

POWER PURCHASE AGREEMENT BETWEEN

DISCOM

AND

FOR

Procurement of _____ MW of Power from Grid Connected Solar PV plants under PM-KUSUM Component-A Scheme to be developed in the State of Telangana

KUSUM-A Solar PPA No. _____ /2024-25

Dt.

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POWER PURCHASE AGREEMENT

This Power Purchase Agreement (PPA) (hereinafter shall be referred to as “**Agreement**”) is entered into on this the _____ day of ____ month, of ____ year

BETWEEN

_____ (Name of the Solar Power Generator), **either** individual farmers/ group of farmers / cooperatives/ Panchayats / Farmers Producer Organisations (FPO) / Water User Associations (WUA)/ Self Help Groups or their federations (Village Organisations(VO)) and Mandal Samakhyas or through developers herein after shall be referred as “**SPG**” which expression shall, unless repugnant to the context or meaning thereof, include its successors and permitted assigns and substitutes as a Party of the First Part.

AND

_____ (Name of the Distribution Company) is a company incorporated under the Companies Act 1956 and is the distribution licensee under provisions of the Electricity Act, 2003 in the State of Telangana registered office at _____ (hereinafter shall be referred to as **DISCOM**) which expression shall, unless it be repugnant to the context or meaning thereof, include it's administrators, successors, and assigns as a Party of the Second Part;

The SPG and DISCOM are individually referred to as “**Party**” and collectively referred to as “**Parties**”.

WHEREAS:

- A. Ministry of New and Renewable Energy (MNRE) has launched the Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM KUSUM) Scheme for farmers for installation of grid connected solar power plants in the country. The main aim of the scheme is to provide energy and water security to farmers and enhance their income, de-dieselize the farm sector, and reduce environmental pollution. The Government of India launched PM-KUSUM on 08.03.2019 and amendments issued from time to time.
- B. MNRE also issued Guidelines for Implementation of under Component-A of PM KUSUM Scheme on 4th December 2020 and issued subsequent guidelines and amendments thereto on 17-01-2024 and accorded sanction for 4000 MW for Telangana State under this Scheme.
- C. Telangana Renewable Energy Development Corporation Limited (TGREDCO) (hereinafter shall be referred to as “**TGREDCO**”) incorporated under the companies Act, 1956 being the State Nodal Cum implementing Agency for implementation of PM KUSUM Scheme in the State of Telangana **on behalf of TGDISCOMs** had initiated a selection process for procurement of cumulative capacity of 4000 MW of the power generated from Grid connected solar PV power projects under PM-KUSUM Component A Scheme on the terms and conditions contain in the EOI No. _____, dated: _____.
- D. The SPG has been selected in the Process for development, generation and supply of electricity from the _____MW of Solar PV Power Project to be established by SPG at

_____ [location of proposed power plant] and electricity generated to be fed to the _____ [Name and location of 33/11 kV DISCOM sub-station]

- E. TGREDCO on behalf of TGDISCOMs has issued the Letter of Award (LOA) No _____ dated _____ in favour of the SPG for development and establishment of the _____ MW _____ Power Project as per the terms and conditions contained in the EOI.
- F. The SPG has furnished the Performance Bank Guarantee for the sum of Rs _____ in favour of TGREDCO as per the format prescribed by the TGREDCO.
- G. The SPG has fulfilled the terms and conditions for signing this Power Purchase Agreement as a definitive agreement for establishing the Solar Power Project of _____ MW at _____, for generation and sale of electricity by the SPG to DISCOM on 11KV Bay of the _____ 33/11KV substation along with Metering and RMS facility for the solar plant.
- H. The parties have agreed to execute this Power Purchase Agreement in terms of the EOI and the Letter of Award (LOA) in regard to the terms and conditions for establishment of the Solar Power project along with Metering and RMS facility at, and for generation and supply of electricity by the SPG to DISCOM.

Now therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, it is hereby agreed by and between the Parties as follows:

ARTICLE 1: DEFINITION AND INTERPRETATION

1.1. Definitions

The terms used in this Agreement, unless as defined below or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed there under, including those issued/framed by the Appropriate Commission (as defined hereunder), as amended or re-enacted from time to time.

"Accounting Year"	means the financial year commencing from the first day of April of any calendar year and ending on the thirty-first day of March of the next calendar year.
"Affected Party"	shall have the meaning set forth in Article 12.2
"Applicable Laws"	means all laws, brought into force and effect by GOI or the State Government including rules, regulations and notifications made thereunder, and judgments, decrees, injunctions, writs and orders of any court of on record, applicable to this Agreement and the exercise, performance and discharge of the respective rights and obligations of the Parties hereunder, as may be in force and effect during the subsistence of this Agreement;
"Arbitration Act"	means the Arbitration and Conciliation Act, 1996 and shall include modifications to or any re-enactment thereof, as in force from time to time;
"Act" or "Electricity Act,2003"	shall mean the Electricity Act, 2003 and include any

	modifications, amendments and substitution from time to time;
"Agreement" or "Power Purchase Agreement" or "PPA"	shall mean this Power Purchase Agreement including its recitals and Schedules, amended or modified from time to time in accordance with the terms hereof;
Appropriate Commission	Unless otherwise stated, it shall be the Commission of the State or TGERC.
"Bill Dispute Notice"	shall mean the notice issued by a Party raising a Dispute regarding a Monthly Bill or a Supplementary Bill issued by the other Party;
"Business Day"	shall mean with respect to SPG and TGDISCOMS , a day other than Sunday or a statutory holiday, on which the banks remain open for business in Telangana;
"Capacity Utilization Factor" or "CUF"	Shall have the same meaning as provided in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 as amended from time to time. CUF in a Year shall mean the ratio of the net output energy injected at delivery point of the SPV Power Plant in a Year versus installed Project capacity x 365 x 24 (i.e. CUF = Cumulative Project output in KWh / (installed Project capacity in KWp x 24 x 365))
"Change in Law"	shall have the meaning ascribed thereto in Article 13 of this Agreement
"COD" or "Commercial Operation Date"	shall mean the date certified by the committee nominated by TGDISCOMs upon successful commissioning (as per provisions of the PPA) of the project when all equipments as per rated capacity have been installed and energy has flown into the grid
"Competent Court of Law"	shall mean any court or tribunal or any similar judicial or quasi-judicial body in India that has jurisdiction to adjudicate upon issues relating to this Agreement
"Consents, Clearances and Permits"	shall mean all authorizations, licenses, approvals, registrations, permits, waivers, privileges, acknowledgements, agreements, or concessions required to be obtained from or provided by any concerned authority for the purpose of setting up of the generation facilities and/ or supply of power.
Permits	Privileges, acknowledgements, agreements, or concession required to be obtained from or provided by any concerned authority for the purpose of setting up of the generation facilities and/or supply of power
"Consultation Period"	shall mean the period of Ninety (90) days or such other longer period as the Parties may agree, commencing from the date of issuance of a SPG Preliminary Default Notice or TGDISCOM Preliminary Default Notice as provided in Article 14.4.2 of this Agreement, for consultation between the Parties to mitigate the consequence of the relevant event having regard to all the circumstances.
Contract Year	Shall mean the period beginning from the effective date and ending on the immediately succeeding March 31 and thereafter each period of 12 months beginning on April 1 and ending on March 31 provided that:

	<p>(i) In the financial year in which the COD would occur, the contract year shall end on the date immediately before the COD and a new contract year shall commence once again from the COD and end on the immediately succeeding March 31, and thereafter each period of 12 Months commencing on April 1 and ending March 31.</p> <p>(ii) Provided further that the last contract year of this agreement shall end on the last day of the term of this agreement</p>
"Contracted Capacity"	shall mean MW contracted with DISCOM for supply of power by the SPG to DISCOM at the Delivery Point(s) from the Solar Power Project
"CERC"	shall mean the Central Electricity Regulatory Commission of India, constituted under sub – section (1) of Section 76 of the Electricity Act, 2003, or its successors.
"Company"	means the Company acting as the SPG under this Agreement;
"Conditions subsequent"	shall have the meaning set forth in Article 3
"Controlled Shareholding"	means not less than 51% of the voting rights and paid up share capital including fully and mandatorily convertible preference shares or debentures, as the case may be, in the Project established as per provisions of the Companies Act, 2013;
"Delivery Point"	shall mean the point at the voltage level of 11kV of the 33/11kV Sub-station i.e. 11kV side of 33 kV substation. Metering shall be done at this interconnection point where the power is injected into the 33/11 kV Sub- station. For interconnection with grid and metering, the SPG shall abide by the relevant and applicable regulations, Grid Code notified by the TGERC Regulations and Central Electricity Authority (CEA) (Installation and Operation of Meters) Regulations, 2006 as amended and revised from time to time or orders passed there under by the Appropriate Commission or CEA. All charges and losses related to Transmission of power from project up to Delivery Point shall be borne by the SPG without any reimbursement thereof
"Dispute";	shall mean any dispute or difference of anything between DISCOM and the SPG, in connection with or arising out of this Agreement including but not limited to any issue on the interpretation and scope of the terms of this Agreement as provided in Article 17.3 of this Agreement
"Due Date"	shall mean the 45 th (forty fifth day) after a Monthly Bill (including all the relevant documents) or a Supplementary Bill is received in hard copy and duly acknowledged by the Discom or, if such day is not a Business Day, the immediately succeeding Business Day, by which date such Monthly Bill or a Supplementary Bill is payable by the Discom per Article 13.2 of this Agreement
"Document" "Documentation"	or means documentation in printed or written form, or in tapes, discs, drawings, computer programmes, writings, reports, photographs, films, cassettes, or expressed in any other written, electronic, audio or visual form;

"Dispute Procedure"	Resolution	means the procedure for resolution of Disputes set forth in Article 17;
"Effective Date"		Shall have the meaning ascribed thereto in article 2.1 of this agreement
"Electricity Laws"		shall mean the Electricity Act, 2003 and the rules and regulations made there under from time to time along with amendments thereto and replacements thereof and any other Law pertaining to electricity including regulations framed by the Appropriate Commission
"Event of Default"		shall mean the events as defined in Article 14 of this Agreement.
"Expiry Date"		shall mean the date occurring twenty five (25) years from the Commercial Operation Date subject to that the supply of power shall be limited for a period of 25 years from COD unless extended by the Parties as per this Agreement.
"Financing Agreement"		shall mean the agreements pursuant to which the SPG has sought financing for the Power 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 TGDISCOMs .
"Force Majeure" or "Force Majeure Event"		shall have the meaning ascribed to it in Article 12;
"Good Industry Practice"		means the practices, methods, techniques, designs, standards, skills, diligence, efficiency, reliability and prudence which are generally and reasonably expected from a reasonably skilled and experienced operator engaged in the same type of undertaking as envisaged under this Agreement and which would be expected to result in the performance of its obligations by the SPG in accordance with this Agreement, Applicable Laws and Applicable Permits in reliable, safe, economical and efficient manner;
"Grid Code"		shall mean the Grid Code specified by the CERC/TGERC as amended from time to time .
"Installed Capacity"		shall mean {the name plate capacity of all the units of the Solar PV Project reckoned at Generator Terminals or the AC Rating of the Solar PV Project at Delivery Point(s)}.
"Indian Governmental Instrumentality"		shall mean Government of India, Government of Telangana and any Ministry, Department, Board, Authority, Agency, Corporation, Commission under the direct or indirect control of Government of India or the Government of Telangana or both, any political sub-division of any of them including any Court or Appropriate Commission or Tribunal or Judicial or Quasi-Judicial body in India
"Insurances"		shall mean the insurance cover to be obtained and maintained by the SPG in accordance with Article 8of this Agreement
"Interconnection Facilities"		shall mean the facilities on SPG's side of the Delivery Point(s) for scheduling, transmitting and metering the electrical output in accordance with this Agreement and which shall include, without limitation, all other transmission lines and associated equipment's, transformers, relay and switching equipment and protective devices, safety equipment , RTU,

	RMS, Data transfer and Acquisition facilities for transmitting data subject to Article 5, the Metering System required for supply of power as per the terms of this Agreement
“Invoice” or “Bill”.	shall mean either Monthly Bill / Supplementary Bill or a Monthly Invoice/ Supplementary Invoice raised by any of the Parties
Late payment surcharge	Shall have the meaning ascribed there to in article 11.4
"Law"	shall mean in relation to this Agreement, all laws including Electricity Laws in force in India and any statute, ordinance, regulation, notification or code, rule, or any interpretation of any of them by an Indian Governmental Instrumentality and having force of law and shall further include without limitation to all applicable rules, regulations, orders, notifications by an Indian Governmental Instrumentality pursuant to or under any of them and shall include without limitation all rules, regulations, decisions and orders of the TGERC
Letter of credit or LC	Shall have the meaning ascribed thereto in article 11.6
"LOA" or "Letter of Award"	means the letter of award referred to in Recital (E)
“MNRE”	shall mean Ministry and New Renewable Energy, Government of India
“Month”	shall mean a period of thirty (30) days from (and excluding) the date of the event, where applicable, else a calendar month
"O&M"	means the operation and maintenance of the Project Facilities and includes all matters connected with or incidental to such operation and maintenance, provision of services and facilities in accordance with the provisions of this Agreement
"Party" and "Parties"	shall have the meaning ascribed thereto in the recital to this Agreement.
Payment security mechanism	Shall have the meaning ascribed thereto in article 11.6
“Power Project” or Project	<p>Shall mean the solar power generation facility of Contracted Capacity of.....[Insert capacity] MW, located at [Insert name of the place] in [Insert name of the District and State] having a separate control system, metering and separate points of injection into the grid at delivery point of _____ 33/11 Kv Substations.</p> <p>The project includes all units and auxiliaries such as water supply, treatment or storage facilities; bay(s) for transmission system in the switchyard, dedicated transmission line upto delivery point 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.</p>
Preliminary default notices	Shall have the meaning ascribed thereto in Article 14.4 of this agreement.
"Project Capacity"	means the maximum AC capacity of the Project at the point of injection on which the PPA has been signed.

"Prudent Utility Practices"	shall mean the practices, methods and standards that are generally accepted internationally from time to time by electric utilities for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of power generation equipment and which practices, methods and standards shall be adjusted as necessary, to take account of: a) operation and maintenance guidelines recommended by the manufacturers of the plant and equipment to be incorporated in the Power Project; b) The requirements of Indian Law; and the physical conditions at the site of the Power Project
Rebate	Shall have the same meaning as ascribed thereto in article 11.5
"Rupees", "INR"	shall mean Indian rupees, the lawful currency of India.
"Scheduled Commissioning Date" (SCOD)	shall mean Nine (9) months from the date of issuance of LOA by TGREDCO to SPG
"SLDC"	shall mean the State Load Dispatch Centre established under Sub-section (1) of Section 31 of the Electricity Act 2003, relevant for the State of Telangana
"SLDC Charges"	shall mean the charges levied by the SLDC of the State Telangana wherein the Solar Power Project is located
"Solar Photovoltaic" or "Solar PV"	Shall mean the solar photovoltaic power project that uses sunlight for conversion into electricity and that is being set up by the SPG to provide Solar Power to TGDISCOMs as per the terms and conditions of this Agreement.
"Solar Power"	shall mean power generated from the Solar PV Project.
"SPG"	shall have the meaning attributed thereto in the array of Parties hereinabove as set forth in the Recitals
"TGERC"	shall mean the Telangana State Electricity Regulatory Commission.
"Tariff"	Shall have the same meaning as provided for in Article 9.1 of this Agreement
Tariff Payment	Shall mean the payments to be made under monthly bills as referred to in Article 11 and the relevant supplementary bills
"Tax"	means and includes all taxes, fees, cesses, duties (including stamp duties), levies that may be payable by the SPG for execution of the agreement and during the term of this Agreement under Applicable Law;
"Termination Notice"	Shall mean the notice given by either parties for termination of this agreement in accordance with Article 14.3.4 of this agreement.
"Term of Agreement"	shall have the meaning ascribed thereto in Article 2 of this Agreement
"Tests"	means the tests to be carried out in accordance with the Specifications and Standards of MNRE or the Maintenance Requirements and as finalized by the SPG in consultation with TGDISCOMs /Independent Engineer.

1.2. Priority of agreements, clauses and schedules

- 1.2.1. This Agreement, and all other agreements and documents forming part of or referred to in this Agreement are to be taken as mutually explanatory and, unless otherwise expressly provided elsewhere in this Agreement, the priority of this Agreement and other documents and agreements forming part hereof or referred to herein shall, in the event of any conflict between them, be in the following order:
- a) this Agreement; and
 - b) all other agreements and documents forming part hereof or referred to herein; i.e., the Agreement at (a) above shall prevail over the agreements and documents at (b) above.
- 1.2.2. Subject to provisions of Article 1.2.1 in case of ambiguities or discrepancies within this Agreement, the following shall apply:
- a) between two or more Clauses of this Agreement, the provisions of a specific Clause relevant to the issue under consideration shall prevail over those in other Clauses;
 - b) between the Clauses of this Agreement and the Schedules, the Clauses shall prevail and between Schedules and Annexes, the Schedules shall prevail;
 - c) between any two Schedules, the Schedule relevant to the issue shall prevail;
 - d) between any value written in numerals and that in words, the latter shall prevail.
- 1.2.3. Provided that any substitution under this Agreement can only be made with the prior consent of component approving authority including the condition that the selectee meets the eligibility requirements of Expression of Interest (EOI) issued by TGREDCO and accepts the terms and conditions of this Agreement.
- 1.2.4. Expression of Interest (EOI) including its Amendment and Clarifications will be integral part of PPA. PPA & EOI shall be read in harmonious manner.
- 1.2.5. The provisions of Expression of Interest (EOI) [including all clarifications and/ or amendments]/this agreement shall always prevail over any other documents in case of contradiction.

ARTICLE 2: TERM OF AGREEMENT

2.1. Effective Date

This Agreement shall come into effect from _____ and such date shall be referred to as effective date.

2.2. Term of Agreement

- 2.2.1 This Agreement shall subject to Clauses 2.3 and 2.4 of this agreement be valid for a term of 25 (twenty-five) years commencing from effective date and ends on the Expiry

Date. After expiry of PPA, the Parties willing to extend the PPA shall be decided within prior to the expiry date of PPA on mutually agreed terms and conditions subject to consent of the TGERC.

2.2.2 The SPG is free to operate their plants beyond the expiry date if other conditions like land lease/Right to use of land (as applicable), permits, approvals and clearances etc. allow. In such case unless otherwise agreed by the DISCOM, DISCOM shall not be obligated to procure power beyond the expiry date.

2.2.3 Any condition envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of TGERC.

2.3. Early Termination

This Agreement shall terminate before the Expiry Date if either TGDISCOMS or SPG terminates the Agreement, pursuant to Article 14 of this Agreement.

2.4. Survival

The expiry or termination of this Agreement shall not affect any accrued rights, obligations and liabilities of the Parties under this Agreement, including the right to receive penalty as per the terms of this Agreement, nor shall it affect the survival of any continuing obligations for which this Agreement provides, either expressly or by necessary implication, which are to survive after the Expiry Date or termination including those under Article 12 (Force Majeure), Article 14 (Termination), Article 17 (Dispute Resolution), Article 18 (Miscellaneous Provisions), and other Articles and Schedules of this Agreement which expressly or by their nature survive the Term or termination of this Agreement shall continue and survive any expiry or termination of this Agreement.

ARTICLE 3: CONDITION SUBSEQUENT

The SPG agrees and undertakes to make project financing arrangement for its projects and shall provide the necessary documents to DISCOM in this regard within 180 Days from the date of issue of LOA by TGREDCO for the project.

3.1 (A) PERFORMANCE BANK GUARANTEE:

- I. The successful bidder will be required to furnish Performance Bank Guarantee of Rs. **5 lakhs per MW** to TGREDCO in the format to be provided by TGREDCO within 10 days from the date of issue of LOA The PBG will be returned to the SPG by TGREDCO after 6 months of successful commissioning of the Solar Plant after taking into account / recovery of Liquidated Damages if any due to delay in commissioning of the plant as provided in the PPA. The PBG shall initially be valid for a period of 15 Months from the date of issue of LOA with a claim period of 3 months thereafter.
- II. It shall be the responsibility of selected bidder to get the PBG extended and it shall

remain valid till 6 months after the date of commissioning of project.

III. The bidder shall furnish the PBG plant wise for each location

3.1 (B) FORFEITURE OF PERFORMANCE BANK GUARANTEE:

I. Apart from the conditions mentioned in the PPA, the Performance bank guarantee amount in full or part may also be forfeited in the following cases: -

- a) When the terms and conditions of contract is breached / infringed by the SPG.
- b) When contract is being terminated due to non-performance by the SPG.

II. No interest will be paid by TGDISCOM on the amount of Performance bank guarantee.

III. In case the SPG submits the PBG but fails to execute the PPA within the stipulated period, the PBG will be forfeited / en-cashed by TGDISCOM as the case may be.

ARTICLE 4: CONSTRUCTION & DEVELOPMENT OF THE PROJECTS

4.1. Obligations of the SPG

4.1.1. The SPG undertakes to be responsible, at SPG's own cost and risk, for:

- a) The SPG shall be solely responsible and make arrangements for land and associated infrastructure for development of the Solar Project (Design, Supply, Installation, Testing, Commissioning, Operation & Maintenance) and for Connectivity with the 33/11 kV sub-station for confirming the evacuation of power by the Scheduled Commissioning date or COD, whichever is earlier, and all clearances related thereto.
- b) The SPG has to furnish the necessary documents to establish possession in the name of the developer of the required land/lease Agreement.
- c) Obtaining all Consents, Clearances and Permits as required and maintaining all documents.
- d) Designing, constructing, erecting, commissioning, completing and testing the power project in accordance with the applicable law, the grid code, the terms and conditions of this agreement and prudent utility practices.
- e) The commencement of supply of power up to the Contracted Capacity to TGDISCOM no later than the Scheduled Commissioning Date and continuance of the supply of power throughout the term of the Agreement;
- f) Connecting the Power Project switchyard with the Interconnection Facilities at the Delivery Point. The SPG shall make adequate arrangements to connect the Power Project switchyard with the Interconnection Facilities at Interconnection / Metering / Delivery Point.
- g) Owning the Power Project throughout the Term of Agreement free and clear of encumbrances, except those expressly permitted under Article 16.
- h) Fulfilling all obligations undertaken by the SPG under this Agreement.

- i) The SPG shall be responsible for directly coordinating and dealing with the TGDISCOM, and other authorities in all respects in regard to declaration of availability, scheduling and dispatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid code/State Regulations.
- j) Install Remote Monitoring System (RMS) as per scheme approved by KUSUM Guidelines in accordance with the Applicable Law and Grid Code, the terms and conditions of this Agreement and Prudent Utility Practices, observe, fulfil, comply with and perform all its obligations set out in this Agreement or arising hereunder;
- k) Will be responsible for all payments related to any taxes, cess, duties or levies imposed by the Government Instrumentalities or competent statutory authority on equipment, material or works of the project to or on the electricity consumed by the Project or by itself or on the income or assets owned by it.
- l) The SPG shall fulfill the technical requirements according the following criteria and produce the documentary evidence in support thereof:
- m)The SPG shall deploy only and commercially established and operational technologies to minimize the technology risk and to achieve timely commissioning of the Project. The SPG has to submit a certificate confirming the technology selected is in line with the schedule-2 before the financial closure. The SPG shall provide details of the Project and the operational period of the Project utilizing this technology.

4.2 Purchase and sale of Contracted Capacity

Subject to the terms and conditions of this Agreement, the SPG undertakes to sell to TGDISCOMs and TGDISCOMs undertakes to purchase the power supplied at the Delivery Point corresponding to the Contracted Capacity.

Provided that SPG shall not sell solar power to any other buyer or is not allowed to go for open access at any point of time during the PPA tenure with third party other than TGDISCOMs.

4.3 Right to Contracted Capacity & Energy

- 4.3.1 DISCOM, in any Contract Year shall not be obliged to purchase any additional energy from the SPG beyond the contract capacity. If for any Contract Year except for the first year of operation, it is found that the SPG has not been able to generate annual minimum energy of _____ Million kWh (MU) in the first 10 years' period from the COD and _____ Million kWh (MU) for the rest of the Term of the Agreement, on account of reasons solely attributable to the SPG, the non-compliance by SPG shall make the SPG liable to pay the compensation.
- 4.3.2 The solar power generator shall ensure during the first 10 years of COD minimum declared CUF of ____ % of the project with maximum allowable excess generation of +10

% Energy over minimum declared CUF of ____ % and while from 11th year, the SPG will be allowed to generate ± 10 % for declared CUF of ____% for the remaining period of the agreement. To ascertain the CUF maintenance by the SPG.

4.3.3 For the first year of operation, the above limits shall be considered on pro-rata basis. The lower limit will, however be relax able by DISCOM to the extent of grid non-availability for evacuation which is beyond the control of the SPG. This compensation shall be applied to the amount of shortfall in generation during the Contract Year. The amount of such penalty shall be at 25% (twenty- five percent) of the cost of PPA tariff and such penalty shall ensure that the DISCOM is offset for all potential costs associated with low generation and supply of power under the PPA. This compensation shall not be applicable in events of Force Majeure identified under PPA.

4.3.4 In case at any point of time, the peak of capacity reached is higher than the contracted capacity and causes disturbance in the system at the point where power is injected, the SPG will have to forego the excess generation and reduce the output to the contracted capacity and shall also have to pay the penalty/charges (if applicable) as per the applicable regulations

a) In case of short-fall of energy:

If the SPG failed to supply minimum energy as mentioned in the clause 4.3.2 on account of reasons solely attributable to SPG other than Article 14 (Force Majeure), the SPG shall be liable to compensate the TGDISCOMs for shortfall in minimum generation calculated at 25% (twenty- five percent) of the cost of PPA tariff towards the annual shortfall of energy units under this Agreement.

b) In case of any excess energy:

Energy fed to the grid of TGDISCOMs at interconnection/delivery point in excess of the energy as mentioned in the clause 4.3.2 in ____ MUs worked out for the contracted capacity corresponding on annual basis shall be treated as “inadvertent power” and shall be deemed to have been supplied to TGDISCOMs at free of cost.

c) In case of any off-take constraints due to Back down by SLDC and Grid unavailability:

The SPG shall follow the forecasting and scheduling of power as per the Regulations issued from appropriate commission from time to time. And as per the Indian Electricity Grid Code (IEGC) and MNRE guidelines, encourages a status of “must-run” to solar power projects. In case of system constraints due to technical problems and back down instruction given by SLDC and grid unavailability for safety and security of the Grid, TGDISCOMs shall not obliged to pay any damages / compensation to the SPG.

4.4 EXTENSIONS OF TIME

- 4.4.1. In the event that the SPG is prevented from performing its obligations under Article 4.1 by the Scheduled Commissioning Date (SCOD) of the Project due to:
- a) TGDISCOMs Event of Default; or
 - b) Force Majeure Events affecting DISCOM;
or
 - c) Force Majeure Events affecting the SPG,

The Scheduled Commissioned Date (SCOD) and the Expiry Date shall be deferred for a reasonable period but not less than 'day for day' basis, to permit the SPG or DISCOM through the use of due diligence, to overcome the effects of the Force Majeure events affecting the SPG or DISCOM, or till such time such Event of Default is rectified by DISCOM.

- 4.4.2 In cases extension due to reason specified in Article 4.1. (b) and (c), and if such Force Majeure Event continues even after a maximum period of three (3) months, any of the Parties may choose to terminate the Agreement as per the provisions of Article 14.5. In case neither party terminates the agreement under this clause, the agreement shall stand terminated on the expiry of twelve (12) months of continuation of the Force Majeure event unless the parties mutually agree to extend the agreement for further period.
- 4.4.3 If the Parties have not agreed, within (30) days after the affected Party's performance has ceased to be affected by the relevant circumstances, on the time period by which the Scheduled Commissioning Date or the Expiry Date should be deferred, any Party may raise the Dispute to be resolved in accordance with Article 17.
- 4.4.4 As a result of such extension, the newly determined Scheduled Commissioning Date and newly determined Expiry Date shall be deemed to be the Scheduled Commissioning Date and the Expiry Date for the purposes of this Agreement.
- 4.4.5 Notwithstanding anything to the contrary contained in this Agreement, any extension of the Scheduled Commissioned Date (SCOD) arising due to any reason envisaged in this Agreement shall not be allowed beyond the date pursuant to clause 4.5.2.
- 4.4.6 Delay in commissioning of the Project beyond the Schedule Commissioning Date for reasons other than those specified in Article 4.1 shall be an Event of Default on part of SPG and shall be subject to the consequences specified in Article 4.5

4.5 Liquidated Damages for delay in commencement of supply of power to TGDISCOMs

- 4.5.1 If the SPG is unable to commence supply of power to TGDISCOMs by the SCOD other than for the reasons specified in Article 4.4.1, the SPG shall pay to DISCOM, liquidated damages for the delay in such commencement of supply of power and making the Contracted Capacity available for dispatch by the SCOD as per the following:

Delay beyond the SCOD upto (& including) the date as on eleven (11) months from the date of issue of LOA, the Performance Bank Guarantee (PBG) amount shall be encashed on per day basis proportionate to the balance capacity not commissioned in the following manner:

Delay up to two months from SCOD: - The PBG will be en-cashed for recovering liquidated damages of Rs. 8,333/MW/Day and proportionate to the capacity not commissioned (Total liquidated damages will be limited to the amount of PBG).

4.5.2 The maximum time period allowed for commissioning of the full project capacity with encashment Performance Bank Guarantee (PBG) except the provisions mentioned at Article 4.1 & 4.2 shall be limited to eleven (11) months from the date of signing of PPA. In case, the commissioning of the Solar Power Project is delayed beyond the stipulated time as stated above i.e., beyond two months (max. of 60 days) from the date of SCOD, it shall be considered as an SPG's Event of Default and provisions of Article 16 shall apply and the Contracted Capacity shall stand reduced/amended to the Project Capacity commissioned at the end of eleven (11) months from the date of signing of PPA and PPA for the balance capacity will stand terminated and shall be reduced from the Project Capacity.

4.5.3 The SPG further acknowledge that the amount of the liquidated damages fixed is genuine and reasonable pre-estimate of the damages that may be suffered by TGDISCOMS

4.6 Acceptance/Performance Test

4.6.1 Prior to synchronization of the Power Project, the SPG shall be required to get the Project certified for the requisite acceptance/ performance test as may be laid down by Central Electricity Authority by the designated officials of TGREDCO/ TGDISCOMs to carry out testing and certification for the solar power projects and approval of Chief Electrical Inspectorate, Government of Telangana.

4.7 VERIFICATION BY THIRD PARTY

4.7.1 The SPG shall be further required to provide entry to the site of the Power Project free of all encumbrances at all times during the Term of the Agreement to TGDISCOM, and a **THIRD PARTY** nominated by Governmental Instrumentality for inspection and verification of the works being carried out by the SPG at the site of the Power Project.

4.7.2 **The THIRD PARTY** may verify the construction works/operation of the Power Project being carried out by the SPG and if it is found that the construction works/operation of the Power Project is not as per the Prudent Utility Practices; it may seek clarifications from SPG or require the works to be stopped or to comply with the instructions of the inspecting authority.

4.8 Breach of Obligations

The Parties herein agree that during the subsistence of this Agreement, subject to DISCOM being in compliance of its obligations & undertakings under this Agreement, the SPG would have no right to negotiate or enter into any dialogue with any third party for the sale of Contracted Capacity of power which is the subject matter of this Agreement. It is the specific understanding between the Parties that such bar will apply throughout the entire term of this Agreement.

ARTICLE-5: INTERCONNECTION FACILITIES, SYNCHRONIZATION, COMMISSIONING AND COMMERCIAL OPERATION

5.1 The SPG shall be required to obtain all information with regard to the Interconnection Facilities as is reasonably necessary to enable it to design, install and operate all interconnection plant and apparatus on the SPG's side of the Delivery Point to enable delivery of electricity at the Delivery Point. The whole and sole responsibility of interconnection approvals or any approvals in this regard vest with the SPG. Delay in this regard will be attributable to SPG.

SPG should ensure to obtain the estimate of cost for arranging the Interconnection facilities for power evacuation at the Voltage of Delivery from DISCOM. The solar power developer has to bear the entire cost of the Interconnection facilities as per the approved estimate made by DISCOM and construct the interconnection facilities for power evacuation duly paying supervision charges to the DISCOM.

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

Any modifications or procedures or changes in arranging the Interconnection Facilities for power evacuations shall rest with DISCOM.

- 5.2 The SPG shall provide at least thirty (30) days advance preliminary written notice and at least fifteen (15) days advance final written notice to TGDISCOMs of the date on which it intends to synchronize the Power Project to the Grid System.
- 5.3. Subject to Article 5.1, the Power Project shall be synchronized by the SPG with the Grid System when it complies all the connectivity conditions prescribed in applicable Grid Code in force and also meets all other Indian legal requirements for synchronization to the Grid System.
- 5.4 The synchronization equipment and all necessary arrangements/equipment's including RTU and Remote Monitoring System for scheduling of power generated from the project and transmission of data to the concerned authority as per applicable regulations shall be installed by the SPG at its generation facility of the Power Project at its own cost. The SPG shall synchronize its system with the Grid System only after the approval of synchronization scheme is granted by the TGDISCOMs and checking/verification is made by the concerned authorities of the TGDISCOMs.
- 5.5 The SPG shall immediately after each synchronization/tripping of generator, inform the DISCOM of the Grid System to which the Power Project is electrically connected in accordance with applicable Grid Code. In addition, the SPG will inject infirm power to grid time to time to carry out operational/functional test prior to commercial operation. For avoidance of doubt, it is clarified that Synchronization/Connectivity of the Project, during

operational/functional test, with the grid shall not to be considered as Commissioning of the Project.

- 5.6 The parties agree that for the purpose of commencement of the supply of Electricity by RPG to DISCOM, Liquidated damages for delay etc., the scheduled commissioning date is defined in this agreement shall be relevant date.
- 5.7 The SPG shall commission the Project within Nine (9) months from the date of signing of PPA. Declaration of COD shall be only be done upon the successful verification by the Commissioning Committee.
- 5.8. In case, the SPG commission the plant beyond Nine (9) months and within 11 months from the date of signing of PPA, the SPG shall pay TGDISCOM liquidated damages for such delay in commencement of supply of power as prescribed under Article 4.5 of this PPA.
- 5.9. The SPG shall be responsible to operate the Project as per this Agreement and to provide appropriate facility or instrumentation or Metering arrangement as per Article 7.
- 5.10. The SPG shall ensure the connectivity standards applicable to the solar power project as per Central Electricity Authority (CEA) Regulations and its amendments thereto from time to time.
- 5.11. The SPG shall use components or equipment for the Solar PV Plant complying with approved or minimum technical standards as per the International Electro-technical Commission (IEC) or Bureau of Indian Standards (BIS) or Technical Standards that are prescribed by Ministry of Renewable New and Renewable Energy (MNRE) under PM KUSUM Scheme.

ARTICLE 6: DISPATCH AND SCHEDULING

6.1 Dispatch and Scheduling

- 6.1.1 The SPG shall be required to schedule its power as per the applicable regulations of TGERC / TGDISCOMs/SLDC or any other competent authority and same being recognized by the SLDC or any competent authority/Agencies as per the applicable regulation/law/direction and maintain compliance to the applicable codes/grid code requirements and directions, if any, as specified by SLDC from time to time. Any deviation from the Schedule will attract the provisions of applicable regulation / guidelines / directions and any financial implication on account of this shall be on the account of the SPG.
- 6.1.2 The SPG shall be responsible for directly coordinating and dealing with the TGDISCOMs State Load Dispatch Center, and other authorities in all respects in regard to declaration of availability, scheduling and dispatch of Power and due compliance with deviation and settlement mechanism and the applicable Grid Code Regulations.

- 6.1.3 The SPG shall be responsible for any deviation from scheduling and for any resultant liabilities on account of charges for deviation as per applicable regulations. UI charges on this account shall be directly paid by the SPG.

ARTICLE 7: METERING

7.1 Meters

- 7.1.1 Metering shall be done at the interconnection point where the power is injected into the distribution system, i.e., Delivery Point. For interconnection with grid, installation of meters, meter testing, meter calibration and meter reading and all matters incidental thereto, the SPG and TGDISCOMs shall follow and be bound by the TGERC, Applicable Laws including Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, the Grid Code, as amended and revised from time to time.
- 7.1.2 The SPG shall bear all costs pertaining to installation, testing, calibration, maintenance, renewal and repair of meters at Substation Delivery Point.
- 7.1.3 In addition to ensuring compliance of the applicable codes, the SPG shall install Main, Check meters at the Delivery Point along with Standby meter as per applicable Regulations of the State of Telangana.
- 7.1.4 The SPG shall install Main meter and Check meter of static type 0.2s Class of Accuracy of ABT meters at the interconnection point. The SPG shall also install Stand-by meter of same accuracy as per the norms specified in the Metering Code by CEA/norms of TGERC. The Main meter, check meter and Stand-by meter shall consist of a pair of export and import parameters with facility for recording meter readings using Meter Recording Instrument (MRI). The SPG shall be responsible to enable Remote Monitoring System of generation by providing AMR modules to the billing meters.
- 7.1.5 All the meters required to be installed in pursuant to Clause 7.1 of this agreement, shall jointly be inspected and sealed and shall not be interfered with, tested or checked except in the presence of representatives of both Parties and as per the Metering Code.

7.2 Measurement of Energy

- 7.2.1 Measurement of electrical energy shall be done at the Interconnection point or points by the metering system. It is pertinent to mention that the metering shall be done at the inter-connection point at the SS end.
- 7.2.2 The meter readings of the Main meter shall form the basis of billing. If any of the meters required to be installed pursuant to Clause. 7.1 of this agreement are found to be registering inaccurately, the affected meter shall be replaced immediately.
- 7.2.3 The test checks of the main meter and check meter shall be conducted half yearly intervals for the accuracy in measuring the apart from calibrating units. Where the half yearly meter check indicates an error in the main meter beyond the limits, but no such error is indicated in the corresponding check meter, billing for the month shall be done on the basis of the reading of the check meter and the main meter shall be replaced immediately. If main meter and check meter indicate an error beyond the limits, billing for the month shall form

the basis of the readings of the stand-by meter, and the main meter and the check meter shall be replaced immediately.

- 7.2.4 During the half yearly test checks, if the main meter, check meter and standby meter are found to be incorrect in measuring the units beyond the permissible limits of error, all the meters shall be replaced immediately. The correction applied to the consumption registered by the main meter to arrive at the correct Delivered Energy for billing purposes for the period of one month up to the time of such test check, computation of Delivered Energy for the period thereafter till the next monthly meter reading shall be as per the replaced main meter.
- 7.2.5 Corrections in billing of Delivered Energy, whenever necessary, shall be applicable to the period between the previous monthly meter reading and the reading at date and time of the test calibration conducted in the current month and this correction derived with reference to the standard meter to the defective meter shall be for the full value of the error. For the purpose of determining the correction to be applied to any meter registering inaccurately, the meter shall be tested under conditions simulating 100, 50, 20 and 10 percent load at unity power factor and 0.5 power factor. Of these eight values, the error at the load and power factor nearest the average monthly load served at the Interconnection Point during the applicable period shall be taken as the error to be applied for correction.
- 7.2.6 Where the main meter, check meter and stand-by meter fail to record or any of the Potential Transformer (PT) fuse is blown out, then the energy shall be computed on a mutually agreeable basis for that period of defect.
- 7.2.7 The main meter, check meter and stand-by meter shall be tested and calibrated once in a financial year utilizing a standard meter of 0.02s class accuracy testing meter (“Standard Meter”). The Standard Meter shall be calibrated once in every five years by the NABL approved Laboratory as per the terms and conditions of supply. The testing meters shall be carried out as per orders issued from time to time by TSTRANSCO/ TGDISCOMs or CEA scrupulously.
- 7.2.8 The yearly tests of the main meter, check meter and stand-by meter shall be conducted by TGDISCOMs in the presence of authorized representatives of both the Parties and the result and such corrections arrived at shall be binding on both the Parties.
- 7.2.9 On the meter reading date of each month, the meter readings shall be taken and an acknowledgement thereof signed by the authorized representatives of both the Parties.
- 7.2.10 The Project shall be operated and maintained in accordance with good and generally accepted Prudent Utility Practices with respect to Synchronizing, Voltage and Frequency and Reactive Power Control.
- 7.2.11 Voltage regulation shall be such as to enable continued paralleling and synchronization with the network voltage at the point of interconnection.
- 7.2.12 The equipment of the solar power developer shall be designed for fluctuations in the frequency within the limits of -5% and +3% of the standard frequency of 50 Hz.

- 7.2.13 The SPG shall ensure that the power factor of the power delivered to the DISCOM is maintained as per the TGERC or CEA norms issued from time to time.
- 7.2.14 Any change in rupturing capacity of switchgear, settings of the relays or any other protection system shall be subject to approval of the DISCOM.
- 7.2.15 As the Solar Project may carry fault currents that may occur on the grid, the SPG shall provide adequate switchgear protection against such faults. The DISCOM is not responsible for damage, if any, caused to the Project and allied equipment during parallel operation of the plant with the grid.
- 7.2.16 The SPG shall make bonafide effort to operate the Project in a such a manner so as to avoid fluctuations and disturbances to the DISCOM's network due to parallel operation with the network.
- 7.2.17 The SLDC/DISCOM may instruct the SPG to back down generation on consideration of grid safety and security or safety of any equipment or personnel is endangered and the SPG shall comply the same. For this the SPG shall provide RMS facility including Data Acquisition System (DAS) for transfer of online information to SLDC/ TGDISCOMs as per applicable regulations.
- 7.2.18 The solar power developer shall install necessary current limiting devices such as thyristors or any other device. The SPG shall provide protection system in compliance with the grid code requirement for short circuit level, neutral grounding, current unbalance, limiting of harmonics, fault-clearing time etc.

7.3 Reporting of Metered Data and Parameters

- 7.3.1 The SPG will have to install necessary equipment for regular monitoring of required data and simultaneously for monitoring of the electric power generated from the plant.
- 7.3.2 Online arrangement, Remote Monitoring System (RMS) shall have to be made by the SPG for submission of above data regularly for the entire period of this Power Purchase Agreement to TGDISCOM /SLDC/TGREDCO and other concerned agencies including Central Portal of MNRE as per KUSUM scheme guidelines.
- 7.3.3 Reports on above parameters on monthly basis (or as required by regulation/guidelines) shall be submitted by the SPG to MNRE/National Institute of Solar Energy through DISCOM, SLDC, TGREDCO for entire period of this Agreement.

ARTICLE 8: INSURANCES

8.1 Insurance

- 8.1.1 The SPG shall effect and maintain or cause to be effected and maintained, at its own cost and expense, throughout the Term of this Agreement, Insurances against such risks, to keep the project in good condition and shall take industrial all risk insurance policy covering risks against fire or any loss or damage, with such deductibles and with such endorsements and co-insured(s), which the Prudent Utility Practices would ordinarily merit

maintenance of and as required under the Financing Agreements, and under the applicable laws.

- 8.1.2 The SPG shall also take insurance including third party liability covering loss of human life, engineers and workmen and also covering the risks of damage, theft of material/ equipment/ properties after completion of the work(s). Before commencement of the work, the SPG shall ensure that all its employees and representatives are covered by suitable insurance against any damage, loss, injury or death arising out of the execution of the work. Implication on account of Liquidation, Death, Bankruptcy etc., shall be the responsibility of SPG only. The proceeds of any insurance claim shall be as per terms and conditions as stipulated in the power purchase agreement and MNRE guidelines as the case may be.
- 8.1.3 The SPG shall take insurance for the Project assets against losses due to natural calamities, fire, riot, strike, theft etc. for replacement value.

8.2 Application of Insurance Proceeds

- 8.2.1 In case of the Project not being implemented through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be first applied to adjustment towards MNRE CFA and then applied to reinstatement, replacement or renewal of such loss or damage.
- 8.2.2 In case of the Project being financed through Financing Agreement(s), save as expressly provided in this Agreement or the Insurances, the proceeds of any insurance claim made due to loss or damage to the Power Project or any part of the Power Project shall be first applied to adjustment towards MNRE CFA and then applied as per such Financing Agreements.
- 8.2.3 If a Force Majeure Event renders the Power Project no longer economically and technically viable and the insurers under the Insurances make payment on a “total loss” or equivalent basis, TGDISCOMs shall have claim on such proceeds of such Insurance limited to outstanding dues of TGDISCOMs against SPG. However, in case of any liquidation of assets of the solar power plant prior to completion of PPA period, the first charge shall be towards recovery of proportionate CFA granted to the project by MNRE through TGDISCOM.

8.3 Effect on liability of TGDISCOM

Notwithstanding any liability or obligation that may arise under this Agreement, any loss, damage, liability, payment, obligation or expense which is insured or not or for which the SPG can claim compensation, under any Insurance shall not be charged to or payable by TGDISCOM. It is for the SPG to ensure that appropriate coverage is taken for payment by the insurer for the entire loss and there is no under insurance or short adjustment etc.

ARTICLE 9: APPLICABLE TARIFF,

9.1. Applicable Tariff

9.1.1 The SPG shall be entitled to receive the Tariff of INR..... / kWh of energy, at fixed for entire term of this agreement, with effect from the COD, for the power sold to the DISCOM as reflected in Energy Accounts.

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

Article 10: AUXILIARY CONSUMPTION, REACTIVE ENERGY, SHARING OF CDM BENEFITS AND HARMONICS

10.1. Sharing of Clean Development Mechanism (CDM) Benefits

The Power Project shall be compatible to CDM/Carbon Credit Claims (CC) and all such CDM claims shall be reported to TGDISCOMs periodically by the SPG if such benefit is notified by Government. The proceeds of carbon credit from approved CDM project shall be shared between the Parties in the following manner:

- a) 100% of the gross proceeds of CDM/CC benefit accrued in the first year following the date of Commercial Operation Date shall be retained by the SPG;
- a) In the second year following the Commercial Operation Date, the SPG shall give 10% share in the gross proceeds of the CDM benefit to the TGDISCOMs and the share of benefit to TGDISCOMs shall be progressively increased by 10% every year thereafter till it reaches 50%, where after the proceeds shall be shared in equal proportion between the Parties.

10.2 Renewable Energy Certificates (RECs)

The SPG shall not be eligible for obtaining Renewable Energy Certificates (RECs), as per prevailing Regulations issued by CERC and TGERC, for energy generated from this Project and supplied to DISCOM under this Agreement.

10.3 Harmonics

The SPG shall ensure that the harmonics injected into the grid shall conform to the grid specifications as specified by TGERC or CERC from time to time. In case of default by SPG, the SPG is liable to pay the penalty as specified in TGERC or CERC regulations issued from time to time.

10.4. Auxiliary Consumption

10.4.1 The Solar Power Developer is entitled to draw the power from the DISCOM for its auxiliary consumption, subject to limit of 0.1% of Installed capacity of plant. The energy supplied by the DISCOM to the solar power generator, to maintain the auxiliaries of the

power plant in situations of shutdown or non- generation of power, shall be treated as indicated below:

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

*Restricted up to 0.1% of Installed capacity.

Provided that where the consumption drawn from the DISCOM is over and above the auxiliary consumption limit, such excess consumption shall be billed on KVAh basis at the applicable tariff of HT-1 category consumers as notified by the TGERC for the relevant financial year.

Provided further that during the plant shut down or non-generation periods, the energy drawn from the DISCOM for the essential loads shall be billed on KVAh basis at the applicable tariff of HT-1 category as notified by the TGERC for the relevant financial year.

ARTICLE 11: BILLING AND PAYMENT

11.1 General

11.1.1 From the commencement of supply of power, DISCOM shall pay to the SPG's the monthly Tariff Payments subject to the adjustments as per provisions of this Agreement including Article 6, in accordance with Article 9.1. All Tariff Payments by DISCOM shall be in Indian Rupees.

11.1.2 The SPG's shall be required to make arrangements and payments for import of energy (if any) as per applicable regulations.

11.2 Delivery and Content of Monthly Bills/Supplementary Bills

11.2.1 The SPG's shall issue to DISCOM hard copy of a signed Monthly Bill for the immediately preceding Month based on the JMR/Energy Account along with all relevant documents (payments made by SPG's for drawl of power, payment of reactive energy charges, Metering charges or any other charges as per regulations of SERC/SLDC, if applicable.)

11.2.2 Each Monthly Bill shall include all charges as per this Agreement for the energy supplied for the relevant Month based on JMR/Energy Accounts. The Monthly Bill amount shall be the product of the energy as per Energy Accounts and the Applicable Tariff. Energy drawn from the grid will be regulated as per the regulations of respective State the Project is located in.

11.3 Payment of Monthly Bills

11.3.1 DISCOM shall pay the amount payable under the Monthly Bill by the Due Date to such account of the SPG's, as shall have been previously notified by the SPG's

11.3.2 All payments required to be made under this Agreement shall also include any deduction or set off for:

i) deductions required by the Law; and

- ii) Amount claimed by DISCOM, if any, from the SPG's, will be adjusted from the monthly energy payment.

The SPG's shall open a bank account (the "SPG's Designated Account") for all Tariff Payments to be made by DISCOM to the SPG's, and notify DISCOM of the details of such account at least sixty (60) Days before the dispatch of the first Monthly Bill.

11.4 Late Payment Surcharge

- 11.4.1 In the event of delay in payment of a Monthly Bill by DISCOM beyond thirty (30) days of its Due Date, a Late Payment Surcharge shall be payable to the SPG's at the rate of 1.25% per month on the outstanding amount calculated on a day to day basis. The Late Payment Surcharge shall be claimed by the SPG's through the Supplementary Bill.

11.5 Rebate

- 11.5.1 For payment of any Bill on or before Due Date, the following Rebate shall be paid by the SPG's to DISCOM in the following manner and the SPG's shall not raise any objections to the payments made under this article.

- a) A Rebate of 2% shall be payable to the DISCOM for the payments made within a period of seven clear working days of the presentation of hard copy of Bill along with required supporting documents at DISCOM office.
- b) Any payments made after seven clear working days of the date of presentation of hard copy of the Bill along with the required supporting documents at DISCOM office up to the Due Date shall be allowed a rebate of 1 %.
- c) For the above purpose, the date of presentation of Bill shall be the next Business Day of delivery of the physical copy of the Bill at DISCOM.
- d) No Rebate shall be payable on the Bills raised on account of Change in Law relating to taxes, duties, cess etc. and on Supplementary Bill.

- 11.5.2 For the above purpose date of presentation of bill shall be the same day of delivery in hard copy. However, for consideration of rebate, next business day shall be considered.

11.6 Payment Security Mechanism. Letter of Credit (LC):

- 11.6.1 DISCOM shall provide to the SPG's, in respect of payment of its Monthly Bills and/or Supplementary Bills, a monthly unconditional, revolving and irrevocable letter of credit ("Letter of Credit"), opened and maintained which may be drawn upon by the SPG's in accordance with this Article.

- 11.6.2 Not later than one (1) Month before the start of supply, DISCOM through a scheduled bank open a Letter of Credit in favour of the SPG's, to be made operative from a date prior to the Due Date of its first Monthly Bill under this Agreement. The Letter of Credit shall have a term of twelve (12) Months and shall be renewed annually, for an amount equal to:

- i) for the first Contract Year, equal to the estimated average monthly billing;

- ii) for each subsequent Contract Year, equal to the average of the monthly billing of the previous Contract Year.
- 11.6.3 Provided that the SPG's shall not draw upon such Letter of Credit prior to the Due Date of the relevant Monthly Bill and/or Supplementary Bill, and shall not make more than one drawl in a Month.
- 11.6.4 Provided further that if at any time, such Letter of Credit amount falls short of the amount specified in Article 11.6.2 due to any reason whatsoever, DISCOM shall restore such shortfall within fifteen (15) days.
- 11.6.5 DISCOM shall cause the scheduled bank issuing the Letter of Credit to intimate the SPG's in writing regarding establishing of such irrevocable Letter of Credit.
- 11.6.6 DISCOM shall ensure that the Letter of Credit shall be renewed not later than its expiry.
- 11.6.7 All costs relating to opening, maintenance of the Letter of Credit shall be borne by DISCOM.
- 11.6.8 If DISCOM fails to pay undisputed Monthly Bill or Supplementary Bill or a part thereof within and including the Due Date, then, subject to Article 11.6.6 & 11.7.2, the SPG's may draw upon the Letter of Credit, and accordingly the bank shall pay without any reference or instructions from DISCOM, an amount equal to such Monthly Bill or Supplementary Bill or part thereof, in accordance with Article 11.6.3 above, by presenting to the scheduled bank issuing the Letter of Credit, the following documents:
- i) a copy of the Monthly Bill or Supplementary Bill which has remained unpaid to SPG's and;
 - ii) a certificate from the SPG's to the effect that the bill at item (i) above, or specified part thereof, is in accordance with the Agreement and has remained unpaid beyond the Due Date;

11.7 Disputed Bill.

- 11.7.1 If the DISCOM does not dispute a Monthly Bill or a Supplementary Bill raised by the SPG's within fifteen (15) days of receiving such Bill shall be taken as conclusive.
- 11.7.2 If the DISCOM disputes the amount payable under a Monthly Bill or a Supplementary Bill, as the case may be, it shall pay undisputed amount of the invoice amount and it shall within fifteen (15) days of receiving such Bill, issue a notice (the "Bill Dispute Notice") to the invoicing Party setting out:
- i) the details of the disputed amount;
 - ii) its estimate of what the correct amount should be; and
 - iii) all written material in support of its claim.
- 11.7.3 If the SPG's agrees to the claim raised in the Bill Dispute Notice issued pursuant to Article 11.7.2, the SPG's shall revise such Bill and present along with the next Monthly Bill. In such a case excess amount shall be refunded along with interest at the same rate as

Late Payment Surcharge, which shall be applied from the date on which such excess payment was made by the disputing Party to the invoicing Party and up to and including the date on which such payment has been received as refund.

- 11.7.4 If the SPG's does not agree to the claim raised in the Bill Dispute Notice issued pursuant to Article 11.7.2, it shall, within fifteen (15) days of receiving the Bill Dispute Notice, furnish a notice (Bill Disagreement Notice) to the DISCOM providing:
- i) reasons for its disagreement;
 - ii) its estimate of what the correct amount should be; and iii) all written material in support of its counter-claim.
- 11.7.5 Upon receipt of the Bill Disagreement Notice by the DISCOM under Article 11.7.4, authorized representative(s) or a director of the board of directors/ member of board of the DISCOM and SPG's shall meet and make best endeavor's to amicably resolve such dispute within fifteen (15) days of receipt of the Bill Disagreement Notice.
- 11.7.6 If the Parties do not amicably resolve the Dispute within fifteen (15) days of receipt of Bill Disagreement Notice pursuant to Article 11.7.4, the matter shall be referred to Dispute resolution in accordance with Article 17.
- 11.7.7 For the avoidance of doubt, it is clarified the despite a Dispute regarding an invoice, DISCOM shall, without prejudice to its right to Dispute, be under an obligation to make payment of undisputed amount of the invoice amount in the Monthly Bill.

11.8 Quarterly and Annual Reconciliation

- 11.8.1 The Parties acknowledge that all payments made against Monthly Bills and Supplementary Bills shall be subject to quarterly reconciliation within 30 days of the end of the quarter at the beginning of the following quarter of each Contract Year and annual reconciliation at the end of each Contract Year within 30 days to take into account the Energy Accounts, Tariff adjustment payments, Tariff Rebate, Late Payment Surcharge, or any other reasonable circumstance provided under this Agreement.
- 11.8.2 The Parties, therefore, agree that as soon as all such data in respect of any quarter of a Contract Year or a full Contract Year as the case may be has been finally verified and adjusted, the SPG's and DISCOM shall jointly sign such reconciliation statement. Within fifteen (15) days of signing of a reconciliation statement, the SPG's shall make appropriate adjustments in the next Monthly Bill. Late Payment Surcharge/ interest shall be payable in such a case from the date on which such payment had been made to the invoicing Party or the date on which any payment was originally due, as may be applicable. Any Dispute with regard to the above reconciliation shall be dealt with in accordance with the provisions of Article 17.

11.9 Payment of Supplementary Bill

- 11.9.1 SPG's may raise a ("Supplementary Bill") for payment on account of:
- i) Adjustments required by the Energy Accounts (if applicable); or
 - ii) Change in Law as provided in Article 13 and such Supplementary Bill shall be paid by

the other Party.

- 11.9.2 DISCOM shall remit all amounts due under a Supplementary Bill raised by the SPG's to the SPG's Designated Account by the Due Date, except open access charges, RLDC or scheduling charges and transmission charges (if applicable), For Supplementary Bill on account of adjustment required by energy account, Rebate as applicable to Monthly Bills pursuant to Article 11.5 shall equally apply. No surcharge will be applicable other than that on the monthly energy payment and associated debit and credit note.
- 11.9.3 In the event of delay in payment of a Supplementary Bill by either Party beyond its Due Date, a Late Payment Surcharge shall be payable at the same terms applicable to the Monthly Bill in Article 11.3.

ARTICLE-12: FORCE MAJEURE

12.1 Definitions

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

12.2 Affected Party

12.2.1 An Affected Party means TGDISCOMS or the SPG whose performance has been affected by an event of Force Majeure.

12.3 Force Majeure

- 12.3.1 A '**Force Majeure**' means any event or circumstance or combination of events those stated below which wholly or partly prevents or unavoidably delays an Affected Party in the performance of its obligations under this Agreement, but only if and to the extent that such events or circumstances are not within the reasonable control, directly or indirectly, of the Affected Party and could not have been avoided if the Affected Party had taken reasonable care or complied with Prudent Utility Practices:
- a) act of God, including but not limited to lightning, drought, fire and explosion (to the extent of originating from a source external to the site), earthquake, volcanic eruption, landslide, flood, cyclone, typhoon or tornado if and if it is declared/notified by the competent state / central authority / agency (as applicable).
 - b) an act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action, if and only if it is declared/notified by the competent state/central authority/agency (as applicable); or
 - c) radioactive contamination or ionizing radiation originating from a source in India or resulting from another Force Majeure Event mentioned above excluding circumstances where the source or cause of contamination or radiation is brought or has been brought into or near the Power Project by the Affected Party of those employed or engaged by the Affected Party.

12.4. Force Majeure Exclusions

- 12.4.1 Force Majeure shall not include (i) any event or circumstance which is within the reasonable control of the Parties and (ii) the following conditions, except to the extent that they are consequences of an event of Force Majeure:
- a) Unavailability, late delivery, or changes in cost of the plant, machinery, equipment, materials, spare parts or consumables for the Power Project;
 - b) Delay in the performance of any Contractor, sub-Contractor or their agents ; ‘
 - b) Non-performance resulting from normal wear and tear typically experienced in power generation materials and equipment;
 - c) Strikes at the facilities of the Affected Party;
 - d) Insufficiency of finances or funds or the agreement becoming onerous to perform; and
 - f) Non-performance caused by, or connected with, the Affected Party’s:
 - i. Negligent or intentional acts, errors or omissions;
 - ii. Failure to comply with an Indian Law; or
 - iii. Breach of, or default under this Agreement

12.5. Notification of Force Majeure Event

- 12.5.1 The Affected Party shall give notice to the other Party of any event of Force Majeure as soon as reasonably practicable, but not later than seven (7) days after the date on which such Party knew or should reasonably have known of the commencement of the event of Force Majeure. If an event of Force Majeure results in a breakdown of communications rendering it unreasonable to give notice within the applicable time limit specified herein, then the Party claiming Force Majeure shall give such notice as soon as reasonably practicable after reinstatement of communications, but not later than one (1) day after such reinstatement.
- 12.5.2 Provided that such notice shall be a pre-condition to the Affected Party’s entitlement to claim relief under this Agreement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party claiming relief and the remedial measures proposed. The Affected Party shall give the other Party regular (and not less than monthly) reports on the progress of those remedial measures and such other information as the other Party may reasonably request about the Force Majeure Event.
- 12.5.3 The Affected Party shall give notice to the other Party of (i) the cessation of the relevant event of Force Majeure; and (ii) the cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this Agreement, as soon as practicable after becoming aware of each of these cessations.

12.6. Duty to Perform and Duty to Mitigate

12.6.1 To the extent not prevented by a Force Majeure Event pursuant to Article 12.3, the Affected Party shall continue to perform its obligations pursuant to this Agreement. The Affected Party shall use its reasonable efforts to mitigate the effect of any Force Majeure Event as soon as practicable.

12.7. Available Relief for a Force Majeure Event

Subject to this Article 12:

- a) No Party shall be in breach of its obligations pursuant to this Agreement except to the extent that the performance of its obligations was prevented, hindered or delayed due to a Force Majeure Event;
- b) Every Party shall be entitled to claim relief in relation to a Force Majeure Event in regard to its obligations,
- c) For avoidance of doubt, neither Party's obligation to make payments of money due and payable prior to occurrence of Force Majeure events under this Agreement shall be suspended or excused due to the occurrence of a Force Majeure Event in respect of such Party.
- d) Provided that no payments shall be made by either Party affected by a Force Majeure Event for the period of such event on account of its inability to perform its obligations due to such Force Majeure Event.

ARTICLE-13: CHANGE IN LAW

13.1. Definitions

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

13.1.1 "**Change in Law**" shall refer to the occurrence of any of the following events after pertaining to this project only after the last date of the bid submission, including

- a) The enactment of any new law; or
- b) An amendment, modification or repeal of an existing law; or
- c) The requirement to obtain a new consent, permit or license; or
- d) any modification to the prevailing conditions prescribed for obtaining a consent, permit or license, not owing to any default of the SPG; or
- e) any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the SPG Which have a direct effect on the Project.

However, Change in Law shall not include

- (i) any change in taxes on corporate income or
- (ii) any change in any withholding tax on income or dividends distributed to the shareholders of the SPG, or
- (iii) any change on account of regulatory measures by the Appropriate Commission.

In the event a Change in Law results in any adverse financial loss/ gain to the SPG then, in order to ensure that the SPG is placed in the same financial position as it would have been had it not been for the occurrence of the Change in Law, the SPG/ DISCOM shall be entitled to compensation by the other party, as the case may be, subject to the condition that the quantum and mechanism of compensation payment shall be determined and shall be effective from such date as may be decided by the TGERC.

In the event of any decrease in the recurring/ non-recurring expenditure by the SPG or any income to the SPG on account of any of the events as indicated above, SPG shall file an application to the Appropriate Commission no later than sixty (60) days from the occurrence of such event, for seeking approval of Change in Law. In the event of the SPG failing to comply with the above requirement, in case of any gain to the SPG, DISCOM shall withhold the monthly tariff payments on immediate basis, until compliance of the above requirement by the SPG.

13.2. Relief for Change in Law

13.2.1. The aggrieved party shall be required to approach the TGERC for seeking approval of Change in Law.

13.2.2 The decision of TGERC to acknowledge a Change in Law and the date from which it will become effective, provide relief for the same to be shared equally by both parties shall be final and governing on both the parties

ARTICLE-14: EVENTS OF DEFAULT AND TERMINATION

14.1. SPG Event of Default

14.1.1 The occurrence and/or continuation of any of the following events, unless any such event occurs as a result of a Force Majeure Event or a breach by TGDISCOM of its obligations under this Agreement, shall constitute an SPG Event of Default:

- (i) The failure to commence supply of power to TGDISCOM up to the Contracted Capacity, by the end of the period specified in Article 4 & 4.4 or failure to continue supply of Contracted Capacity to TGDISCOM after Commercial Operation Date throughout the term of this Agreement, or
if

- a) the SPG assigns, mortgages or charges or purports to assign, mortgage or charge any of its assets or rights related to the Power Project in contravention of the provisions of this Agreement; or
 - b) The SPG 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 SPG 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 SPG, or
 - c) the SPG goes into liquidation or dissolution or has a receiver or any similar officer appointed over all or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to Law, provided that a dissolution or liquidation of the SPG will not be a SPG 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 SPG and expressly assumes all obligations of the SPG under this Agreement and is in a position to perform them; or
- (iii) The SPG repudiates this Agreement and does not rectify such breach within a period of thirty (30) days from a notice from TGDISCOM in this regard; or
- (iv) Except where due to any TGDISCOMs failure to comply with its material obligations, the SPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the SPG within thirty (30) days of receipt of first notice in this regard given by TGDISCOMs.
- (v) Occurrence of any other event which is specified in this Agreement to be a material breach/ default of the SPG.
- (vi) Except where due to any TGDISCOMs failure to comply with its material obligations, the SPG is in breach of any of its material obligations pursuant to this Agreement, and such material breach is not rectified by the SPG within thirty (30) days of receipt of first notice in this regard given by TGDISCOMs.

14.2 TGDISCOM Event of Default

14.2.1 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 SPG of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting TGDISCOMs

- (i) TGDISCOMs fails to pay (with respect to a Monthly Bill or a Supplementary Bill), subject to Article 11.7, for a period of ninety (90) days after the Due Date and the SPG is unable to recover the amount outstanding to the SPG through the Letter of Credit,
- (ii) TGDISCOMs repudiates this Agreement and does not rectify such breach even within a period of sixty (60) days from a notice from the SPG in this regard; or
- (iii) Except where due to any SPG's failure to comply with its obligations, TGDISCOMs is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by TGDISCOMs within sixty (60) days of receipt of notice in this regard from the SPG to TGDISCOMs; or

if

- TGDISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of sixty (60) days, or
- any winding up or bankruptcy or insolvency order is passed against TGDISCOM, or
- TGDISCOMs 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 TGDISCOM Event of Default, where such dissolution or liquidation of TGDISCOM or TGDISCOMs 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 TGDISCOM and expressly assumes all obligations of TGDISCOM and is in a position to perform them; or;

- (iv) Occurrence of any other event which is specified in this Agreement to be a material breach or default of TGDISCOM.

14.3 Procedure for cases of SPG Event of Default

14.3.1 Upon the occurrence and continuation of any SPG Event of Default under Article 16.1 TGDISCOMs shall have the right to deliver to the SPG, with a copy to the representative of the lenders to the SPG with whom the SPG has executed the Financing Agreements, a

notice stating its intention to terminate this Agreement (TGDISCOM Preliminary Default Notice), which shall specify in reasonable detail, the circumstances giving rise to the issue of such notice.

- 14.3.2 Following the issue of a TGDISCOMS Preliminary Default Notice, the Consultation Period of ninety (90) 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 Event of Default having regard to all the circumstances.
- 14.3.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.
- 14.3.4 Within a period of seven (7) days following the expiry of the Consultation Period unless the Parties shall have otherwise agreed to the contrary or the SPG Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, TGDISCOM may terminate this Agreement by giving a written Termination Notice of sixty (60) days to the SPG.
- 14.3.5 Subject to the terms of this Agreement, upon occurrence of a SPG Event of Default under this Agreement, the lenders in concurrence with the TGDISCOM, may exercise their rights, if any, under Financing Agreements, to seek substitution of the SPG by a selectee for the residual period of the Agreement, for the purpose of securing the payments of the total debt amount from the SPG and performing the obligations of the SPG. However, in the event the lenders are unable to substitute the defaulting SPG within the stipulated period, TGDISCOM may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due or less as mutually agreed, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

Provided that any substitution under this Agreement can only be made with the prior consent of TGDISCOM including the condition that the selectee meets the eligibility requirements of Expression of Interest (EOI) issued by TGREDCO and accepts the terms and conditions of this Agreement.

- 14.3.6 The lenders in concurrence with TGDISCOM, may seek to exercise right of substitution under Article 14.3.5 by an amendment or novation of the PPA in favour of the selectee. The SPG shall cooperate with TGDISCOM to carry out such substitution and shall have the duty and obligation to continue to operate the Power Project in accordance with this PPA till such time as the substitution is finalized. In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a new entity, an amount of Rs. 1 Lakh per MW +18% GST per transaction as facilitation fee (non-refundable) shall be deposited by the SPG to TGDISCOMs.
- 14.3.7 In the event the lenders are unable to substitute the defaulting SPG within the stipulated period, TGDISCOMs may terminate the PPA and may acquire the Project assets for an amount equivalent to 90% of the debt due, failing which, the lenders may exercise their mortgage rights and liquidate the Project assets.

14.4 Procedure for cases of TGDISCOM Event of Default

- 14.4.1 Upon the occurrence and continuation of any TGDISCOM Event of Default specified in Article 16.2, the SPG shall have the right to deliver to TGDISCOM, a SPG Preliminary Default Notice, which notice shall specify in reasonable detail the circumstances giving rise to its issue.
- 14.4.2 Following the issue of a SPG Preliminary Default Notice, the Consultation Period of ninety (90) 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 Event of Default having regard to all the circumstances.
- 14.4.3 During the Consultation Period, the Parties shall continue to perform their respective obligations under this Agreement.
- 14.4.4 After a period of two hundred ten (210) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed to the contrary or TGDISCOM Event of Default giving rise to the Consultation Period shall have ceased to exist or shall have been remedied, TGDISCOM under intimation to SPG shall, subject to the prior consent of the SPG, novate its part of the PPA to any third party, including its Affiliates within the stipulated period. In the event the aforesaid novation is not acceptable to the SPG, or if no offer of novation is made by TGDISCOM within the stipulated period, then the SPG may terminate the PPA and at its discretion require TGDISCOM to either (i) takeover the Project assets by making a payment of the termination compensation equivalent to the amount of the debt due and 150% (one hundred and fifty per cent) of the adjusted equity or, (ii) pay to the SPG, damages, equivalent to 6 (six) months, or balance PPA period whichever is less, of charges for its contracted capacity, with the Project assets being retained by the SPG.

Provided further that at the end of three (3) months period from the period mentioned in this Article 14.4.4, this Agreement may be terminated by the SPG.

14.5 Termination due to Force Majeure

- 14.5.1 If the Force Majeure Event or its effects continue to be present beyond a period as specified in Article 4.4 either party shall have the right to cause termination of the Agreement. In such an event, this Agreement shall terminate on the date of such Termination Notice without any further liability to either party from the date of such termination.

ARTICLE 15: LIABILITY AND INDEMNIFICATION

15.1. Indemnity

- 15.1.1. The SPG shall indemnify, defend and hold TGDISCOM harmless against:

- a) any and all third party claims against TGDISCOMs for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by the SPG of any of its obligations under this Agreement; and
- b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest actually suffered or incurred by TGDISCOMs from third party claims arising by reason of a breach by the SPG of any of its obligations under this Agreement, (provided that this Article 15 shall not apply to such breaches by the SPG, for which specific remedies have been provided for under this Agreement)

15.1.2. TGDISCOMs shall indemnify, defend and hold the SPG harmless against:

- a) any and all third-party claims against the SPG, for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by TGDISCOMs of any of their obligations under this Agreement; and
- b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest ('Indemnifiable Losses') actually suffered or incurred by the SPG from third party claims arising by reason of a breach by TGDISCOMs of any of its obligations.

15.2. Procedure for claiming Indemnity

15.2.1. Third party claims

- a) Where the indemnified party is entitled to indemnification from the indemnifying party pursuant to Article 15.1.1(a) or 15.1.2(a), the Indemnified Party shall promptly notify the Indemnifying Party of such claim referred to in Article 15.1.1(a) or 15.1.2(a) in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified Party becomes aware of such claim. The indemnifying party shall be liable to settle the indemnification claim within thirty (30) days of receipt of the above notice. Provided however that, if:

- I. The Parties choose to refer the dispute before the Arbitrator in accordance with Article 17.3.2; and
- II. The claim amount is not required to be paid/ deposited to such third party pending the resolution of the Dispute,

the Indemnifying Party shall become liable to pay the claim amount to the Indemnified Party or to the third party, as the case may be, promptly following the resolution of the Dispute, if such claim is not settled in favour of the Indemnified party.

- b) The Indemnified Party may contest the claim by referring to the Arbitrator for which it is entitled to be Indemnified under Article 15.1.1(a) or 15.1.2(a) and the indemnified party shall reimburse to the Indemnified Party all reasonable costs and expenses incurred by the Indemnified party. However, such Indemnified Party shall not settle or compromise such claim without first getting the consent of the indemnifying party, which consent shall not be unreasonably withheld or delayed.

An indemnifying party may, at its own expense, assume control of the defense of any proceedings brought against the Indemnified Party if it acknowledges its obligation to indemnify such Indemnified Party, gives such Indemnified Party prompt notice of its intention to assume control of the defense, and employs an independent legal counsel at its own cost that is reasonably satisfactory to the Indemnified Party.

15.3. Indemnifiable Losses

15.3.1. Where an Indemnified Party is entitled to Indemnifiable Losses from the indemnifying party pursuant to Article 15.1.1(b) or 15.1.2(b), the Indemnified Party shall promptly notify the indemnifying party of the Indemnifiable Losses actually incurred by the Indemnified Party. The Indemnifiable Losses shall be reimbursed by the Indemnifying Party within thirty (30) days of receipt of the notice seeking Indemnifiable Losses by the Indemnified Party. In case of non-payment of such losses after a valid notice under this Article 15.3, such event shall constitute a payment default under Article 14.

15.4. Limitation on Liability

15.4.1. Except as expressly provided in this Agreement, neither the SPG nor TGDISCOMs nor its/ their respective officers, directors, agents, employees or affiliates (or their officers, directors, agents or employees), shall be liable or responsible to the other Party or its affiliates, officers, directors, agents, employees, successors or permitted assigns or their respective insurers for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith, including claims in the nature of lost revenues, income or profits (other than payments expressly required and properly due under this Agreement), any increased expense of, reduction in or loss of power generation or equipment used therefore, irrespective of whether such claims are based upon breach of warranty, tort (including negligence, whether of TGDISCOMs, the SPG or others), strict liability, contract, breach of statutory duty, operation of law or otherwise.

15.4.2. TGDISCOMs shall have no recourse against any officer, director or shareholder of the SPG or any Affiliate of the SPG or any of its officers, directors or shareholders for such claims excluded under this Article. The SPG shall have no recourse against any officer, director or shareholder of TGDISCOMs, or any affiliate of TGDISCOMs or any of its officers, directors or shareholders for such claims excluded under this Article.

15.5. Duty to Mitigate

15.5.1. The Parties shall endeavor to take all reasonable steps so as mitigate any loss or damage which has occurred under this Article 15.

ARTICLE 16: ASSIGNMENT AND CHARGES

16.1. Assignments

This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assigned by any

Party, except to the Project Lenders or Lender's Representative as security for their debt under the Financing Agreements, other than by mutual consent between the Parties to be evidenced in writing. Such assignment shall be agreed to by DISCOM subject to the compliance of provisions contained in this Agreement and more specifically to the provisions of Article 4.1 of this Agreement. In no case, such assignment shall be permissible prior to the declaration of COD.

Provided that, DISCOM shall permit assignment of any of SPG's rights and obligations under this Agreement in favour of the lenders to the SPG, if required under the Financing Agreements. Provided that, such consent shall not be withheld if DISCOM seeks to transfer to any transferee all of its rights and obligations under this Agreement.

The enforcement of the rights and obligation between the SPG and the DISCOM provided in this Agreement shall not be treated as an assignment but an enforcement of the terms agreed under this Agreement.

Provided further that any successor(s) or permitted assign(s) identified after mutual agreement between the Parties may be required to execute a new agreement on the same terms and conditions as are included in this Agreement. An amount of Rs. 1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the SPG to DISCOM. Provided further that, such consents shall not be withheld by the SPG if DISCOM seeks to transfer to any affiliate all of its rights and obligations under this Agreement.

In the event of Change in Shareholding/Substitution of Promoters triggered by the Financial Institutions leading to signing of fresh PPA with a New Entity, an amount of Rs. 1 Lakh per Transaction as Facilitation Fee (non-refundable) shall be deposited by the SPG to DISCOM.

16.2 Permitted Charges

SPG shall not create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement, other than set forth in Article 16 and the Guidelines.

ARTICLE- 17: DISPUTE RESOLUTION

17.1 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of India. Any legal proceedings in respect of any matters, claims or disputes under this Agreement shall be under the jurisdiction of appropriate courts **in Hyderabad.**

17.2 Amicable Settlement and Dispute Resolution

17.2.1 Amicable Settlement

- i. Either Party is entitled to raise any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement ("Dispute") by giving a written notice (Dispute Notice) to the other Party, which shall contain:

- a) a description of the Dispute;
 - b) the grounds for such Dispute; and
 - c) all written material in support of its claim.
- ii. The other Party shall, within thirty (30) days of issue of Dispute Notice issued under Article 17.2.1(i), furnish:
- a) counter-claim and defenses, if any, regarding the Dispute; and
 - b) all written material in support of its defenses and counter-claim.
- iii. Within thirty (30) days of issue of Dispute Notice by any Party pursuant to Article 17.
- a) if the other Party does not furnish any counter claim or defense under Article 17.
 - b) or thirty (30) days from the date of furnishing counter claims or defense by the other Party, both the Parties to the Dispute shall meet to settle such Dispute amicably. If the Parties fail to resolve the Dispute amicably within thirty (30) days from the later of the dates mentioned in this Article 17.2.1
 - c) the Dispute shall be referred for dispute resolution in accordance with Article 17.3.

17.3 Dispute Resolution

17.3.1 Dispute Resolution by TGERC

- (i) Where any Dispute or difference arises in relation to this Agreement of any nature whatsoever including the construction, interpretation or implementation of the provisions of this Agreement as well as claim made by any Party for any change in or determination of the Tariff or any matter related to Tariff or claims made by any Party which partly or wholly relate to any change in the Tariff or determination of any of such claims could result in change in the Tariff, and relates to any matter agreed to be referred to the Appropriate Commission (TGERC), shall be submitted to adjudication by the Appropriate Commission. Appeal against the decisions of the Appropriate Commission shall be made only as per the provisions of the Electricity Act 2003, as amended from time to time.
- (ii) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such proceedings before the Appropriate Commission.

17.3.2 Dispute Resolution through Arbitration

- i) If the Dispute arising as per Article 17.2.1 is not amicably resolved & such dispute is not covered in Article 17.3.1 (i), such Dispute shall be resolved by arbitration under the provisions of the Electricity Act, 2003, (as amended from time to time) as under: Proceedings as well as appointment of the arbitrators(s) shall be carried out by the Appropriate Commission under the Electricity Act, 2003 as amended from time to time. As stipulated by the said Electricity Act, 2003, the said arbitration will take place as per the provisions of the Arbitration and Conciliation Act 1996 as amended from time to time.

- ii) The place of arbitration be the Headquarters of the DISCOM. The language of the arbitration shall be in English.
- iii) The Arbitration Tribunal's award shall be sustained in writing. The Arbitration Tribunal shall also decide on the costs of the arbitration proceedings and the allocation thereof.
- iv) The provisions of this Article shall survive the termination of this PPA for any reason whatsoever.
- v) The award shall be of majority decision.
- vi) DISCOM shall be entitled to co-opt the lenders (if any) as a supporting party in such arbitration proceedings.

17.4 Parties to Perform Obligations

17.4.1 Notwithstanding the existence of any Dispute and difference referred to the Appropriate Commission and save as the Appropriate Commission may otherwise direct by a final or interim order, the Parties hereto shall continue to perform their respective obligations (which are not under dispute) under this Agreement.

ARTICLE 18: MISCELLANEOUS PROVISIONS

18.1 Amendment

This Agreement may only be amended or supplemented by a written agreement between the Parties.

18.2 Third Party Beneficiaries

This Agreement is intended for the benefit of the Parties, and their respective successors and permitted assigns, and nothing in this Agreement shall be construed to create any duty, standard of care with reference, or any liability to, any person not a Party to this Agreement.

18.3 Waiver

18.3.1 No waiver by either party of any default or breach by the other Party in the performance of any of the provisions of this Agreement shall be effective unless in writing duly executed by an authorized representative of such Party

18.3.2. Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement or any obligation there under nor time or other indulgence granted by a Party to the other Parties shall be treated or deemed as waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.

18.4 Confidentiality

18.4.1 The Parties undertake to hold in confidence this Agreement and not to disclose the terms and conditions of the transaction contemplated hereby to third parties, except:

- a) to their professional advisors;
- b) to their officers, contractors, employees, agents or representatives, financiers, who need to have access to such information for the proper performance of their activities; or
- c) disclosures required under Law, without the prior written consent of the other Party

18.5 Severability

The invalidity or unenforceability, for any reason, of any part of this agreement shall not prejudice or affect the validity or enforceability of the remainder of this agreement, unless the part held invalid or unenforceable is fundamental to this agreement.

18.6 Notices

18.6.1 All notices or other communication to be given by any Party to the other Party under or in connection with the matters contemplated by this Agreement shall be in writing and shall be in the English language:

18.6.2 If to the SPG, all notices or other communications which are required must be delivered personally or by registered post or facsimile or any other method duly acknowledged to the address below:

Address :
Attention :
E-mail :
Fax No. :
Telephone No.:

20.6.3 If to the DISCOM, all notices or other communications which are required must be delivered personally or by registered post or facsimile or any other method duly acknowledged to the address below:

Address :
Attention :
E-mail :
Fax No. :
Telephone No.:

18.6.4 All notices or communications given by facsimile shall be confirmed by sending a copy of the same via post office in an envelope properly addressed to the appropriate Party for delivery by registered mail. All notices shall be deemed validly delivered upon receipt evidenced by an acknowledgment of the recipient, unless the Party delivering the notice can prove in case of deliver through the registered post that the recipient refused to acknowledge the receipt of the notice despite efforts of the postal authorities.

18.6.5 Any Party may by notice of at least fifteen (15) days to the other Party change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.

18.7 Language

18.7.1 All agreements, correspondence and communications between the Parties relating to this Agreement shall be in written in English, and the Agreement shall be construed and interpreted in accordance with English language.

18.7.2 If any of the agreements, correspondence and communications or documents are prepared in any language other than English, the English translation of such agreements, correspondence, communications or documents shall prevail in the matters of interpretation.

18.8 Restriction of Shareholders / Owners' Liability

18.8.1 Parties expressly agree and acknowledge that none of the shareholders of the Parties hereto shall be liable to the other Parties for any of the contractual obligations of the concerned Party under this Agreement. Further, the financial liabilities of the shareholders of each Party to this Agreement, shall be restricted to the extent provided in the Indian Companies Act, 2013.

18.9 Taxes and Duties

18.9.1 The SPG shall bear and promptly pay all statutory taxes, duties, levies and cess, assessed/levied on the SPG, contractors or their employees that are required to be paid by the SPG as per the Law in relation to the execution of the Agreement and for supplying power as per the terms of this Agreement.

18.9.2 DISCOM shall be indemnified and held harmless by the SPG against any claims that may be made against DISCOM in relation to the matters set out in Article 18.9.1

18.9.3 DISCOM shall not be liable for any payment of, taxes, duties, levies, cess whatsoever for discharging any obligation of the SPG by DISCOM on behalf of SPG.

18.10 Independent Entity

18.10.1 The SPG shall be an independent entity performing its obligations pursuant to the Agreement.

18.10.2 Subject to the provisions of the Agreement, the SPG shall be solely responsible for the manner in which its obligations under this Agreement are to be performed. All employees and representatives of the SPG or contractors engaged by the SPG in connection with the performance of the Agreement shall be under the complete control of the SPG and shall not be deemed to be employees, representatives, contractors of DISCOM and nothing contained in the Agreement or in any agreement or contract awarded by the SPG shall be construed to create any contractual relationship between any such employee, representatives or contractors and DISCOM.

18.11 Compliance with Law

Despite anything contained in this Agreement but without prejudice to this Article, if any provision of this Agreement shall be in deviation or inconsistent with or repugnant to the provisions contained in the Electricity Act 2003, or any rules and regulations made there under, such provision of this Agreement shall be deemed to be amended to the extent required to bring it into compliance with the aforesaid relevant provisions as amended from time to time.

18.12. Breach of Obligations

The Parties acknowledge that a breach of any of the obligations contained herein would result in injuries. The Parties further acknowledge that the amount of the liquidated damages or the method of calculating the liquidated damages specified in this Agreement is a genuine and reasonable pre-estimate of the damages that may be suffered by the non-defaulting Party in each case specified under this Agreement.

18.13. Labour clauses

In respect of all Labour, directly employed in the Work for the performance of SPG's part of this agreement, the SPG shall at his own expense arrange for all the safety provisions as per safety codes of C.P.W.D., Indian Standards Institution, Indian Electricity Act and such other acts as applicable.

The SPG shall provide and employ on Site in the installation of the Facilities such skilled, semiskilled and unskilled labor as is necessary for proper and timely execution of the Contract. Unless otherwise provided in the Contract, the SPG shall be responsible for the recruitment, transportation, accommodation, sanitation, first aid facility and catering of all labor, local or expatriate, required for the execution of the Contract and for all payments in connection therewith.

The SPG shall be responsible for obtaining all necessary permit(s) and/or visa(s) from the appropriate authorities for the engagement and entry of all labour and personnel to be employed by SPG on the Site including that of his sub-Contractors.

The SPG shall at all times during the progress of the Contract use its best endeavors to prevent any unlawful, riotous or disorderly conduct or behavior by or amongst its employees and the labour of its Subcontractors.

IN WITNESS WHEREOF the Parties have caused the Agreement to be executed through their duly authorized representatives as of the date and place set forth above.

For and on behalf of TGDISCOMs by

For and on behalf of SPG by

Name, Designation and Address

Name, Designation and Address

Signature with Seal

Signature with Seal

In presence of witnesses of:

1.

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