

**POWER PURCHASE AGREEMENT**

**BETWEEN**

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED /  
NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (insert as  
applicable depending on the interconnection substation for the project)**

**AND**

**M/s. \_\_\_\_\_**

**NCE SOLAR PPA No. \_\_\_\_\_**

This Power Purchase Agreement (“Agreement”) entered into on this \_\_\_ day of \_\_\_ 20\_\_ between Southern Power Distribution Company of Telangana Limited / Northern Power Distribution Company Of Telangana Limited - Insert name as applicable (DISCOM), incorporated by the Government of Telangana in accordance with the Andhra Pradesh Electricity Reform Act 1998 (Act No.30 of 1998), under the provisions of the Companies Act, 1956, having its office at 6-1-50, Mint compound, Hyderabad - 500063, Telangana, India, hereinafter referred to as the “DISCOM” (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees) as the first party, and M/s \_\_\_\_\_, having registered office at \_\_\_\_\_, India,

hereinafter referred to as the “Solar Power Developer” (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assignees) as the second party;

2. WHEREAS, the Government of Telangana vide letter dated 18-03-2015 has directed the CMD of Transmission Corporation of Telangana Ltd (TSTRANSCO) and the Chairman of Telangana State Power Coordination Committee (TSPCC) to initiate the process of floating tender on behalf of Telangana State Electricity Distribution Companies (TS DISCOMs) for purchase of 2000 MW solar power. Further, the CMD, TSTRANSCO and the Chairman, TSPCC vide letter dated 31-03-2015 has instructed the TSSPDCL to initiate the process of floating tenders on behalf of TSDISCOMs for purchase of 2000 MW solar power. Accordingly, the authorized representative (TSSPDCL) on behalf of TSDISCOMs has floated the tender for procurement of 2000 MW solar power through e-procurement platform as per the directions of Energy Department, Govt. of Telangana State (GoTS).

3. WHEREAS, the Solar Power Developer has been selected as the successful bidder through an open competitive bidding process conducted by the authorised representative of the DISCOMs and is setting up the Solar Power Project of \_\_\_\_\_ MW capacity at \_\_\_\_\_ Village, \_\_\_\_\_ District, Telangana (hereinafter called the Project) with a proposal of \_\_\_\_\_ MW for Sale to DISCOM as detailed in Schedule - 1 attached herewith and the Letter of Intents (Lols) issued by DISCOM is enclosed as Schedule - 3.

4. WHEREAS, TSDISCOM has no obligation to recommend to any department for the grant of permission or sanction for the solar power project. The solar power developer shall on its own obtain permission or sanction from the Govt. authorities, if any required for establishing the project.

5. Whereas the solar power developer desires to sell the entire solar energy from the contracted capacity to the DISCOM in accordance with the announcement by the Govt. of Telangana vide Letter No. 238 / Budget / 2015 -1 dated 18-03-2015.

6. WHEREAS, the solar power developer shall achieve the Commercial Operation Date (COD) within 12 months / 15 months (insert as applicable based on RFS

provisions regarding SCOD) from the date of signing of this Agreement and in default thereof, the solar power developer's Performance Bank Guarantee shall be liable for forfeiture and the agreement shall be liable for termination as per the provisions of this agreement.

The PPA shall continue to be in force for a period of 25 years from the Date of Commercial Operation (COD).

7. WHEREAS, it has been agreed that the Project shall be designed, engineered and constructed and operated by or on behalf of the solar power developer or its successors with reasonable diligence subject to all applicable Indian laws, rules, regulations and orders having the force of law from time to time;

8. WHEREAS, the Project proposed at \_\_\_\_\_ Village, \_\_\_\_\_ District shall be connected to 400/220 KV or 220/132 KV or 132/33 KV or 33/11 KV \_\_\_\_\_ grid substation for easy power evacuation within the time frame stipulated in this Agreement. The injection of power from the Project to the grid is to be limited to the contracted capacity.

9. The terms and conditions of this Agreement are subject to the provisions of the Electricity Act / Rules and also subject to the relevant Regulations, if any, issued by the Telangana State Electricity Regulatory Commission (TSERC) from time to time.

10. The solar power developer shall deploy only commercially established technologies for generation of solar power.

11. The solar power developer shall not be eligible for obtaining renewable energy certificates (RECs), as per prevailing Regulations issued by CERC and TSERC, for energy generated from this Project and supplied to DISCOM under this Agreement. However the solar power developer shall be eligible for the various incentives applicable as per the solar policy notified by the Government of Telangana from time to time.

12. NOW THEREFORE, in consideration of the foregoing premises and their mutual covenants herein, and for other valuable consideration, the receipt and sufficiency

of which are acknowledged, the parties hereto, intending to be legally bound hereby agree as follows:

## ARTICLE 1

### DEFINITIONS

1.1. Unless the context otherwise expressed in this Agreement, the following terms shall have the meanings set forth herein below. Defined terms of singular number shall include the plural and vice-versa.

1.2. “**Act**” means the Electricity Act, 2003 and includes any modifications, amendments and substitution from time to time;

1.3. “**Agreement**” means this Power Purchase Agreement (PPA), including the articles, schedules, amendments, modifications and supplements made in writing by the parties from time to time.

1.4. “**Appropriate Commission**” means TSERC or CERC under the Electricity Act, 2003 as the case may be.

1.5. “**Authorised Representative**” means Southern Power Distribution Company of Telangana Ltd (TSSPDCL) authorized by the Telangana State DISCOMs (TS DISCOMs) to carryout the bidding process for selection of the successful bidder(s) on their behalf.

1.6. “**Bidder**” shall mean bidding individual / bidding firm / bidding company / bidding consortium that has submitted its response in accordance with the provisions of this RFS. Bidding Individual / Bidding Firm / Bidding Company have been defined in in the RFS.

1.7. “**Bidding Consortium**” or “**Consortium**” refers to an individual / an association of persons / firms / Companies or a combination of the three that have collectively responded and submitted the Bid in response to and in accordance with the provisions of the RFS.

1.8. “**Billing Date**” means the fifth (5th) Working day after the Meter Reading Date.

1.9. **“Billing Month”** means the period commencing from 25th of the calendar month and ending on the 24th of the next calendar month.

1.10. **“Capacity Utilization factor” (“CUF”)** means the ratio of total kWh (units) of power generated by solar plant in a tariff year and contracted capacity in kW multiplied with number of hours in the same tariff year.

1.11. **“CERC”** means the Central Electricity Regulatory Commission formed under Section 76 of the Electricity Act, 2003.

1.12. **“Change in Law”** means any change or amendment to the provisions of electricity law in force, regulations, directions, notifications issued by the competent authorities and Government of Indian (GoI), Government of Telangana State (GoTS) including the erstwhile Government of Andhra Pradesh (GoAP) from time to time.

1.13. **“Commercial Operation Date”/ “Date of Commercial Operation” (“COD”)** means the date on which the project is declared by the solar power developer to be operational (which means project is able to inject power to grid), provided that the solar power developer shall not declare a generating unit to be operational until such generating unit has complied with the conditions of the Clause 3.8 of this Agreement.

1.14. **“Conciliation Period”** means the period of sixty (60) days or such other longer period as the parties may agree, commencing from the date of issuance of a Solar Power Developer Preliminary Default Notice or DISCOM Preliminary Default Notice as provided in Article 10 of this Agreement, for conciliation between the parties to mitigate the consequence of the relevant event having regard to all the circumstances;

1.15. **“Contracted Capacity”** means \_\_\_\_\_ MW contracted with DISCOM for supply by the solar power developer to the DISCOM at the Interconnection Point from the Project and same shall not be more than the Installed Capacity. Contracted Capacity shall be in MW measured in Alternate Current (AC) terms and shall not change during the tenure of this Agreement.

1.16. **“Controlling Shareholding”** means not less than 51% of the voting rights and paid up share capital including fully and mandatorily convertible preference shares or debentures, as the case may be, in the project Company established as per provisions of the Companies Act, 2013;

1.17. **“Delivered Energy”** means with respect to any Billing Month, the kilo watt hours (kWh) of electrical energy generated by the Project and delivered to the DISCOM at the Interconnection Point, as measured by the energy meters at the Interconnection Point during that Billing Month at the designated substation of TSTRANSCO or the DISCOM.

**Explanation 1:** For removal of doubts, the Delivered Energy, excludes all energy consumed in the Project, by the main plant and equipment, lighting and other loads of the Project from the energy generated and as recorded by the energy meter at Interconnection Point.

**Explanation 2:** The Delivered Energy in a Billing Month shall be limited to the energy calculated based on the Contracted Capacity in KW multiplied with number of hours and fraction thereof, the Project is in operation during that Billing Month.

**Explanation 3:** The Delivered Energy shall be purchased by the DISCOM at a tariff for that year stipulated in Article 2.2 of this Agreement upto 25% CUF. The Delivered Energy beyond the 25% CUF may be purchased from the solar power developer (SPD) by the DISCOM at 50% of the tariff for that Tariff Year as per the Article 2.2 of the Agreement.

1.18. **“Delivery Point”** means the Interconnection Point at which the solar power developer delivers power to the TSTRANSCO or DISCOM.

1.19. **“Due Date of Payment”** means the date on which the amount payable by the DISCOM to the solar power developer hereunder for Delivered Energy, if any, supplied during a billing month becomes due for payment, which date shall be thirty (30) days from the meter reading date provided the bill is received by DISCOM within 5 working days from meter reading date, and in the case of any supplemental or other bill or claim, if any, the due date of payment shall be thirty

(30) days from the date of the presentation of such bill or claim to the designated officer of the DISCOM. If the last date of payment falls on a statutory holiday, the next working day shall be considered as last date.

1.20. “**Effective Date**” means the date of execution of this Power Purchase Agreement (PPA) by both the parties;

1.21. “**Financial Year**” means with respect to the initial Financial Year, the period beginning on the Commercial Operation Date and ending at 12.00 midnight on the following March 31. Each successive Financial Year shall begin on April 1 and end on the following March 31, except that the final Financial Year shall end on the date of expiry of the term or on termination of this Agreement as per the provisions of Clauses 9.2, 10.4.4 and 10.5 whichever is earlier.

1.22. “**Financing Agreement**” means the agreement pursuant to which the solar power developer has sought financing for the Project including the loan agreements, security documents, notes, indentures, security agreements, letters of credit and other documents, as may be amended, modified, or replaced from time to time, but without anyway liability of TSTRANSCO or DISCOM;

1.23. “**Financial Bid**” means the information provided by the SPD as per the Format 6.10 of RFS and shall be inserted as Schedule 5 to this PPA.

1.24. “**Financial Closure**” means arrangement of necessary funds by the Solar Power Developer either by way of commitment of funds by the SPD from its internal resources and / or tie up of funds through a bank / financial institution by way of sanction of a loan;

1.25. “**Grid Code**” means the Indian Electricity Grid Code issued by CERC and amended or modified from time to time and the TS Grid Code issued by TSERC as modified and amended from time to time. In case of any conflict between the Indian Electricity Grid Code and TS Grid Code, the provisions of TS Grid Code shall prevail.

1.26. **“Installed Capacity”** means the sum total of name plate capacity of all the Units of the Project.

1.27. **“Interconnection Facilities”** means all the equipment and facilities, including, but not limited to, all metering facilities, switchgear, substation facilities, transmission lines and related infrastructure, to be installed at the Voltage of Delivery at the Solar Power Developer's expense from time to time throughout the Term of the Agreement, necessary to enable the DISCOM to economically, reliably and safely receive Delivered Energy from the Project in accordance with the terms of this Agreement. The Solar Power Developer has to bear the entire expenditure of Interconnection Facilities for power evacuation as per the approved estimate by the personnel of DISCOM.

1.28. **“Inter-connection Point / Injection Point”** means the point at 220 kV bus of 400/220 kV substation, 220 kV bus or 132 kV bus of 220/132 kV substation, 132 kV bus or 33 kV bus of 132/33kV substation or 33 kV bus of 33/11 kV substation where the power from the solar power Project is injected into the state transmission or distribution system.

Metering shall be done at this interconnection point where the power is injected into the state transmission or distribution system, i.e. the Delivery Point. For interconnection with grid and metering, the SPDs shall abide by the Appropriate Commission Regulations, Grid Code and Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended and revised from time to time

1.29. **“Interconnection Substation”** means the Interconnection substation agreed in the allocation process between the successful bidder and the DISCOM for connecting the solar power project to the state transmission or distribution system, pursuant to the evaluation process specified in the RFS.

1.30. **“Injection voltage or voltage of delivery”** means the voltage at which the SPD injects the power at the Interconnection point.

1.31. **“Lead Member of the Bidding Consortium”** or **“Lead Member”** means only one Lead Member, having the controlling shareholding of not less than 51% in the Bidding Consortium and the project company set up by the successful bidding consortium and cannot be changed till the end of one (1) year from the Commercial Operation Date (COD) of the Project.

1.32. **“Lenders”** shall mean the financial institutions, banks except co-operative banks, multilateral lending agencies, public trusts, funds (which are registered under SEBI) and agents of trustees of debenture holders, including their successors and assignees, who have agreed to guarantee or provide finance to the developer under any of the financing agreements, for meeting all or any part of the total project cost and who hold parri passu charge on the assets, rights, title and interests of the developer.

1.33. **“Lenders’ Representative”** shall mean the person duly authorised by the lenders to act for and on behalf of the lenders with regard to matters arising out of or in relation to this agreement and includes its successors, assignees and substitutes.

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

1.35. **“Meter Reading Date”** means the 25th (twenty fifth) day of each calendar month, at 12:00 hours, at the Interconnection Point.

1.36. **“Metering Point”** means the points where the metering shall be provided for Project and shall be as follows:

(a). Main meter and check meter shall be provided at the Interconnection Point for the purposes of recording of Delivered Energy of the Project; and a standby meter shall be provided as per CEA norms in Metering Code.

(b). Metering point shall have three separate sets of 0.2s class accuracy Available Based Tariff (ABT) meters as specified in Clause 4.1. The main meter, check meter and standby meter installed by the solar power

developer shall be sealed by the DISCOM which shall have the facilities to record export and import of electricity to / from the grid.

1.37. **“Performance Bank Guarantee (PBG)”** means any Bank Guarantee (PBG) furnished by the solar power developer to the DISCOM as per the terms of the RFS and as per the format specified in Schedule 4 of this Agreement, to assure timely and satisfactory completion of the Project by the SPD.

1.38. **“Project”** means the solar power generation facility of Installed Capacity of \_\_\_\_\_ MW, located at \_\_\_\_\_ Village, \_\_\_\_\_ district, Telangana State; which includes all units and auxiliaries such as water supply, treatment or storage facilities; bay/s for transmission system in the switchyard, and all the other assets, buildings / structures, equipments, plant and machinery, facilities and related assets required for the efficient and economic operation of the power generation facility; whether completed or at any stage of development and construction or intended to be developed and constructed for the purpose of supply of power as per this Agreement;

After the expiry of the PPA, facilities and infrastructure including all equipment installation at the bay extension developed by SPD for interconnection at the interconnection point of the interconnection substation needs to be transferred to DISCOM/TSTRANSCO. Interconnection point of the interconnection substation have to be handed over to the Licensee concerned at a depreciated value as approved by the Commission in case the agreement has been terminated or expired, however the lines from the project to the interconnection point can be retained by SPD.

1.39. **“Project Company”** means the Company incorporated by the successful bidder as per Indian Laws for the implementation of Project selected on the basis of RFS.

1.40. **“Prudent Utility Practices”** means those practices, methods, techniques and standards, that are generally accepted for use in electric utility industries

taking into account conditions in India, and commonly used in prudent electric utility engineering and operations to design, engineer, construct, test, operate and maintain equipment lawfully, safely, efficiently and economically as applicable to power stations of the size, service and type of the Project, and that generally conform to the manufacturers' operation and maintenance guidelines.

1.41. **“Quoted Tariff”** means charges for each year of supply of power as per the terms of the Agreement, quoted by the SPD as a part of the Financial Bid submitted on ..... [Insert date of submission of Financial Bid] in response to the RFS TSSPDCL / 01 / LTSP / 2015 issued by TSSPDCL on 01/04/2015.

1.42. **“RFS”** means the bidding document issued by the Authorised Representative of DISCOMs including all attachments vide RFS No. TSSPDCL / 01 / LTSP / 2015 issued by TSSPDCL on 01/04/2015 for ‘Selection of Grid Connected Solar Photo Voltaic Projects’ in the state of Telangana and includes any modifications, amendments, alterations or clarifications thereto;

1.43. **“Scheduled Commercial Operation Date (SCOD) or Scheduled date of Commercial Operations”** means the date whereupon the SPD is required to start injecting power from the power project to the Delivery Point i.e., and shall mean twelve (12) months from the Effective Date for projects connecting at 33 kV level and shall mean fifteen (15) months from the Effective Date for projects connecting at 132 kV or 220 kV level;

1.44. **“Selectee”** means a developer, proposed by the Lender pursuant to the terms of this PPA and approved by the DISCOM for substituting the Solar Power Developer for the residual period of the PPA, provided such selectee shall meet the eligibility criteria of the RfS issued by TSSPDCL.

1.45. **“SERC”** means the Telangana State Electricity Regulatory Commission of the state constituted under Section-82 of the Electricity Act, 2003 or its successors, and includes a Joint Commission constituted under sub-section (1) of Section 83 of the Electricity Act 2003;

1.46. “SLDC” means the State Load Dispatch Center as notified by the Telangana State Government under the provisions of the Electricity Act, 2003.

1.47. “Solar Power” means power generated from the Solar PV project.

1.48. [Intentionally left blank](#)

1.49. “Solar Photovoltaic Project” or “Solar PV Project” means the solar photovoltaic power project that uses sunlight for conversion into electricity and that is being set up by the solar power developer to provide solar power to DISCOM as per the terms and conditions of this Agreement.

1.50. “System Emergency” means a condition affecting the electrical system including grid of TSTRANSCO or DISCOM which threatens the safety and reliable operation of such system or which is likely to result in the disruption of safety, adequacy and continuity of electric supply of the TSTRANSCO or DISCOM, or which endangers the life or property, or such condition is affected or aggravated by the continued delivery of Delivered Energy from the Project.

1.51. “Solar Power Developer” or SPD” means the Bidder who has been selected based on the RFS and includes its successor in interest.

1.52. “Successful Bidder” shall mean the bidder selected for implementing the project pursuant to the evaluation and allocation process as provided in the RFS.

1.53. “Tariff” shall have the same meaning as ascribed in Clause 2.2 of this Agreement.

1.54. “Tariff Year” means each period of 12 months commencing from the Commercial Operations Date of the Project. The last Tariff Year of this Agreement shall end on the date of expiry of this Agreement.

1.55. “Term of the Agreement” shall have the same meaning as provided for in Article 7 of this Agreement.

1.56. “TSTRANSCO” means Transmission Corporation of Telangana Limited, incorporated under the Companies Act, 2013.

1.57. “Unit” when used in relation to the solar generating equipment, means the set of solar panels multiplied by their name plate capacity in MW in the case of Solar PV Project and connected equipment along with related auxiliary equipment and facilities form part of the Project. Further, in relation to electrical energy, the “unit” means a Kilo Watt Hour (kWh).

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

## ARTICLE 2

### PURCHASE OF DELIVERED ENERGY AND TARIFF

2.1 Entire Delivered Energy, as mentioned in Schedule 1, at the Interconnection Point for sale to the DISCOM shall be purchased at the Tariff as provided in Clause 2.2 limited to the contracted capacity of the Project after the Date of Commercial Operation. Title to the Delivered Energy purchased shall pass from the Solar Power Developer to the DISCOM at the Interconnection Point.

*Provided that the units of energy delivered by the SPD prior to the COD of the Project shall be purchased by the DISCOM at quoted tariff as provided in clause 2.2.*

2.2 The DISCOM shall pay Tariff to the Solar Power Developer as per the tariff quoted by the Solar Power Developer in the bid. The quoted Tariff by the Solar Power Developer shall be the tariff for the entire term of the Agreement.

2.3 The tariff payable by the DISCOM shall be inclusive of all taxes, duties and levies or any other statutory liability, as applicable from time to time.

2.4 The solar power developer, at any time during the validity of this Agreement, shall not add any extra solar modules or equipment that shall alter the contracted capacity.

2.5 For Delivered Energy corresponding to less than or equal to 25% CUF, the applicable tariff shall be as per Article 2.2 of this Agreement. For Delivered Energy beyond 25% CUF, the applicable tariff shall be equal to the 50% of the Quoted Tariff specified for that Tariff Year. The calculation of CUF shall be done on a yearly basis i.e., over the Tariff Year.

2.6 The Solar Power Developer is entitled to draw the power from the DISCOM for its auxiliary consumption, subject to limit as specified in Schedule-1. The energy supplied by the DISCOM to the solar power developer through a bilateral arrangement, to maintain the auxiliaries of the power plant in situations of non-generation of power, in any billing month shall be adjusted from the delivered energy, as indicated below:

**Net Energy = Delivered energy by the project at interconnection point - Energy drawl from DISCOM for auxiliaries.**

Provided that where there is NO Delivered Energy by the SPD at the Interconnection Point in any month, then Energy drawl from the DISCOM shall be billed at the applicable tariff of HT-1 category consumers as notified by the TSERC for the relevant financial year.

Provided further that during the plant shut down or non-generation periods, the project shall draw the energy from the DISCOM only for the essential loads not exceeding the auxiliary consumption. Auxiliary consumption allowed for the purpose of the PPA is as specified in Schedule 1 of this Agreement.

## **ARTICLE 3**

### **INTERCONNECTION FACILITIES, SYNCHRONIZATION, COMMISSIONING AND COMMERCIAL OPERATIONS**

3.1 Upon receipt of a requisition from the Solar Power Developer, TSTRANSCO or DISCOM shall prepare an estimate of cost for arranging the Interconnection Facilities for power evacuation at the Voltage of Delivery. The solar power developer has to bear the entire cost of the Interconnection Facilities as per the approved estimate made by TSTRANSCO or DISCOM.

Provided that the TSTRANSCO or DISCOM may allow the Solar Power Developer to execute the Interconnection Facilities for power evacuation as per the approved estimate at its discretion duly collecting the supervision charges as per the solar policy of the Government of Telangana from time to time.

In case the project connects to a 33 / 11 kV interconnection substation where available capacity is subject to bay extension and bay extension is not feasible, then the bidder shall procure land and undertake bay extension at its own cost.

Further in case the project connects to EHT interconnection substations of 132/33, 220/132 KV and 400/220 KV, the SPD shall invariably pay land cost for bays whether existing or to be constructed, to TSTRANSCO.

3.2 The Solar Power Developer shall own, operate and maintain Interconnection Facilities from Project to grid sub-station from time to time and shall bear the necessary expenditure. The maintenance work of the connected bay together with equipment at the interconnection substation has to be done in coordination with the TSTRANSCO and DISCOM personnel. Where TSTRANSCO or DISCOM carries out the maintenance work, the solar power developer shall pay the expenses to TSTRANSCO or DISCOM as applicable. The SPD have to be handed over to the licensee concerned, the facilities provided at interconnection point at a depreciated value as approved by the Commission in case the agreement is not extended or the project is shut,

3.3 Any modifications or procedures or changes in arranging the Interconnection Facilities for power evacuations shall rest with TSTRANSCO or DISCOM as the case may be.

3.4 The solar power developer shall be responsible to operate the Project as per this Agreement and to provide appropriate facility or instrumentation or metering arrangement as per Clause 4.1.

3.5 The solar power developer shall use components or equipment for the SPV complying with approved or minimum technical standards as per the International Electro-technical Commission (“IEC”) or Bureau of Indian Standards (“BIS”) or technical standards that are prescribed by the Ministry of New and Renewable Energy (“MNRE”) as amended from time to time at the cost of the solar power developer.

### **3.6 Performance Test**

Performance test can be demonstrated after the project is fully commissioned and shall be conducted within one year from the COD after giving a prior notice of 15 days to the DISCOM or as per mutual understanding between the parties. However, the conditions specified in Clause 3.8 shall be followed prior to synchronization of the project.

### **3.7 Verification by TSTRANSCO / DISCOM**

3.7.1 The solar power developer shall allow entry to the site of the Project free of all encumbrances at all times during the term of the agreement to the personnel of TSTRANSCO or DISCOM for inspection and verification of the works being carried out by the solar power developer at the site of the Project. [The TSTRANSCO or DISCOM shall give reasonable notice to the Solar Power Developer of the inspection and verification of the works.](#)

3.7.2 The TSTRANSCO or DISCOM or its representative may verify the construction works or operation of the Project being carried out by the solar power developer and if it is found that the construction works or operation of the Project is not as per the Prudent Utility Practices, it may seek clarifications from the Solar Power Developer or require the works to be stopped or to comply with their instructions.

### **3.8 Synchronization, Commissioning and Commercial Operation**

**3.8.1** The solar power developer shall give a notice in writing to the SLDC and DISCOM, at least (15) days before the date on which it intends to synchronize the Project to the grid system.

**3.8.2** The Project may be synchronized by the solar power developer to the grid system when it complies with all the connectivity conditions specified in the Grid Code in force.

**3.8.3** The synchronization equipment shall be installed by the solar power developer at its generation facility of the project at its own cost. The solar power developer shall synchronize its system with the grid system only after the approval of synchronization scheme under the supervision of the concerned authorities of the grid system.

**3.8.4** The solar power developer shall immediately after synchronization / tripping of generator, inform the sub-station of the grid system to which the Project is electrically connected in accordance with the Grid Code in force.

**3.8.5** The solar power developer shall commission the Project within timelines specified in this agreement i.e., twelve (12) months from the effective date for projects connected at 33 kV level and fifteen (15) Months from the effective date for projects connected at 132 kV or 220 kV, and any delay in commissioning of the project shall be subject to the penalties as stipulated in Clause 10.5 of this Agreement. After commissioning of the project, the SPD shall invariably register the project with SLDC.

**3.8.6** The solar power developer may undertake the commissioning of the Project in phases and provisions of Clauses 3.8.1 to 3.8.4 and clause 3.6 shall apply mutatis - mutandis for generating units commissioned in phases. However, prior to the

completion of the synchronization of the entire project, the SPD shall obtain certification for full contracted capacity from the competent authority duly demonstrating the full commissioning of the contracted capacity.

**3.8.7** The solar power developer shall ensure the connectivity standards applicable to the solar generating stations as per the Central Electricity Authority (CEA) Regulations and its amendments thereto from time to time.

**3.8.8** The solar power developer shall be eligible for a one - time early commissioning incentive as determined below:

<b>Time period</b>	<b>One time incentive applicable for early completion</b>
Commissioning between 30 days and 59 days before scheduled COD	INR 2 lakhs per MW of contracted capacity
Commissioning between 60 days and 89 days before scheduled COD	INR 3 lakhs per MW of contracted capacity
Commissioning between 90 days of the scheduled COD	INR 5 lakhs per MW of contracted capacity

The following conditions shall be applicable for availing early commissioning incentives:

1. The incentive shall be payable only if the SPD has demonstrated commissioning of full contracted capacity as per the provisions of this PPA.
2. The incentive shall be a one-time incentive which shall be paid along with the bill for the first billing month after the COD of the project.

*Provided that any delay in payment of the one-time incentive is attributable to the DISCOM, interest shall be paid at SBI Prime Lending Rate to the SPD for the delay.*

## ARTICLE 4

### METERING AND PROTECTION

4.1 The solar power developer shall install main meter and check meter of static type 0.2s class accuracy of ABT Meters at the Interconnection Point. The solar power developer shall also install stand-by meter of same accuracy as per the norms specified in the Metering Code by CEA or norms of TSERC. The main meter, check meter and stand-by meter shall consist of a pair of export and import parameters with facility for recording meter readings using meter recording instrument. The solar power developer shall be responsible to enable remote monitoring of generation by providing AMR modules to the billing meters.

4.2 All the meters required to be installed in pursuant to Clause 4.1 of this Agreement, shall be jointly inspected and sealed and shall not be interfered with, tested or checked except in the presence of representatives of both parties and as per the Metering Code.

4.3 The meter readings of the main meter shall form the basis of billing. If any of the meters required to be installed pursuant to Clause 4.1 of this Agreement are found to be registering inaccurately the affected meter shall be replaced immediately.

4.4 The test check of the main meter and check meter shall be conducted at half yearly intervals for their accuracy in measuring the units apart from calibrating the meters yearly as per clause 4.8. Where the half yearly meter check indicates an error in the main meter beyond the permissible limits of error provided in the relevant standards (as defined in the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended from time to time), but no such error is indicated in the corresponding check meter, billing for the month shall be done on the basis of the reading of the check meter and the main meter shall be replaced immediately. If main meter and check meter indicate an error beyond the limits, billing for the month shall form the basis of the readings of the standby meter, and the main meter and the check meter shall be replaced immediately.

4.5 During the half yearly test checks, if the main meter, check meter and standby meter are found to be incorrect in measuring the units beyond the permissible limits of error, all the meters shall be replaced immediately. The correction applied to the consumption registered by the main meter to arrive at the correct Delivered Energy for billing purposes for the period of one month up to the time of such test check, computation of Delivered Energy for the period thereafter till the next monthly meter reading shall be as per the replaced main meter.

4.6 Corrections in billing of Delivered Energy, whenever necessary, shall be applicable to the period between the previous monthly meter reading and the reading at date and time of the test calibration conducted in the current month and this correction derived with reference to the standard meter to the defective meter shall be for the full value of the error. For the purpose of determining the correction to be applied to any meter registering inaccurately, the meter shall be tested under conditions simulating 100, 50, 20 and 10 percent load at unity power factor and 0.5 power factor. Of these eight values, the error at the load and power factor nearest the average monthly load served at the Interconnection Point during the applicable period shall be taken as the error to be applied for correction.

4.7 Where the main meter, check meter and standby meter fail to record or any of the Potential Transformer (PT) fuse is blown out, then the energy shall be computed on a mutually agreeable basis for that period of defect.

4.8 The main meter, check meter and standby meter shall be tested and calibrated once in a financial year utilizing a standard meter of 0.02s class accuracy testing meter ("Standard Meter"). The Standard Meter shall be calibrated once in every year at the approved laboratory by the Government of India or Government of Telangana, as per terms and conditions of supply. The testing of meters shall be carried out as per order issued from time to time by TSTRANSCO or CEA scrupulously.

4.9 The tests of the main meter, check meter and standby meter shall be conducted by the TSTRANSCO or DISCOM in the presence of authorized representatives of both the parties and the results and such corrections arrived at shall be binding on both the parties.

4.10 On the meter reading date of each month, the meter readings shall be taken and an acknowledgement thereof signed by the authorized representatives of both the parties.

4.11 Within six (6) months, from the execution of this Agreement, the solar power developer and the TSTRANSCO or DISCOM shall mutually agree for technical and performance specifications (including, but not limited to, the metering configuration for the Project) concerning the design and operation of the facilities required to be installed by the solar power developer so as to operate in parallel with the grid. Thereafter, any change in such specifications shall be subject to mutual agreement of the parties.

4.12 The Project shall be operated and maintained in accordance with good and generally accepted prudent utility standards with respect to synchronizing, Voltage, frequency and reactive power control.

4.13 Voltage regulation shall be such as to enable continued paralleling and synchronization with the network voltage at the point of interconnection.

4.14 The equipment of the solar power developer shall be designed for fluctuations in the frequency within limits of -5% and +3% of the standard frequency of 50 cycles per second.

4.15 The solar power developer shall ensure that the power factor of the power delivered to the DISCOM is maintained as per the TSERC or CEA norms from time to time.

4.16 Any change in rupturing capacity of switch-gear, settings of the relays or any other protection system shall be subject to approval of the TSTRANSCO or DISCOM.

4.17 As the Solar Project's plant may carry fault currents that may occur on the grid, the solar power developer shall provide adequate switchgear protection against such faults. The TSTRANSCO or DISCOM is not responsible for damage, if any, caused to the Project's plant and allied equipment during parallel operation of the plant with the grid.

4.18 The solar power developer shall make bonafide effort to operate the Project in such a manner so as to avoid fluctuations and disturbances to the TSTRANSCO or DISCOM network due to parallel operation with the network.

4.19 The SLDC may instruct the solar power developer to back down generation on consideration of grid safety and security or safety of any equipment or personnel is endangered and the solar power developer shall comply the same. For this purpose, the solar power developer shall provide Data Acquisition System (“DAS”) facility compatible with SLDC Supervisory Control and Data Acquisition (“SCADA”) system in consultation with SLDC for transfer of online information to SLDC as per TSERC Grid Code and IEGC 2010.

(i). SLDC may direct the solar power developer to curtail its VAR or injection incase the security of grid or safety of any equipment or personnel is endangered.

(ii). During the Project start-up, the solar power developer shall ensure that the reactive power drawl shall not affect the grid performance.

4.20 The solar power developer shall install necessary current limiting devices such as thyristors or any other device. The solar power developer shall provide protection system in compliance with the grid code requirement for short circuit level, neutral grounding, current unbalance, limiting of harmonics, fault-clearing time etc.

4.21 **Harmonics:** The generator shall ensure that the harmonics injected into the grid shall conform to the grid specifications as specified by TSERC or CERC from time to time. In default, the generator is liable to pay the penalty as may be specified from time to time through regulation by TSERC or CERC as the case may be.

The project shall comply with the following stipulation issued by Ministry of Power, (Central Electricity Authority) vide notification dated 15.10.2013 and as amended form time to time.

“B1 Requirement of Harmonics, Direct Current (DC) injection and flicker.

- i) Harmonic current injections from a generating station shall not exceed the limits specified in Institute of Electrical and Electronics Engineers (IEEE) Standard 519.
- ii) The Generating station shall not inject DC current greater than 0.5% of the full rated output at the interconnection point.
- iii) The generating station shall not introduce flicker beyond the limits specified in IEC 61000. Provided that the standards for flicker will come into effect from 1<sup>st</sup> April 2014.
- iv) Measurement of harmonic content, DC injection and flicker shall be done at least once in a year in presence of the parties concerned and the indicative date for the same shall be mentioned in the connection agreement.”

In addition to the above, the solar power developers shall have to demonstrate that the harmonic content injections at any point of time shall be within specified limits.

## ARTICLE 5

### BILLING AND PAYMENT

**5.1** For the Delivered Energy, the solar power developer shall furnish a bill to the DISCOM calculated at the tariff provided for in Article 2, in such form as may be mutually agreed upon between the DISCOM and the solar power developer, for the billing month on or before the 5<sup>th</sup> working day following the Meter Reading Date.

**5.2** The DISCOM shall be entitled to get a rebate of 1% of the total amount billed in any billing month for payments made before the Due Date of Payment. Any payment made beyond the Due Date of Payment, the DISCOM shall pay simple interest at prevailing base prime lending rate of State Bank of India and in case this rate is increased / reduced, such an increased / reduced rate is applicable from the date of such notification.

**5.3 Billing and payment:** The solar power developer shall open a bank account at ..... (the “solar power developer’s designated account”) for all payments to be made by the DISCOMs to the solar power developer, and notify the details of such account atleast thirty (30) days before the dispatch of the first monthly bill. Instructions to change the Solar Power Developer’s Designated Account may be accepted by DISCOM only if they are accompanied with a duly authorized written consent of the Lender and / or Lenders’ Representative consenting to such change.

All payments shall be made by either cheques, National Electronic Fund Transfer (NEFT) or Real Time Gross settlement (RTGS) payments in to solar power developer’s designated account.

**5.4 Letter of Credit:** Before 30 days prior to the due date of first monthly bill of the generating unit, the DISCOM shall cause to put in place an irrevocable revolving Letter of Credit issued in favour of the solar power developer by a scheduled bank (the “Letter of Credit”) for one month’s billing value. Provided that any increase in the delivered energy on account of commissioning of additional capacity after the first month’s billing or in subsequent billing months, the DISCOM shall revise the revolving letter of credit in favour of the solar power developer covering the latest previous month billing upto achieving of COD.

- a. Provided further that the Letter of Credit shall not be invoked for any disputed or objected bill amount.
- b. Provided further that the Letter of Credit can be invoked only when DISCOM fails to pay the current month bill amount by the due date.

**5.5 Payment for bills raised:** The solar developer shall submit bills for the energy delivered during the billing period as per the provision of this Agreement and there upon the DISCOM shall make payment of ~~for~~ the undisputed amount of the bill by the due date of payment.

**5.6 Billing disputes:** The DISCOM shall pay the bills of solar power developer promptly subject to the Clauses 5.1 and 5.2.

The DISCOM shall notify the solar power developer in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. The solar power developer shall immediately take up issue with the relevant and complete information with the DISCOM which shall be rectified by the DISCOM, if found satisfactory. Otherwise notify its (DISCOM's) rejection of the disputed claim within reasonable time with reasons therefor. The dispute may also be resolved by the mutual agreement. If the resolution of any dispute requires the DISCOM to reimburse the solar power developer, the amount to be reimbursed shall bear simple interest at prevailing base prime lending rate of State Bank of India and in case this rate is reduced / increased, such a reduced / increased rate is applicable from the date of reduction / increase from the date of disallowance to the date of reimbursement.

**5.7** All payments by the DISCOM to the solar power developer hereunder shall be made to such address as may be designated by the solar power developer to the DISCOM in writing from time to time.

Address: M/s \_\_\_\_\_,

Telephone: +91

Mobile No +91

Fax: +91

Mail ID

**5.8** Notwithstanding anything contained in this Agreement, the dispute of correctness or otherwise of the applicable tariff, shall not be considered as a billing dispute.

**5.9** Where the DISCOM finds at any time, that amount is due from solar power developer either under this agreement the DISCOM is entitled to recover the said due amount by adjusting from the bill amount payable to the solar power developer.

## ARTICLE 6

### UNDERTAKING

6.1 The solar power developer shall be responsible:

- (i). for proper maintenance of the Project in accordance with the established Prudent Utility Practices.
- (ii). for operation, maintenance, overhaul of the plant, equipment, works, switch yard and transmission lines and equipment up to the Interconnection Point of the Project in coordination with the TSTRANSCO or DISCOM personnel.
- (iii). to furnish the generation and maintenance schedules every year, during peak and non-peak season.
- (iv). for making all payments on account of any taxes, cess, duties or levies or any statutory obligation imposed by any government or competent statutory authority on the land, equipment, material or works of the Project or on the energy generated or consumed by the Project or the solar power developer or on the income or assets of the solar power developer.
- (v). for obtaining necessary approvals, permits or licences for operation of the Project and sale of energy to DISCOM there from under the provisions of the relevant laws or rules.
- (vi). to comply with the provisions of the Grid Code. Notwithstanding any provision in this Agreement, the solar power developer shall comply with the state Grid Code, dispatch practices, performance standard, protection & safety as required under the rules & regulations in force from time to time in the State of Telangana.
- (vii). In case the solar power developer that is bidder, such solar power developer shall achieve financial closure within six (6) months from the effective date of the Agreement and shall submit a copy of the financing\_agreements to the DISCOM within six (6) months from the effective date of the agreement.
- (viii). for achieving the Commercial Operation Date within 12 months / 15 months (insert as applicable as per the provisions of the RFS) from effective date of the Agreement.
- (ix). for seeking approval of TSTRANSCO or DISCOM in respect of Interconnection Facilities with grid substation and synchronization of the Project with grid.

- (x). to install new machinery or modules in the plant.
- (xi). for not to dismantle and take away any Project machinery and Interconnection Facilities during the term of this agreement.
- (xii). The SPD has to hand over to the licensee concerned, the facilities provided at interconnection point at a depreciated value as approved by the Commission in case the agreement is not extended or the project is shut, Provided however the SPD may retain the lines from the project to the interconnection point.
- (xiii) To share Clean Development Mechanism (“CDM”) benefit with the DISCOM as provided in CERC (Terms and Conditions for the Tariff determination from Renewable Energy Sources) Regulations, 2012, and as amended from time to time to the extent indicated below:

The proceeds of carbon credit from the approved CDM Project shall be shared between the Solar Power Developer and the DISCOM in the following manner, namely,

- a) 100% of the gross proceeds on account of CDM benefit to be retained by the solar power developer in the first year after the date of commercial operation of the generating station;
  - b) In the second year after COD, the share of the DISCOM shall be 10% which shall be progressively increased by 10% every year i.e. in the third year after COD it shall be 20% and so on till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the solar power developer and the DISCOM.
- (xiv). The solar power developer<sub>2</sub> which is a project company formed pursuant to provisions of the RFS<sub>2</sub> shall abide by the shareholding requirements as follows
- (1) After execution of the Agreement, the percentage of Controlling Shareholding of the Bidding Company or Lead Member in the Project Company setting up the Project shall be maintained for a period of one (1) year after the COD of Project. Thereafter, any change can be undertaken after intimation to the DISCOM.

- (2) Lead Member in the Consortium shall have the Controlling Shareholding in the Company by having more than 51% of voting rights and paid up share capital in the Company.
- (3) However, notwithstanding anything to the contrary contained in this agreement, the aforementioned provisions related to the percentage of controlling shareholding of the bidding company may be relaxed only upon the occurrence of event of default of the SPD under the financing agreement, and the lenders shall have the rights to alter the original shareholding structure and controlling shareholding for the sole purpose of recovering the amounts due and payable to the lender subject to the approval of the DISCOM which shall not be unreasonably withheld. However, both the lenders and the selectee shall be jointly and severally responsible for ensuring compliance with the controlling shareholding requirements specified in this PPA. Further the selectee shall submit a certificate confirming the compliance to above provisions and meeting minimum net worth criteria specified in the RFS duly certified by a Chartered Accountant prior to appointment of the selectee.

(xv) Obligations specified in RFS shall be applicable in addition to the obligations specified in this PPA.

(xvi) **Satisfaction of conditions subsequently by the SPD:**

The SPD agrees and undertakes to duly perform and abide by the following activities at the SPD's own cost and risk within six (6) months from the date of signing of this Agreement, unless such completion is affected by any Force Majeure event, or if any of the activities as specifically waived in writing by the DISCOM:

- (1) To obtain all Consents, Clearances and Permits required for supply of power to the DISCOM as per the terms of this Agreement;

(2) To make the project financing agreements and complete the financial closure and shall provide financing agreements to the DISCOM in this regard;

(3) To make adequate arrangements to connect the Power Project switchyard with the Interconnection Facilities at the Delivery Point;

(4) The SPD shall produce the documentary evidence of fulfilling the requisite technical criteria and placing of orders or entering into agreements, for supply of plant and equipment for the Project.

(5) The SPD shall fulfill the technical requirements according to the following criteria and produce the documentary evidence in support thereof

a. The SPD shall deploy only commercially established and operational technologies to minimize the technology risk and to achieve timely commissioning of the Power Project. The SPD has to submit a certificate confirming the technology selected in line with this clause before the Financial Closure. The SPD shall provide details of the project with location and the successful operational period of the project utilizing this technology.

b. Detailed technical parameters for Solar PV Projects to be met by SPDs as provided in Annexure A to the RFS. The SPD shall strictly comply with the technical parameters as provided in the Annexure A to the RFS as a part of the technical requirement.

(6) To produce the documentary evidence of the clear title and possession of the acquired land at least 4 acres per MW in the name of SPD. The SPD shall be required to furnish the following documentary evidences in support of this clause

a. Ownership or lease hold rights from the State or Central agency or private agencies for at least 30 years in the name of the SPD and possession of 100% of the area of land required for the Project.

b. A Certificate by the concerned and competent revenue or registration authority for the acquisition or ownership or vesting of the land in the name of the SPD.

c. A Sworn affidavit from the Authorised person of the SPD listing the details of the land and certifying the total land required for the Project under clear possession of the SPD.

d. A certified English translation from an approved translator in case the land documents are in languages other than English and Telugu.

e. The location of land of the Project i.e., Project site can be changed until Financial Closure and the final land documents shall be furnished in pursuance of this clause.

(7) Submit a Detailed Project Report of the Project.

(8) Infuse equity of Rs.0.75 crores per MW of contracted capacity on or before financial closure and additional amount of Rs.0.45 crores per MW of contracted capacity shall be infused on or before scheduled COD of the project.

Non-convertible debentures allotted to Registered Foreign Portfolio Investors (RFPI) under “FEMA 20” regulation issued by RBI shall be allowed for meeting above conditions of equity infusion, provided however, the SPD shall mandatorily submit a Chartered Accountant certificate clearly certifying the quantum of Non - Convertible Debentures and the compliance of the entity demonstrating net worth with all the conditions specified by “FEMA 20” Regulation and other applicable regulations, to the DISCOM.

(9) If the solar power developer that is bidder is an individual or firm or limited liability partnership, the following additional conditions shall be satisfied within six (6) months from the effective date:

1. The SPD shall submit documentary evidence of tie-up with technology partner
2. Monthly progress reports on the construction of the project shall be submitted till the COD of the project
3. Statement of arranging requisite finances for the project which is certified by a Chartered Accountant

4. Documentary evidence clearly demonstrating the deployment of adequate personnel for the project with a statement indicating their roles, responsibilities and professional experience.

6.2 The DISCOM agrees:

- (i) to make all reasonable efforts for making arrangements for evacuation of power from the Project to be completed prior to the COD of the Project subject to Article 3.
- (ii) to purchase Delivered Energy from the Project as per Clause 2.2 of this Agreement.
- (iii) to co-ordinate with TSTRANSCO and guide the solar power developer in obtaining the approval for the interconnection facilities where the interconnection is at 33 kV or above voltages, for synchronization, commercial operation, regular operation etc., as required by the solar power developer.

6.3 The solar power developer shall take insurance for the project assets against losses due to natural calamities, fire, riot, strike, theft, etc., for replacement value and shall submit documentary evidence of meeting this condition to the DISCOM.

6.4 (i). A Performance Bank Guarantee of INR 20 lakh per MW shall be furnished before signing of this Agreement as a guarantee for the commencement of the supply of power upto the Contracted Capacity in the format specified in Schedule 4. The Performance Bank Guarantee shall be submitted in the form of three (3) Bank Guarantees in the ratio of 15%, 35% and 50% aggregating to a sum of INR 20 Lakhs per MW for the contracted capacity. The Performance Bank Guarantee shall have a validity period of six (6) months from the scheduled COD of the project.

(ii). Any failure on the part of the SPD to furnish the Performance Bank Guarantee before signing of this Agreement or to maintain the

Performance Bank Guarantee till the validity period of the Performance Bank Guarantee as stated in Clause 6.4 (i) of this Agreement, shall be a material breach of the terms of this Agreement on the part of the SPD.

(iii). If the SPD fails to commence supply of power from the Scheduled Commissioning Date specified in this Agreement, subject to conditions mentioned in Article 9.2, DISCOM shall have the right to encash the Performance Bank Guarantee without prejudice to the other rights of DISCOM under this Agreement.

(iv). Subject to Article 6.5, the DISCOM shall return or release the Performance Bank Guarantee three (3) months after the Date of Commercial Operation COD.

(v). The return or release of the Performance Bank Guarantee shall be without prejudice to other rights of DISCOM under this Agreement.

6.5 Consequences of non-fulfillment of conditions subsequently specified in Clause 6.1:

- (i) In case of a failure to submit the documents as specified in this Agreement, the DISCOM shall have the right to terminate this Agreement by giving a Termination Notice to the SPD in writing of at least twenty one (21) days. The termination of the Agreement shall take effect upon the expiry of the 21<sup>st</sup> day of the Notice.
- (ii) The DISCOM shall be entitled to encash all the Performance Bank Guarantees submitted by the SPD.
- (iii) For avoidance of any doubt, it is clarified that this Article shall survive the termination of this Agreement.
- (iv) In case of inability of the SPD to fulfill any of the conditions specified in Article 6.1 (xv) due to any Force Majeure event, the time period for fulfillment of the conditions subsequently as mentioned in Article 6.1 (xv), shall be extended for the period of such Force Majeure event.

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

6.6 The solar power developer shall not encumber, assign or mortgage project assets except for getting finance for execution of the project.

Provided the solar power developer may transfer, sell, assign or mortgage the project assets in line with the provisions of Article 10.1.1 (i) (b) of this Agreement.

## **ARTICLE 7**

### **DURATION OF AGREEMENT**

This Agreement, subject to para (5) of the Preamble and shall be effective upon its execution and delivery thereof between the parties hereto and shall continue to be in force from the Commercial Operation Date (COD) and until the 25<sup>th</sup> anniversary that is for a period of twenty five years from the Commercial Operation Date (COD). This Agreement may be renewed for such further period of time, with or without modification and on such terms and conditions as may be mutually agreed upon to by the parties, ninety 90 days prior to the expiry of the said period, subject to the consent of the TSERC. Any condition envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of TSERC.

## ARTICLE 8

### NOTICES

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

**If to the Solar Power Developer:**

Attention: Mr. \_\_\_\_\_,

M/s \_\_\_\_\_,

Telephone: +91+STD Code +No. (in case of land line)

Mobile +91Mobile No.

Fax: +91

email:

**If to the DISCOM:**

Attention:\_\_\_\_\_

Telephone: +91+STD Code +No. (in case of land line)

Mobile +91Mobile No.

Fax: +91

email:

8.2 All notices or communications given by fax or email shall be confirmed by depositing a copy of the same in the post office in an envelope properly addressed to the appropriate party for delivery by registered post. All notices shall be deemed to have been delivered upon receipt, including notices given by fax or mail regardless of the date of the acknowledgement of such notice.

8.3 Any party, may by a written notice, change the address and / or addresses to which such notices and communications to it are to be delivered or mailed.

## ARTICLE 9

### FORCE MAJEURE

#### 9.1 Definition of Force Majeure:

- (a) “Force Majeure” shall mean any event or circumstance or combination of events or circumstances that materially and adversely affects the performance by either party (the “Affected Party”) of its obligations pursuant to the terms of this Agreement (including by preventing, hindering or delaying such performance), but only if and to the extent that such events and circumstances are not within the Affected Party’s reasonable control and were not reasonably foreseeable and the effects of which the Affected Party could not have prevented by Prudent Utility Practices or, in the case of construction activities, by the exercise of reasonable skill and care. Any events or circumstances meeting the description of Force Majeure which have the same effect upon the performance of any of the Solar Power Project setup in accordance with solar policy announced by Govt. of Telangana State (GoTS) under the competitive bidding route and which therefore materially and adversely affect the ability of the Project or, as the case may be, the DISCOM to perform its obligations hereunder shall constitute Force Majeure with respect to the Solar Power Developer or the DISCOM, respectively.
- (b) Force Majeure circumstances and events shall include the following events to the extent, that they or their consequences satisfy the above requirements.
- (i). Non Political Events such as acts of GOD including but not limited to any storm, flood, Drought, Lightning, Earthquake or other natural calamities, fire, accident, explosion, strikes, labour difficulties, epidemic, plague or quarantine, air crash, shipwreck, train wrecks or failure (“Non Political Events”).
  - (ii). Indirect Political Events such as acts of war sabotage, terrorism or act of public enemy, blockades, embargoes, civil disturbance, revolution or radioactive contamination (“Indirect Political Events”).

- (iii). Direct Political Events such as any Government Agencies' or the DISCOM's unlawful or discriminatory delay, modification, denial or refusal to grant or renew, or any revocation of any required permit or Change in Law (Direct Political Events).

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

- (a) Force Majeure Events affecting the Solar Power Developer;

or

- (b) DISCOM Event of Default as defined in 10.2, the scheduled COD shall be deferred, for a reasonable period but not less than 'day-for-day' basis subject to a maximum period of 12 months, to permit the Solar Power Developer or to overcome the effects of the Force Majeure events affecting the Solar Power Developer or DISCOM, or till such time such event of default is rectified by the Solar Power Developer or the DISCOM, whichever is earlier. Provided further that, the validity of Performance Bank Guarantee shall be extended suitably covering the extended period.

## ARTICLE 10

### EVENTS OF DEFAULT AND TERMINATION

#### 10.1 Solar Power Developer Event of Default:

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

(i) if

- (a) the Solar Power Developer assigns, mortgages or charges or purports to assign, mortgage or charge any of its assets or rights related to the Project in contravention of the provisions of this Agreement; or
- (b) the Solar Power Developer transfers or novates any of its rights and / or obligations under this Agreement, in a manner contrary to the provisions of this Agreement; except where such transfer
  - is in pursuance of a law; and does not affect the ability of the transferee to perform, and such transferee has the financial capability to perform, its obligations under this Agreement or
  - is to a transferee who assumes such obligations under this Agreement and the Agreement remains effective with respect to the transferee;

(ii) if

- (a) the Solar Power Developer becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or
- (b) any winding up or bankruptcy or insolvency order is passed against the Solar Power Developer, or

- (c) the Solar Power Developer goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to law,  
Provided that a dissolution or liquidation of the Solar Power Developer will not be a Solar Power Developer Event of Default if such dissolution or liquidation is for the purpose of a merger, consolidation or reorganization and where the resulting company retains creditworthiness similar to the solar power developer and expressly assumes all obligations of the solar power developer under this Agreement and is in a position to perform them; or
- (iii) the solar power developer repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from DISCOM in this regard; or
- (iv) except where due to any DISCOM's failure to comply with its material obligations, the solar power developer is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the solar power developer within thirty (30) days of receipt of first notice in this regard given by DISCOM; or
- (v) the solar power developer delays the commissioning of the Project by more than 5 months from the Scheduled COD, in which case the procedures of Clause 10.5 shall be followed; or
- (vi) occurrence of any other event which is specified in this Agreement to be a material breach / default of the solar power developer.
- (vii) A default has occurred under any of the financing agreements and any of the lenders to the project has recalled its financial assistance and demanded payment of the amounts outstanding under the financing documents or any of them as applicable and the lenders shall issue a written notice to the DISCOM to this effect.

## 10.2 DISCOM Event of Default

10.2.1 The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by the solar power developer of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting DISCOM (“DISCOM Event of Default”):

- (i) DISCOM fails to pay (with respect to payments due to the solar power developer according to Article 5), for a period of ninety (90) days after the Due Date of Payment and the solar power developer is unable to recover the amount outstanding to the solar power developer through the Letter of Credit, or
- (ii) DISCOM repudiates this Agreement and does not rectify such a breach within a period of thirty (30) days from a notice in writing from the solar power developer in this regard; or
- (iii) except where due to any solar power developer’s failure to comply with its obligations, DISCOM is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by DISCOM within thirty (30) days of receipt of notice in writing in this regard from the solar power developer to DISCOM; or
- (iv) if:-
  - DISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or any winding up or bankruptcy or insolvency order is passed against DISCOM, or
  - DISCOM goes into liquidation or dissolution or a receiver or any similar officer is appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to law,

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

- (v) If DISCOM is subject to any of the above defaults and DISCOM does not designate another DISCOM for purchase of Solar Power; or
- (vi) Occurrence of any other event which is specified in this Agreement to be a material breach or default of DISCOM.

### **10.3 Procedure for cases of Solar Power Developer Event of Default**

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

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

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

**10.3.4** After a period of seven (7) working days following the expiry of the Conciliation Period unless the parties shall have otherwise agreed to

the contrary or the Solar Power Developer Event of Default giving rise to the Conciliation Period shall have ceased to exist or shall have been remedied, DISCOM shall give a further notice to the Lenders, requiring the curing of such default within a period of 90 (ninety) days (Lender's Cure Period) from the date of issue of such notice by exercising the rights of the Lenders provided herein including but not limited to rights assignment/substitution/subrogation/novation. Upon expiry of Lender's Cure Period, unless otherwise the Solar Power Developer Event of Default has been cured, the DISCOMs may terminate this Agreement by giving a written Termination Notice of thirty (30) days to the Solar Power Developer and the same shall be communicated to the lenders concurrently.

**10.3.5** Subject to the terms of this Agreement, upon occurrence of a solar power developer Event of Default under this Agreement, the lenders may exercise their rights, if any, under Financing Agreements, to seek substitution / subrogation / assignment / novation of the solar power developer by a selectee for the residual period of the Agreement, for the purpose of securing the payments of the total debt amount from the solar power developer and performing the obligations of the solar power developer.

Provided that any substitution / subrogation / assignment / novation under this Agreement can only be made with the condition that the selectee meets the eligibility requirements of RFS issued by DISCOM. Provided further that no extension in COD shall be permitted on account of such substitution / subrogation / assignment / novation by lender.

**10.3.6** The lenders may seek to exercise right of substitution / subrogation / assignment / novation under Clause 10.3.5 by an amendment or novation of the Agreement in favour of the selectee. The solar power developer shall cooperate with the lenders to carry out such substitution / subrogation / assignment / novation and shall have the duty and obligation to continue to operate the Project in accordance with this Agreement till such time as the substitution / subrogation /

assignment / novation is finalized. Further, the selectee shall abide by all obligations specified hereunder in this PPA and there shall not be any waiver of any of the obligations unless specifically waived by the DISCOMS in writing.

**10.3.7** It is hereby clarified that the provisions of the above clauses 10.3.5 and 10.3.6 and other provisions related to lender's rights and obligations shall be only applicable to solar power developer(s) which are bidders. Further, rights of substitution / subrogation / assignment / novation provided here in this PPA shall be applicable to lenders which are scheduled commercial banks or registered NBFCs under Section 45-1A of the RBI Act, 1934 or foreign banks which have Indian Branch(es) or wholly owned subsidiaries in India and not for other categories of lenders.

#### **10.4 Procedure for cases of DISCOM Event of Default**

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

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

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

**10.4.4** After a period of seven (7) days following the expiry of the conciliation period and unless the parties otherwise agreed to the contrary or DISCOM Event of Default giving rise to the Conciliation Period shall have ceased to exist or shall have been remedied, the solar power developer shall be free to sell the Contracted Capacity to

any third party of the solar power developer's choice. Provided further that at the end of three (3) months period from the period mentioned in this Clause 10.4.4, this Agreement may be terminated by the solar power developer.

#### **10.5 Penalties in case of Delayed Commissioning**

Under normal circumstances the Project has to be commissioned within 12 months / 15 months from the date of signing of this Agreement. In case of failing to achieve this milestone, the DISCOM shall encash the Performance Bank Guarantee which was submitted by the solar developer to the DISCOM at time of entering this Agreement, in the following manner:

Contracted Capacity commissioned but with delay:

- (a) Delay up to one (1) month - DISCOM shall encash INR 3 Lakhs per MW on per day basis proportionate to the Capacity not commissioned.
- (b) Delay of more than one (1) month and up to three months - DISCOM shall encash INR 7 Lakhs per MW on per day basis proportionate to the Capacity not commissioned, in addition to the amount stated in clause 10.5 (a).
- (c) Delay of more than three (3) months and up to five (5) months - DISCOM shall encash INR 10 Lakhs per MW on per day basis proportionate to the Capacity not commissioned, in addition to the amount stated in clauses 10.5(a) and 10.5(b).

*Note: By the way of illustration, if the COD is delayed by ten (10) days, an amount of INR 1 lakh per MW shall be forfeited from the first tranche of PBG of value of Rs. 3 lakhs per MW.*

- (d) In case the commissioning of Power Project is delayed beyond five (5) months from the scheduled commissioning date, the SPD shall pay to DISCOM, the Liquidated Damages at the rate of Rs.10,000/- (Ten Thousand) per MW per day of delay for the delay in such remaining Capacity which is not commissioned. The amount of liquidated damages shall be recovered from the SPD from the payments due on account of sale of solar power to the DISCOM.

*Provided that the DISCOM shall have the liberty not to invoke this provision in a reasonable case as shown by the SPD for levying liquidated damages.*

- (e) The maximum time period allowed for commissioning of the full Project Capacity with encashment of Performance Bank Guarantee and payment of Liquidated Damages shall be limited to Eighteen (18) months / twenty one (21) months from the Effective Date this Agreement. In case, the commissioning of the Power Project is delayed beyond eighteen (18) months for the project connected to 33 / 11 kV substation and twenty one (21) months for the projects connected to 132 / 33 kV or 220/132 kV or 400/220 kV substation from the Effective Date of this Agreement, it shall be considered as an SPD Event of Default and provisions of Article 10 shall apply and the Contracted Capacity shall stand reduced / amended to the Project Capacity Commissioned within 18 months / 21 months from the effective date of this Agreement and the Agreement for the balance Capacity shall stand terminated.
- (f) For all other cases of solar power developer Event of Default, procedure as provided in Clause 10.3 shall apply.

## **ARTICLE 11**

### **DISPUTE RESOLUTION**

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

## ARTICLE 12

### SPECIAL PROVISIONS

- 12.1 The waiver of any breach or failure to enforce any of the terms, covenants or conditions of this Agreement shall not in any way affect, limit, modify or waive the future enforcement of such terms, covenants or conditions.
- 12.2 No oral or written modification of this Agreement either before or after its execution shall be of any force or effect unless such modification is in writing and signed by the duly authorized representatives of the Solar Power Developer and the TSTRANSCO or the DISCOM, subject to the condition that any further modification of the Agreement shall be done only with the prior approval of TSERC. Provided that, the amendments to the Agreement in accordance with the orders of the TSERC from time to time shall be carried out. All the conditions mentioned in the Agreement are with the approval of TSERC.
- 12.3 In respect of power evacuation, the voltage levels for interfacing with grid shall be as per Voltage of Delivery. The cost of Interconnection Facilities has to be borne by the Solar Power Developer as per Article 3.
- 12.4 The invalidity or unenforceability for any reason of any provision of this Agreement shall not prejudice or affect the validity or enforceability of any other provision of this Agreement.
- 12.5 The failure of any party to insist in one or more instances upon the strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or relinquishment of any such rights but the same shall continue in full force and effect.
- 12.6 Unless the context otherwise requires, every arrangement, procedure or any other matter which is, under any of the provisions of this Agreement, required to be mutually agreed upon between the parties, shall be concluded by a written Agreement between the parties not later than the date specified in the concerned clause of this Agreement, subject to the approval of the TSERC.
- 12.7 This Agreement, including Schedule 1, 2, 3, 4 & 5 attached hereto, constitute the entire agreement between the parties with respect to the

subject matter hereof, and there are no oral or written understandings, representations or commitments of any kind, express or implied, not set forth herein.

- 12.8 The headings contained herein are included solely for the convenience of the parties and are not to be used as a basis for interpreting the various Articles of this Agreement.
- 12.9 Each party to the Agreement shall act in good faith in implementing the terms and conditions of this Agreement and in carrying out their respective obligations hereunder.
- 12.10 In the event of the merger or re-organization of DISCOM, if the resulting entity is able to perform DISCOM's obligations hereunder in no less a manner than DISCOM, the resulting entity shall take the right and responsibility for performance of DISCOM's obligations.
- 12.11 In the event of the merger or re-organization of the Solar Power Developer if the resulting entity is able to perform the Solar Power Developer's obligations hereunder in no less a manner than the Solar Power Developer, the resulting entity shall take the right and responsibility for performance of the Solar Power Developer's obligations.
- 12.12 **Assignment and Financing:** Neither party shall assign this Agreement or any portion thereof to any third party without the prior written consent of the other party which consent shall not be unreasonably withheld.

The PPA shall be binding upon and inure to the benefit of the solar power developer and the DISCOM and their respective permitted successors and assignees. This PPA shall not be assigned by either the solar power developer or the DISCOM except by mutual consent between the parties to the PPA to be evidence in writing. Provided such consent shall not be withheld if the DISCOM seeks to transfer to any transferee all of its rights and obligations under the PPA.

Notwithstanding anything to the contrary contained herein, DISCOM shall promptly give its consent and no-objection to the assignment of any of the solar power developer's rights and obligations under this PPA in favour of lenders or lender's representative. Provided however that any successors or permitted assignees identified after such mutual agreement may be

required to execute a new agreement on the same terms and conditions as are included in this agreement and obligations of the SPD provided herein the agreement shall not be waived in respect of the selectee unless such waiver is specifically issued in writing by the DISCOM.

12.13 The DISCOM shall not be liable for any damage or loss, due to loss of Grid connectivity or any other event related to Grid for whatsoever reasons.

12.14 In case the state of Telangana is given a special status by the Government of India, then all the tax benefits either to the solar power plant or the solar power developer owing to the special status shall have to be passed on by the SPD or the Solar Power Plant to the DISCOM.

## ARTICLE 13

### ADDITIONAL PROVISIONS RELAXING THE EXISTING CLAUSES IN THIS PPA

#### 13.1 Technological changes and non-availability of Solar PV modules

Notwithstanding anything contained in clause 2.4 of this Agreement, where solar PV modules of same capacity rating are not available in the open market for replacing the existing damaged or excessive de-gradated modules of the project, the SPD shall be allowed to increase the name plate capacity of the project so long as the project does not exceed the contracted capacity and annual CUF of 25%. Provided the replacement of damaged PV modules is undertaken with the consent of the DISCOM.

#### 13.2 DISCOM EVENT OF DEFAULT - FURTHER PROVISION:

Notwithstanding anything contained in clause 10.2.1 of this Agreement, where DISCOM fails to make the payment to SPD for a period of 90 days after due date of payment and the developer is unable to recover the amount outstanding through Letter of Credit (LC) or in any other manner, then, it is considered to be an event of default by DISCOM, following which SPD can opt for conciliation and after expiry of 2 months and 7 days from the date of opting for conciliation, the SPD is free to sell the contracted capacity to any third party by giving a notice to DISCOM in writing and can terminate the PPA with DISCOM after expiry of 3 months from the date of selling of power to any third party.

IN WITNESS WHEREOF, the Solar Power Developer and the DISCOM have caused this Agreement to be executed as on the date and the year first set forth above.

For and behalf of

\_\_\_\_\_POWER DISTRIBUTION COMPANY  
OF TELANGANA LIMITED

WITNESS

1. :

2. :

For and behalf of

M/s. \_\_\_\_\_

WITNESS

1. :

2. :

**SCHEDULE 1**

**Particulars of the Project  
(referred to in the Preamble to the Agreement)**

<b>NAME OF THE PROJECT AND ADDRESS</b>	<b>Interconnection Substation</b>	<b>Injection voltage</b>	<b>INTERCONNECTION POINT</b>	<b>TYPE OF PROJECT</b>	<b>CAPACITY OF THE PROJECT (MW)</b>
M/s.		--		Solar Photo Voltaic	___ MW

\* Out of \_\_\_ MW, \_\_\_ MW is for Auxiliary Consumption and \_\_\_ MW is for export to grid for sale to DISCOM.

\* Note: Auxiliary Consumption is 0.1% of capacity for Solar PV.

**SCHEDULE 2**

Attached Letter issued by GoTS for procurement of solar power by competitive bidding route vide Letter No. 238/Budget/2015-1 dated 18.03.2015

**SCHEDULE 3**

Attached copy of Letter of Intent issued by \_\_\_\_\_.

**SCHEDULE 4**

Insert Performance Bank Guarantee furnished by SPD

**SCHEDULE 5**

SPD to insert the finalized Financial Bid