

**DRAFT**

**POWER PURCHASE  
AGREEMENT BETWEEN**

**POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH  
LIMITED  
AND**

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

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

1. This Power Purchase Agreement (“Agreement”) entered into this day of \_\_\_\_\_2014 between \_\_\_\_\_Power Distribution Company of Andhra Pradesh Limited (DISCOM), incorporated by the Government of Andhra Pradesh in accordance with the Andhra Pradesh Electricity Reform Act 1998 (Act No.30 of 1998), under the provisions of Companies Act, 1956, having its office at \_\_\_\_\_, India, hereinafter referred to as the “DISCOM” (which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) as 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 assigns) as second party;
2. WHEREAS, the Solar Power Developer has been selected as the Successful Bidder through an open competitive bidding process conducted by the authorized representative of the DISCOM and is setting up the Solar Power Project of \_\_\_\_\_MW capacity at \_\_\_\_\_Village, \_\_\_\_\_District, Andhra Pradesh (hereafter called the “Project”) with a proposal of \_\_\_\_\_MW for Sale to DISCOM as detailed in Schedule 1 attached herewith and the LoIs issued by APSPDCL, Authorised Representative is enclosed as Schedule – 3.
3. WHEREAS, APTRANSCO/DISCOM has no obligation to recommend to any department for the grant of permissions/sanctions for the Solar Power Project. The Solar Power Developer shall on its own obtain permissions/ sanctions from Govt. authorities, if any required for establishing the project.
4. And whereas Solar Power Developer desires to sell entire solar energy from the Contracted Capacity to DISCOM in accordance with the direction by GoAP vide Lr. No. No.1943/Pr-II/A2/2014, dated 23-07-2014.

5. WHEREAS, the Solar Power Developer shall achieve Commercial Operation Date as per the timelines stipulated in this Agreement, in the default of which, the Solar Power Developer's Performance Bank Guarantee will be liable for forfeiture and agreement will also be liable for termination as per provisions of the agreement.

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

6. WHEREAS, it has been agreed that the Project will 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.
7. WHEREAS, the Project proposed at Village, District will be connected at the voltage 220/132/33 KV or 132/33 kV or 33/11 KV *[insert name of the Location as per LOI]* grid substation for 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 already technically approved capacity.
8. The terms and conditions of this Agreement are subject to the provisions of the Electricity Act/Rules and also subject to relevant Regulations, if any, issued by the APERC from time to time.
9. The Solar Power Developer shall only deploy commercially established technologies for generation of Solar Power.
10. The Solar Power Developer shall not be eligible for obtaining RECs for energy generated from this Project and supplied to DISCOMs under this PPA.
11. This Agreement shall come into force subject to APERC's approval under Section 63 of Electricity Act, 2003.
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**

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. In absence of availability of definitions in the foregoing references, the capitalized terms shall be interpreted in accordance with the Electricity Act 2003, the APERC/CERC (Terms and Conditions of Tariff Regulations 2004), Grid Code or any other relevant electricity law, rule or regulation prevalent in India, as amended or re-enacted from time to time, in that order

“**Act**” shall mean the Electricity Act, 2003 and include any modifications, amendments and substitution from time to time;

“**Agreement**” shall mean this Power Purchase Agreement including the articles, schedules, amendments, modifications and supplements made in writing by the parties from time to time.

“**APERC**” shall mean Andhra Pradesh Electricity Regulatory Commission

“**APTRANSCO**” shall mean Transmission Corporation of Andhra Pradesh incorporated under the Company Act 1956.

“**Authorised Representative**” shall mean the body corporate authorised by the AP DISCOM(s) i.e. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) to carry out the bidding process for the selection of the Successful Bidder(s)

“**Bidding Company**” shall refer to such single Company that has submitted the Bid in accordance with the provisions of the RfS

“**Bidding Consortium**” or “**Consortium**” Shall refer to a group of Companies that have collectively submitted the Bid in accordance with the provisions of the RfS

“**Billing Date**” shall mean the fifth (5<sup>th</sup>) Working day after the Meter Reading Date.

“**Billing Month**” shall mean the period commencing from 25<sup>th</sup> of the calendar month and ending on the 24<sup>th</sup> of the next calendar month.

“**Capacity Utilization factor**” (“**CUF**”) shall mean 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.

“CERC” shall mean Central Electricity Regulatory Commission formed under Section 76 of the Electricity Act 2003.

“Change in Law” shall mean the same as provided in Article 13 of this Agreement.

“Commercial Operation Date”/ “Date of Commercial Operation” (“COD”) shall mean, the date on which the Project is declared by the Solar Power Developer to be operational (which means Project is able to inject contracted capacity to Grid), provided that the Solar Power Developer shall not declare a Generating unit to be operational until such Generating unit has met the conditions of the Clause 3.10.

“Conciliation Period” shall mean 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;

“Controlling Shareholding” shall mean not less than 51% of the voting rights and paid up share capital (including fully, compulsorily and mandatorily convertible Preference shares/ Debentures) in the Company/Consortium;

“Contracted Capacity” shall mean [insert capacity here] MW contracted with DISCOM for supply by the Solar Power Developer to DISCOM at the Interconnection Point from the Project

“Delivered Energy” shall mean, 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 both energy meters at the Interconnection Point during that Billing Month at the designated substation of APTRANSCO/DISCOM.

**Explanation 1:** For the purpose of clarification, 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 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 will be procured as per Article 2 of this Agreement

**“Delivery Point”** shall be the Interconnection Point at which the Solar Power Developer shall deliver power to the APTRANSCO/DISCOM

**“Delivery Voltage”** shall mean the voltage \_\_\_\_kV [Insert 220/132/33 KV] at the Interconnection Point for the Delivered Energy

**“Due Date of Payment”** shall mean 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 holiday, the next working day shall be considered as last date.

**“Effective Date”** shall mean the date of signing of this Power Purchase Agreement (PPA) by both the parties;

**“Financial Year”** shall mean, 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.

**“Financing Agreement”** shall mean 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 in anyway increasing the liabilities of APTRANSCO/ DISCOM;

**“Financial Bid”** shall mean the information provided by the SPD as per the Format 6.10 prescribed in RfS as a part of its Bid and enclosed in Schedule 5

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

**“Grid Code”** shall mean the Indian Electricity Grid Code issued by CERC vide Notification

No. L-1/18/2010-CERC, New Delhi, 28-04-2010 including any amendments and modifications thereto and/or AP Grid Code, as amended from time to time. In case of conflict between Indian Electricity Grid Code and AP Grid Code, the provisions of APERC Grid Code shall prevail.

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

**“Interconnection Facilities”** shall mean all the equipment and facilities, including, but not limited to, all metering facilities, switchgear, substation facilities, transmission lines and related infrastructure and required land for bay (if required), 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 entire expenditure of Interconnection Facilities for power evacuation as per the sanctioned estimate by the DISCOM.

**“Interconnection Point”** shall mean the point or points where the Project and the grid system of \_\_\_TRANSCO/ DISCOM are interconnected at the grid substation of \_\_\_TRANSCO/DISCOM. The metering for the Project will be provided at the interconnection point as per Clause 4.1

**“Interconnection Substation”** shall mean the substation where the Project and the APAPTRANSCO/DISCOM grid system are interconnected.

**“Lead Member of the Bidding Consortium” or “Lead Member”** There shall be only one Lead Member, having the largest shareholding of not less than 51% in the Bidding Consortium and cannot be changed till 1 year after the Commercial Operation Date (COD) of the Project

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

**“Meter Reading Date”** shall mean the 25<sup>th</sup> (twenty fifth) day of each calendar month, at 12:00 hours, at the Interconnection Point.

**“Metering Point”** shall mean points where metering shall be provided for Project and shall be as follows:

Both meters (main & check) shall be provided at the Interconnection Point for purposes of recording of Delivered Energy of the Project; and

A standby meter shall be provided at the same point as per CEA norms.

Metering point shall have three separate sets of 0.2s class accuracy ABT meters as specified

in Clause 4.1, main meter, check and standby meter installed by the Solar Power Developer and all meters sealed by the DISCOM, having facilities to record both export and import of electricity to / from the grid.

**“Performance Bank Guarantee (PBG)”** shall mean any Bank Guarantee (BG) furnished by the Solar Power Developer to DISCOM before signing of the PPA as per the terms of the RfS and as per format specified in Schedule 4 of this PPA, to assure timely and satisfactory completion of a Project by a developer and enclosed photocopies in Schedule 6

**“Project”** shall mean the solar power generation facility of Installed Capacity of.....MW, located at\_\_\_\_\_Village,\_\_\_\_\_district, Andhra Pradesh; 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, equipment, 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;

**“Project Company”** shall mean the Company incorporated by the Bidder as per Indian Laws for the implementation of Project selected based on the RfS

**“Prudent Utility Practices”** shall mean 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.

**“Quoted Tariff”** shall mean charges for the first Tariff Year after commencement of supply of power as per the terms of the PPA, 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 APSPDCL/02/LTSP/2014 issued by APSPDCL on 14/08/2014

**“RfS document”** shall mean the bidding document issued by Authorised Representative including the PPA and all attachments vide RfS no. APSPDCL/02/LTSP/2014 dated 14/08/2014 for ‘Selection of Grid Connected Solar Photo Voltaic Projects' in the state of Andhra Pradesh and/or modified/amended/revised thereafter

**“Scheduled COD”** shall mean within Twelve (12) months for the Projects where Delivery Voltage is 33 kV and within Fifteen (15) months for the Projects where Delivery Voltage is 132 KV and 220

kV from the Effective Date.

“**SLDC**” shall mean the State Load Dispatch Center as notified by the State Government under the provisions of the Electricity Act 2003.

“**Solar Power**” shall mean power generated from the Solar Photovoltaic Project.

“**Solar Power Project**” shall mean an SPV Project.

“**Solar Photovoltaic Project**” or “**Solar PV**” or “**SPV**” shall mean 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.

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

“**Solar Power Developer or SPD**” shall mean the Bidder who has been selected based on the RfS

“**Tariff**” shall have the same meaning as provided for in Article 2 of this Agreement.

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

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

“**Unit**” when used in relation to the solar generating equipment, shall mean the set of solar panels multiplied by their name plate capacity in MW in case of Solar PV Project and when used in relation to electrical energy, means Kilo Watt Hour (kWh).

“**Voltage of Delivery**” shall mean 220 kV or 132 kV or 33 kV being the voltage at which the electrical energy generated by the Project is required to be delivered to the APTRANSCO/DISCOM grid substation at the Interconnection Point.



All other words and expressions used herein and not defined herein but defined in AP 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 All the Delivered Energy as mentioned in Schedule 1, at Interconnection Point for sale to DISCOM will be purchased at the Tariff provided as per this Article 2 limited to capacity of the Project only, after the Date of Commercial Operation of the Project and title to Delivered Energy purchased shall pass from the Solar Power Developer to the DISCOM at the Interconnection Point.

2.2 The DISCOM shall pay Tariff to the Solar Power Developer computed in the following manner-

**First Tariff Year Tariff:**

“Tariff Year One (1)” i.e.  $T_1 = [Insert Quoted Tariff in Rs. per kwh that was submitted by the SPD as part of the Financial Bid in response to the RfS]$

**Second Tariff Year to Ten (10<sup>th</sup>) Tariff Year Tariff:**

Tariff from “Tariff Year Two (2) till Tariff Year Ten (10) in Rs. per kwh –

i.e.  $T_i = (T_{i-1}) * (1+3\%)$ , where  $2 \leq i \leq 10$

**Eleven (11<sup>th</sup>) Tariff Year to Twenty Five (25<sup>th</sup>) Tariff Year Tariff:** (firm tariff equal to tariff in tenth year)

Tariff from Eleven (11<sup>th</sup>) Tariff Year till the Term of the PPA will be same as Tariff in the Ten (10<sup>th</sup>) Tariff Year without any further escalation.

2.3 The Tariff payable by the DISCOM will be inclusive of all taxes, duties, levies and insurance premiums to be borne by the Solar Power Developer.

2.4 All future increase in taxes, duties and levies on energy generated will have to be borne by the Solar Power Developer.

2.5 The Solar Power Developer, at any time during validity of this Agreement, shall not add any extra solar modules/equipment more than the Contracted Capacity.

2.6 The SPD will be required to submit a copy of the audited annual accounts along with tax audit report supplemented with a copy of Income Tax return for the first 05 years from Date of Commercial Operations (COD) of the 1st Unit of the Solar Power Project.

2.7 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. Further,

- a) For Delivered Energy corresponding to more than 25% CUF, the applicable Tariff shall be 50% of the Tariff calculated as per Article 2 of this Agreement. The above metric of 25% CUF shall be computed on Tariff Year basis.
- b) For any tariff year, the minimum CUF should be greater than or equal to 14%. The solar power developer is liable to pay compensation to DISCOMs if the CUF is less than 14%. The amount of compensation shall be payable at 25% of the Tariff for that Tariff Year calculated as per Article 2 for the shortfall in energy delivered below the minimum CUF limit of 14%. The same will be recovered from the bills payable to the SPD.

**Explanation:** If the CUF corresponding to the energy generation in any Tariff Year is 12%, then the generator shall pay the compensation for the energy shortfall corresponding to 2% CUF (CUF 14% minus CUF 12%).

2.8 The Solar Power Developer is entitled to draw the power for its auxiliary consumption, the limit of which is specified in Schedule-1 from DISCOM. 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 developer at Interconnection Point - Energy drawl from DISCOM for auxiliaries.**

**However, in case Net Energy in the above calculation is negative, i.e. there is NO Delivered Energy by the SPD at the Interconnection Point, then the Energy Drawl from the DISCOM shall be billed at the applicable tariff of HT-1 category consumers.**

Explanation: The Solar plants during the plant shut down/non-generation periods shall draw the energy from DISCOM only for the essential loads not exceeding auxiliary consumption.

**ARTICLE 3**  
**INTERCONNECTION FACILITIES, SYNCHRONIZATION, COMMISSIONING**  
**AND COMMERCIAL OPERATIONS**

- 3.1 Upon receipt of a requisition from the Solar Power Developer, APTRANSCO/DISCOM will prepare an estimate for arranging 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 sanctioned estimate.
- 3.2 APTRANSCO and DISCOM may also permit the Solar Power Developer to execute the Interconnection Facilities for power evacuation as per the sanctioned estimate at its discretion duly collecting the supervision charges as per procedure in vogue.
- 3.3 The Solar Power Developer shall own, operate and maintain Interconnection Facilities from Project to grid sub-station from time to time and necessary expenditure shall have to be borne by the Solar Power Developer. The maintenance work at the grid sub-station and connected bay and equipment has to be done in coordination with the APTRANSCO and DISCOM authorities. If APTRANSCO/DISCOM carryout the O&M work, the power producer shall pay such expenses to APTRANSCO/DISCOM as applicable.
- 3.4 Any modifications or procedures or changes in arranging Interconnection Facilities for power evacuations rest with APTRANSCO and DISCOM.
- 3.5 DISCOM reserves the right to add any additional loads on the feeder without detriment to the existing generator/solar plants on the same feeder.
- 3.6 The Solar Power Developer shall be responsible to operate the Project as envisaged under this Agreement & to provide appropriate facility/ instrumentation/metering arrangement as per Clause 4.1.
- 3.7 The Solar Power Developer shall deploy components/equipment for the SPV complying with approved/minimum technical standards as per International Electro technical Commission (“IEC”) & Bureau of Indian Standards (“BIS”) or technical standards that are as specified by Ministry of New and Renewable Energy (“MNRE”) as amended from time to time at the cost of the Solar Power Developer.

### **3.8 Acceptance/Performance Test**

Prior to synchronization of the Project as per Clause 3.10, the Solar Power Developer shall be required to get the Project certified for the requisite Acceptance/Performance test as may be laid down by CEA/ APERC/APTRANSCO or an agency identified by APTRANSCO/DISCOM to carry out testing and certification for the Solar Power Projects.

### **3.9 Verification by APTRANSCO/DISCOM**

3.9.1 The Solar Power Developer shall be further required to provide entry to the site of the project free of all encumbrances at all times during the Term of the Agreement to APTRANSCO/DISCOM for inspection and verification of the works being carried out by the Solar Power Developer at the site of the Project.

3.9.2 The APTRANSCO/DISCOM may verify the construction works/operation of the Project being carried out by the Solar Power Developer and if it is found that the construction works/operation of the Project is not as per the Prudent Utility Practices, it may seek clarifications from Solar Power Developer or require the works to be stopped or to comply with the instructions of such third party.

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

3.10.1 The Solar Power Developer shall give a written notice to the concerned SLDC and DISCOM, at least sixty (60) days in advance to the date on which it intends to synchronize the Project to the grid system.

3.10.2 The Project may be synchronized by the Solar Power Developer to the grid system when it meets all the connection conditions prescribed in applicable Grid Code then in effect and otherwise meets all other Indian legal requirements for synchronization to the grid system.

3.10.3 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 is granted by the head of the concerned sub-station/grid system and checking/verification is made by the concerned authorities of the grid system.

3.10.4 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 applicable Grid Code.

3.10.5 The Solar Power Developer shall commission the Project within timelines defined for Scheduled COD as per this Agreement, and any delay of the same is subject to the penalties stated in Clause 10.5 of this Agreement.

## **ARTICLE 4**

### **METERING AND PROTECTION**

- 4.1 The Solar Power Developer shall install main meter, check meter of static type 0.2s class accuracy of ABT Meters at the Interconnection Point. Also, Solar Power Developer shall install stand by meter of same accuracy as per norms fixed by CEA/APERC/APTRANSCO. The main meter, check meter and stand by meter will each consist of a pair of export and import parameters with facility for recording meter readings using meter recording instrument. For the purpose of uniformity, the Solar Power Developer shall follow metering specifications as developed by the DISCOM from time to time and as per Metering Code. The Solar Power Developer shall be responsible to enable remote monitoring of generation (providing of AMR modules to the billing meters by Solar Power Developer).
- 4.2 All of the meters required to be installed pursuant to Clause 4.1 above, shall be jointly inspected and sealed on behalf of both parties and shall not be interfered with, tested or checked except in the presence of representatives of both parties and as per Metering Code.
- 4.3 The meter readings from the main meters will form the basis of billing. If any of the meters required to be installed pursuant to Clause 4.1 above are found to be registering inaccurately the affected meter will be immediately be replaced.
- 4.4 Where the half yearly meter check indicates an error in one of the main meter/meters beyond the limits for such meter but no such error is indicated in the corresponding check meter/meters, billing for the month will be done on the basis of the reading on the check meter/meters and the main meter will be replaced immediately. If both the main and check meters indicate an error beyond the limits, billing for the month will be reconciled on the basis of the reading on the standby meter/meters, and the main and check meters will be replaced immediately.
- 4.5 If during the half yearly test checks, all the main meters and the corresponding check meters and standby meters are found to be beyond permissible limits of error, all the meters shall be immediately replaced and 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 Delivered Energy billing, whenever necessary, shall be applicable to the

period between the previous monthly meter reading and the date and time of the test calibration in the current month when the error is observed and this correction shall be for the full value of the absolute 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 If all the main, check and standby meters fail to record or if all/any of the PT fuses are blown out, then the energy will be computed on a mutually agreeable basis for that period of defect.
- 4.8 The main, check and standby meters shall be tested and calibrated once in a Financial Year utilizing a standard meter of 0.02 class accuracy testing meter (“Standard Meter”). The Standard Meter shall be calibrated once in every year at the approved Laboratory by Government of India / Government of Andhra Pradesh as per Terms and Conditions of supply. The testing of meters shall be carried out as per APERC/APTRANSCO/DISCOM rules and regulations.
- 4.9 All main, check and stand by meter tests shall be jointly conducted by the authorized representatives of both the parties and the results and correction so arrived at mutually will be applicable and binding on both the parties.
- 4.10 On the Meter Reading Date of each month, meter readings shall be taken (and an acknowledgement thereof signed) by the authorized representatives of both parties.
- 4.11 Within six (6) months, following the execution of this Agreement, the Solar Power Developer and the APTRANSCO/DISCOM shall mutually agree to 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 in order for the Solar Power Developer 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 APERC/CEA norms from time to time.
- 4.16 Any change in rupturing capacity of switch-gear, settings of the relays, etc., shall be subject to approval of the APTRANSCO/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 APTRANSCO/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 APTRANSCO/DISCOM network due to parallel operation with the network.
- 4.19 The Solar Power Developer shall control and operate the Project as per Prudent Utility Practices. The APTRANSCO/DISCOM shall only be entitled to request the Solar Power Developer to reduce electric power and energy deliveries from the Project during a System Emergency, and then only to the extent that in the APTRANSCO/DISCOM's reasonable judgment such a reduction will alleviate the emergency. The DISCOM shall give the Solar Power Developer as much advance notice of such a reduction as is practicable under the circumstances and shall use all reasonable efforts to remedy the circumstance causing the reduction as soon as possible. Any reduction required of the Solar Power Developer hereunder shall be implemented in a manner consistent with safe operating procedures.
- 4.20 SLDC may instruct the Solar plant to back down generation on consideration of grid safety and security or safety of any equipment or personnel is endangered and solar plant shall comply with the same. For this, the Solar Power Developer shall provide Data Acquisition System ("DAS") facility compatible to SLDC Supervisory Control and Data Acquisition ("SCADA") system in consultation with SLDC for transfer of online information to concerned SLDC as per the clause No. 5.2.U of APERC Grid Code and IEGC 2010 & APERC Grid Code.

- (i). SLDC may direct the Solar Power Developer to curtail its VAR / 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 (inrush currents in case of induction plants) shall not affect grid performance

4.21 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 are adhered to.

4.22 The Solar Power Developer will install necessary current limiting devices such as thyristors etc, if required. The Solar Power Developer shall provide protection system in compliance to grid code requirement for short circuit level, neutral grounding, current unbalance, limiting of harmonics, fault- clearing time etc. A generating unit may be synchronized to the state grid system, when the Solar Power Developer has obtained permission for synchronization after meeting system requirements and such generating unit complies with Prudent Utility Practices.

4.23 Harmonics: The generator shall ensure that the harmonics injected into the grid shall conform to the grid specifications as specified by APERC/CERC from time to time.

**ARTICLE 5**  
**BILLING AND PAYMENT**

- 5.1 For the Delivered Energy purchased, 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 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, DISCOM shall pay interest at prevailing SBI bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction.
- 5.3 The DISCOM shall pay the bill on monthly basis as per Clause 5.5, by opening a one month revolving Letter of Credit in favour of Solar Power Developer.
- 5.4 **Letter of Credit:** Not later than 30 days prior to the Scheduled COD of the Generating Unit, DISCOM shall cause to put in place an irrevocable revolving Letter of Credit issued in favour of Solar Power Developer by a Scheduled Bank (the “Letter of Credit”) for one month’s billing value.
- a. However Letter of Credit shall not be invoked for any disputed bill amount.
  - b. Further LC can be invoked only when DISCOMs fail to pay bill amount by due date of bill payment.
- 5.5 **Payment for bills raised:** Solar developer shall submit bills for the energy delivered during the billing period as per the provision of this PPA and there upon DISCOMs shall make payment for the eligible bill amount 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 Solar Power Developer in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. Solar Power Developer shall immediately take up issue with all relevant information with 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 there-for. The dispute may also be decided by mutual agreement. If the resolution of any dispute requires the DISCOM to reimburse Solar Power Developer, the amount to be reimbursed shall bear interest at prevailing SBI bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction from the date of disallowance to the date of reimbursement.

- 5.7 All payments by the DISCOM to Solar Power Developer hereunder shall be made to such address as may be designated by Solar Power Developer to the DISCOM in writing from time to time.

Address: M/s ,

Telephone: +91

Fax: +91

Mail ID

- 5.8 Notwithstanding anything stated in this PPA, the dispute of correctness or otherwise of the applicable Tariff, shall not be considered as billing dispute.

- 5.9 Further in the event, at any time, DISCOMs find that amount is due from Solar Power Developer either under this agreement or under any other transaction, 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 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 APTRANSCO/DISCOM officials.
- (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 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 licenses for operation of the Project and sale of energy to DISCOM there from under the provision of the relevant laws.
- (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 as per the rules & regulations in force as applicable from time to time in the State of AP.
- (vii) for achieving Financial Closure within 210 days from the date of signing of PPA.
- (viii) for achieving Commercial Operation Date within the timelines stipulated for Scheduled COD as per this Agreement.
- (ix) for seeking approval of APTRANSCO and DISCOM in respect of Interconnection Facilities with grid substation and synchronization of the Project with grid.
- (x) to install new machinery/modules in the plant.

- (xi) The Solar Power Developer shall not dismantle and take away Project machinery and Interconnection Facilities during the Term of the Agreement.
- (xii) To share Clean Development Mechanism (“CDM”) benefit with 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, as indicated below:
  - (1) The proceeds of carbon credit from approved CDM Project shall be shared between Solar Power Developer and 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, the share of the DISCOM shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion, by the Solar Power Developer and the DISCOM.
- (xiii) The Solar Power Developer shall abide by the minimum equity requirements as follows –
  - (1) After execution of PPA, 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 COD. Thereafter, any change can be undertaken under intimation to the DISCOM.
  - (2) Lead Member in the Consortium shall have the Controlling Shareholding in the Company having more than 51 of voting rights in the Company
- (xiv) Any other obligation related to ownership imposed on the SPD as per the provisions of the RfS.
- (xv) **Satisfaction of conditions subsequent by the SPD**

The SPD agrees and undertakes to duly perform and complete all of the following activities at the SPD’s own cost and risk within two hundred and ten (210) days from the date of signing of this Agreement, unless such completion is

affected by any Force Majeure event, or if any of the activities is specifically waived in writing by DISCOM

- (1) For obtaining all Consents, Clearances and Permits required for supply of power to DISCOM as per the terms of this Agreement;
- (2) For making project financing agreements and completing financial closure and shall provide necessary documents to DISCOM in this regard;
- (3) For making adequate arrangements to connect the Power Project switchyard with the Interconnection Facilities at the Delivery Point;
- (4) For producing the documentary evidence of the clear title and possession of the acquired land @ minimum 1.5 hectare /MW in the name of SPD. In this regard the SPD shall be required to furnish the following documentary evidences –
  - a. Ownership or lease hold rights (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. Certificate by the concerned and competent revenue/registration authority for the acquisition/ownership/vesting of the land in the name of the SPD.
  - c. Sworn affidavit from the Authorized person of the SPD listing the details of the land and certifying total land required for the Project under clear possession of the SPD.
  - d. A certified English translation from an approved translator in case above land documents are in languages other than English and Hindi.

## 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 COD of the Project subject to Article 3.
- (ii) For purchase of Delivered Energy from the Project as per Article 2.
- (iii) To co-ordinate with APTRANSCO/DISCOM and guide the Solar Power Developer in obtaining 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 Solar Power Developer shall take insurance for the project assets against losses due to

natural calamities, fire, riot and strike for replacement value.

#### 6.4 **Performance Bank Guarantee**

- (i) The Performance Bank Guarantee of INR 25 lakh/MW to be furnished under this Agreement and before signing of this PPA shall be for guaranteeing the commencement of the supply of power up to the Contracted Capacity within the time specified in this Agreement as per format provided in Schedule 4. The Performance Bank Guarantee of INR 30 lakh/MW shall be submitted in three (3) Nos. of Bank Guarantee in the ratio of 20%, 40% & 40% value. Performance Bank Guarantee will have a validity period of six months from the Scheduled COD as per this agreement.
- (ii) The failure on the part of the SPD to furnish the Performance Bank Guarantee before signing of this PPA 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, DISCOM shall return / release the Performance Bank Guarantee three (3) months after the Commercial Operation Date.
- (v) The return / 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 subsequent specified in Clause 6.1**

- (i) In case of a failure to submit the documents as above, DISCOM shall have the right to terminate this Agreement by giving a Termination Notice to the SPD in writing of at least seven (7) days. The termination of the Agreement shall take effect upon the expiry of the 7th day of the Notice.
- (ii) DISCOM shall be entitled to encash all the Performance Bank Guarantees submitted by the SPD.
- (iii) For the avoidance of 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 one or more of the conditions specified in Article 6.1 (xv) due to any Force Majeure event, the time period for fulfillment of the conditions subsequent 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 this Article 6.5, 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 Solar Power Developer shall not encumber, assign or mortgage project assets except for getting finance for execution of the project.

However the developer can transfer, sell, assign or mortgage the project assets in line with the provisions of 10.1.1 (i) (b).

## **ARTICLE 7**

### **DURATION OF AGREEMENT**

This Agreement is subject to para (5) of the Preamble and shall be effective upon its execution and delivery thereof between parties hereto and shall continue 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 by the parties, 90 days prior to the expiry of the said period, subject to the consent of the APERC. In such a case, the first right of refusal shall lie with the DISCOM. Any one or all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of APERC.

**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  
Fax : +91  
Email :

**If to the DISCOM:**

Attention :  
.  
Fax No. :  
Telephone No. :  
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 delivered upon receipt, including notices given by fax or mail regardless of the date of the confirmation of such notice is received.

8.3 Any party, may by 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 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 (“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 COD shall be deferred, for a reasonable period but not less than ‘day-for-day’ basis

subject to a maximum period of six (6) months from the Scheduled COD as per this agreement, to permit the Solar Power Developer or DISCOM through the use of due diligence, 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 Solar Power Developer or DISCOM, whichever is earlier.

**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,
  - (d) 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 six 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.

## **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 breach even within a period of thirty (30) days from a notice 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 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) 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 may terminate this Agreement by giving a written Termination Notice of thirty (30) days to the Solar Power Developer.

**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 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 under this Agreement can only be made with the condition that the selectee meets the eligibility requirements of RfS issued by DISCOM.

**10.3.6** The lenders may seek to exercise right of substitution 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 and shall have the duty and obligation to continue to operate the Project in accordance with this Agreement till such time as the substitution is finalized.

#### **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 Twelve (12) months for the projects where Delivery Voltage is 33 kV and within Fifteen (15) months for the projects where Delivery Voltage is 132 KV and 220 kV - from the Effective Date. In case of failing to achieve this milestone, DISCOM shall encash the Performance Bank Guarantee which was submitted by Solar Developer to the DISCOM before signing of the PPA, in the following manner:

Contracted Capacity commissioned but with delay:

- (a) Delay upto one (1) month – DISCOM will encash 20% of Performance Bank Guarantee (INR 5 lakh/MW) on per day basis proportionate to the Capacity not commissioned.
- (b) Delay of more than one (1) month and upto two months – DISCOM will encash 40% of the Performance Bank Guarantee (INR 10 lakh/MW) on per day basis proportionate to the Capacity not commissioned.
- (c) Delay of more than two and upto three months – DISCOM will encash the remaining 40% of the Performance Bank Guarantee on per day basis proportionate to the Capacity not commissioned.
- (d) In case the commissioning of Power Project is delayed beyond three (3) months from the Scheduled Commissioning Date, the SPD shall pay to DISCOM, the Liquidated Damages at rate of Rs 1,00,000/- per MW per day of delay for the delay in such remaining Capacity which is not commissioned. The amount of liquidated damages would be recovered from

the SPD from the payments due on account of sale of solar power to DISCOM.

- (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 six (6) months from the Scheduled COD as per this Agreement. In case, the commissioning of the Power Project is delayed beyond six (6) months from the Scheduled COD as per 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 six (6) months from the Scheduled COD as per this Agreement and the PPA for the balance Capacity will stand terminated.
- (f) For all other cases of Solar Power Developer Event of Default, procedure as provided in Clause 10.3 shall be applicable.

**ARTICLE 11**  
**DISPUTE RESOLUTION**

- 11.1 Each party shall designate in writing to the other party a representative who shall be authorized to resolve any dispute arising under this Agreement in an equitable manner.
- 11.2 Following 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 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 Failing resolution of the dispute in terms of the above provisions or even otherwise, any party may approach the APERC to resolve the dispute in terms of Section 86 (1) (f) of Electricity Act, 2003.
- 11.5 In the event of any conflict of interpretation in terms and conditions between RfS document and the clarifications issued under this RfS or in case of any ambiguity, the provisions of PPA would 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 APTRANSCO/DISCOM, subject to the condition that any further modification of the Agreement shall be done only with the prior approval of APERC. However, the amendments to the Agreement as per the respective orders of APERC from time to time shall be carried out. All the conditions mentioned in the Agreement are with the consent of APERC.
- 12.3 However, in respect of power evacuation, the voltage levels for interfacing with grid will 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 consent of the APERC.
- 12.7 This Agreement, including Schedules 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 sections of this Agreement.
- 12.9 The parties each agree to 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 Solar Power Developer if the resulting entity is able to perform Solar Power Developer's obligations hereunder in no less a manner than Solar Power Developer, the resulting entity shall take the right and responsibility for performance of 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.
- 12.13 DISCOM shall not be liable for any damage or loss due to loss of Grid connectivity or any other event related to Grid for what so ever reasons.
- 12.14 In case Andhra Pradesh is given a special category status by the Government of India, then all the financial benefits on the solar power plant due to the special category status shall have to be passed on by the SPD to the DISCOM.

## ARTICLE 13

### Change in Law

#### 13.1 Definitions

In this Article 13, the following terms shall have the following meanings:

"Change in Law" means the occurrence of any of the following events after the Effective Date resulting into any additional recurring/ non-recurring expenditure by the SPD or any income to the SPD:

- the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation) in India, of any Law, including rules and regulations framed pursuant to such Law;
- a change in the interpretation or application of any Law by any Indian Governmental Instrumentality having the legal power to interpret or apply such Law, or any Competent Court of Law;
- the imposition of a requirement for obtaining any Consents, Clearances and Permits which was not required earlier;
- a change in the terms and conditions prescribed for obtaining any Consents, Clearances and Permits or the inclusion of any new terms or conditions for obtaining such Consents, Clearances and Permits; except due to any default of the SPD;

#### 13.2 Relief for Change in Law

13.2.1 The aggrieved Party shall be required to approach APERC for seeking approval of Change in Law.

13.2.2 The decision of the APERC to acknowledge a Change in Law and the date from which it will become effective, provide relief for the same, shall be final and governing on both the Parties.

IN WITNESS WHEREOF, the Solar Power Developer (SPD) 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 LIMITED**

**WITNESS**

**1. By:**

**2. Its:**

**For and behalf of**  
**M/s.**

**WITNESS**

**1. By:**

**2. Its:**



## SCHEDULE 1

### Particulars of the Project

(Referred to in the Preamble to the Agreement)

NAME OF THE PROJECT AND ADDRESS	LOCATION	33/11 kV SUBSTATION or 132 kV/33 kV SUBSTATION	INTERCONNECTION POINT	TYPE OF PROJECT	CAPACITY OF THE PROJECT (MW)
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 copy of direction by GoAP for solar power procurement through competitive bidding route vide Lr. No.1943/Pr-II/A2/2014, dated 23-07-2014

## SCHEDULE 3

Attached copy of Letter of Intent issued by APSPDCL

#### SCHEDULE 4

(Note: -Performance Guarantee @ Rs.25 Lakh/MW is to be submitted in 3 Nos. of Bank Guarantee in the ratio of 20%, 40% & 40% Value.)

**(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution.)**

In consideration of the ..... [Insert name of the Bidder] (hereinafter referred to as selected 'Solar Power Developer') submitting the response to RfS inter alia for selection of the project of the capacity of ..... MW, at .....[Insert name of the place], for supply of power there from on long term basis, in response to the RfS dated \_\_\_\_\_ issued by APSPDCL (hereinafter referred to as "Authorized Representative") having its Registered Office at Tirupati, Andhra Pradesh and Authorized Representative considering such response to the RfS of .....[insert the name of the selected Solar Power Developer] (which expression shall unless repugnant to the context or meaning thereof include its executors, administrators, successors and assignees) and selecting the Solar Power Project of the Solar Power Developer and issuing Letter of Intent No ..... Dated .....to [Insert Name of selected Solar Power Developer] as per terms of RfS and the same having been accepted by the selected Solar Power Developer resulting in a Power Purchase Agreement (PPA) to be entered into, for purchase of Power [from selected Solar Power Developer or a Project Company, ..... {a Special Purpose Vehicle (SPV) formed for this purpose}, if applicable]. As per the terms of the RfS, the [insert name & address of bank] hereby agrees unequivocally, irrevocably and unconditionally to pay to [Insert name of the DISCOM with which PPA will be signed] at [Insert Name of the Place from the address of the DISCOM with which PPA will be signed] forthwith on demand in writing from DISCOM or any Officer authorized by it in this behalf, any amount upto and not exceeding Rupees----- [Total Value] only, on behalf of M/s \_\_\_\_\_[Insert name of the selected Solar Power Developer / Project Company]

This guarantee shall be valid and binding on this Bank up to and including \_\_\_\_\_ and shall not be terminable by notice or any change in the constitution of the Bank or the term of contract or by any other reasons whatsoever and our liability hereunder shall not be impaired or discharged by any extension of time or variations or alternations made, given, or agreed with or without our knowledge or consent, by or between parties to the respective agreement.

Our liability under this Guarantee is restricted to Rs. \_\_\_\_\_ (Rs. \_\_\_\_\_ only).

i) Nos ----- dated ----, Value -----; ii) Nos----- dated ----, Value ---; iii) Nos----- dated ----, Value ---).

Our Guarantee shall remain in force until \_\_\_\_\_[Insert date corresponding to Article 6.4

(i) of this PPA]. DISCOM shall be entitled to invoke this Guarantee till \_\_\_\_\_ [Insert date corresponding to thirty (30) days after the validity of Performance Bank Guarantee as per Article 6.4 (i) of the PPA].

The Guarantor Bank hereby agrees and acknowledges that the [Insert name of the DISCOM with which PPA will be signed] shall have a right to invoke this BANK GUARANTEE in part or in full, as it may deem fit.

The Guarantor Bank hereby expressly agrees that it shall not require any proof in addition to the written demand by [Insert name of the DISCOM with which PPA will be signed], made in any format, raised at the above mentioned address of the Guarantor Bank, in order to make the said payment to [Insert name of the DISCOM with which PPA will be signed].

The Guarantor Bank shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection by -----[Insert name of the selected Solar Power Developer / Project Company as applicable] and/or any other person. The Guarantor Bank shall not require [Insert name of the DISCOM with which PPA will be signed] to justify the invocation of this BANK GUARANTEE, nor shall the Guarantor Bank have any recourse against DISCOM in respect of any payment made hereunder

This BANK GUARANTEE shall be interpreted in accordance with the laws of India and the courts at Andhra Pradesh shall have exclusive jurisdiction.

The Guarantor Bank represents that this BANK GUARANTEE has been established in such form and with such content that it is fully enforceable in accordance with its terms as against the Guarantor Bank in the manner provided herein.

This BANK GUARANTEE shall not be affected in any manner by reason of merger, amalgamation, restructuring or any other change in the constitution of the Guarantor Bank.

This BANK GUARANTEE shall be a primary obligation of the Guarantor Bank and accordingly [Insert name of the DISCOM with which PPA will be signed] shall not be obliged before enforcing this BANK GUARANTEE to take any action in any court or arbitral proceedings against the selected Solar Power Developer / Project Company, to make any claim against or any demand on the selected Solar Power Developer / Project Company or to give any notice to the selected Solar Power Developer / Project Company or to enforce any security held by DISCOM or to exercise, levy or enforce any distress, diligence or other process against the selected Solar Power Developer / Project Company.

The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to [Insert name of the

*DISCOM with which PPA will be signed*] and may be assigned, in whole or in part, (whether absolutely or by way of security) by [*Insert name of the DISCOM with which PPA will be signed*] to any entity to whom [*Insert name of the DISCOM with which PPA will be signed*] is entitled to assign its rights and obligations under the PPA.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is restricted to Rs. \_\_\_\_\_(Rs. \_\_\_\_\_ only) and it shall remain in force until [*Insert date corresponding to Article 6.4 (i) of the PPA*]. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only if [*Insert name of the DISCOM with which PPA will be signed*] serves upon us a written claim or demand.

Signature \_\_\_\_\_

Name \_\_\_\_\_

Power of Attorney No. \_\_\_\_\_

For  
\_\_\_\_\_ [*Insert Name of the Bank*] \_\_\_\_\_

Banker's Stamp and Full Address. Dated  
this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

Witness:

1. ....

Signature

Name and Address

2. ....

Signature

Name and Address

Notes:

1. The Stamp Paper should be in the name of the Executing Bank.
2. The Performance Bank Guarantee shall be executed by any of the Bank from the List of Banks enclosed.

**List of Banks for Insurance of Bank Guarantees against PBG**

<b>1. SCHEDULED COMMERCIAL BANKS</b>	<b>2. OTHER PUBLIC SECTOR BANKS</b>
<b>SBI AND ASSOCIATES</b>	<b>IDBI Bank Ltd.</b>
<b>1. State Bank of India</b>	<b>3. FOREIGN BANKS</b>
<b>2. State Bank of Bikaner &amp; Jaipur</b>	<b>1. Bank of America</b>
<b>3. State Bank of Hyderabad</b>	<b>2, Bank of Tokyo Mitsubishi UFJ Ltd.</b>
<b>4. State Bank of Indore</b>	<b>3. BNP Paribas</b>
<b>5. State Bank of Mysore</b>	<b>4. Caylon Bank</b>
<b>6. State Bank of Patiala</b>	<b>5. Citibank N.A.</b>
<b>7. State Bank of Travancore</b>	<b>6. Deutsche Bank A.G</b>
<b>NATIONALISED BANKS</b>	<b>7. The HongKong and Shanghai Banking Corpn. Ltd.</b>
<b>1. Allahabad Bank</b>	<b>8. Standard Chartered Bank</b>
<b>2. Andhra Bank</b>	<b>9. Societe Generale</b>
<b>3. Bank of India</b>	<b>10. Barclays Bank</b>
<b>4. Bank of Maharashtra</b>	<b>11. Royal Bank of Scotland</b>
<b>5. Canara Bank</b>	<b>12. Bank of Nova Scotia</b>
<b>6. Central Bank of India</b>	<b>13. Development Bank of Singapore (DBS Bank Ltd.)</b>
<b>7. Corporation Bank</b>	<b>14. Credit Agricole Corporate and Investment Bank</b>
<b>8. Dena Bank</b>	<b>4. SCHEDULED PRIVATE BANKS</b>
<b>9. Indian Bank</b>	<b>1. Federal Bank Ltd.</b>
<b>10. Indian Overseas Bank</b>	<b>2. ING Vysya Bank Ltd.</b>
<b>11. Oriental Bank of Commerce</b>	<b>3. Axis Bank Ltd.</b>
<b>12. Punjab National Bank</b>	<b>4. ICICI Bank Ltd.</b>

<b>13. Punjab &amp; Sind Bank</b>	<b>5. HDFC Bank Ltd.</b>
<b>14. Syndicate Bank</b>	<b>6. Yes Bank Ltd.</b>
<b>15. Union Bank of India</b>	<b>7. Kotak Mahindra Bank</b>
<b>16. United Bank of India</b>	<b>8. IndusInd Bank Ltd.</b>
<b>17. UCO Bank</b>	<b>9. Karur Vysya Bank</b>
<b>18. Vijaya Bank</b>	
<b>19. Bank of Baroda</b>	

#### **SCHEDULE 5**

[SPD to insert the finalized Financial Bid ]

#### **SCHEDULE 6**

[SPD to insert the photocopies of the PBG ]