

Obligations of Corporation:

Corporation agrees:

- (i) To allow Company to the extent possible to operate the Project as a base load generating station subject to system constraints.
- (ii) Subject to system constraints to off-take and purchase the Electricity (Exportable Capacity) made available by the Company at the Delivery Point.
- (iii) To make tariff payments to the Company as set out in Article 4.
- (iv) To accord approval within a reasonable period for the Interconnection Facilities to be constructed by the Company.
- (v) To undertake maintenance of the transmission lines at its own cost after Commercial Operation Date.

ARTICLE 4

RATES AND CHARGES

- 4.1 Monthly Energy Charges: Corporation shall for the Delivered Energy pay, for the first 10 years from the Commercial Operation Date, to the Company every month during the period commencing from the Commercial Operation Date at the rate of Rs. 2.80 (Rupees Two and Eighty paise only) per kilowatt-hour ("the base tariff") for energy delivered from this Project to the Corporation at the Metering Point with an escalation at a rate of 2% per annum over "the base tariff" every year. This shall mean that the annual escalation will be at the rate of Rs.0.056 per Kwhr. This tariff shall be applicable to the delivered energy upto the extent of 12 Mw from 20 MW Cogeneration Plant only.
- 4.2 From the 11th year on words, from the Commercial Operation Date, Corporation shall pay to the Company for the energy delivered at the Metering Point at a rate based on operating costs and incentives to be agreed upon mutual negotiations. In case the Parties do not arrive at a mutual agreement on the tariff, the Company shall be permitted to sell energy to third parties and enter into a Wheeling and Banking Agreement with Corporation to sell power through the Corporation grid for which it shall pay wheeling charges to Corporation at the rates applicable from time to time in addition to banking charges at the rates applicable from time to time as approved by the Commission based on the month end balance of the energy banked.
- 4.3 The Company shall agree to pay to the Corporation, on or before signing of this Agreement, at the rate of Rs. 37,000/- [Rupees Thirty Seven Thousand only] per MW of Installed Capacity and for fractions thereof on a pro rata basis as a one time lump sum payment for the sole purpose of providing the required MVAR capacity at the sub-station of the Corporation to which the Project is interconnected to supply the requisite reactive power to the Grid system.

ARTICLE 5

BILLING AND PAYMENT

- 5.1 Tariff Invoices: The Company shall submit to the Chief Engineer Elcey, Corporation's Load Despatch Centre, Bangalore or any other designated officer of Corporation, a Tariff Invoice for each Billing Period in the format prescribed by Corporation from time to time setting forth those amounts payable by Corporation for the Delivered Energy in accordance with Article 4.1.
- 5.2 Payment: Corporation shall make payment of the amounts due in Indian Rupees within fifteen (15) days from the date of delivery of the Tariff Invoice by the Company to the designated office of Corporation.