



POWER PURCHASE AGREEMENT

BETWEEN

NATIONAL HYDROELECTRIC POWER CORPORATION LTD.

AND

POWER DEVELOPMENT DEPARTMENT, JAMMU AND KASHMIR

THIS POWER PURCHASE AGREEMENT is entered into on this ...26th day of ...Oct... 2005 between National Hydroelectric Power Corporation Ltd., a Company incorporated under the Companies Act, 1956 having its registered office at NHPC Office Complex, Sector-33, Faridabad (Haryana) - 121003. (hereinafter called 'NHPC', which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the first part and Power Development Department, Jammu and Kashmir (hereinafter referred to as 'PDD, J&K', generally referred to as "Bulk Power Customer" which expressions shall unless repugnant to the context shall include their respective successors and assigns) as party of the second part.

Whereas NHPC is a generating company of Government of India and the Bulk Power Customer (s) shall be allocated power by Govt. of India from Chutak H.E. Project, J&K (hereinafter referred to as "Project") owned and to be operated by NHPC.

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

1.0 DEFINITIONS:

The words/expressions used in this Agreement, unless repugnant to the context, shall have the same meanings as respectively assigned to them by the Electricity Act, 2003 as amended from time to time and Act that would come into force as a substitute or otherwise to the above stated Act. The words/expressions mentioned below shall have the same meaning as respectively assigned to them hereunder :-

- i) Month : means English Calendar Month.
- ii) Year : means financial year commencing on 1st April and ending on 31st March.
- iii) Energy : means the electrical energy.
- iv) Power : means the electrical power.
- v) LC : means Irrevocable revolving Letter(s) of Credit.
- vi) CEA : means Central Electricity Authority.
- vii) CERC : means Central Electricity Regulatory Commission.
- viii) GOI : means Government of India.
- ix) IEGC : means Indian Electricity Grid Code.
- x) MOP : means Ministry of Power.
- xi) Outage : means the state of component when it is not available to perform its intended function due to some event directly associated with that component.
- xii) POWER GRID : means Power Grid Corporation of India Limited.
- xiii) NREB : means Northern Regional Electricity Board.
- xiv) NRLDC : means Northern Regional Load Dispatch Center.
- xv) REA : means periodic regional energy account including amendments thereof if any, prepared by NREB showing exchange of energy amongst the various constituents of NREB.

2.0 INSTALLED CAPACITY & ALLOCATION OF POWER :

- 2.1 The installed capacity of Chutak H.E. Project, J&K, is 44 MW (4x11MW). The installed capacity, is however, subject to derating/uprating of the generating units as determined from time to time by CEA.
- 2.2 The allocation of power from the Project amongst the Bulk Power Customer (s) shall be in accordance with the instructions regarding allocation of power issued by the MOP, Govt. of India from time to time. The entire Power generated from the Project shall be purchased by Govt. of J&K only.

3.0 GENERAL OBLIGATIONS:

- 3.1 The energy to be supplied under this Agreement shall be in the form of three phase, 50 hertz alternating current at a voltage of 33 KV. The frequency and voltage shall be subject to fluctuations as per provisions contained in IEGC and as amended from time to time.

3.2 EVACUATION OF POWER FROM THE PROJECT:

Evacuation point shall be 33 KV bus bar at Project . Evacuation of power from the delivery point of the Project shall be through the transmission system of POWER GRID, PDD, J&K or any other agency as the case may be. The Bulk Power Customer shall be responsible and shall make necessary arrangements separately with the concerned agency for evacuation of power and payments of evacuation charges etc. and NHPC shall not be responsible for the same in any manner.

4.0 METERING ARRANGEMENTS:

Metering arrangements including its installation, testing, maintenance and collection, transportation and processing of data required for energy exchange shall be governed as per the notification/ directives issued by CERC from time to time and as per relevant provisions contained in IEGC as amended from time to time.

5.0 ACCOUNTING OF ENERGY:

The quantum of energy sold to the Bulk Power Customer out of the energy available for sale shall be the energy as per joint meter reading or as indicated in the REAs issued by NREB. The REA including amendments, if any, as issued by NREB shall be binding on both the parties.

6.0 TARIFF:

- 6.1 The tariff to be charged & its associated Terms and Conditions for the energy to be supplied by NHPC from the Project shall be as per Tariff Notifications/ orders/directions issued by CERC from time to time.



km

6.2 In case a new tariff for the period beyond the period mentioned in the previous tariff notification/orders/direction of the Competent Authority is not finalized before that date, the Bulk Power Customer shall pay to NHPC for the power supplied from the Project beyond this date on adhoc/provisional basis as per the directions/instructions/orders of CERC.

6.3 In addition to the energy tariff set out, the Bulk Power Customer shall also be liable to pay to NHPC in accordance with any law in force, all payments made or payable by it on account of taxes, duties, cess, levy, fees or other imposition etc. levied or to be levied in future as a new tax by the Government or other authority in respect of generation, transmission and supply of energy including activities incidental and ancillary thereto as per orders of CERC in this regard. The Bulk Power Customer shall be liable to pay and further pay to NHPC the FERV as per the applicable rates.

7.0 BILLING :

7.1 NHPC shall prepare bill(s) for the energy supplied to the Bulk Power Customer and Bulk Power Customer shall accept these bills for payment . The bill shall be the aggregate of charges as approved /notified by CERC/Government of India from time to time.

7.2 In case Bulk Power Customer has any objection as to the accuracy of any bill(s), it shall lodge a written objection with NHPC within 45 days on presentation of such bill(s). On such objection being upheld by NHPC, the same shall be rectified within a period of 30 days from the date of receipt of written objection and necessary effect of the same shall be given in the subsequent bill(s).

8.0 PAYMENT:

8.1 Payment of bills for supply of power from the Project shall be made by the Bulk Power Customer through a confirmed, revolving, irrevocable Letter of Credit to be established in favour of NHPC for an amount equivalent to 105 percent of monthly billing of 12 months with appropriate bank as mutually acceptable to the parties. The LC shall be kept valid at all the time during the validity of this Agreement or extended period. The amount of LC shall be reviewed quarterly. NHPC shall intimate the revised amount of L.C. one month in advance of start of the quarter. If still the amount of energy supplied is more than the amount of L.C., the payment of excess amount shall be made by the Bulk Power Customer directly on presentation of such bill(s). All the bank charges shall be borne by the Bulk Power Customer.



8.2 NHPC shall present bill(s) to the said Bankers with a copy to the Bulk Power Customer. The bill(s) so presented by NHPC to the said Bankers shall be promptly paid on their presentation.

9.0 SURCHARGE ON LATE PAYMENT AND REBATE :

9.1 The provision for levy of surcharge and rebate shall be governed as per notification/directives/guidelines issued by CERC/GOI from time to time.

9.2 Notwithstanding what is contained above, if the bill(s) are not paid by Bulk Power Customer to NHPC within 60 days from the date of billing, NHPC shall have the option to regulate the supply of energy to Bulk Power Customer in accordance with the directives/guidelines issued by CERC/GOI from time to time.

10.0 ARBITRATION:

10.1 All questions, differences or disputes between the parties arising out of or in connection with this Agreement save and except as provided under clause 5.0 of this Agreement to the extent of power vested with NREB shall be settled through arbitration in accordance with the provisions of Arbitration and Conciliations Act, 1996 and any statutory modifications thereto.

10.2 In the event of such questions, differences or disputes between the parties, any party may by a written notice of 30 days to the other party request for appointment of a Sole Arbitrator to be decided mutually by the parties and in case of disagreement within 15 days thereafter to be decided by Chairman, Central Electricity Authority. The appointment of sole Arbitrator either mutually agreed by the parties or decided by the Chairman, CEA shall be made by HOD, Commercial Department, NHPC or to be intimated by PDD, J&K, alongwith the reference of dispute between the parties for adjudication by the sole Arbitrator. The decision of the Arbitrator shall be final and binding on the parties. The venue of the arbitration proceedings shall be decided by the Arbitrator with the consent of parties. The High court of Jammu and Kashmir, Jammu shall have exclusive jurisdiction in all matters arising under this Agreement.

10.3 The Arbitrator shall reasonably decide his fees. However, the Arbitrator's fees and cost of arbitration proceedings shall be borne equally by the parties. The arbitrator shall publish the award, within a reasonable time.

10.4 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.

11.0 FORCE MAJEURE:

Both the parties shall ensure compliance of 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 this Agreement to the extent that such failure is

due to force majeure events such as rebellion, mutiny, civil commotion, riot, strike, lock out, fire, explosion, flood, drought, cyclone, lightning, earthquake, war or other forces, accident or act of God. But any party claiming the benefit of this clause shall satisfy the other party of the existence of such an event(s).

12.0 DURATION OF AGREEMENT:

This Agreement shall come into force from the date of signing of this Agreement and shall remain operative for 35 years from the commercial operation date of the last unit of project 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 agree to. However, the provisions of this Agreement shall continue to operate till this Agreement is formally renewed, extended or replaced, in case Bulk Power Customer continue to get power from the Project even after expiry of this Agreement without further renewal or formal extension thereof.

13.0 NOTICES:

All notices required or referred to under this Agreement shall be in writing and signed by the authorities mentioned herein below unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered, or sent by registered mail with an acknowledgement due to the other party.

a) TO NHPC

Executive Director (Comml.) / General Manager (Comml.) /
Chief Engineer (Comml.)
NHPC Ltd. ,NHPC Office Complex,
Sector-33, Faridabad-121003,
Haryana

With a copy to :

General Manager /
Chief Engineer of concerned Project

b) BY NHPC

Executive Director (Comml.) / General Manager (Comml.) /
Chief Engineer (Comml.)
NHPC Ltd. ,NHPC Office Complex,
Sector-33, Faridabad-121003,
Haryana



c) TO PDD, J&K

Chief Engineer (Commercial & Survey)
PDD, J&K
Gladni Grid Station,
Narwal, Jammu

d) BY PDD, J&K


Chief Engineer (Commercial & Survey)
PDD, J&K
Gladni Grid Station,
Narwal, Jammu

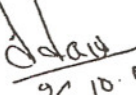
14.0 IMPLEMENTATION OF THE AGREEMENT;

The Tripartite Agreement signed between Govt. of India, Reserve Bank of India and State Govt. for settlement of SEB dues shall form an integral part of this Agreement. In case, any of the provisions of this Agreement are inconsistent with the provisions of the Tripartite Agreement, mentioned above, then the provisions of Tripartite Agreement shall prevail during the period of validity of the Tripartite Agreement.

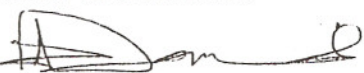
In WITNESS WHEREOF the parties have executed these presents through their duly authorised representatives caused on the day month and year first above written.

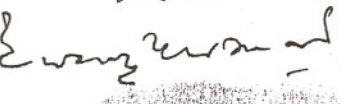
For and on behalf of
National Hydroelectric Power Corporation Ltd.


(S.P. Goel)
CHIEF (COMM.)
NARVAL, PARIDARABAD
Witness

1. 
26.10.05
S. Mgr. (Comm.)

For and on behalf of
Power Development Department
Jammu and Kashmir


Asst. Engr. S. Mgr. (Comm.)
Witness

1. 
(F.A.M. Karamani)
Dy. Secy, P.D.D.
J&K.