Energy Account including amendments thereof, if any, prepared by WREB as per mutually accepted procedure.
xiii)	Charges for supply of energy :	Shall mean and include all charges to be paid by the Bulk Power Beneficiaries in respect of supply of power to them by the NTPC in accordance with the provisions of this agreement.
xiv)	LC :	Shall mean Irrevocable Revolving Letter(s) of Credit.
xv)	Commercial Operation Date:	Shall mean the date of Commercial operation declared by the NTPC in respect of generating unit(s) on the basis of guidelines issued by the Government of India/CEA from time to time.
xvi)	PPA	Power Purchase Agreement
xvii)	Bulk Power Beneficiary(ies)	Shall mean Electricity Department of Union Territory of Dadra & Nagar Haveli and/or Electricity Department of Union Territory of Dadra & Nagar Haveli and others, as per the meaning in this Agreement.

2.0 INSTALLED CAPACITY

The nominal capacity of Sipat STPS Stage-I is 1980 MW and the same is being expanded by 660 MW (1x660 MW) under Stage-II. The total nominal capacity of Sipat STPS on completion of Sipat Stage-II shall be 2640 MW. The nominal capacity of Sipat Stage-II is subject to change after placement of orders for the main plant equipment.

2.1 Allocation of power

2.1.1 The tentative allocation of power to Bulk Power Beneficiaries from Sipat Stage-II is indicated below:

Bulk Power Beneficiaries	Tentative allocation of power (MW)
MPSEB	86
CSEB	94
MSEB	210
GEB	158
Goa	8
D&D	2
DNH	3
Unallocated	99
TOTAL	660

The above allocation of share of power from Sipat Stage-II (nominal capacity of 660 MW) amongst the Bulk Power Beneficiaries is indicative and shall be finally made by GOI subject to the signing of PPA by the Bulk Power Beneficiaries. Such allocation of power by GOI shall form an integral part of this Agreement.

2.1.2 In case, any other Bulk Power Beneficiaries do not sign the Power Purchase Agreement on the same or mutually agreed terms and conditions with NTPC, additional power may also be offered to Union Territory of Dadra & Nagar Haveli and in case Union Territory of Dadra & Nagar Haveli agrees, such additional capacity may be allocated to Union Territory of Dadra & Nagar Haveli in addition to their share as given above.

2.1.3 The unallocated capacity shall stand allocated from time to time as per decision of Member Secretary, WREB/CEA/Ministry of Power. Balance unallocated capacity, if any, after the above allocations shall be deemed to have been allocated to various Bulk Power Beneficiaries in proportion to their allocated shares.

2.1.4 The right of each Bulk Power Beneficiary to draw power against the above allocations shall be limited to the amount of LC opened by them.

2.1.5 It is understood and agreed by and between the parties that the NTPC shall operate this station as per the GOI/CERC guidelines as applicable from time to time and directives issued by the WREB/ WRLDC based on the above guidelines.

2.2 Commercial Operation Date of Generating Units

The dates of commercial operation of generating units of Sipat Stage-II shall be as defined under clause 1.0 above.

2.3 Drawal of Power

The power from Sipat Stage-II shall be drawn by the Bulk Power Beneficiaries directly and/or by method of displacement. Bulk Power Beneficiary(ies) shall draw their share of power from busbars of Sipat Stage-II.

3.0 TRANSMISSION / WHEELING OF POWER

The transmission system for evacuation of total capacity from Sipat Stage-II will be implemented by the Powergrid and/or other agency(ies). Bulk Power Beneficiary(ies) will permit wheeling of power from Sipat Stage-II through their transmission system subject to system constraints. Bulk Power Beneficiary(ies) shall extend their full co-operation in transmission of power from Sipat Stage-II to other Bulk Power Beneficiaries through their transmission system. For wheeling of Sipat Stage-II power beyond Sipat Stage-II bus bars, charges for utilisation of transmission system(s) owned by the Powergrid and/or Bulk Power Beneficiary(ies) and/or other agency(ies) shall be mutually settled and paid for directly between the Powergrid and/or such agency(ies) and the concerned Bulk Power Beneficiary(ies). NTPC shall not be responsible for the payment of such charges.

4.0 ENERGY ACCOUNTING

a) Regional Energy Accounts shall be prepared latest by the 4th day of every month based on monthly joint energy meter readings furnished to the WREB by the 3rd day of the month by NTPC, Bulk Power Beneficiaries and other agencies.

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b) Regional Energy Accounts, whether final or provisional, shall account for total net energy sent out on all the outgoing feeders at Sipat Stage-II and shall indicate monthly drawal by each of the Bulk Power Beneficiaries from Sipat Stage-II for billing purposes.

c) The total energy sent out at the bus bars of Sipat Stage-II shall be on net basis i.e. difference between the export and import meter readings.

d) NTPC shall prepare and submit bills to the Bulk Power Beneficiaries for the energy supplied to them on the basis of Regional Energy Accounts.

e) Regional Energy Account issued by the WREB shall be binding on all the parties for billing and payment purposes.

f) Any change in the methodology of Regional Energy Accounting shall be done only as per the decisions taken in the WREB forum and no unilateral deductions by any of or all Bulk Power Beneficiaries shall be made from the bills of the NTPC on this account.

g) In the event of delay in receiving meter readings, Member-Secretary, WREB, shall issue Regional Energy Accounts on provisional basis by the 4th day of every month (if 4th day is a holiday for the Secretariat of WREB, next working day will be applicable), which shall be binding on NTPC and Bulk Power Beneficiaries for billing and payment purposes and shall be subject to adjustments, if any, as and when final Regional Energy Accounts are issued.

h) Notwithstanding the obligations of Bulk Power Beneficiary(ies) to pay as per this Agreement including deemed generation as per clause 5.1(iv), NTPC shall be entitled to divert the share(s) of any Bulk Power Beneficiary(ies) to other Bulk Power Beneficiaries viz. other State Electricity Boards/Utilities in Western Region or other Regions of the country, in the event of their inability to utilise their full share of power which could be generated by NTPC at Sipat Stage-II or in the event of their failure to comply with payment obligations to NTPC as per this Agreement. In such a case, Bulk Power Beneficiary(ies) will facilitate supply of power to other Bulk Power Beneficiaries by wheeling this power on their transmission system, for which Beneficiaries shall be entitled for wheeling charges, subject to their transmission system availability. The total plant capacity will be allocated by the Government of India. The total

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fixed charges of Sipat Stage-II will be shared amongst Bulk Power Beneficiaries in accordance with the tariff notifications, as applicable for this station, to be issued by Central Electricity Regulatory Commission(CERC).

4.1 Points for Metering

The main and check meters at all outgoing feeders at the busbars of Sipat Stage-II shall be installed by NTPC and shall be maintained by NTPC. Installation and maintenance of main and check meters at locations other than the meters installed and maintained by NTPC shall be the responsibility of the concerned Bulk Power Beneficiary(ies) or Power Grid Corporation of India Ltd., or other agencies, as the case may be. The meters shall be sealed after calibration by the concerned parties jointly.

4.2 Metering System

4.2.1 A set of Main and Check Energy Meters of 0.2 accuracy class (or better accuracy, if commercially available) shall be installed by NTPC on all outgoing feeders at busbars of Sipat Stage-II. Each of the Main and Check meters will be a pair of Export and Import meters.

4.2.2 All the meters shall be jointly calibrated, inspected and sealed on behalf of the parties and shall not be interfered with except in the presence of other party or for joint testing and calibration and/or replacement and/or any other purposes for which due notice of 7 (seven) days will be given by the NTPC so that this is done in the presence of the authorised representatives of the Bulk Power Beneficiaries.

4.2.3 All the meters shall be checked for accuracy annually by NTPC and Bulk Power Beneficiaries and shall be treated as working satisfactorily so long as the errors are within the limits prescribed in relevant Indian Standard (or British Standard where Indian Standard is not existing) for meters of the said class. The meter readings of main meters shall form the basis of the Energy Accounts so long as the annual check results thereof are within prescribed limits.

If the check meters are found to be defective during the annual checks, these shall be immediately calibrated. Where the annual checks indicate errors in the main meter(s) beyond limits but error within limits is noticed in check meter(s) during annual checking, computation of total net energy sent out at busbars of Sipat Stage-II for the month shall be done on the basis of check meter(s) and main meter(s) shall be calibrated immediately. If during the annual test check both the main meter(s) and the corresponding check meter(s) are found to be beyond the permissible limits of error both the meter(s) shall be calibrated immediately and the correction applicable to main meter shall be applied to the consumption registered by the main meter(s) to arrive at the correct consumption of energy for the purpose of Energy Accounts for the month from the date of last meter reading upto the time of replacement of correct main meter. Billing for the period thereafter till the next monthly meter reading shall be as per calibrated main meter. During this period of calibration of main and check meter(s), another set of main and check meters duly calibrated and sealed will be installed by NTPC at Sipat Stage-II in the presence of Bulk Power Beneficiaries and jointly sealed. The energy accounting during the period of calibration of original meters shall be as per the readings of the substituted main meters. In case spare meters are not available with NTPC, the main/check meters shall be calibrated by rotation. During the period of removal of main meter, the energy accounting will be done based on check meter readings applied with correction factor of the check meter obtained during testing/calibration of check meter.

4.2.4 All the main and check energy meter(s) shall be calibrated once in every 2-3 years jointly by the parties, irrespective of the calibrations that might have been done, where necessary, during the annual check. It shall be endeavour of the parties that errors are adjusted as close to zero as possible. If the error found at such time of calibration are beyond permissible limits the same procedures applicable to the annual test checks shall be followed.

4.2.5 If, in any month, readings of the main energy meter(s) differs from the readings of corresponding check energy meter(s) by more than 0.4% (Zero point four per cent), main and check energy meter(s) shall be tested in turn and errors at various levels as per standard procedures would be determined. If on such testing main energy meter error is found to exceed ± 0.2% (plus/minus zero point two per

cent) the energy figures recorded by the main energy meter(s) for the above month concerned shall be revised accordingly and main energy meter(s) shall be recalibrated or replaced by correct energy meter(s). Pending the results of such testing, billing and payment shall continue to be based on the energy recorded by the check energy meter(s).

4.2.6 All the tests during annual checks and calibration on the main and check energy meter(s) shall be conducted in the presence of authorised representatives of the NTPC and Bulk Power Beneficiaries and results/correction so arrived at shall be applicable and binding on NTPC and Bulk Power Beneficiaries.

4.2.7 Corrections in billing, whenever necessary, shall be applicable for the period between the previous meter reading and the date and time of the replacement of recalibrated correct meter and this correction shall be for the full value of the absolute error. For the purpose of the correction to be applied, meter shall be tested as per Indian Standard (British Standard where Indian Standard is not existing). The error at the load and power factor nearest to the average monthly load served at the point during the period shall be taken as the error to be applied for correction.

4.2.8 During the period of calibration of the defective meter(s) another export and import meter(s) duly calibrated would be installed by NTPC at NTPC Station's bus bars in the presence of the other parties and jointly sealed. In case spare meter(s) are not available with NTPC the main and check meter(s) shall be calibrated by rotation. During the period of removal of main meter, the energy accounting will be done based on check meter readings applied with correction factor of the check meter obtained during testing/calibration of check meter.

4.2.9 If both the main and check meter(s) fail to record or if any of the PT fuses are blown out, then the energy will be computed on a mutually agreeable basis between the NTPC and concerned Bulk Power Beneficiary(ies) for that period of defect. In case there is no mutual agreement, the decision of the Member Secretary, WREB would be final and binding.

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4.2.10 For the purpose of test and calibration, the Substandard (SS) meter calibrated and sealed by Government Authorised Meter testing House/Laboratory shall be utilised. This Substandard meter shall be got calibrated once in every 2-3 years at the Government Authorised Meter testing House/Laboratory.

4.2.11 The readings of the meters shall be taken jointly by the concerned parties. The parties installing meters shall also be responsible for maintaining properly their respective meters.

Joint meter readings of the main as well as check meters at various Regional Energy Accounting points as identified by WREB shall be taken by the concerned parties as mentioned above at 1200 Hours (noon) on the 1st day of each calendar month. The readings taken at Sipat Stage-II shall be submitted by NTPC to WREB so as to reach the WREB on or before 3rd day of the month. The meter readings at other metering points would be submitted by the concerned Bulk Power Beneficiary(ies) and/or other concerned agency(ies) so as to reach the WREB on or before 3rd day of the month. In case any of the concerned party(ies) is/are not available for joint meter readings at the specified time, meter reading taken by the other party(ies) shall be binding on all the Bulk Power Beneficiaries and shall be taken into account for preparation of Regional Energy Accounts.

4.2.12 If at any time any party to the Agreement feels that a meter is not recording correctly it shall give notice to the other party. NTPC shall then undertake testing and calibration of the meters owned by NTPC and located at Sipat Stage-II in coordination with the other party. If error on such testing is found to exceed the error limits specified in the relevant Indian Standard (British Standard where Indian Standard is not existing), for this class of meters, necessary adjustments in the bills shall be made from the date of notice or from such other date as can be satisfactorily established to be proper for such adjustment not exceeding 30 (Thirty) days prior to notice.

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5.0 TARIFF

5.1 The tariff and terms and conditions for the energy to be supplied by NTPC from Sipat Stage-II shall be as determined/approved by the Central Electricity Regulatory Commission (CERC)/ other competent authority from time to time under the Electricity Regulatory Commissions Act, 1998 (Central Act 14 of 1998) or any other Act / Rules / Regulation as may be enacted by the Government of India in this connection. The following would specifically be taken into account while working out tariff for Sipat Stage-II :

(i) Return would be 16% on equity as per Government of India notification dated 30.3.1992 or, as revised from time to time by GOI/CERC/other competent authority.

(ii) The debt:equity ratio for the project shall be approved by the Government of India. All capital expenditure towards the project shall stand allocated in the same proportion for tariff purposes.

(iii) Incentive shall be paid as an additional return on equity calculated on the basis of debt:equity ratio of 70:30 (Seventy:Thirty) or as approved for this project.

During the stabilisation period of 180 days from the date of commercial operation, the PLF norms for incentive/disincentive would be 75% of the norms applicable during the stabilisation period.

No disincentive/incentive will be applicable on account of Force Majeure events.

No disincentive will be applicable on account of NTPC resorting to reduction of generation or stopping generation altogether on account of non-payment of dues.

(iv) Deemed Generation for the purpose of incentive/disincentive shall mean for any period the quantum of energy which NTPC was in a position to generate during such period, but could not generate, as a direct result of :

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(a) any direction, issued by WREB/WRLDC/Bulk Power Beneficiary(ies) to reduce or restrict generation for any reason whatsoever; and/or

(b) any failure on the part of Bulk Power Beneficiary(ies) to draw/purchase energy, except the failure occasioned due to Force Majeure condition; and/or

(c) any failure on the part of Bulk Power Beneficiaries to make payment of NTPC dues.

(v) The tariff will include provision for water charges at rates prevailing on the effective date of notification of tariff. In case of revision of rates by the concerned authorities results in higher payment by NTPC as compared to the charges payable on the effective date of notification, such excess shall, on certification by the statutory auditors of NTPC, duly supported by documents, be recoverable additionally from Bulk Power Beneficiaries.

(vi) Capitalisation of expenditure incurred in one or more foreign currencies is converted into rupee equivalent at the exchange rate prevailing on the date such expenditure is actually incurred and reflected in the Books of Accounts.

The Capital Cost for tariff purposes shall be updated as on 31st March each year as per Accounting Standard of the Institute of Chartered Accountants of India which provides that long term loan liabilities incurred for the acquisition of fixed assets and changes on account of exchange rate variations in respect thereof should be regarded as an adjustment of cost and should be included in the carrying amount of the related fixed assets.

(vii) Subject to above, the guidelines of the Government of India/CERC/other competent authority as applicable to the tariff, including availability based tariff, as applicable to this Station from time to time, shall apply.

In case tariff, as provided above, is not notified/approved by CERC/other competent authority prior to the commencement of commercial operation of the 1st unit, the same would be worked out by NTPC based on the above provisions and the guidelines of Government of India/CERC/other competent authority as applicable from time to time. This would be mutually discussed between the

Bulk Power Beneficiaries and NTPC, and if not agreed within one month from the date of first unit commissioning, the same shall be billed by NTPC on provisional basis subject to retrospective adjustment as and when the tariff is notified by the CERC/other competent authority.

However infirm power, i.e., sale of energy prior to commercial operation of the unit, shall be billed by NTPC based on norms for variable charges as applicable during the period of stabilisation of a newly commissioned unit as per guidelines of Government of India/CERC/other competent authority, as applicable from time to time.

5.2 Levies, Taxes, Duties, Cess etc.

The above tariff is exclusive of any statutory taxes, levy, duties, cess or any other kind of imposition(s) whatsoever imposed/charged by any Government (Central/State) and/or CERC and/or any other local bodies/authorities on generation of electricity including auxiliary consumption or any other type of consumption including water, transmission, environment protection, sale or on supply of power/energy and/or in respect of any of its installations associated with Generating Stations and/or on Transmission System.

The total amount of such levies/taxes/duties/cess etc. payable by NTPC to the authorities concerned in any month shall be borne and additionally paid by the Bulk Power Beneficiaries to NTPC and the same shall be charged in the bills raised by NTPC on the Bulk Power Beneficiary(ies).

Incidence of tax liability on NTPC as per the provisions of the Income Tax Act applicable from time to time, duly certified by Statutory Auditors of NTPC, shall be recovered from the Bulk Power Beneficiaries in accordance with the tariff notification for this project.

If any advance Income Tax is payable by NTPC in any month, NTPC shall submit a bill to Bulk Power Beneficiaries supported by a

certificate of its Chartered Accountants. Bulk Power Beneficiaries shall pay to NTPC an amount equal to their share of such advance tax. After the tax assessment is completed for any year and the liability thereon is determined by the taxation authorities, the excess or shortfall in the tax liabilities so determined will be adjusted in the regular monthly bill for the billing month in which such tax has become due for payment by NTPC. The due date of payment of the bills for such advance Income Tax or final Income Tax shall be 15 days from the date of presentation of the bill thereof by NTPC.

6.0 BILLING AND PAYMENT

6.1 Billing:

All charges under this agreement shall be billed by NTPC and shall be paid by the Bulk Power Beneficiaries in accordance with the following provisions:

6.1.1 NTPC shall present the bills after the end of each calendar month for energy supplied to Bulk Power Beneficiaries from Sipat Stage-II as per Regional Energy Account issued by the WREB.

6.1.2 Billing Centre of NTPC shall carry out billing and associated functions. The authority of Bulk Power Beneficiary to whom the bills have to be submitted would be informed by the Bulk Power Beneficiary to NTPC failing which NTPC would submit the bills to the Chief of Finance and Accounts wing of the Bulk Power Beneficiary.

6.1.3 The monthly bill for Sipat Stage-II shall be aggregate charges in accordance with the provisions of the Agreement. If for certain reasons some of the charges could not be included in the main monthly bills, such charges shall be billed as soon as possible through supplementary bill (s).

6.1.4 The bill (s) of NTPC 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 claimed as per the agreed tariff referred to in clause 5.0
iii) the bills are in accordance with the energy accounts referred to in clause 4.0

6.1.5 In disputed cases, Bulk Power Beneficiary shall file a written objection with NTPC within 15 days of presentation of the bill, giving following particulars:

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

Provided, however, that non-acceptance of tariffs determined / approved by the CERC/other competent authority shall not be a valid ground for dispute unless the same is struck down by an order of the Appellate Court.

NTPC shall resolve the above dispute (s) with the Bulk Power Beneficiary as soon as possible.

6.1.6 In case, the dispute is not resolved mutually then the Bulk Power Beneficiary shall pay 95 % of the disputed amount forthwith and refer the dispute for arbitration as provided in this Agreement. The amount of excess / shortfall with respect to the said 95 % payment based on final award of arbitration shall be paid / adjusted with interest @ 15 % per annum from the date on which the amount in dispute was payable/ refundable.

6.2 Establishment of LC and payment of bills:

6.2.1 Payment of bills shall be made by the Bulk Power Beneficiary through irrevocable revolving Letters of Credit (LC) established in favour of National Thermal Power Corporation Limited at least one month prior to the commencement of power supply from Sipat Stage-II. The LC shall initially be established for an amount to cover Bulk Power Beneficiary's one month estimated billing based on 80% PLF for the allocated share from Sipat Stage-II plus an amount equal to 105 % of last 12 months average monthly billing in respect of power supplied to them from all other power stations of NTPC. The LC would accordingly be opened / enhanced and supply would be made on this basis. The amount of LC shall be reviewed each half-year commencing April and October in each financial year and its amount shall be enhanced / reduced accordingly.

6.2.2 The LC shall be established for a minimum period of one year which would be renewed / enhanced by Bulk Power Beneficiary for the subsequent period ensuring that LC remains valid at all times during the entire / extended validity of this Agreement.

6.2.3 LC shall be without any limitation or restriction with regard to the manner and dates when bill(s) can be presented to Bank by NTPC. The bills so presented by NTPC to the Bank shall be promptly paid on their presentation. The LC charges shall be borne by the Bulk Power Beneficiary. The operation of LC shall not depend on the recoupment of the amounts by Bulk Power Beneficiary .

6.3 Rebate and Surcharge

Rebate on payments and surcharge on delay in payments, if any, shall be as per the provisions of tariff determined/ approved by CERC/ other competent authority and applicable from time to time in respect of Sipat Stage-II and other concerned power stations of the NTPC.

6.4 Payment Security Mechanism :

6.4.1 Government Guarantee:

Notwithstanding the above, Bulk Power Beneficiary within three months of signing this agreement shall arrange to obtain Guarantee from Union Territory of Dadra & Nagar Haveli as per draft enclosed at Annexure-I to be operative at least three months prior to the date of commencement of supply of power from Sipat Stage-II, in favour of the NTPC to guarantee the performance of the obligations of the Bulk Power Beneficiary to make regular payments of the energy bills presented by the NTPC for power supplied to the Bulk Power Beneficiary from its various power stations.

6.4.2 Tripartite Agreement:

In case payment of bills for power supplied from all NTPC power stations, including power supply from Sipat Stage-II is delayed by more than 90 days from the date of billing, the NTPC shall have right to get the payments inclusive of surcharge directly from the GOI through adjustments against release to the Union Territory of Dadra & Nagar Haveli on account of Plan assistance, it's share of central

taxes and any other grant or loan automatically, without referring the matter further to the Union Territory of Dadra & Nagar Haveli, for which a Tripartite Agreement in line with the Scheme of One-Time Settlement of SEB Dues circulated by the GOI vide letter dated 20.05.2002 shall be signed between the Govt. of India, the Union Territory of Dadra & Nagar Haveli and the Reserve Bank of India. This PPA shall take effect on signing of the Tripartite Agreement and its coming into force.

6.5 Non–payment of bills and non-establishment of LC / Payment Security Mechanisms.

Union Territory of Dadra & Nagar Haveli shall open / enhance and maintain LC covering the monthly payments towards power supplied from Sipat Stage-II and various other stations of NTPC and provide Payment Security Mechanism cushions of Government Guarantee and Tripartite Agreement as detailed above. In the event of failure to establish LC and / or provide Payment Security Mechanisms as detailed above and / or enhance LC within the specified period, the NTPC shall inform the WREB to reduce supply of power from Sipat Stage-II and various other power stations of NTPC and enforce other penal provisions as provided in the scheme for One Time Settlement of dues circulated by the Ministry of Power on 20.05.2002.

Notwithstanding the above, if any bill(s) still remain unpaid the NTPC shall have the authority to discontinue/reduce entitlement of power of Union Territory of Dadra & Nagar Haveli from Sipat Stage-II and various other power stations of the NTPC to the Bulk Power Beneficiaries and inform the WREB/WRLDC accordingly

6.6 In case of regulation of power supply by reduction/diversion/discontinuation of power, the Bulk Power Beneficiary so regulated shall continue to pay its share of the Fixed Charges, so that the other Bulk Power Beneficiaries not being regulated are not required to pay additional Fixed Charges.

7.0 ARBITRATION

7.1 All differences or disputes between the parties arising out of or in connection with this Agreement which are not mutually resolved shall be settled through arbitration as provided herein.

7.2 In the event of such differences or disputes between the parties, any party may by a written notice of 30 days to the other party request for Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 (Central Act 26 of 1996) and any statutory modifications thereto. The Arbitrator shall give a speaking and reasoned award. The decision of the Arbitrator shall be final and binding on the parties. The venue of the arbitration shall be as decided by the Arbitrator.

7.3 The Arbitrator shall reasonably decide in what proportion his fee and cost of arbitration proceedings shall be borne by the parties. The Arbitrator with the consent of the parties may extend the time to make and publish the award.

7.4 Notwithstanding the existence of any question, disputes and differences referred to arbitration, the parties hereto shall continue to perform their respective obligations under this Agreement. The payment of disputed amounts, not covered by tariff notifications, which are under arbitration shall, during the pendency of such proceedings, be subject to the order of the Arbitrator.

8.0 FORCE MAJEURE

The parties shall ensure due compliance with the terms of this Agreement. However, no party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to force majeure events such as war, rebellion, mutiny, civil commotion, riot, strike, lock-out, forces of nature, accident, act of God and any other reason beyond the control of concerned party.

13/5/2003

But any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an event 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 this Agreement or by the authorised representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post. Any other nomination of authorised representative(s) shall be informed likewise in writing to/by Bulk Power Beneficiary(ies) within one month of signing of the Agreement. Notwithstanding any nomination, the Executive Director(WR), NTPC, Samruddhi Trade Centre, 2nd Floor, MIDC, Marol, Andheri(East), Mumbai-400 093 as well as Executive Director (Commercial), NTPC, NTPC Bhawan, Core-7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110 003 or their authorised representatives at its Registered Office first above mentioned, shall be authorised to act for and on behalf of NTPC.

10.0 NOTICE

All notices required or referred to under this Agreement shall be in writing and signed by the respective authorised signatories of the parties mentioned herein 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 Clause 9.0 above.

Anjan

13/5/2003

11.0 EFFECTIVE DATE AND DURATION OF AGREEMENT

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 Scheduled date of commercial operation of last unit of Sipat Stage-II 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 Bulk Power Beneficiary continue to get power from Sipat Stage-II 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.

12.0 SUCCESSORS AND ASSIGNS

In case any of the Bulk Power Beneficiary is wound up and/or its generation, transmission and distribution activities are taken over by other organisation(s)/agency(ies), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor organisation(s)/agency(ies) and shall continue to remain valid with respect to the obligations of the successor organisation(s)/agency(ies). In such an event, the Tripartite Agreement referred to in clause 6.4 and LC arrangement referred to in clause 6.2 above shall also be binding in respect of the successor organisation(s)/agency(ies) with such modifications and changes as may be considered necessary.

13.0 Notwithstanding the terms and conditions contained in this Agreement, NTPC agrees that in case more favourable terms and conditions for Power Supply from Sipat Stage-II are settled with any other Bulk Power Beneficiary in Western Region unfavourable to the Union Territory of Dadra & Nagar Haveli, the same shall be made at par forthwith on a reference from the Union Territory of Dadra & Nagar Haveli.

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

WITNESS

(1) Name : (R. B. Chauhal)
Junior Engineer (Ele)
Address: Electricity Department, DNH, Silvana.

(2) (R. S. Oza)
Accountant (Commercial)
Electricity Department, DNH, Silvana.

Signed, sealed and delivered by

Executive Engineer
Electricity Department
Dadra & Nagar Haveli,
Silvassa.

For and on behalf of the
Union Territory of Dadra & Nagar Haveli

Name :

Address:

K. K. GARG
General Manager (Commercial)
National Thermal Power Corporation Ltd.
Core-8, 4th Floor, Scope Complex
Lodhi Road, New Delhi-110003

Signed, sealed and delivered by

For and on behalf of
National Thermal Power Corporation Ltd

SHYAM WADHERA
Executive Director (Commercial)
National Thermal Power Corpn. Ltd.
Scope Complex, Core-7, Lodhi Road
New Delhi - 110003

C/133

ANNEXURE-I

GUARANTEE

GUARANTEE OF THE STATE/UT OF .....

THIS GUARANTEE is made on this 13th day of May..., 2003 by the Governor of ..... on behalf of THE GOVT./UT OF ANH.....(hereinafter referred to as the "GUARANTOR").

In consideration of National Thermal Power Corporation Ltd. a Government Company incorporated under the Company Act, 1956 having its registered office at NTPC Bhavan, Scope Complex, 7 Institutional Area, Lodi Road, New Delhi 110 003, (hereinafter referred to as "Company") which expression shall unless repugnant to the context or meaning thereof, include its successors and assigns and have agreed to sell electrical energy to ....(SEB/UT)...., a statutory body owned by the Govt of .....constituted under the Electricity (Supply) Act, 1948 (hereinafter referred to as ".....") which expression shall unless repugnant to the context or meaning thereof, include its successors and assigns, as per provisions of the Power Purchase Agreement dated ..... (hereinafter referred to as "PPA") executed between the Company and ....(SEB/UT)....(Copy annexed hereto as Appendix - A). In terms of the said PPA dated ....., ...(SEB/UT).... have agreed to arrange the State Govt. Guarantee in favour of the Company. At the request of .....(SEB/UT)....., Govt. of..... (hereinafter called as the Guarantor) hereby covenants and agrees as follows:

1. GOVT. OF ..... GUARANTEE

(A) Guarantee of ..... Payment Obligations:

The Guarantor hereby irrevocably and unconditionally Guarantees to the Company (as a secondary obligor) to promptly pay to the Company, within 7 days following submission by the Company of a demand in accordance with Clause 1 (B) below any and every sum of money which .....(SEB/UT)..... is liable to pay to the Company for supply of power from .....PS and various other power stations of NTPC as mentioned in the said PPA.

(B) Conditions relating to demand:

The Company shall make a demand by a written notice for payment upon the Guarantor pursuant to this Guarantee if ....(SEB/UT).... has failed to pay, within 7 days of the last date for payment of bills, any sum of money which it is liable to pay to the Company for supply of power from ..... PS and various other power stations of NTPC as mentioned in the said PPA. In case the Guarantor fails to pay the aforesaid amount within a period of 15 days of receipt of the demand notice from NTPC, NTPC shall have right to get the payments inclusive of surcharge directly from GOI through Central Plan Assistance to the State Govt. or from the State's Reserve Bank of India

Account in case of default in payment automatically without referring the matter to the State Govt. or .....(SEB/UT).....

2. PAYMENTS

All payments made by the Guarantor hereunder shall be made without set off or counterclaim and without any deduction or withholding for any reason except as required by law. If in compliance with the laws, any deduction or withholding on account of any tax, impost or levy of whatever nature and by whomsoever imposed is required to be made from any sum paid or payable by the Guarantor to the Company, the Guarantor shall pay any such amount as shall be necessary to ensure that the Company receives on the due date and retains a net sum equal to what it would have received and so retained had no deduction or withholding been required or made.

3. OTHER PROVISIONS OF THE GUARANTEE

(A) Waiver: No obligation of the Guarantor hereunder shall be in any way discharged or impaired by reason of any extension of time or other indulgence granted by the Company to .....(SEB/UT)..... by any variation of the PPA or by any other act or thing (except the fulfilment by .....(SEB/UT)..... of the obligations Guaranteed hereunder or in PPA).

(B) Continuing Guarantee : This Guarantee shall be a continuing security and accordingly :

(1) it shall remain valid at all times during the entire life of the power plant and any extended life of the power plant and shall extend to cover the balance dues at any time from .....(SEB/UT).... to the Company as mentioned in the PPA; and

(2) it shall not be discharged by an intermediate discharge or part payment by .....(SEB/UT)..... or any part settlement of accounts between ....(SEB/UT)..... and the Company.

(C) Additional Security : This Guarantee shall be in addition to, and not in substitution for, or derogation of, any other security which the Company may at any time hold in respect of the obligations of ....(SEB/UT)..... under the PPA.

(D) Immediate Recourse : The Company shall not be obliged before taking steps to enforce this Guarantee to :

(1) take action or obtain judgement against ....(SEB/UT).... in any court; or

(2) exercise diligence against .....(SEB/UT).....; or

(3) exercise any legal remedies which may be available to the company under or in respect of the PPA.

(E) Indemnity : The Guarantor undertakes, as primary obligor, to indemnify and keep indemnified the Company against any loss sustained or incurred by the Company by reason of the invalidity, illegality or unenforceability of the provisions of this Guarantee or the PPA and the amount of such loss shall be the amount which, but for such invalidity, illegality or unenforceability, the Company would otherwise have been entitled to recover hereunder or thereunder.

4. GUARANTOR'S REPRESENTATIONS AND WARRANTIES

The Guarantor hereby represents, warrants and undertakes to the Company as follows :

(A) Power and Authority : The Guarantor has full power, authority and legal right to incur the obligations provided for in this Guarantee, to execute and deliver this Guarantee and to perform and observe the terms and provisions hereof.

(B) Legal Validity : This Guarantee constitutes legal, valid, binding and enforceable obligations of the Guarantor in accordance with its terms.

(C) Approvals : All necessary action has been taken to obtain approval under the laws of India to authorise the execution, delivery and performance of this Guarantee.

(D) Direct Obligations : All obligations and the covenants contained herein shall constitute unconditional direct obligations of the Guarantor.

5. NOTICES

All notices, demands or other communications required to be given shall be in writing and shall be addressed to the Guarantor or the Company as the case may be, at the following address or to any other address as provided by either party to the other in writing :

Guarantor : SECRETARY (ENERGY)
GOVT. OF .....

Company : 1. EXECUTIVE DIRECTOR (WR)
NATIONAL THERMAL POWER CORPORATION LTD,
WRHQ, Samruddhi Trade Centre, 2nd Floor,
MIDC, Marol, Andheri (East),
Mumbai – 400 093

: 2. EXECUTIVE DIRECTOR (COMMERCIAL)
NATIONAL THERMAL POWER CORPORATION LTD,
NTPC Bhawan, Core-7, Scope Complex, Lodi Road
New Delhi 110 003

6. MISCELLANEOUS PROVISIONS

(A) Waiver, remedies cumulative : No failure on the part of the Company to exercise, and no delay on the part of the Company in exercising of any right or remedy hereunder shall operate as a waiver thereof. No single or partial exercise of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver by the Company shall be effective unless it is in writing. The rights and remedies of the Company herein provided are cumulative and not exclusive of any rights or remedies provided by law.

(B) Assignment by the Company : The Company shall not assign or transfer all or any part of its rights or obligations hereunder without the prior written consent of the Guarantor in its sole discretion exercised reasonably.

(C) Arbitration : The Arbitration clause as applicable in the PPA signed by .....(SEB/UT)..... would be applicable in this case also.

(D) Sovereign Immunity : The Guarantor unconditionally and irrevocably :

(1) agrees that the execution, delivery and performance by it of this Guarantee constitute private and commercial act rather than public or governmental acts;

(2) agrees that, should any proceedings be brought against it or its assets in any jurisdiction in relation to this Guarantee, or any transaction contemplated by this Guarantee, no immunity from such proceedings shall, to the extent that it would otherwise be entitled to do so under the laws of India, be claimed by or on behalf of itself or with respect to its assets.

(3) waives any right of immunity which it or any of its assets now has or may acquire in the future in any jurisdiction; and

(4) consents generally in respect of the enforcement of any judgement against it in any such proceedings in any jurisdiction to the giving of any relief or the issue of any process in connection with such proceedings (including without limitation, the making, enforcement or execution against or in respect of any property whatsoever irrespective of its use of intended use).

d125

IN WITNESS WHEREOF, this Guarantee has been executed by the authorised representative of the Governor of .....on the 13th day of ..May..Two Thousand and Three (13/05/2003).

SIGNED SEALED AND DELIVERED
BY .....

(Signature)
(Name & Designation)

For and on behalf of the Governor
of ..... in the presence of :

WITNESS:

1.

(Signature)
(Name & Designation)

2.

(Signature)
(Name & Designation)

ACCEPTED AND AGREED BY :

(Signature)
(Name & Designation)

For and on behalf of National Thermal
Power Corporation Limited

WITNESS

1.

(Signature)
(Name & Designation)

2.

(Signature)
(Name & Designation)