Salil S Arya

From: Joshi Sunil V [svjoshi@tpc.co.in]

Sent: Tuesday, September 11, 2007 1:08 PM

To: salilarya@dwarikesh.com

Subject: Purchase of surplus co-gen power

Attachments: General terms and conditions.doc

Dear Mr. Salil Arya,

This is with reference to our discussion on phone as well as at the office of IREDA in Delhi, regarding Purchase of surplus co-gen power from your existing as well as upcoming plants.

We take this opportunity to **introduce ourselves to you**. Tata Power Trading Company Ltd. (TPTCL) is a wholly owned subsidiary of the Tata Power Company Ltd, India's largest private sector power utility. The Company has emerged as a pioneer in the Indian power sector, with a track record of performance, customer care and sustained growth. Tata Power Trading Company Ltd. (TPTCL) is the first company in the country to be awarded a power trading license by Central Electricity Regulatory Commission. With the Technical, Managerial and Financial backing of its parent, TPTCL will provide an unmatched range of services, customer care and complete payment security to its customers at most competitive rates.

We understand that you are in position to supply some tradable surplus power on the round the clock (RTC) basis from your co-generation plant and we take this opportunity to show our interest in trading the same at most competitive rates and on mutually agreed terms and conditions. We are already trading the surplus co-generation power of many Sugar Companies and would like to establish similar business relationship with your organization also.

Tata Power Trading Company would consider entering into mutually beneficial business relationship with M/s Dwarikesh Sugar Ltd. as its privilege and would like to assure you a high degree of professionalism and transparency in business relationship to ensure Win-Win situation for both the organizations.

I take this opportunity to explain you about the **mechanism of power trading**.

After signing the Power purchase agreement between both of us, Tata power trading co. ltd. (TPTCL) will purchase the power from M/s Dwarikesh Sugar Ltd. (DSL) and will arrange to sell the same to customer anywhere in India. The point of delivery will be 132 kv interconnection between your plant and the UPPCL grid. TPTCL will also arrange for booking the transmission corridor required for power to flow. For this purpose, TPTCL will apply for the open access to Regional Load Despatch Center and co-ordinate with the authorities to get the approval. TPTCL initially will make the payment. The charges upto the delivery point will be borne by the supplier. (In your case it will be NIL)

Once the corridor is booked then the power will be scheduled daily. DSL will have to install the Special Energy Meter (SEM) to monitor the actual power flow. TPTCL will pay DSL as per the power scheduled. DSL will raise the energy bills every week, and TPTCL will make the payment within 10 days. TPTCL will be entitled for 2% rebate on the bill amount for timely payment and will pay penalty @ 15%p.a. if bills are not paid with in 30 days. As a payment security mechanism, TPTCL will open LC equivalent to the amount of 7 days bill. DSL may negotiate the LC only on non-payment. The rate of power purchased will vary seasonally through out the year as per the demand-supply situation in the market. TPTCL will make the back to back arrangements with the buyer and hence will not have any liability.

TPTCL can offer the **rate up to Rs. 4.50**, which is much better than the rate currently offered by UPPCL.

In this regard we would like to get further information from you on the following points:

1. The capacity in terms of **MWs** that you will be able to despatch on Round The Clock (RTC) basis during

season and non-season

2. Voltage level at the point of interconnection with state transmission utility (STU) grid indicating clearly whether interconnection is at Distribution level (below 66 kV) or **at Transmission level (66 kV and above)**
3. Whether interconnecting transmission system with STU is an **independent radial feeder** or whether it is looped with other industries
4. Whether you have a **special energy meter (SEM meter)** which is frequency based energy measuring device, suitable for Availability Based (ABT) metering.
5. What is the term of your existing PPA with UPPCL and Does your PPA allow selling to third party like a power trader the full capacity of your plant or only part of it. Whether UPPCL will give the permission to export this power at your discretion.

We will be thankful to you if you can arrange to send the copy of your PPA with UPPCL

Also please find attached the general terms and conditions of the PPA with TPTCL.

The average annual rate offered is Rs. 3.61 per unit and also we will pass on the additional rate we get from the end buyer after retaining our legitimate trading margin of maximum 3%.

Looking forward to a favorable response from you and assuring you of our best attention.

Thanking you,

Sunil Joshi

Tata Power Trading Company Ltd.

MUMBAI

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