

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT
GANDHINAGAR

PETITION NO.....OF 2023

IN THE MATTER OF:

Petition under Section 86 (i)(b) of the Electricity Act, 2003 seeking approval of Hon'ble Commission for Procurement of power on "As and When required basis" from GSEG for a period of 5 Years and approval of Power Purchase Agreement dated 24.08.2023.

AND

IN THE MATTER OF:

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan,
Race Course, Vadodara 390007
Gujarat

- Petitioner

Versus

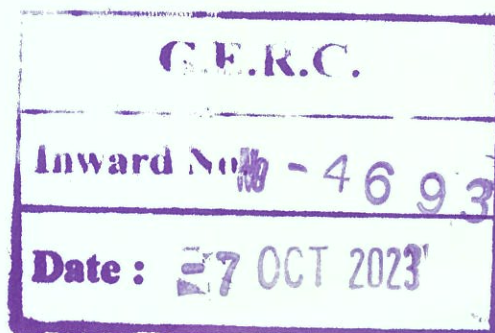
Gujarat State Energy Generation Ltd
Building no. A/78/3-8
Near IGate Corporation
GIDC Electronic Estate, Sector 25
Gandhinagar - 382016
Gujarat

- Respondent

Petition under Section 86 (i)(b) of the Electricity Act, 2003

MOST RESPECTFULLY SHOWETH:

1. The Petitioner, Gujarat Urja Vikas Nigam Limited (herein after "GUVNL") is a Company incorporated under the provisions of the Companies Act, 1956 with registered office at Sardar Patel Vidyut Bhawan, Race Course, Vadodara (Gujarat). The Petitioner is engaged in the activities of bulk purchase and bulk supply of electricity and is



a licensee for the said activities under the provisions of the Electricity Act, 2003.

2. The Respondent, Gujarat State Energy Generation Ltd (hereinafter "GSEG") is also a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at the address in the cause title. The Respondent is a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003. The Respondent is a Government of Gujarat Company.
3. Pursuant to the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003 notified under the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003, erstwhile Gujarat Electricity Board has been reorganised and its functions have been vested in different entities. The activities of Generation, Transmission, Distribution, Bulk power purchase and supply undertaken by erstwhile Gujarat Electricity Board has been entrusted to separate seven functional entities. The generation activity is assigned to Gujarat State Electricity Corporation Ltd. (GSECL), the transmission activity is assigned to Gujarat Energy Transmission Corporation Ltd. (GETCO) and the distribution activity is assigned to four Distribution companies viz. Uttar Gujarat Vij Company Ltd. (UGVCL), Madhya Gujarat Vij Company Ltd. (MGVCL), Dakshin Gujarat Vij Company Ltd. (DGVCL) and Paschim Gujarat Vij Company Ltd. (PGVCL). Further, the function of Bulk purchase and Bulk sale of power is assigned to the Petitioner - Gujarat Urja Vikas Nigam Ltd. (GUVNL) as per the re-organization scheme.
4. GSEG has inter alia a 156.1 MW Gas based combined cycle power plant at Hazira, Gujarat which consists of two gas turbines of 52 MW each and one steam turbine of 52.1 MW.

5. GSEG and GUVNL had entered into the PPA dated 28.02.2000 for supply of energy from the said power plant for a period of 20 years. A copy of the Power Purchase Agreement dated 28.02.2000 is attached hereto and marked as **Annexure A**.
6. The power plant was commissioned on 01-06-2002 and the term of the PPA expired on 31.05.2022. There has been no supply of power from the said station to GUVNL since 31.05.2022.
7. GSEG had time and again requested the Petitioner for extending the validity of the PPA and pursuant to the expiry of the Agreement, GSEG has been requesting for exploring the possibility for revival of the power station considering the 5 year residual useful life of the plant. It may be noted that the useful life of the Gas based power plant in terms of the GERC MYT Regulations 2016 is 25 years though the plants can be operated beyond the said period.
8. GSEG has submitted the proposal for supply of power on "As and When required basis" to GUVNL and a couple of meetings were held between GSEG and GUVNL, where terms of proposal were negotiated. After negotiation, GSEG agreed for followings:
 - 8.1 To reduce Fixed Cost from Rs. 1.30 /KWh to Rs.0.50 / KWh.
 - 8.2 To consider SHR of 2700 kcal / KWh instead of actual SHR for less than 10 hours of operation.
 - 8.3 There is no Fixed Charge liability on GUVNL towards Capacity Charges.
 - 8.4 There shall be no liability towards "Take or Pay" charges payable by GSEG for non off take of gas under the Gas Supply Agreement or towards "Ship or Pay" charges payable by GSEG for non-transportation of gas under the Gas Transportation Agreement.

9. The final proposal of the GSEG in respect of up to 136 MW out of the 156 MW Combined Cycle Gas based power plant was considered as per the following:
- a) Arrangement for 5 years effective from date of signing.
 - b) Power generation by GSEG shall be available to GUVNL at GSEG bus bar.
 - c) Power will be scheduled on "As and When required basis".
 - d) SHR
 - i. for operation equal to or more than 10 hours, SHR shall be 2450 kcal / KWh (GCV and Generation based).
 - ii. For operation less than 10 hours, SHR shall be 2700 kcal / KWh.
 - e) Auxiliary Consumption : 2.90%
 - f) No Fixed Charge liability on GUVNL towards Capacity Charges. However Fixed Cost @ Rs.0.50 / KWh may be paid only on the power scheduled by SLDC and Variable Charge shall be worked out at actuals based on applicable SHR as above and prevailing Gas prices.
 - g) There shall be no liability on GUVNL if power is not scheduled under the arrangement OR towards "Take Or Pay" charges payable by GSEG for non off take of Gas under GSEG's Gas Supply Agreement OR "Ship Or Pay" charges payable by GSEG for non transportation of Gas under GSEG's Gas Transportation Agreement.
 - h) GSEG will raise monthly invoice considering energy certified by SLDC in provisional State Energy Account (SEA) subject to adjustment if any based on final SEA.
 - i) GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate. In case of delay in payment beyond 30 working days, a late payment

surcharge as provided by the GERC MYT Regulations will be applicable for each day of delay.

j) GSEG shall declare the availability of power on "Day ahead Basis" before 10:30 hrs.

10. The proposal for procurement of power from GSEG Station was placed before Board of Directors of GUVNL for approval. The Board deliberated the matter and through B.R. No. 124.15/2033 dated 15-07-2023 accorded approval to the purchase of upto 136 MW power from GSEG Station on "As and When required basis" for 5 years subject to approval from Gujarat Electricity Regulatory Commission. Copy of B.R. No. 124.15/2033 dated 15-07-2023 is attached hereto and marked as **Annexure B**.
11. Pursuant to GUVNL Board's approval, GUVNL, vide letter dated 01-08-2023, forwarded the draft PPA to GSEG and requested them to come forward for signing of the PPA. A copy of letter dated 01-08-2023 by GUVNL to GSEG is attached hereto and marked as **Annexure C**.
12. After due approval of the Board of GUVNL, a Power Purchase Agreement dated 24.08.2023 has been executed between GSEG and GUVNL whereby it has been agreed that the PPA shall be effective upon the approval of Hon'ble Commission (Article 12). A copy of the Power Purchase Agreement dated 24.08.2023 is attached hereto and marked as **Annexure D**.
13. The methodology under the power purchase arrangement and the Terms and Conditions are as under:
 - a) GSEG shall furnish rate of power supply in Rs/Kwh from time to time considering the applicable Gas Price, transportation charges and taxes plus 50 paise / unit towards fixed cost. Variable cost shall be computed based on Station Heat Rate of 2700 Kcal / Kwh

for less than 10 hours of operation and 2450 Kcal / Kwh for duration of power supply above 10 hours and the auxiliary consumption of 2.90%. The rate conveyed by GSEG shall be the ceiling rate.

- a. GUVNL will only pay for the energy scheduled and certified by SLDC.
- b) GSEG shall declare the availability of power to on "Day ahead Basis" before 10:30 hrs.
 - a. While giving schedule, ramping rates approved by SLDC shall be considered.
 - b. Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GIPCL.
- c) GUVNL shall obtain STOA and pay the charges. GUVNL shall consider all charges including STOA charges which are variable / dependent with reference to off-take of power for purpose of Merit Order purpose.
- d) Power off-take shall be in range of 68 MW to 136 MW. Power will be scheduled on "As and when required basis".
- e) The period of the arrangement shall be 5 years from date of signing.
- f) The delivery point shall be bus bar of 156.1 MW station of GSEG.
- g) There shall be no liability on GUVNL if power is not scheduled or towards "Take or Pay" charges for non off-take of gas under GSEG's Gas Supply Agreement or towards "Ship or Pay" charges payable by GSEG for non transportation of gas under GSEG's Gas Transportation Agreement.
- h) GSEG will raise monthly invoice considering energy certified by SLDC in provisional SEA subject to adjustment if any based on final SEA.
- i) GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate. In case of delay in payment beyond 30 working days, a late payment surcharge as

provided in the GERC MYT Regulations will be applicable for each day of delay.

- j) GUVNL shall not be responsible for any UI /DSM, Reactive Energy Charges etc if any payable by GSEG on account of off take or non off take of power under the PPA.
- k) The PPA shall be deemed to come into force from 01.09.2023 (upon approval of the Hon'ble Commission)

14. It is submitted that Petitioner has tied up considerable quantum from Renewable Sources to meet the revised RPPO and the injection of infirm power from RE sources could lead to grid imbalance which need to be addressed by scheduling balancing power from hydro / gas based generation. As the energy generated from wind and solar generators is infirm in nature, it affects the grid operation and to balance the grid operation, it requires the ramp up or ramp down activities from other generators to stabilize the grid operation. The availability of hydro power being limited in Gujarat, it is imperative to have gas based generation to address the issue of grid stability. The power project of the GSEG is having capacity of 156.1 MW consisting of two 52 MW Gas Turbine (GT) and one 52.1 MW Steam Turbine Generator (STG) and being a gas based generation facility, the capacity can be easily and at fast pace ramped up or ramped down to stabilize grid operation and management. The proposed procurement of up to 136 MW would be helpful technically also for grid operation and management.

15. Further, the said power shall be scheduled under Merit Order protocol on "As and When required basis" and will help in optimising power purchase cost. The present tie up is without any committed liability towards capacity charge and obligation towards gas off-take if any on GSEG. The liability would fall on GUVNL only if the power is scheduled.

16. Further since the power plant is located within the State and at times there are issues related to drawl of power through CTU network beyond permissible limits, the above tie up may help to mitigate the demand under such scenario and provide standing arrangement for availing power immediately.
17. In this regard, it is submitted that GUVNL had entered into a PPA dated 29.03.2019 with GIPCL on “As and when required basis” in regard to its Gas based power station which had residual useful life. The Hon’ble Commission vide Order dated 09.10.2019 in Petition No. 1794 of 2019 has approved the power arrangement and the PPA. A copy of the Order dated 09.10.2019 is attached hereto and marked as Annexure E. Therein it was noted that the plant has residual useful life and that the agreed terms provide for no burden of take or pay charges and that there is no fixed charges i.e. the liability is only if the power is scheduled.
18. Similarly, in the present case, there is no take or pay or ship or pay charges. The fixed cost of Rs. 0.50 per kWh (without any escalation) is payable only if the energy is scheduled and further the merit order is with consideration of the rate declared by GSEG and the STOA charges. The terms of the PPA is also only for 5 years and the procurement is also for capacity upto 136 MW, which is also similar to the case of GIPCL II.
19. The agreed terms of the PPA with GIPCL is similar to the terms in the present PPA. A comparison of parameters in the PPA is provided herein:

Parameters	GIPCL Stage II	GSEG
Fixed Cost on scheduled energy (Rs./kWh)	0.50 (O&M expenses)	0.50
Auxiliary Consumption	2.90%	2.90%

SHR for < 10 hours of operation kcal/kwh	2472	2700
SHR for > 10 hours of operation kcal/kwh	2370	2450

20. It is submitted that auxiliary consumption at 2.90% and fixed cost (without escalation) of Rs. 0.50 per kWh is already approved by the Hon'ble Commission in case of GIPCL II.
21. In regard to Station Heat Rate, it is submitted that the SHR proposed for GSEG is higher than the SHR for GIPCL II. There is a difference in the power project of GIPCL and GSEG - GIPCL has 1 Gas Turbine of 104 MW and 1 Steam Turbine of 56 MW whereas GSEG has smaller unit size of 52 MW (two Gas turbine and one steam turbine configuration. In view of the smaller size of the turbine, the SHR claimed by GSEG is higher than that of GIPCL stage II. It is known that SHR increases with age and due to smaller size.
22. Further considering the low fixed cost and the fact that the liability on GUVNL would only arise in case of actual schedule of power, it is considered that the PPA with the above proposed parameters would be beneficial for GUVNL and consumers at large.
23. GUVNL is hereby filing the present Petition before Hon'ble Commission under Section 86 (1) (b) of the Electricity Act 2003 for approval regarding power procurement and approval of the Power Purchase Agreement for procurement of power from Combined Cycle Gas based power project of GSEG at Hazira, Gujarat for 5 years on "As and when required basis" and further approve the PPA dated 24.08.2023.
24. The Petitioner has paid the requisite court fees.

PRAYER

In view of the above, it is respectfully prayed that the Hon'ble Commission may be pleased to:

- A. To admit the Petition;
- B. To approve the arrangement for procurement of upto 136 MW power by Petitioner from GSEG Station at Hazira on "As and When required" basis for a period of 5 years on the terms and conditions as per the PPA dated 24.08.2023;
- C. To approve the Power Purchase Agreement dated 24.08.2023 entered into between GUVNL and GSEG for Procurement of power on "As and When required basis" for a period of 5 Years.
- D. The Petitioner craves relief of the Hon'ble Commission to allow further submissions, prayers, additions and alterations to this Petition as may be necessary from time to time.
- E. Pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case.

Place: Vadodara

Dated: 05.10.2023

Declaration

The Petitioner has not filed any other petition or proceedings before this Hon'ble Commission or any other Court or Forum in regard to the relief sought for in the present petition.



PETITIONER

Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodara



PETITIONER

Place: Vadodara

Dated: 05.10.2023

Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodara

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT
GANDHINAGAR

PETITION NO OF 2023

IN THE MATTER OF:

Petition under Section 86 (i)(b) of the Electricity Act, 2003 seeking approval of Hon’ble Commission for Procurement of power on “As and When required basis” from GIPCL Station - II for a period of 5 Years and approval of Power Purchase Agreement dated 24.08.2023.

AND

IN THE MATTER OF:

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan,
Race Course, Vadodara 390007
Gujarat

- Petitioner

Versus

Gujarat State Electricity Corporation Ltd
Building no. A/78/3-8
Near Igate Corporation
GIDC Electronic Estate, Sector 25
Gandhinagar - 382016
Gujarat

- Respondent

AFFIDAVIT

Regd. No.: 20737
Date : 05/10 / 2023

I, Hitesh Patel son of Prabhudas Patel aged about 49 years resident of Vadodara hereby solemnly affirm and state as under:

1. I am the Deputy Engineer of the Petitioner and I am fully conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the accompanying petition and I say that the facts stated therein are based on the records of the Petitioner and believed by the deponent to be true.

3. The annexures to the petition are true copies of their originals.



DEPONENT

Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodara

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this ^{5th} day of October 2023.

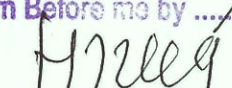


DEPONENT

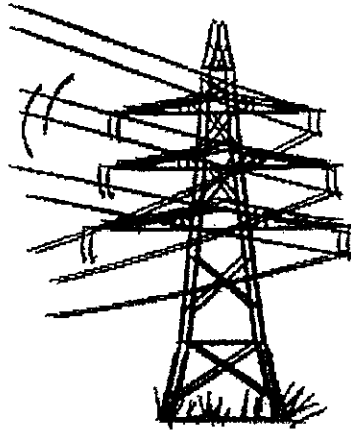
Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodara



Solemnly Affirmed/Declared
Sworn Before me by A. P. Patel


H. J. ZALA

NOTARY (Govt. of India)



POWER PURCHASE AGREEMENT

BETWEEN

GUJARAT ELECTRICITY BOARD

AND

**GUJARAT STATE ENERGY GENERATION
LIMITED**



20 Rs.



स्ट.वि. नं. २५... अ. ३...
 नाम...
 ठेका...
 हस्त...
 को...
 प्रत्य वे...
 भा...
 बा. नं. ३६/७८ ता. २१-१-७८
 गोपनीय: ला...
 ड. स...

This Power Purchase Agreement (hereinafter referred to as "the PPA")
 is entered into on ^{twenty eighth} day of the month of February of the year two
 thousand at ~~Vadodara~~.

BETWEEN

GUJARAT ELECTRICITY BOARD

formed under the Electricity (Supply) Act, 1948, having its Head Office
 at Sardar Patel Vidyut Bhavan, Race Course, Vadodara, 390007
 (hereinafter referred to as "GEB" or "Board") which expression shall
 mean and include its assigns and successors

AND

GUJARAT STATE ENERGY GENERATION LIMITED

incorporated under the Companies Act, 1956 (1 of 1956) having its
 registered office at 3rd floor, Block No. 15, Udyog Bhavan, Sector 11,
 Gandhinagar, Gujarat (hereinafter referred to as "GSEG") which
 expression shall mean and include its assigns and successors

20 Rs.



महेश्वरी 27/12/98 लाहौर 95/2/2000 पृ. 201

महेश्वरी 27/12/98 लाहौर 95/2/2000 पृ. 201

महेश्वरी 27/12/98 लाहौर 95/2/2000 पृ. 201

महेश्वरी 27/12/98 लाहौर 95/2/2000 पृ. 201

महेश्वरी 27/12/98 लाहौर 95/2/2000 पृ. 201
 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

AND WHEREAS GSEG has, amongst its objectives laid down in its Memorandum of Articles, incorporated the activities relating to the establishment, operation and maintenance of Generating Station, and is eligible to be identified as a Generating Company pursuant to the provisions of sub-section 4-A of Section-2 of the Electricity (Supply) Act, 1948

AND WHEREAS the Government of Gujarat has given "in-principle" clearance for the setting up of 156 MW Combined Cycle Power Project to M/s. GSEG vide Ref.No.IPP/1098/633/Power Cell/515, dated 1-12-1998 and GEB has conveyed its "No Objection" to the same vide Ref. No. OM:COM:IPP:GSPC:672 dated 14-12-1998

AND WHEREAS GSEG has undertaken to build, own, operate and maintain the said Generating Station by itself having the configuration and specifications as incorporated under Schedule-I. GSEG shall appoint Director(s) on its Board of Directors as may be nominated by the GoG

Handwritten signatures and marks at the bottom of the page.

20 Rs.



मार्गदर्शक... १९८७

मार्गदर्शक...

मार्गदर्शक...

मार्गदर्शक...

मार्गदर्शक...

मार्गदर्शक...

मार्गदर्शक...

मार्गदर्शक...

AND WHEREAS GEB, which is generating, transmitting, distributing and selling electrical energy in the State of Gujarat, intends to purchase from GSEG, such of the Capacity as mentioned hereinafter, commensurate with the detailed terms and conditions of this PPA

AND WHEREAS GSEG will charge the rates for supply of Energy in accordance with the Tariff to be determined as provided under this PPA and GEB shall pay for the same as per the terms and manner incorporated hereinto

NOW THEREFORE, in consideration of the premises, mutual agreements, covenants and conditions set forth in this PPA, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS

[Handwritten signatures and marks at the bottom of the page]

ARTICLES

INDEX OF ARTICLES

GEB – GSEG PPA

Sr. No.	Title	Page No.
	Recital	
1.	Definitions and Interpretation	001
2.	Conditions Precedent	011
3.	Development Stage	013
4.	Construction Stage	016
5.	Insurances	020
6.	Synchronisation and Commissioning	022
7.	Operation and Maintenance	025
8.	Fuel Management	027
9.	Metering	029
10.	Tariff	032
11.	Force Majeure	046
12.	Term and Termination	051
13.	Liability and Indemnification	055
14.	Change in Law	057
15.	Assignment and Security	059
16.	Dispute Resolution	060
17.	Representations and Warranties	063
18.	Confidentiality	065
19.	Miscellaneous Provisions	067

ARTICLE-1

DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

The words/expressions used in this PPA, unless repugnant to the context, shall have the same meaning as assigned to them under the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 (as amended from time to time) and the rules framed thereunder. The words/expressions mentioned below and under Article-10 shall have the meanings respectively as assigned at respective places:

Affected Party	shall mean the Party which is rendered ineffective to discharge its obligations due to reason beyond its control, as more precisely specified under Article 11
Authority	shall mean Central Electricity Authority of India constituted under the Electricity (Supply) Act, 1948 and/or any successor Authority which may fulfil the obligations and duties as of the CEA
Auxiliary Consumption	shall mean the consumption of Energy by the auxiliaries of the Project. The normative values of Auxiliary Consumption shall be as brought out under Clause 10.10 of Article-10.
Availability	shall mean the Capacity available during any Settlement Period in accordance with Clause 10.7 of Article 10
Calendar Year	shall mean a year commencing from 1 st day of January to 31 st day of December
Capacity	shall mean the capability of the Unit(s), at any time, to generate and deliver Energy at the Delivery Point in accordance with the applicable Operative Characteristics. Capacity shall be expressed in Megawatts
Capacity Demonstration Test	shall mean the Test required to be conducted by GSEG for the purpose of demonstrating the Capacity of the Unit(s) as brought out under Schedule-VI
Capacity Notice	shall mean a notice as elaborated under Schedule-IV

Capital Cost	shall have the meaning as construed under Clause 10.4 of the Article 10 thereof
Change in Law	shall have the meaning as construed under Clause 14.2 of the Article 14
Characteristics Tests	shall mean the tests of the Unit(s)' ability to operate consistently with its Operating Characteristics and the same shall be carried out in accordance with provisions of Schedule VI
Clearances	shall mean the Clearances to be obtained by GSEG in accordance with the GoI Resolution No.237 dated 22-10-1991 as amended upto date in respect of the Generating Station and the Clearances in respect of the Transmission and Interconnection Facility for GEB
Commissioning Tests	shall mean, in relation to each Unit, either (a) the Performance Guaranteed Test and/or (b) the Characteristic Test or (c) both
Construction Period	shall mean the period from (and including) the Zero Date and upto (but not including) the Entry into Commercial Service of each of the Unit
Date of Synchronization	shall mean, in relation to each Unit, the date on which that Unit is synchronized with the Grid System for the first time upon completion of construction
Declared Capacity	shall mean the Capacity declared Available by GSEG at the Delivery Point to GEB pursuant to provisions of Schedule-IV. This will be expressed in MW
Delivered Capacity	shall mean the Capacity delivered by GSEG in response to Dispatch Instructions. This will be measured at Bus Bar in KWh
Delivery Point	shall mean the dead-end structure to be installed within the switchyard of the Generating Station provided by GSEG and to which GEB is to interconnect GEB's Grid System
Depreciation	shall have the meaning as construed under Article 10

Dispatch Instruction(s)	shall mean the instructions issued by GEB to GSEG for dispatching the Capacity as elaborated under Schedule-IV. This will be expressed in MW
Dispatch Procedures	shall mean the procedure to be followed for dispatching Capacity as specified in Schedule IV
Dispute	shall mean any dispute or difference of any kind between GEB and GSEG in connection with or arising out of this PPA
Due Date	shall have the meaning as construed under Schedule-X.4
Energy	shall mean the electrical energy generated at the Generating Station by GSEG as delivered to GEB at the Delivery Point
Energy Charge	shall have the meaning as construed under Clause 10.10 of Article 10
Entry into Commercial Service or Commercial Operation	shall mean the eligibility of each Unit, individually, to operate on commercial basis pursuant to the provisions of Article-6
Event(s) of Default	shall mean any GSEG Event of Default or any GEB Event of Default or both as set out in Article-12
Expert	shall mean an independent agency appointed pursuant to Clause 16.3 of Article 16 for providing expert services to the Party(ies)
Expiry Date	shall mean the day before the 20 th (twentieth) anniversary of the Commercial Operations Date of the Final Unit
Final Unit	shall mean the Unit to be Commissioned last

Financial Close	shall mean date (after the approval of Financing Plan pursuant to provision under Clause 3.5 of Article-3) on which the Financing Agreement providing for the funds necessary for the Project becomes effective such that GSEG has immediate access to the same
Financing Agreement	shall mean GSEG agreement(s) with Lenders (other than the Participants) for the making available to GSEG of credit facilities or other funds for the Project on an unsubordinated basis (other than by way of Equity or quasi Equity participation); and/or Finance or Capital Lease Agreement with Lessor for making available to GSEG assets required for the Project on Lease/hire purchase
Financing Plan	shall mean the arrangements proposed and approved by GEB to finance funding of the Project
First Unit	shall mean the Unit to be Commissioned first
Fixed Charge	shall have the meaning as construed under Article 10.4
Force Majeure	shall have the meaning as construed under Article 11
Forced Outage	shall mean an interruption or reduction of the generating capacity of the Unit(s) as elaborated under Schedule VII
Fuel	shall mean the fuel to be consumed by the Generating Station for the purpose of generation of Energy
Fuel Supply Agreement	shall have the meaning as provided for under Schedule-VIII
GEB Event of Default	shall have the meaning as construed under Cl 12.5.2 of Article 12
Generating Station or Power Station	shall mean the 156 MW Station being set up by GSEG at village Mora, Dist-Surat in State of Gujarat for generating electricity, including any building and plant (with step up transformer(s), switchgear(s), cables or other appurtenant equipment, if any) used for that purpose and any associated fuel transportation, treatment or storage facility or any water supply, treatment or storage facilities required for the operation of the Generating Station

GoG	shall stand for the Government of Gujarat
GoI	shall stand for the Government of India.
Good Industry Practice	shall mean the exercise of that degree of skill, diligence and prudence which would reasonably and ordinarily be expected from a reasonably skilled and experienced Operator engaged in the same type of undertaking under the same or similar circumstances and acting generally in accordance with the Electricity Rules
Governmental Instrumentality	shall mean GoG/GoI and any ministry, department, board, agency or other authority of GoG/GoI
Grid Code	shall mean any compendium of conditions, procedures, provisions and codes governing the operation of the Grid System
Grid System	shall mean GEB's interconnected electricity supply, distribution and transmission system, as modified or expanded from time to time, for the delivery of electricity to its customers
GSEG Event of Default	shall have the meaning as construed under Cl. 12.5.1 of Article 12
Incentive Charge	shall have the meaning as construed under Clause 10.4 of the Article 10
Indian Consumer Price Index	shall mean the "All India Consumer Price Index (CPI) for Industrial Workers" published monthly by the Center for Monitoring of the Indian Economy or other acceptable agency
Infirm Power	shall mean the Energy generated and sold by GSEG to GEB after Synchronization and prior to the date of Entry into Commercial Service of each Unit
Insurances	shall mean the insurance cover(s) to be taken and maintained by GSEG in respect of the Generating Station

Interconnection and Transmission Facilities	shall mean all high pressure cables and overhead lines transmitting electricity from the Generating Station to another generating station or to a Sub-Station, together with any step-up or step-down transformer, switchgear and other works necessary to evacuate power from the Generating Station
LDC	shall mean GEB's Load Dispatch Center located at Jambuva near Vadodara or such other Load Dispatch Center(s) as may be designated by GEB from time to time for the purpose of monitoring the Dispatches and giving Dispatch Instructions to the Generating Station
Letter of Credit	shall have the meaning as construed under Schedule X
Metering System	shall mean the network of meters described in Schedule IX
Meters	shall mean the meters which form part of the Metering System;
Monthly Availability Adjustment	shall have the meaning as construed under Clause 10.8 of Article 10
Monthly Tariff Invoice	shall have the meaning as construed under Article 10
Nominal Base Load Capacity	shall mean, the Rated Name Plate Capacity or the DeRated Name Plate Capacity, as applicable, of the Unit or Generating Station less the Auxiliary Consumption.
Normative Plant Load Factor	shall mean the normative level of generation which would be 4500 KWh/KW/Year (51.37%) during the Stabilisation Period of each Unit and 6000 KWH/KW/Year (68.50%) during subsequent period
Operating Period	shall mean, in relation to each Unit, the period from the date of its Entry into Commercial Operation until the end of the Term or Termination of this PPA, whichever is earlier
Operating Procedures	shall have the meaning as construed under Article 7
Operator	shall mean, at any time, GSEG, or the operator or operators, if any, appointed to act as the operator of the Generating Station

Performance Guarantee Test	shall mean, in relation to any Unit, the tests of that Unit to determine the Guaranteed Performance thereof. Such tests shall be carried out in accordance with Schedule VI as a part of the Commissioning Tests for that Unit
Plant Load Factor	shall mean the ratio, expressed as a percentage of a) Energy computed at the Delivery Point to b) the Nominal Base Load Capacity during the Settlement Period under consideration
Power Factor	shall mean the cosine of the phase angle between the voltage vector and the current vector
Professional Appraiser	shall mean a firm of Chartered Accountants as agreed by the Parties pursuant to Schedule XII.
Project	shall mean the ownership, development, design, financing, insuring, operation and maintenance of the Generating Station, (including land and infrastructure facilities) whether complete or at any stage of development and construction, all as more particularly described in Schedule I.
Prudent Utility Practice	shall mean the practices, methods and standards that are generally accepted internationally from time to time by electrical utilities for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of the Generating Station
Quarter	shall mean the periods of April to June, July to September, October to December and January to March of the Year.
Rated Name Plate Capacity	shall mean 156 MW Capacity of the Generating Station or Derated Name Plate Capacity whichever is lower.
Revised Capacity Notice	shall have the meaning as construed under Clause IV.4 of the Schedule IV
Settlement Period	shall mean each of the consecutive 60 (sixty) minute periods in each day, the first beginning at 00:00 hours and the last ending at 24:00 hours
Site	shall mean the site of the Generating Station, as more particularly described in Schedule I.

Stabilisation Period	shall mean the period of 90 days commencing from the date of Entry into Commercial Service of each Unit for the purpose of the stabilisation of the Generating Station.
Sub-Station	shall mean a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switch-gear(s), capacitors, synchronous condensers, structures, cables and other appurtenant equipment and any buildings
Tariff	shall mean the basis of calculating the charges for supply of Energy under the provisions of this PPA
Tariff Change	shall have the meaning as construed under Clause 10.2 of Article 10
Tax	shall mean any tax (other than Tax on Income), duty, cess or charge payable by GSEG relating to generation and sale of Energy from the Generating Station as per the prevailing laws of Central or State Government or any other authority or statutory body(ies), which shall be borne by GEB, provided such taxes are otherwise not covered under any head of Tariff under Article-10 including O&M Expenses
Tax on Income	shall have the meaning as construed under Cl 10.11 of Article 10
Technical Specification	shall mean the technical requirements and parameters covering the construction, operation and maintenance of the Generating Station
Term	shall mean the term of this PPA as set out in Cl 12.2 of Article 12
Termination	shall have the meaning as brought out in Clause 12.3 of Article 12
Termination Notice	shall mean the written notice of Termination of this PPA issued by one Party to the other in terms hereof
Tested Capacity	shall mean, at any point of time during the Term of the PPA, the Capacity determined in the most recent Test.

Unit(s)	shall mean a set consisting of a boiler, turbine, generator, and associated equipment(s) which meet the Technical Specifications
VAR	shall mean volt-amperes reactive
Water Facilities	shall mean the facilities for the intake, pumping, transportation, receipt, treatment, storage and disposal of water associated with the Generating Station (including the pump stations and pipelines) as more particularly described in Schedule 1.
Week	shall mean a period of seven consecutive days beginning at 00:00 hours Indian Standard Time on Monday
Weekly Capacity Notice	shall have the meaning as construed under Clause IV.3 of Schedule IV
WPI	shall mean the "All Indian Wholesale Price Index" published monthly in the Index Numbers of Wholesale Prices and Consumer Prices" by the Center for Monitoring of the Indian Economy or any other agency as mutually agreed
Year	shall mean the Year, commencing from 1 st day of the month of April in any Calendar Year and ending on the 31 st of March of the immediate subsequent Calendar Year
Zero Date	shall mean the date on which all conditions are met or have been waived pursuant to provisions under Article-2 and in accordance with Development Milestones under Schedule-II

1.2 INTERPRETATION

In this PPA :

- a. "In agreed terms" means terms agreed between GSEG and GEB ;
- b. any reference to or any Section of, or schedule to, or other provision of an Act of Parliament shall be construed, at a particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and references to the laws of India or Indian law including the laws of any State forming part of the Union of India;

GEB

9/126

GSEG

- c. the singular shall include plural and vice versa, and words denoting neutral persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organisations or other legal entities;
 - d. the headings are inserted for convenience and are to be ignored for the purposes of construction;
 - e. terms defined in the Schedules hereto shall have the meanings ascribed thereto in the Schedules when used elsewhere in this PPA;
 - f. the words "include" and "including" are to be construed without limitation;
 - g. the Schedules to this PPA form part thereof and will be of full force and effect as though they were expressly set out in the body of the PPA.
 - h. A "Business Day" shall be construed as a reference to a day (other than a Sunday) on which banks are generally open for business in Gujarat.
- 

ARTICLE-2

CONDITIONS PRECEDENT

2.1 GENERAL

Setting up of electricity generation project requires a number of Statutory and Non-Statutory Clearances from the State/Central Government and their agencies. Some of these Clearances form Conditions Precedent to the implementation of the PPA on either side. A list of such Clearances, as notified by the GoI under its Resolution No.237 dated 22-10-1991, is given herebelow :

2.2 CONDITIONS PRECEDENT TO GSEG

Following shall be the Conditions Precedent to be fulfilled by GSEG

Sr. No.	CLEARANCES	APPROVING AGENCY
1.	Publication	GoG/GSEG
2.	GoG Clearance	GoG
3.	No Objection Certificate	GEB
4.	Techno-Economic Clearance/concurrence	CEA
5.	Cost Estimates	CEA and GEB.
6.	Water Availability	GoG
7.	Pollution Clearance Water and Air	State/Central Pollution Control Board.
8.	Forest Clearance	(i) GoG (ii) Ministry of Environment and Forest, GoI
9.	Environment & Forest Clearance	(i) GoG. (ii) Ministry of Environment and Forest, GoI
10.	Civil Aviation Clearance for Chimney Height	National Airport Authority.
11.	Registration of Company	Registrar of Companies.
12.	Rehabilitation and Resettlement of Displaced families by Land Acquisition	(i) Ministry of Environment and Forest, GoI. (ii) GoG.
13.	Land Availability	GoG
14.	Wayleaves	GoG
15.	Fuel Supply Agreement	GEB
16.	Financing Plan and Means of Finance	GEB
17.	Financial Close	GSEG
18.	Approval of PPA	By the Board of Directors of GSEG

GEB

11/126

GSEG

2.3 CONDITIONS PRECEDENT TO GEB

Following shall be the Conditions Precedent to be fulfilled by GEB:

Sr. No.	CONDITIONS PRECEDENT	AGENCY
1	Wayleaves	GoG
2	Approval of PPA	By the Board of GEB

2.4 OBLIGATIONS TO SATISFY THE CONDITIONS PRECEDENT

Each of GSEG and GEB shall use all reasonable endeavors to procure to the satisfaction in full of the Conditions Precedent when and in so far as the subject matter of the relevant condition falls within the scope of its respective responsibility.

2.5 NOT USED

2.6 WAIVER OF CONDITIONS PRECEDENT

Either or both Parties may, waive the fulfillment of the Condition(s) Precedent for the purpose of achieving Zero Date. However, neither will be absolved from its fulfillment in compliance with statutory requirements. The unilateral waiver by either Party or joint waiver by both the Parties together shall not inflict any consequences on the other or both the Parties in terms of this PPA.

2.7 NOTICE OF FULFILLMENT OF THE CONDITIONS PRECEDENT

Upon the date on which either Party becomes aware that any of the Conditions Precedent has been satisfied in full, it shall promptly give notice thereof to the other together with full details of the circumstances constituting such satisfaction and documentary evidence thereof. Nevertheless, non notification would not mean non-fulfillment for the purpose of determination of Zero Date.

2.8 NON-FULFILLMENT OF CONDITIONS PRECEDENT

If the Conditions Precedent set out herein above are not satisfied in full or waived leading to delay in achievement of Zero Date, each party shall have the right to terminate the PPA by issuing (21) days' Notice in writing to the other party. The PPA shall stand lapsed without any liability on either party. Provided, however, the Parties may decide to extend the Zero Date as may be mutually agreed.


GEB

12/126


GSEG

ARTICLE-3

DEVELOPMENT STAGE

3.1 OBLIGATIONS OF THE PARTIES

3.1.1 GSEG 's Obligations

During the Development Stage, GSEG shall, at its own cost ;

- (i) identify and prepare applications for, and liaise with, all the Governmental Instrumentalities for obtaining the required Statutory and non-Statutory Clearances and Wayleaves for the Construction, Operation and Maintenance of the Generating Station;
- (ii) finalise the EPC Contract in accordance with GoI guidelines;
- (iii) procure finance for the Project;
- (iv) make such preliminary arrangements for the Construction of the Generating Station including the commissioning of Site, soil, hydrographic and other surveys and the commencement of such preliminary engineering design work as is necessary to enable the Construction of the Generating Station such that the Entry into Commercial Service is achieved on the targeted date;
- (v) apply for Construction Power as per rules and regulations of GEB in force at the relevant period of time; and
- (vi) submit the details of the Financing Plan and Means of Finance to GEB.

3.1.2 GEB'S Obligations

During the Development Stage, GEB shall, at its own cost :

- (i) apply for and obtain all the Statutory and non-Statutory Clearances and Wayleaves required for the Construction, Operation and Maintenance of the Interconnection and Transmission Facilities;
- (ii) assist GSEG in discharging its functions as stipulated in Clause 3.1.1 hereinabove. Non fulfillment of this obligation shall, however, not mean any breach of the PPA on the part of GEB;
- (iii) assist GSEG in liaisoning with the GoG in connection with the permission by the GoG, if any, and to assist GSEG in obtaining the rights to abstract water which GSEG may require for the Construction, Operation and cooling of the Generating Station and discharge the same after use. Non fulfillment of this obligation shall however, not mean any breach of the PPA by GEB.

GEB

13/126

GSEG

3.2 CO-ORDINATION DURING THE DEVELOPMENT STAGE

The Parties shall fully co-ordinate with each other for the performance of their respective obligations as referred hitherto.

3.3 THE SITE

GSEG acknowledges that prior to entering into this PPA, it had had sufficient opportunity to investigate the Site and that GSEG accepts full responsibility for its conditions (including but not limited to its geological condition, any toxic contamination or archaeological remains on the Site, the adequacy of the road and rail links to the Site and the availability of adequate supplies of water).

3.4 LIABILITIES OF THE PARTIES

3.4.1 General

Neither Party shall have any liability to the other Party for failure to achieve the objectives referred to hereinabove except insofar as it has failed to use its reasonable endeavours to achieve those objectives.

3.4.2 No Claim and its exceptions

No claim shall be made by one Party against the other Party for any breach of its respective obligations to use the reasonable endeavours as aforesaid, unless notice of such breach is given by the other Party and the Party in breach fails to remedy the breach to the other Party's reasonable satisfaction within 30 (thirty) days (or extended date, if any) of the date of such notice

3.5 FINANCING PLAN AND FINANCING CHANGES

3.5.1 Financing Plan

3.5.1.1 Pursuant to GoI Resolution No.237 dated 22-10-1991, the Capital Cost to be incurred for the Project shall be provided through debt and equity components. The recommended Debt Equity ratio is 70:30. GSEG shall make endeavours to apply best possible ratio as may be feasible. Atleast 11% of the total outlay must come through Promoters' contribution.

3.5.1.2 The recommended time table for approval of Financing Plan shall be as under :

Sr.No.	Schedule for submission by GSEG	Schedule for approval by GEB
1	Five weeks from the date of signing of the PPA.	Six weeks from the date of submission by GSEG

GEB

14/126

GSEG

3.5.2 Means of Finance

GSEG shall then proceed to devise the Means of Finance with various Lenders and/or the financing institutions. The anticipated Means of Finance for the Financing Plan (generally in line with Clause 3.5.1), shall be submitted to GEB, desirably in the format as incorporated under Schedule XI, for the approval of GEB. GSEG shall provide all relevant documents for the scrutiny of GEB. The recommended schedule for processing the approval of Means of Finance shall be as under :

Sr.No.	Schedule for submission by GSEG	Schedule for approval by GEB	Remarks
1	Eight weeks from the date of approval of Financing Plan by GEB.	Fifteen weeks from the date of submission by GSEG	GEB shall offer comments for modification if any during the said period. GSEG to resubmit alongwith necessary modifications/clarifications. In such a case, the final approval shall fall due at the end of 12 th week from the date of submission.

GEB and GSEG will interact to approve the Means of Finance as submitted or as may be proposed by GEB. In the event of non agreement within indicative periods, the matter could be referred to the Expert by mutual consent. However, if in any case, GEB does not respond to the submission of GSEG, the latter may have the option to consider the Means of Finance as approved by GEB.

3.6 FINANCING CHANGE(S)

GSEG shall, at all times during the Term of the PPA, ensure that the financing of the Project is done with the cheapest Means of Finance available. For this purpose, it may continue to make Financing Change(s) to its original approved Means of Finance. Such Financing Changes shall, however, not be implemented without the prior written approval of GEB.

3.7 Nevertheless, both in respect of the provisions of Clauses 3.5 and 3.6 hereinabove, GSEG shall take all reasonable steps in accordance with Good Industry Practice to lessen the rates of interest and fees payable in respect of all its borrowings under the relevant Means of Finance and/or Financing Changes, as the case may be. GSEG shall, however, not be expected or obligated to take any steps to act under these provisions, where the terms of the Financing Agreement or other Indian Law requirements would materially restrict GSEG's ability to take any such steps and further provided that the obligations of GSEG under this Clause shall not be amenable to Dispute Resolution pursuant to Article - 16.

GEB

15/126

GSEG

ARTICLE-4

CONSTRUCTION STAGE

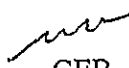
4.1 GSEG'S OBLIGATIONS

4.1.1 GSEG shall, in respect of the Generating Station and the Project:

- (a) procure finance;
- (b) engage contractors to design, engineer, procure, construct, complete, test, commission, remedy defects in the Generating Station and complete the Project in accordance with applicable Good Industry Practice, all applicable Indian laws and Indian Directives, manufacturer's guidelines and instructions, the specified Technical Characteristic and GEB System requirements as set out in Schedule-I, including, without limiting the generality of the foregoing:
 - (i) all electrical transmission facilities on GSEG's side of the Delivery Point in accordance with GEB standards applicable from time to time; including construction, installation, commissioning and testing of control and protection equipment for the operation of breakers for each circuit;
 - (ii) installation and commissioning of power line carrier communication equipment at the Generating Station in accordance with GEB standards at GSEG's cost, applicable from time to time for communication with the Load Dispatch Centre as well as the corresponding sub-station of GEB;
 - (iii) apply for and obtain the Clearances on a timely basis as may be required; and
 - (iv) provision of GSEG Interconnection Facility;

all as more particularly described in Schedule I.

- (c) allow representatives of GEB, reasonable access to the Generating Station after receiving reasonable notice in writing from GEB. GEB representatives on the Site shall comply with reasonable safety and security procedures established by GSEG.
- (d) provide GEB with monthly reports on the progress of construction;
- (e) pay GEB for the Construction Power as provided under Clause 4.1.3 of Article 4 of this PPA.;


GEB

16/126


GSEG

- (f) designate an engineer to co-ordinate with GEB all necessary exchanges of information required to interface between GEB and GSEG systems;
- (g) pay GEB, in respect of First Unit, for such Testing Power drawn and consumed from GEB System by GSEG.;
- (h) in respect of all other Unit(s), use the Energy generated at the Generating Station as Testing Power or import electrical energy from GEB System. The Charges for such testing power shall be payable in accordance with the provisions under Schedule-X.
- (i) GSEG shall ensure that the Generating Station is constructed in a good workmanlike manner, using sound engineering construction practices and only the materials and equipments that are new and of international utility grade quality, to ensure efficient service life of the Generating Station as per this PPA.
- (j) GSEG shall be responsible for obtaining all the Consents (unless required by GEB for the Interconnection and Transmission Facilities) and keeping in effect all such Consents to carry out its obligations under Article 4 and shall supply GEB promptly with copies of each application that it submits, and each of the Consents which it obtains.

4.1.2 Not Used

4.1.3 Construction Power

4.1.3.1 GSEG shall avail the required construction power from GEB by following the procedures provided as per the Rules framed by GEB at the relevant point of time and incorporated under its book titled as "Conditions and Miscellaneous Charges For Supply of Electrical Energy" or any other document incorporating relevant Rules at any point of time during the Term of this PPA. GSEG shall abide to pay all the relevant charges on account of capital expenditure as well as other charges on account of tariffs as applicable to GEB's consumers using equivalent quantity of power at equivalent voltages. GSEG shall, however, be allowed to pay the relevant Demand Charges (by whatever name called) in phased manner progressively corresponding to the increase in demand, subject to levy of interest charges.

4.1.3.2 The methodology of recovery of charges in the event of provisions under Clause 4.1 of Article-4 shall also be identical to those in Clause 4.1.3.1. For the purpose of clarification, such power shall be treated as supplied from GEB without allowing any increase in Auxiliary Consumption.

GEB

17/126

GSEG

4.2 GEB's OBLIGATIONS

GEB shall be responsible to discharge following obligations during the Construction Period.

- i) meet with the requirement of electrical energy of the Generating Station for the construction purposes.
- ii) to provide the Interconnection and Transmission Facilities for the purpose of connecting the Generating Station to the Grid System and for the purpose of evacuation of power as per the Development Milestone(s) set out under Schedule-II. GEB shall provide, from time to time, the information with regard to the Interconnection and Transmission facilities as may be reasonably necessary to enable GSEG to design, install and operate all interconnection plant and apparatus on GSEG's side of the Delivery Point.
- iii) exercise all reasonable endeavours to facilitate the commissioning and testing of the Units.
- iv) GEB shall also install and commission the power line carrier communication facility for communication with the Generating Station in GEB's Grid System.

4.3 PROVISION AND AVAILABILITY OF DOCUMENTS.

GSEG and GEB shall provide to each other copies of the documents of all permits, licenses, approvals and consents related to the construction of the Generating Station and the Interconnection and Transmission Facility as the case may be for the purpose of records. Similarly, copies of the documents relating to operation, maintenance, insurance, interfacing etc. should also be provided. Moreover, the Parties shall make available the original documents for inspection if so desired by any of them. The Parties shall also be obliged at all times during the applicability of the PPA to update the relevant documents and furnish copies thereof to each other.

4.4 CO-ORDINATION OF CONSTRUCTION ACTIVITIES

Both the Parties shall co-ordinate the construction activities on their part and keep each other posted of its status upto date periodically, preferably once every three months. If necessary, the Parties shall designate, from time to time, the names of their employees for co-ordinating the related activities. Such nominees shall be allowed full access to all the parts of the respective Projects.


GEB

18/126


GSEG

4.5 MATERIAL CHANGES TO THE TECHNICAL SPECIFICATION

4.5.1 GSEG shall not make any material change to the Technical Specification without GEB's prior written approval.

4.5.2 If GSEG wishes to make a material change in the Technical Specification, it shall provide GEB in writing with a full explanation of the reasons for the proposed change and the impact (if any) of the change on any element of the Means of Finance and shall provide GEB with such further information regarding the proposed change as it may reasonably require.

4.5.3 GEB shall notify GSEG within thirty (30) Days after receiving the information referred to in Article 4.5.2 as to whether or not it approves the change and it shall not withhold its approval unless in the opinion of GEB:

- (i) the change would prevent any Unit from meeting the Functional Specification or would in some other way be inconsistent with this PPA;
- (ii) the change would delay the Commercial Operations Date of any Unit beyond its Scheduled Commercial Operations Date; or
- (iii) the change would result in a reduction of the costs of the Project which is not fully reflected by an equivalent reduction in the Capital Cost.

4.5.4 GEB's approval of any change in the Technical Specification shall be conditional on GSEG's obtaining all necessary Consents in respect of the change.


GEB

19/126


GSEG

ARTICLE-5

INSURANCES

5.1 GSEG's OBLIGATIONS

GSEG, subject to other provisions in this Article, shall be obliged to procure and maintain or cause to be procured and maintained Insurances in respect of the Generating Station during the Term of the PPA as may be necessary on account of:

- requirements under the statute
- requirements under the Good Industry Practice
- requirements under the EPC contract
- requirements under the Financing Agreements and
- requirements to provide security to the staff and the equipments

5.2 FAILURE TO INSURE

GSEG shall not be in breach of its obligations to procure any insurance under Clause 5.1 to the extent, and only for the period, that the particular insurance is not available to it in the international and Indian insurance markets for reasons other than any negligence or default by, or condition (financial or otherwise) of GSEG. However, they will not be absolved of associated risk(s), if any.

5.3 NO CHANGE TO INSURANCE

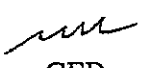
GSEG shall effect the changes to Insurances covering different risks, deductibles, endorsements, co-insurers or other terms to those referred to in this Article, only with the prior written consent of GEB.

5.4 GEB AS ADDITIONAL INSURED

GSEG shall ensure that the benefit of the policies under which GEB is included as an "additional insured" shall be transferred into the sole name of GEB or its designee if and when the Generating Station is transferred to it as per Schedule XII.

5.5 NON PAYMENT OF PREMIUMS

GSEG shall ensure that each policy of Insurance contains an endorsement providing that it may not be cancelled (except for non-payment of premiums) or reduced without atleast 30 (thirty) days' prior written notice being given by the insurer to GEB, provided that each such endorsement shall provide:



GEB

20/126



GSEG

- (i) that the insurer may not cancel the coverage for non-payment of premiums without first giving GEB 30 (thirty) days' written notice that GSEG has failed to make timely payment of the premium (including details of the amount owing); and
- (ii) that GEB shall, after having received the notice referred to in the paragraph (i) above, have the option to pay such premium directly to the relevant insurer and which amount shall then be recovered from the next immediate Monthly Tariff Payment due to GSEG.

5.6 EVIDENCE OF INSURANCE COVER

5.6.1 GSEG shall furnish to GEB copies of certificates and policies of the Insurances as soon as they are effected and renewed by or on behalf of GSEG and from time to time shall furnish evidence to GEB that all relevant premiums have been paid as soon as they have been so paid, and that the relevant policy or policies remain in existence.

5.6.2 Failure by GSEG to obtain the insurance coverage or certificates of insurance required pursuant to this Article 5 shall not relieve or limit GSEG's obligations under any provision of this PPA.

5.7 APPLICATION OF INSURANCE PROCEEDS

The proceeds of any insurance claim made due to loss or damage to the Project or any part of the Project shall be first applied to reinstatement, replacement or renewal of such loss or damage.

5.8 INSURANCE PAYMENT

GEB shall compensate GSEG for Insurance Payment as per provisions under Clause 10 of Article-10. The ceiling limit of the compensation shall, however, not absolve GSEG of its obligations for the procurement and maintenance of the Insurance.

GEB

21/126

GSEG

ARTICLE-6

SYNCHRONISATION AND COMMISSIONING

6.1 SYNCHRONISATION

6.1.1 The Criterion

GSEG, upon completing the Construction of each individual Unit, shall give GEB at least 30 (thirty) days' advance written notice of the date on which the Unit could be synchronised with the Grid System. The date of synchronisation shall be, subject to provisions of Clause 6.5, such that the ultimate Entry into Commercial Service of the relevant Unit does not occur prior to the specified Scheduled Target Date of relevant Development Milestone set out under Schedule-II. GEB shall, however, have the option to consider any written request from GSEG for advancing the date of Entry into Commercial Service upon completion of the Construction of any Unit.

6.1.2 Format of Notice

The written notice for synchronisation of any Unit shall, inter-alia, confirm that ;

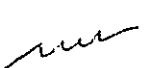
- (i) it has been completed in accordance with the Technical Specifications;
- (ii) it meets all connection conditions prescribed in any Grid Code then in effect and otherwise meets all other Indian Legal requirements for synchronisation to the Grid System; and
- (iii) it is capable of being operated safely.

6.2 INSPECTION BY GEB

GEB, if so desired, shall arrange to inspect the Unit within 15 (fifteen) days' after being notified in writing by GSEG about the synchronisation thereof and determine whether the requirements of synchronisation to the Grid System as above have been met with or not. GSEG shall provide GEB's employees with such access to the Site as they may reasonably require to make such determination.

6.3 APPROVAL BY GEB

Subject to provisions under 6.1.1 above, GEB shall, if agreeable, with or without inspection of the Unit, promptly notify GSEG to synchronise the Unit with the Grid System and provide GSEG with all reasonable assistance in synchronising the Unit as soon as reasonably practicable.


GEB

22/126


GSEG

6.4 ACCEPTANCE OF INFIRM POWER AND PAYMENT OF ENERGY CHARGES

GEB shall absorb the Infirm Power as may be authorised by LDC at the relevant point of time into the Grid System and pay for the same at the rate as set out in Clause 10.10 of Article-10 .

6.5 ENTRY INTO COMMERCIAL SERVICE OR COMMERCIAL OPERATION.

GSEG shall execute 72 Hours' continuous trial run test at full load to demonstrate the Rated Name Plate Capacity of the Unit upon Synchronisation pursuant to provisions of Clause 6.1 above. Upon successful trial run test, GSEG may declare Entry into the Commercial Service of the relevant Unit. GSEG shall, within 180 (One hundred eighty) days' from the date of Synchronisation, execute the Performance Guarantee Test as provided under para VI.1 of Schedule-VI. If such date of Entry into Commercial Service is likely to fall ahead of the date specified in Schedule-II, GSEG shall have to obtain a written prior consent of GEB in that regard.

6.6 EXTENSION OF TIME FOR COMMISSIONING OF THE PROJECT

6.6.1 Extension of Time without Liquidated Damages

GSEG shall be eligible for extension of time for the Entry into Commercial Service of any Unit on day to day basis, without the implication of Liquidated Damages, if the delay occurs on account of Force Majeure Event(s).

6.6.2 Extension of Time with Liquidated Damages

If the Entry into Commercial Service of any Unit is delayed due to any other reasons whatsoever, then GSEG shall be liable to pay to GEB, the Liquidated Damages in proportion of Rs.5000 (Rs. five thousand) per MW per day of the Capacity not Commissioned on the specified date as provided under Schedule-II.

GEB

23/126

GSEG

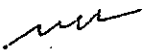
6.7 DELAY IN COMMISSIONING OF INTERCONNECTION AND TRANSMISSION FACILITIES:

6.7.1 Extension of time without Liquidated Damages

GEB shall be eligible for extension of time for the Commissioning of the Transmission and Interconnection Facilities on day to day basis without the implication of Liquidated Damages, if the delay occurs on account of Force Majeure Event(s).

6.7.2 Extension of time with Liquidated Damages

If, however, the Commissioning of the Transmission and Interconnection Facilities is delayed due to any other reasons whatsoever, GEB shall be liable to pay to GSEG the Liquidated Damages for non evacuation of the power in proportion of Rs.5000 (Rs. five thousand) per MW per day of the Capacity on the date as provided under Schedule-II.


GEB

24/126


GSEG

ARTICLE-7

OPERATION AND MAINTENANCE

7.1 GSEG'S DUTY TO OPERATE AND MAINTAIN.

7.1.1 Operation :

GSEG shall operate and, if appropriate, modify and maintain the Generating Station, in accordance with the Good Industry Practice, the manuals, instruction and manufacturer's guidelines and the Dynamic Parameters.

Provided, however, that GSEG shall be entitled to carry out such of the modifications to comply with the foregoing at no cost to GEB, subject to the conditions that:

- (i) such modifications do not contravene the Good Industry Practice;
- (ii) such modifications do not result into the inability of the Generating Station to operate within GEB Grid System parameters; and
- (iii) such modifications do not have any adverse effect upon the contracted levels, Declared Capacity or the operating characteristics.

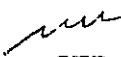
Notwithstanding to the above, however, the provisions of Change in Laws incorporated under the Article 14 hereof, shall be applicable, as provided for.

7.1.2 Maintenance

GSEG shall carry out maintenance of the Generating Station in accordance with the set conventions and guidelines of the Authority if any, existing or to be introduced, during the Term of the PPA. The necessary Outages will be arranged in consultation and with the consent of LDC as provided under Schedule VII.

7.2 STATION LOAD

GEB shall provide the necessary Start-up power for the Generating Station. GSEG shall compensate GEB with all associated charges and also pay the charges for the consumption of electrical energy at the rates, 1.1 times that of the highest of its purchase rates from other sources effective as at the relevant time. All the taxes and duties on this account, as may be payable to the GoG, shall be paid extra. Such charges shall not be passed through to GEB under the Tariff as per this PPA. There will be no demand charges of any nature for the Station Load.


GEB

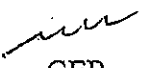
25/126


GSEG

7.3 COLONY LOAD

GSEG shall have to take independent Service Connection(s) for the purpose of supplying electrical energy to the residential premises housing the staff of the Generating Station. The relevant procedures and tariffs to be made applicable will be as per the Rules and the Regulations of the Board. All the applicable charges shall be to GSEG's account and will not be passed through to GEB through the Tariff under this PPA.




GEB

26/126


GSEG

ARTICLE-8

FUEL MANAGEMENT

8.1 FUEL

8.1.1 Main Fuel

The Generating Station is designed to use natural gas as Fuel. GSEG has entered into Production sharing Contract with GoI for natural gas from Hazira Gas wells. GSEG shall arrange for transportation of natural gas from these sources to the Generating Station. The price of the natural gas shall be determined in accordance with Fuel Supply Agreement.

8.1.2 Alternate Fuel

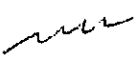
GSEG may, with due consent of GEB, use HSD/LNG/Naphtha or any other equivalent fuel as the Fuel in case if the Natural Gas, fully or partially not available from the Gas fields.

8.1.3 Notwithstanding the provisions under Clause 8.1.1 and 8.1.2, GSEG shall be obliged to utilise cheapest Fuel available at all times during the term of the PPA.

8.2 FUEL PLANNING

8.2.1 GEB shall deliver to GSEG, so as to enable GSEG to plan its procurement of Fuel:

- (a) not later than 7 days after the Entry into Commercial Service of the First Unit, the anticipated levels of Energy required by GEB for the period from the Entry into Commercial Service of the First Unit, to the end of the relevant Year and for the next following Year;
- (b) thereafter, not later than 30 days' prior to the commencement of each Year, the anticipated levels of Energy required by GEB from the Generating Station for such Year; and
- (c) At least 7 days prior to the end of the month following the Entry into Commercial Service of the First Unit and at monthly intervals thereafter, GEB shall notify GSEG, in writing, of the updated anticipated levels of Energy required by GEB from the Generating Station for the month.


GEB

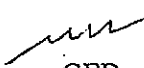
27/126


GSEG

8.2.2 GSEG shall, within 30 days prior to the Date for Entry into Commercial Service of the First Unit, prepare, and from time to time thereafter revise, a Fuel supply plan in respect of the operation of the Generating Station from the actual date of Entry into Commercial Service of the First Unit.

8.3 FUEL PAYMENT

GEB shall perform its obligation under Schedule-X to pay Energy Charges to GSEG at the time and in the manner specified in the said Schedule.


GEB

28/126


GSEG

ARTICLE-9

METERING

9.1 MEASUREMENT OF ENERGY

The Energy delivered by GSEG to GEB shall be measured every month at the Delivery Point in the manner as prescribed under this Article.

9.2 METERING :

9.2.1 Main Export Meter

GSEG shall own and install a set of meters at the Delivery Point to measure the Energy delivered from the Generating Station. These meters, to be known as the Main Export Meter, shall be of class 0.2 accuracy and as per the detailed specifications incorporated under Schedule V hereof. GSEG shall also be responsible for the repairing and testing of the Main Export Meter.

9.2.2 Check Export Meter

GEB shall, at its own cost, install, repair and maintain a set of Check Export Meter for the purpose of applying check on the correctness of meter readings of the said Main Export Meter. The Check Export Meter shall have the same accuracy and specifications as of the Main Export Meter.

9.2.3 Sealing of the Meter

Both the Main Export Meter and the Check Export Meter shall be jointly sealed upon calibration and prior to installation by the accredited representatives of the Parties. No Party shall break and/or open the seals except in the presence of the other Party.

9.3 PERIOD AND TIME OF METER READING :

The meter readings of both the Main Export Meter and the Check Export Meter shall be taken jointly by the designated Officials of GEB and GSEG on an agreed day of every month, which day and time shall be determined mutually by the Parties. A statement of such meter readings shall be prepared and jointly signed by the designated Officials. Such statement shall form the basis for the Monthly Tariff Payments.


GEB

29/126


GSEG

9.4 TESTING OF METERS :

Both the Main Export Meter and the Check Export Meter shall be test checked by the Parties for verifying their accuracy once in every three months. Each such Meter shall be deemed to be working satisfactorily if the errors are within specifications for such meter of 0.2% accuracy class. So far as the accuracy verified remains within the limits of such error, the consumption registered by the Main Export Meter alone shall hold good for the purpose of billing. If, however, any error is found to be outside the specified limits, in the Main Export Meter or the Check Export Meter or both, the provisions of Clauses 9.5, 9.6 and 9.7 shall apply.

9.5 ERROR IN THE MAIN EXPORT METER

If, at any time, either during the Quarterly test checks or, otherwise, the error in the Main Export Meter is found to be beyond the permissible limits and the corresponding Check Export Meter is found to be operating within permissible limits, then the Main Export Meter shall be immediately tested and re-calibrated. The billing for the relevant month and thereafter up to the date and time of the re-calibration of the Main Export Meter shall be as per the Check Export Meter. There will be no revision in the bills for any prior period. The Main Export Meter shall be calibrated immediately and billing for the period thereafter until the next monthly meter reading shall be as per the re-calibrated Main Export Meter.

9.6 ERROR IN THE CHECK EXPORT METER

If, at any time, either during the Quarterly test checks or, otherwise, the error in the Check Export Meter is found to be beyond the permissible limits, but the corresponding Main Export Meter is found to be operating within permissible limits of error, then the Check Export Meter shall be tested and re-calibrated immediately. The billing for the period shall continue as per the Main Export Meter.

9.7 ERROR IN BOTH MAIN & CHECK EXPORT METERS

If, at any time, either during the Quarterly test checks or otherwise the error in both the Main and Check Export Meters is found to be beyond the permissible limits then both Main and Check Export Meter shall be tested and re-calibrated immediately. During the period of calibration, GSEG shall install a set of spare Main and Check Export Meters, duly calibrated and jointly sealed. GSEG shall apply the correction to the measurement registered by the Main Export Meter to arrive at the correct measurement of Energy for billing purposes for the period from last calibration date/test check date whichever is later, up to the time of installation of the spare set of Main Export Meter. Soon upon recalibration, both the Main and Check Export Meter shall be reinstalled and the billing for the period thereafter shall be as per the

normal procedures. The billing for the intervening period billing shall be done on the basis of such spare set of Main and Check Export Meters.

9.8 INTERMEDIATE TESTING :

If, at any time, either Party feels that any of these meters is not recording Energy properly, it shall give notice to the other Party and the joint testing shall be carried out within a week's time thereafter. The actions on the results of such joint testing shall be taken as per Clauses 9.5, 9.6 and 9.7 as may be applicable.

9.9 MAIN AND CHECK IMPORT METERS

For the measurement of electrical energy imported by GSEG from GEB, a similar arrangement of Main Import and Check Import Meters shall be done. In this case the Main meter shall belong to GEB and the Check Meter shall belong to GSEG. All other stipulations and provisions in respect of the Export Meter shall hold good for the Import Meter also.

9.10 SUB STANDARD METER :

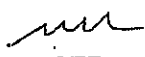
For the purpose of testing and calibration, a sub-standard meter, duly calibrated and sealed by an independent testing house/laboratory, shall be utilised. This sub-standard meter shall be got calibrated every six months or at any other interval as may be mutually agreed.

9.11 POWER LINE CARRIER COMMUNICATION

9.11.1 GSEG, at its sole cost and expense, shall provide:

- (i) Power Line Carrier channels to GEB's 220 KV receiving substations for the purposes of telemetering, protection and communications, including the Repeater Terminals, as may be necessary.
- (ii) direct telephone line with STD facility;
- (iii) transducers and remote terminal unit for transmission of analogue data and digital output to the Load Dispatch Centre; and
- (iv) equipment to allow the sending and receiving of tele copies.

9.11.2 GEB may, in addition, require GSEG, at GSEG's expense, to install such additional remote monitoring equipment as GEB may reasonably require for the purpose of measuring and monitoring the performance of the Project.


GEB

31/126


GSEG

ARTICLE-10

TARIFF

10.1 THE TARIFF

The Tariff for the sale of Energy by GSEG to GEB shall be determined on two part tariff basis. The Tariff will consist of;

- i) Fixed Charges;
- ii) Energy Charges; and
- iii) Incentive Charges.

10.2 TARIFF CHANGE

A Tariff Change shall mean :

- (i) any change in Capacity;
- (ii) any change in the Capital Cost;
- (iii) the Entry into Commercial Service of any Unit.

10.3 FIXED CHARGES

The Fixed Charges shall be calculated as per details given under Clause 10.5. The relevant Definitions and Symbols used for this purpose are brought out in Clause 10.4.

10.4 PHRASES, SYMBOLS AND DEFINITIONS

Phrase	Symbol	Meaning
	CA_{Cj}	shall mean the amount of debt financed in currency "c" on day "J" in accordance with the Financing Plan
	P	shall mean the number of Years from the Year of the Commercial Operation of the Unit.
	MS	shall mean the value of Maintenance Spares.
Amount of Repayment of Loan Capital	P_{REP}	shall mean the principal amount of repayment of the Debt component of the Capital Cost which is repayable in relevant currency "c" in any month / period as shown in the Means of Finance

Availability Factor	F_{AVA}	shall mean the ratio of the Cumulative Average Availability and the Normative Plant Load Factor, which shall be computed as per Clause 10.7.
Base Exchange Rate	RE_{BSE}	shall mean, in relation to any currency other than Indian currency in which debt or Equity component of the Capital Cost may be financed in accordance with the Means of Finance, the weighted average selling rate in Rupee for relevant currency at which GSEG purchased/converted such currency for raising Debt and/or Equity, as the case may be, on the date on which GSEG raised the Debt (CA_C), or as the case may be, the equity, to finance the Project. The Base Exchange Rate shall be calculated as per sub-paragraph 10.5.3 of Article-10.
Capacity Factor	F_{CAP}	shall mean the ratio of the Tested Capacity and the Rated Name Plate Capacity less Auxiliary Consumption of the Unit or the Generating Station, as the case may be.
Tested Capacity	C_T	shall mean the Capacity tested pursuant to various test(s) under this PPA
Capital Cost	CC	shall mean the cost of developing, designing, building, financing, insuring and commissioning the Units and all ancillary plant or apparatus comprising the Generating Station up to each Unit's Entry into Commercial Service (including cost of initial spares but excluding margin money). The Capital Cost shall include the cost of assets obtained on lease/hire purchase. Capital Cost shall be denominated in the Indian Rupees and in Foreign Currency as the case may be. The Capital Cost for the purpose of this PPA shall be the one negotiated and approved by GEB

		The Capital Cost (CC_U) to be considered for fixation of tariff on Commercial Operation of progressive Unit shall be computed on prorata basis of the Capacity of the Unit(s) but in case of delay in commissioning of second or subsequent Unit(s) from the Schedule Date, the Capital Cost, for the period of delay, shall be retrospectively approved for the tariff purpose in the ratio of proportionate allocation of Unit(s). If the Capital Cost increases in comparison to the cost approved by GEB, on account of Foreign Exchange Variation or Change in Law or any other reason not attributable to GSEG or its supplier or contractors, GSEG may approach GEB for the mid term review of the Capital Cost. Provided that GEB may allow the mid term review of Capital Cost more than one in a Year. Any cost incurred towards additional facility required due to any Change in Law or to facilitate the usage of any Alternate Fuel shall be included into the Capital Cost from date when such additional facility comes into operation subject to relevant provisions in Clause 14.5 of Article-14.
Consumer Price Index	CPI	Shall mean the price level shown in the Indian Consumers Price Index of the month of April of the relevant Year. The CPI of the month during which any Unit has Entered into Commercial Service shall be denoted by CPI_b and that for the Year "n" shall be denoted by CPI_n
day	d	is the number of days in the month
Debt	Db	is the outstanding amount of the debt component of the Capital Cost of the Project in any or each currency in month "m" which is denominated in currency "c" as shown in the Financing Plan.
Depreciation	D	shall mean the depreciation of the assets of the Generating Station. This shall be

		computed as per Cl. 10.5.3 of Article-10.
Energy Charge	EC	shall mean the charges related to the consumption of Fuel which shall be computed as per the provisions of Cl.10.10 hereunder
Escalation Factor for OME	F _{ESC}	shall mean the escalation factor for the purpose of O&M expenses. This shall be computed as per Clause.10.5.4.
Equity	E	shall mean the component of Capital Cost deployed by Promoters of GSEG and/or raised by issuing share capital and/or the internal resources created out of free reserve of the existing company, if any, for the funding of the Project. Any premium, raised while issuing share capital, shall also be reckoned as paid up capital for the purpose of computing Return on Equity provided, such premium amount and internal resources are actually utilized for meeting the Capital Expenditure of the Generating Station to form part of approved Means of Finance.
Fuel Stock	FS	shall mean the stock of Alternate Fuel whenever used
Fixed Charge	FC	shall mean the charges recoverable by GSEG in relation to the Tested Capacity of the Unit or the Generating Station as the case may be. The Fixed Charge shall be computed as per Clause 10.5 hereunder.
Incentive Payment	INC	shall mean the charges payable for each percentage cumulative increase of Availability (CAA) above the level of Normative Plant Load Factor. Incentive Payment shall be computed as per Clause 10.9
Initial Spares	IS	shall mean the cost of the initial spares included in the Capital Cost of the Project

Insurance Charge	INS	shall mean the charges payable for the cover of Insurance, which shall be admissible as per the provisions of sub paragraph 10.5.4 hereunder.
Interest on Loan Capital	I_{LC}	shall mean the interest on Loan Capital to be computed as per provisions under Sub-Clause 10.5.2. The Interest on Loan Capital shall include the rental charges payable for the assets obtained on lease/hire purchase.
Interest on Working Capital	I_{WC}	shall mean the interest payable on the Working Capital. This shall be calculated as per sub paragraph 10.5.6.
Monthly Availability Adjustment	MAA	shall mean the adjustment to be made to the Fixed Charges as per Clause 10.8 hereof
Monthly Tariff Payments	MTP	shall mean the payments due to GSEG corresponding to the Tariff determined as per this Article-10.
Normative PLF	PLF_{NORM}	shall mean the Normative Plant Load Factor which, during the Stabilisation Period shall be equivalent to 4500 KWH/KW/Year (51.37%) and during the subsequent period shall be 6000 KWH/KW/Year (68.50%) The Normative PLF shall be computed on weighted average basis when the event of Stabilization take place.
O&M Expenses	OME	shall mean the Operation and Maintenance expenses allowed and computed as per sub paragraph 10.5.4
Price of Fuel	P_{FUEL}	shall mean the weighted average landed cost of Gas supplied to the Generating Station during the month (expressed in Rupees per 1000 SCM.). In case of Alternative Fuel, the price will be expressed in the relevant unit of measurement.

Rate of Depreciation	R_{DEP}	shall mean the weighted average rate of Depreciation derived in accordance with GoI Notification No.266(E) dated 29-3-1994.
Rate of Interest of Loan Capital	RI_{LC}	shall mean annual rate of interest on the first day of the month applicable to outstanding debt denominated in currency 'c' as shown in the Financing Plan.
Rate of Interest on Working Capital	RI_{WC}	shall mean the annual rate of interest charged by GSEG's Banker or Consortium of Bankers for providing the Working Capital facility to GSEG.
Rated Name Plate Capacity	C_R	shall mean the Rated Name Plate Capacity as defined in Article 1.
Monthly Receivables	MR	shall mean twice the average amount of the Monthly Tariff Invoice Payment related to Fixed Charges plus Energy Charges computed at the generation level of Normative PLF. The corresponding average shall be worked out on Quarterly basis during the Year.
Reference Exchange Rate	RE_{REF}	shall mean the average of the quotations given at approximately 11.00 Hours on the first day of the relevant month by three Scheduled Banks (one of which should be the State Bank), as may be mutually agreed upon (each at their principle places of business for foreign exchange transaction in Amdavad or Vadodara) for the rate (including all applicable commissions and the like) at which each of the scheduled Banks would sell foreign currency (almost equal to the volume of Foreign Currency amount involved for the payments under consideration) in exchange for Indian Currency. The RE_{REF} shall be equal to 1(One) in respect of Indian Currency.

Rental/Hire Purchase Charge	$R_{L/H}$	shall mean the Rental Charges payable for assets obtained on lease/hire purchase as the case may be.
Return on Equity	RoE	shall mean the return on the Equity as per Article 10.5.5.
Settlement Period	S	shall mean each of the consecutive 60 (sixty) minute periods in each day, the first beginning at 00:00 hours and the last ending at 24:00 hours;
Summation of Debt in Currency "c"	Σ_{Cur}	is the sum of the relevant values for each currency "c" in which the Debt component of the Capital Cost may be denominated as shown in the Financing Plan.
Tariff Change		shall mean the changes relevant to the calculation of the Monthly Tariff Payments as specified under Clause 10.2
Tax on Income	ToI	shall mean the tax on income, if any, ToI shall be computed as expense at actuals. Any under or over recoveries of Tax on Income shall be adjusted every Year on the basis of a certificate of Statutory Auditors: No Tax on Income shall be payable on the Incentive Payments.
Wholesale Price Index	WPI	shall mean the price level shown in the Indian Consumers Price Index of the month of April of the relevant Year. The WPI of the month during which any Unit has Entered into Commercial Service shall be denoted by WPI_b and that for the Year "n" shall be denoted by WPI_n
Working Capital	WC	shall mean the Working Capital during the month

10.5 CALCULATION OF FIXED CHARGE

10.5.1 Fixed Charge

Subject to Clause 10.6, the Fixed Charge in any month "m" which begins on or after the Entry into Commercial Service of the Unit(s) shall be calculated as follows:

$$FC = I_{LC} + D + OME + RoE + I_{WC}$$

10.5.2 Interest on Loan Capital

Interest on loan capital shall be computed on the outstanding loans including the schedule of repayment, as per the Financing Plan approved by GEB.

The Interest on Loan Capital in any month 'm' shall be calculated as follows :

$$I_{LC} = (\sum_C [(Db_{CP} \times RI_{LC} \times d \times RE_{REF}) \div 365] + \sum R_{L/H}) \times F_{CAP}$$

$$RE_{REF} = 1 \text{ for Indian Currency}$$

10.5.3 Depreciation

GSEG shall provide each Year for depreciation, such sum calculated in accordance with such principles as the Central Government may, after consultation with the Authority, by notification in the Official Gazette, lay down from time to time. The weighted average depreciation rate shall be calculated considering the facilities which are in operation.

The Depreciation in any month "m" shall be calculated as follows

$$D = \{[(CC_U \times R_{DEF} \times d)] \div 365\} + \sum_C [(P_{REP} \times RE_{REF}) - (P_{REP} \times RE_{BSE})] \times F_{CAP}$$

where

$$RE_{BSE} = \sum_{cJ} (CA_c \times RE_{REF}) \div \sum_{cJ} CA_c$$

The Depreciation shall not be admissible on the value of the assets obtained on lease/hire purchase and the free hold land. The aggregate Depreciation shall not exceed 90% of the Capital Cost.

10.5.4 O&M Expenses and Insurance Expenses

The O&M Expenses and Insurance Expenses Shall be calculated Unit-wise in any month "m" as under:

$$OME = \sum \left(\frac{CC_u \times 0.02 \times d \times F_{ESC}}{365} \right) \times F_{CAP} + INS$$

$$\text{such that } OME \leq \frac{(0.03 \times CC_u) \times d \times F_{ESC}}{365}$$

$$INS \leq \frac{(0.01 \times CC_u) \times d}{365}$$

$F_{ESC} = 1$ for the first Year of operation after the Entry into Commercial Service of each Unit and

$F_{ESC} = (0.7WPI_n + 0.3CPI_n) \div (0.7WPI_b + 0.3CPI_b)$ or $(1.1)^{p-1}$ whichever is lower, for each succeeding Year

10.5.5 Return on Equity (RoE)

The Return on Equity shall be 16% and calculated as follows:

$$RoE = \sum_C [(Eq_c \times 0.16 \times d \times RE_{REF}) \div 365] \times F_{CAP}$$

At the end of every Year, the rate of return on Equity, on the basis of profit and loss account related to the operation of the Project, shall be verified and shall be adjusted such that it does not exceed 20%(Post Tax). Any increase over 20% over the period of entire Year shall be adjusted from the first Monthly Tariff Payment of the subsequent Year.

10.5.6 Interest on Working Capital

The Working Capital in any month "m" shall be calculated at 68.5% PLF, as under:

$$WC = EC + FS + (OME - INS) + MS + MR$$

(Note : The factor FS shall be computed in case of use of Alternate Fuel as provided under Clause 8.1.2 of Article-8. The value of FS shall be mutually decided.)

where:

MS shall be at actual subject to maximum of 1% of Capital Cost but not exceeding 1 Year's requirement less value of one fifth of initial spares, already capitalised.

and the Interest on Working Capital will be

$$I_{WC} = WC \times d \times RI_{WC} \div 365$$

10.6. CAPACITY FACTOR (F_{CAP})

The Fixed Charges in respect of any Monthly Tariff Payment after the date of Entry into Commercial Service of a Unit shall be subject to adjustment corresponding to Capacity Adjustment Factor (F_{CAP}) as under :

$$F_{CAP} = \frac{C_T}{C_R} \quad (\text{if } C_T < C_R) \text{ and}$$

$$F_{CAP} = 1 \quad (\text{if } C_T > C_R)$$

10.7 AVAILABILITY FACTOR (F_{AVA})

The Availability of Capacity during any Settlement Period "S" shall be determined as under :

10.7.1 When Capacity Delivered (C_{DEL}) is equal to the Dispatch Instructions (C_{DI}) and also it is equal to the Capacity Declared (C_{DEC}), then,

$$\text{Availability "A"} = C_{DEC}$$

Subject to the condition that $\pm 2\%$ variation will be admissible in respect of C_{DEL}

10.7.2 When Capacity Delivered is less than the Dispatch Instructions to be delivered then, subject to the conditionality under Clause 10.7.1, Availability "A" = C_{DEL}

10.7.3 When the Dispatch Instructions is less than the Capacity Declared and when the Capacity Delivered is excess to the Dispatch Instructions, then,

$$\text{Availability "A"} = C_{DEC}$$

and the Cumulative Average Availability (CAA) from the beginning of the Year upto the last day of the month under consideration shall be calculated as under :

$$CAA(\%) = \frac{\sum A}{\sum C}$$

where:

$\sum A$ represents the Cumulative Availability of Capacity corresponding to 10.7.1, 10.7.2 and 10.7.3 and $\sum C$ represents sum of the Nominal Base Load Capacity for the each Settlement Period.

10.7.4 The Fixed Charges shall be adjusted corresponding to the Availability Factor to be computed as under :

$$F_{AVA} = \frac{CAA}{PLF_{NORM}} = 1 \text{ (when } CAA \geq PLF_{NORM} \text{) or}$$

$$F_{AVA} = \frac{CAA}{PLF_{NORM}} = (CAA < PLF_{NORM})$$

10.8 MONTHLY AVAILABILITY ADJUSTMENTS

10.8.1 Pursuant to determination of Availability Factor as per Clause 10.7 above, the Monthly Availability Adjustments (MAA) for determination of Monthly Tariff Payments in any month "m" shall be computed as under :

$$MAA_m = [\sum_n FC] \times [1 - F_{AVA}] - \sum_n MAA_{m-1}$$

10.8.2 If the Monthly Availability Adjustment for month 'm' is a positive number it shall be shown in the Monthly Tariff Invoice as a reduction in the amount payable by GEB to GSEG; if a negative number, it shall be shown as an additional amount payable by GEB to GSEG.

10.9 INCENTIVE PAYMENT

The Incentive Payment in any month "m" shall be calculated as follows:

$$INC_m = \sum_p \{ [(CAA - 68.5\%) \times 100 \times \sum_c (E_c \times RE_{BSE}) \times R_{inc} \times d] \div 365 \} - \sum_n INC_{m-1}$$

Period of Block	CAA %	KWh/KW/Yr
April to June & Nov to March	85%	7446
July to Oct	70%	6132
Overall during the Year	80%	7008

The value of CAA shall be computed on actual basis in the event C_{DI} exceeds the specified values subject to compliance thereof by GSEG. Moreover, relevant blocks of periods shall be subject to change by GEB upon advance intimation before the beginning of the Year.

In the above formula,

R_{INC} is the rate of Incentive Payment which shall be 0.575% for each percentage rise above the generation level of 6000 KWh/KW/Year (i.e. 68.5% PLF) and upto and inclusive of 7008 KWh/KW/Year (80%) and shall be 0.4% for each percentage rise above the generation level of 7008 KWh/KW/Year.

- d' is the number of days calculated for each specified months over all elapsed months in Year 'n' (including the month for which the Incentive Charge is being calculated)

If the Incentive Payment, subject to provisions of Clause 10.5.5, for month 'm' is a positive number it shall be shown in the Monthly Tariff Invoice as an additional amount payable by GEB to GSEG and if it is a negative number, it shall be shown as a reduction in the amount payable.

10.10 ENERGY CHARGE

10.10.1 Definitions and Symbols

Phrase	Symbol	Meaning	
Auxiliary Consumption	AC	shall mean the Energy consumed in the Auxiliaries of the Generating Station. The normative values will be as under :	
		Period	Mode of Operation
			Open Cycle Combined Cycle
		During Stabilisation Period	1.5% 3.4%
		After Stabilisation Period	1.0% 2.9%
Energy Delivered	E_M	Energy Delivered at the Delivery Point during the month "m" duly reduced by the quantum of Energy delivered in excess of the Dispatch Instructions (subject to 10.7.1).	
Gross Calorific Value of Gas	GCV_{GAS}	shall mean the gross calorific value of Gas most recently delivered to the Generating Station before the beginning of the month and expressed in Kcal/SM ³	
Quantity of Gas	Q_{GAS}	shall mean the quantity of Gas expressed in SMC	
Stabilisation Period		shall mean the following periods commencing from the date of Synchronization	
		(i) Open Cycle	90 days
		(ii) Combined Cycle	90 days
Station Heat Rate	SHR	shall mean the Station Heat Rate of the Unit _n expressed in K.Cal. per Kwh. The relevant values shall be as under:	
		OC Operation	CC Operation
		2900	1950

10.10.2 Computation

Energy Charges, during Combined Cycle Operation, shall be calculated as follows:

Main Fuel viz. Gas

Quantity

Quantity of Fuel shall be computed on the basis of Station Heat Rate and Gross Calorific Value of Fuel:

The Quantity of Gas consumed during the month shall be :

$$Q_{FUEL} = \left[\left\{ \frac{SHR}{GCV_{FUEL}} \times E \right\} \right] \text{ this shall be expressed in SM}^3$$

where

$$E = E_M \div (1-AC)$$

The Energy Charge EC shall be calculated as follows :

$$EC = (Q_{FUEL} \times P_{FUEL}) \div 1000$$

this shall be expressed in Rupees and subject to minimum guaranteed off-take obligations, if any, in accordance with the FSA approved by GEB.

Where

P_{FUEL} - shall be expressed in Rupees per relevant unit of measurement of the Fuel

In the event of intermittent Open Cycle Operation of the Generating Station due to any reason, GEB shall have the option to reject Availability Declaration without any implications. However, in the event of GEB deciding to accept Energy generated through Open Cycle Operation, the values of SHR and Auxiliary Consumption shall be correspondingly considered for computation of Energy Charge.

Beginning on Entry into Commercial Service, every six (6) month after that and on the date on which this PPA expires or is terminated, GSEG shall provide GEB with a written statement of (i) the quantities of Fuel held in stock at the Generating Station as at the date of the report and the actual delivered cost of that fuel (determined using the last-in, first out method) and (ii) beginning with the second report, the quantities of Fuel actually consumed in the operation of the Generating Station since the previous report and the actual delivered cost of the Fuel consumed during the period since the previous report. In the event that such cost is less than

GEB

44/126

GSEG

the aggregate of the Energy Charges owed by GEB over the same period, GSEG shall refund the difference to GEB within 30 days after receiving GEB Invoice for the relevant amount.

GSEG shall provide GEB with written evidence, including Monthly Tariff Invoices, to support the figures provided to GEB in the statements provided in accordance to above. If GSEG fails to provide any such statement or any supporting evidence reasonably required by GEB, GEB may, at GSEG's expense, take any reasonable action to determine whether and, if so, what amounts are owed to it as above.

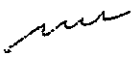
At the end of every year if the quantity of Gas used is less than Minimum Guaranteed Offtake as per Fuel Supply Agreement, the amount payable to the fuel supplier towards Minimum Guaranteed Offtake Charges shall also be payable by GEB. However, such amount shall be payable by GEB only after Commercial Operation of the first Unit.

10.11 TAX ON INCOME

Subject to provision of Clause 10.5.5, the Tax on Income shall be reimbursed as expenses. GSEG shall be entitled to recover from GEB, in addition to the Monthly Tariff Payment, the Tax on Income attributable to the amount of RoE.

10.12 MINIMISATION OF TAX LIABILITY

GSEG shall use all reasonable endeavors to minimise its liability for the Tax on Income that is recoverable from GEB under Cl.10.11.


GEB

45/126


GSEG

ARTICLE-11

FORCE MAJEURE

11.0 FORCE MAJEURE

Force Majeure shall mean any event or circumstances or combination of events and circumstances that materially and adversely affects, prevents or delays any Party in performance of its obligation in accordance in terms of this PPA, but only if and to the extent that such events and circumstances are not within the affected party's reasonable control, directly or indirectly, and effects of which affected Party could have prevented through Good Industry Practice or, in the case of construction activities through reasonable skill and care, including through the expenditure of reasonable sums of money. Any events or circumstances meeting the description of the Force Majeure which have same effect upon the performance of any contractor shall constitute Force Majeure with respect to the GSEG. The Parties shall ensure compliance of the terms of this PPA unless affected by the Force Majeure Events.

11.1 FORCE MAJEURE EVENTS

The Force Majeure circumstances and events shall include without limitation the following events to the extent that such events or their consequences (it being understood that if a causing event is within the reasonable control of the affected party, the direct consequences shall also be deemed to be within such party's reasonable control) satisfy the definition as per Cl.11 of this Article.

The Force Majeure Events shall consist of war, rebellion, civil commotion, mutiny, riot, strike, lock out (both strike and lock out should be of global nature), fire, explosion, tempest, flood, lightening, earthquake or other forces, accident or any cause beyond the reasonable control of any Party, or Act of God or due to any restraint or regulations of the State or Central Government like expropriation or compulsory acquisition, any exercise of sovereign or executive prerogative and court stay order.

11.2 FORCE MAJEURE EXCLUSIONS

Force Majeure shall not include the following event(s) and/or circumstances, 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, Fuel or consumable for the Project;

- (b) delay in the performance of any contractor, sub-contractors or their agents;
- (c) non-performance resulting from normal wear and tear typically experienced in power generation materials and equipment; and
- (d) non-performance caused by, or connected with, the Affected Party's:
 - (i) negligent or intentional acts, errors or omissions; and/or
 - (ii) failure to comply with an Indian law or Indian Directive; and/or
 - (iii) breach of, or default under this PPA

11.3 PROCEDURE FOR CALLING FORCE MAJEURE

11.3.1 The Affected Party shall notify to the other Party in writing of the occurrence of the Force Majeure as soon as reasonably practicable, and in any event within 7 (seven) days after the Affected Party knew, or ought reasonably to have known, of its occurrence and that the Force Majeure would be likely to have a material impact on the performance of its obligations under this PPA.

11.3.2 Any notice pursuant to Article 11.3.1 shall include full particulars of:

- (i) the nature of each Force Majeure Event which is the subject of any claim for relief under this PPA;
- (ii) the effect which such Force Majeure Event is having or is likely to have on the Affected Party's performance of its obligations under this PPA;
- (iii) the measures which the Affected Party is taking, or proposes to take, to alleviate the impact of the Force Majeure Event and restore the performance of its obligations under this PPA which are affected; and
- (iv) any other information relevant to the Affected Party's claim.

11.3.3 For so long as the Affected Party continues to claim to be affected by a Force Majeure Event, it shall provide to the other Party with regular (and not less than monthly) written reports of details of any significant developments relating to the Force Majeure Event and its progress in remedying its inability to perform its obligations under this PPA which remain affected.

11.4 PROCEDURE FOR CLAIMING RELIEF

11.4.1 Where an Affected Party claims relief on account of Force Majeure Event then, the rights and obligations of both Parties under this PPA shall be suspended to the extent that they are affected by such Force Majeure Events

11.4.2 In an Event of Force Majeure :

- (a) the Affected Party shall use its best efforts to minimise the effects of Force Majeure and remedy any inability to perform due to Force Majeure;
- (b) the Affected Party shall provide weekly reports to the other Party regarding its progress in overcoming the adverse effects of the Force Majeure event;
- (c) the Affected Party shall, as soon as reasonably practicable after claiming such relief, provide the other Party with written notice containing such information as may be reasonably required to justify the claim for relief due to Force Majeure;
- (d) the Affected Party shall procure that any claims in respect of physical loss or damage resulting from the event constituting Force Majeure which are available against Insurances pursuant to any Insurance maintained by the Affected Party are made as soon as is reasonably possible and that the proceeds of any such Insurance claims are applied (subject to, in case of GSEG, obligations to its lenders) to remedy the effects of the event constituting Force Majeure as soon as is reasonably possible; and
- (e) the Affected Party shall, at its own cost, take all steps reasonably required to restore its ability to perform its obligations under this PPA as soon as possible, including the rebuilding of any affected part of the Generating Station and/or Interconnection and Transmission Facility, provided that the Affected Party shall not be obliged to take any steps which would not be in accordance with Good Industry Practice or beyond its reasonable control.

11.4.3 When the Affected Party is able to resume performance of its obligations under this PPA, it shall promptly give the other Party written notice to that effect provided that in no event shall the suspension of performance be of greater scope and of longer duration than is necessitated by Force Majeure.

11.5 EXTENSIONS DUE TO FORCE MAJEURE

Neither Party shall be responsible or liable for, or deemed to be in breach of this PPA because of any failure or delay in complying with its obligations under or pursuant to this PPA, due solely to one or more events of Force Majeure, and the periods allowed for the performance by the Parties of such obligation(s) shall be extended on a day-for-day basis

from the date of the event of Force Majeure provided that no relief shall be granted to the Affected Party to the extent that such failure or delay would have nevertheless been experienced by that Party had such Force Majeure event not occurred.

11.6 GENERAL FORCE MAJEURE CONSEQUENCES

11.6.1. Notwithstanding anything in this PPA :

- (a) Subject to sub Clause 11.6.1(b), in respect of the Force Majeure Events like war, strikes and lock-outs or acts of God, GEB shall not be liable to make any payments for the period of Force Majeure commencing from the date of occurrence of Force Majeure and upto 7 (seven) days thereafter. If the period of Force Majeure exceeds the above period of 7 days, the payments, if any, will be made by GEB for the entire Force Majeure period commencing from the date of the occurrence of such event of Force Majeure.
- (b) In respect of Force Majeure Events caused due to any restraint or regulations of the State or Central Government, GEB shall be liable to make payments, if any, for the entire Force Majeure period commencing from the date of occurrence of such event of Force Majeure.

11.6.2 The Scheduled Target Dates for Commissioning of the Unit or Units as the case may be and/or the Interconnection and Transmission Facilities shall be extended during the pendency of an event of Force Majeure on a day for a day basis to the extent that the event of Force Majeure is the cause of delay affecting the Party's obligations under this PPA.

11.6.3 The Party, other than the Affected Party, shall not bear any liability for any loss or expense suffered by the Affected Party.

11.7 EFFECT ON TARIFF PAYMENTS

11.7.1 In respect of Force Majeure Events viz. War, Strikes and Lockouts:

In respect of payments for the period of Force Majeure Events viz. War, Strikes and Lockouts, the amount of the Monthly Period Tariff Payment calculated pursuant to Article 10 shall be at least equal to the sum of :

- (a) 50% of the Operations and Maintenance Expenses, and
- (b) Debt Service;
- (c) except that amounts under Clauses (a) and (b) above shall be calculated on the basis that the value of CAA in Clause-10.7 of Article-10 used in the calculation of F_{AVA} for these purposes, be increased by the amount equivalent of the reductions in Capacity Declared caused by such events of Force Majeure on the basis of the last six months' Average Availability.

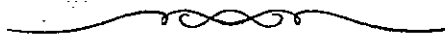
11.7.2 In respect of Force Majeure Events viz. restraints or regulations of the State or Central Government

In respect of payments for the period of Force Majeure Events viz. restraints or regulations of the State or Central Government, the Monthly Period Tariff Payments shall be calculated on the basis that the value of CAA in Clause-10.7 of Article-10 used in the calculation of F_{AVA} for these purposes, be increased by the amount equivalent of the reductions in Capacity Declared caused by such events of Force Majeure calculated based on the last six months' Average Availability.

11.7.3 In respect of Force Majeure Events viz. Act of God :

In respect of payment for the period of Force Majeure Events viz. the Act of God, shall be based on CAA calculations as per Article-10 considering actual Energy supplied during the period of Monthly Period Tariff Payment.

11.7.4 The Payment made under Cl.11.7.1 and 11.7.2 above shall be subject to adjustment on the basis of value of CAA actually achieved at the end of the Year.



ARTICLE-12

TERM AND TERMINATION

12.1 THE EFFECTIVE DATE

The PPA will become effective from the date of signing hereof.

12.2 TERM.

This PPA will remain in force, subject to provisions laid down under Clause 12.3 and 12.4 hereof, upto and inclusive of the 20th (twentieth) anniversary of the Commercial Operation of the Generating Station.

12.3 TERMINATION

This PPA shall be subject to Termination on account of any one or more of the Events brought out under Cl.12.3.1.

12.3.1 Event(s) of Termination

- (i) an event of Default, either on the part of GSEG (hereinafter referred to as GSEG's Event of Default) or on the part of GEB (hereinafter referred to as GEB's Event of Default).
- (ii) an event of Force Majeure
- (iii) at the end of the Term, subject to provisions of Cl. 12.4 hereinunder.

12.4 EXTENSION

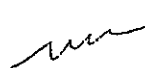
At the end of the Term, if desired, the Parties may decide to extend the Term of the PPA, either at the same terms and conditions hereof or novated terms and conditions, as may be mutually agreed. Such extension shall be subject to the approval of the Boards of GEB, GSEG and the GoG.

12.5 EVENT(S) OF DEFAULT

12.5.1 GSEG's Event(s) of Default(s):

The following shall be construed as the Event(s) of Default on the part of GSEG

- (i) the failure, except for Force Majeure, to Commission each of its Units within 90 (ninety) Days' of the respective Scheduled Target Date(s) of Commissioning provided under Schedule II;
- (ii) the unexcused, wilful or reckless breach of its obligations after the Commissioning of the First Unit;
- (iii) the tampering with the Interconnection and Transmission Facilities by GSEG or its contractors, unless same is done to prevent any


GEB

51/126


GSEG

- imminent material danger to any person or any imminent danger of material damage to the Generating Station;
- (iv) the failure to demonstrate the Tested Capacity at the level upto 90% (ninety percentage points) of the Rated Name Plate Capacity of each Unit during the Performance Guarantee Test and the Capacity Demonstration Test;
 - (v) the action of GSEG to:
 - ❖ assign, mortgage or charge or propose to assign, mortgage or charge any of its assets or rights; or
 - ❖ transfer or novation of any of its obligations pursuant to this PPA, which is otherwise contrary to the provisions thereto;
 - (vi) the cessation of any initial investor to be an investor without the prior written consent of GEB;
 - (vii) the transfer, pursuant to law, of either
 - the rights and/or obligations of GSEG under any Project documents; or
 - all or a substantial portion of the assets or undertakings of GSEG; except where such transfer:
 - ❖ does not affect the ability of the transferee to perform, and that such transferee has the financial and technical capability to perform, its obligations under the Project documents;
 - ❖ is, to a transferee, of atleast equivalent financial standing to GSEG; and
 - ❖ such transferee, expressly assumes such obligations under the Project documents and that the same remain effective with respect to the transferee;
 - (viii) the dissolution, pursuant to law, except for the purpose of merger, consolidation, or re-organisation that does not affect the ability of the resulting entity to perform its obligations under this PPA and provided that such resulting entity expressly assumes such obligations;
 - (ix) except where due to GEB's failure to comply with any of its obligations, GSEG is in material breach of any of its obligations under this PPA.
 - (x) continuation of an Event of Force Majeure for 270 (two hundred seventy) consecutive Days during which ;
 - ❖ GSEG is unable to commence or continue with the construction or Operation of the Generating Station to the extent affected by such Event of Force Majeure ; and/or
 - ❖ GSEG's performance under this PPA is affected.
 - ❖ GSEG fails to pay any amount (in excess of a maximum aggregate amount of Rs. 1 (One) Crore) due and payable under this PPA on

or before the due date of payment of relevant amounts, provided always that this Clause shall not apply where an equivalent amount is due and owing to GSEG from GEB.

- ❖ GSEG repudiates this PPA or otherwise evidence an intention not to be bound by this PPA, provided that:
- ❖ GEB shall not be entitled to give a default notice if any GSEG Event of Default occur by a breach by GEB of any of its obligations under this PPA.

12.5.2 GEB's Event(s) of Default(s)

The following shall be construed as the Event(s) of Default on the part of GEB.

- (i) the expropriation, compulsory acquisition, requisition or nationalisation by any Indian Governmental Instrumentality of any material assets of GSEG relating to the Project.
- (ii) the dissolution pursuant to law or transfer of property, assets and undertaking or any material part thereof (by one or a series of transaction) to an entity or successors - in - title, unless;
 - ❖ such dissolution is for the purpose of an amalgamation, consolidation or reconstruction; or
 - ❖ such transfer is part of reorganisation of the electricity industries in India or State of Gujarat or of the Regional Grid;
- (iii) and, in either case, a resulting entity or successor-in-title unconditionally assumes the obligations of GEB under this PPA and does not affect the ability of the resulting entity or successor in title to perform such obligations and provided that:
 - the resulting entity or successor in title has the technical capability and operation experience sufficient to continue the performance of its obligations under this PPA; and
 - the resulting entity or successor-in-title has the financial standing to perform its payment obligations under this PPA.
- (iv) commitment of a material breach of any material provision of this PPA by GEB which is not remedied within 90 (ninety) Days of receiving a Notice from GSEG specifying the breach committed and the steps it reasonably required GEB to take remedy thereof.
- (v) continuation of an Event of Force Majeure for 270 (two hundred seventy) consecutive Days during which ;
 - ❖ GEB is unable to commence or continue with the work of construction or operation of the Interconnection and Transmission Facilities to the extent affected by such Event of Force Majeure ; and/or
 - ❖ GEB's performance under this PPA is affected.

- ❖ Any failure by GEB to make any payment or payments exceeding in the aggregate, at any one time, the equivalent of Rupees one hundred million (Rs.100,000,000) required to be made by it under this Agreement within 30 (thirty) days after the Due Date for payment(s).

- (vi) Non establishment and or maintenance of Letter of Credit and Escrow Account.
- (vii) A repudiation of GoG Guarantee.

12.6 FORCE MAJEURE EVENTS

The occurrence of any event of Force Majeure as described in Article 11.

12.7 END OF THE TERM

Upon expiry of the Term of this PPA.

12.8 DEFAULT NOTICE

Upon the occurrence of any Event(s) of Default, GEB or GSEG, as the case may be, may deliver a Default Notice to the other Party specifying in reasonable details the eventualities giving rise to the said Default Notice.

12.9 FOLLOW-UP PROCEDURES

12.9.1 Cure Period :

Following the issuance of a Default Notice, the Parties shall consult each other for a period of upto 2 (two) months (or such longer period as may be mutually agreed) so as to determine the actions to be taken with a view to mitigating the consequences of the relevant Event(s) of Default having regard to all the circumstances.

12.9.2 Rights And Remedies

In respect of the Event(s) of Default concerning to either Party or in the event of Force Majeure or at the End of the Term, the Parties, upon expiry of Cure Period, shall have the rights as specified in Schedule-XII.

12.9.3 Termination

Either Party shall proceed to terminate the PPA after following procedures laid down in Clauses 12.8.1 and 12.8.2 hereinabove. The Termination Procedures and determination of Buy-out Price are laid down in Schedule-XII hereof.

ARTICLE-13

LIABILITY AND INDEMNIFICATION

13.1 LIMITATION OF LIABILITY

Except as required by Clause 13.2 neither Party shall be liable to the other Party in contract, tort, warranty, strict liability or any other legal theory for any indirect, consequential, incidental, punitive or exemplary damages. Neither Party shall have any liability to the other Party except pursuant to, or for breach of, this PPA provided, however, that this provision is not intended to constitute a waiver of any rights of one Party against the other with regard to matters related to this PPA or any activity contemplated thereby.

13.2 INDEMNIFICATION

- (a) GEB shall bear responsibility for loss of or damage to property, death or injury to person (or any claim against GSEG in respect thereof) and all expenses relating thereto suffered by GSEG in connection with the Generating Station resulting from any act of negligence or omission of GEB without recourse to GSEG. GEB will hold GSEG fully indemnified in respect thereof. The indemnity shall not extend to any loss, damage death or injury (or any claim in respect thereof) or any expenses relating thereto to the extent that it was caused by any willful act or willful omission of GSEG or the failure of GSEG to take reasonable steps in mitigation thereof. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Clause 13.2 (a) shall apply to any loss, damage, cost or expense in respect of, and to the extent that GSEG is compensated pursuant to the terms of any Insurance.
- (b) GSEG shall bear responsibility for loss of or damage to property, death or injury to person (or any claim against GEB in respect thereof and all expenses relating thereto) suffered by GEB in connection with the Generating Station and its connected lines resulting from any negligent act or omission of GSEG, without recourse to GEB. GSEG will hold GEB fully indemnified in respect thereof. The said indemnity shall not extend to any loss, damage death or injury (or any claim in respect thereof) or any expenses relating thereto to the extent that it was caused by any act or omission of GEB or the failure of GEB to take reasonable steps in mitigation thereof. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Clause 3.2(b) shall apply to any loss, damage, cost or expense in respect of, and


GEB

55/126


GSEG

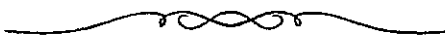
to the extent that GEB is compensated pursuant to the terms of any Insurance.

(c) Joint Negligence

In the event that such injury or damage results from the joint or concurrent willful negligence or intentional acts of the Parties, each shall be liable under this indemnification in proportion to its relative degree of fault. The proportion of act of negligence shall be mutually decided.

13.3 DEFENCE OF CLAIMS

The indemnified Party shall have the right, but not the obligation, to contest, defend, and liquidate any claim, action, suit or proceeding by any third party alleged or asserted against such indemnified Party in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified thereunder, and the reasonable costs and expenses thereof shall be subject to the indemnification obligations of the indemnifying Party thereunder. The indemnifying Party shall be liable for all payments, proceedings, liabilities including payment of counsel fees.


GEB

56/126


GSEG

ARTICLE-14

CHANGE IN LAW

14.1 DEFINITION OF LAW :

For the purpose of this PPA, "law" means any act, rule, regulation, notification, order, policy, administrative guidelines, ruling or instruction having the force of Law enacted or issued by any competent legislature, Governmental Instrumentality or statutory authority in India.

14.2 CHANGE IN LAW :

For the purposes of this PPA, "Change in Law" shall mean:

- i) an enactment or issuance of any new Law; and/or
- ii) any amendment, alternation, modification or repeal of any existing Law; and/or
- iii) any authoritative interpretation of any existing law issued by a competent court, tribunal, Governmental Instrumentality or legislature in India which is contrary to the existing accepted interpretation thereof, in each case coming into effect after the date of this PPA, provision for which has not been made elsewhere

Explanation : In the event of contradictory interpretations by two equivalent authorities on the same subject, the interpretation of the authority having physical jurisdiction over the location of the Generating Station shall prevail.

14.3 THE PROCEDURE:

If there is any change in Laws applicable to either Party or changes in circumstances affecting either Party, the affected Party shall give prompt written notice to the other Party and such other written information as the other Party may reasonably require in order to assess the nature of change in question and its effect on the Parties. While giving such notice, the affected Party shall also provide the draft of the corresponding amendments to be made in the PPA, if so necessary.

14.4 DELAYS :

In the event of any Change in Law coming into force prior to the date of Entry into Commercial Service of the Unit or the commissioning of Transmission and Interconnection Facility as the case may be causing

GEB

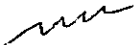
57/126

AS
GSEG

delay in completion thereof, the corresponding Schedule target Dates shall be extended to the extent as may be necessary to compensate such delay. The concerned party shall however, have to provide relevant documents to justify such eventuality and the need for extension.

14.5 ADDITIONAL FACILITIES - MODIFICATIONS :

Where any Change in Law coming into force after the date of Commercial Operation of the Unit requires the construction of any additional facilities or modifications of any existing facility of the Project, GSEG may incur such expenditure thereon as may be reasonably required to comply with such Change in Law and such expenditure shall be added to the Capital Cost subject to approval by the Authority and GEB. Upon approval, to the extent that any such expenditure is funded with Debt, the increase in the Interest on the Loan Capital and Depreciation attributable thereto shall be reflected as an increase in the Tariff payable by GEB and to the extent that any such expenditure is funded with Equity, the increase in the Return on Equity.


GEB

58/126


GSEG

ARTICLE-15

ASSIGNMENT AND SECURITY

15.1 ASSIGNMENT

This PPA may not be assigned by either Party, other than by mutual agreement between the Parties in writing, provided however that GSEG may assign this PPA to a newly organised, affiliated Corporation or to any other affiliate controlled by GSEG, in each case with the prior consent of GEB. Notwithstanding the foregoing, for the purpose of financing the Project, GSEG may assign or create security over its rights and interests under or pursuant to;

- (a) this PPA,
- (b) any agreement related to the Project,
- (c) the Generating Station,
- (d) the site,
- (e) the movable property and intellectual property of GSEG or
- (a) the revenues or any of the rights or assets of GSEG.

The holder of any security created under this Section shall not be prevented or impeded by GEB from enforcing such security in accordance with its terms, including without limitation, exercising any right it may have to re-assign this PPA to a new owner or operator of the Generating Station, provided however that such transferee agrees to perform its obligations under this PPA. GEB shall execute all such consents to assignment and/or acknowledgements of any security created in accordance with this Article as are reasonably required by GSEG to give effect to the foregoing. Notwithstanding the above, GEB shall have the right to assign this PPA to any entity assuming all or part of GEB's rights and obligations in connection with the distribution of electrical energy, provided however that such transferee agrees to perform its obligations under this PPA.

15.2 SUCCESSORS AND ASSIGNS

This PPA shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and assigns, if any.


GEB

59/126


GSEG

ARTICLE-16

DISPUTE RESOLUTION

16.1 DISPUTE RESOLUTION

Save where expressly stated to the contrary in this PPA, any matter or dispute or difference of whatever nature howsoever arising under, out of or in connection with this PPA including its existence and validity (collectively *Disputes*) between the Parties shall be resolved as per the dispute resolution procedures described hereunder.

16.2 DISPUTE RESOLUTION BY PANEL

16.2.1 Each of GSEG and GEB shall, if required by the other Party to do so, select and appoint one high-level representative not concerned with the day-to-day performance of their appointor's obligations under this Agreement to form a panel (the *Panel*). Each Party shall notify the other of the name and relevant qualifications of the Panel member it has selected within 30 days of their selection. Each Party may appoint, substitute or replace Panel members from time to time and shall notify the other of the name and relevant qualifications of the substitute or replacement Panel members so appointed within 30 days of their appointment. The Panel shall meet as and when necessary from time to time in Vadodara for the purposes of resolution of Disputes under this PPA. Each Party shall bear the respective costs and expenses of the members of the Panel appointed by it.

16.2.2 All Disputes shall first be submitted to the Panel for resolution. Either Party shall give to the other a written notice setting out the material particulars of the Dispute and requiring the Panel to meet within 15 working days of the date of receipt of such notice by the relevant Party. The Panel will attempt in good faith and using its best endeavors at all times to resolve the Dispute and produce written terms of settlement. If the Panel cannot resolve a dispute within 30 days (or such longer period as is agreed between GEB and GSEG), or if the Panel fails to meet within 30 days (or such longer period as is agreed between GEB and GSEG), the procedures set out under Clause 16.4 shall apply.


GEB

60/126


GSEG

16.3 DISPUTE RESOLUTION BY EXPERTS

Notwithstanding the provisions of Clause 16.2 hereinabove, the Parties may opt to refer the dispute to the Expert as follows:

- (a) for the resolution of Disputes relating to the technical matters, reference could be made to a Technical Expert. The appointment of such Technical Expert shall be done by mutual agreement through the Institution of Engineers or any other recognised Institutions.
- (b) for the resolution of Disputes relating to the financial matters, reference could be made to a Financial Expert. The appointment of such Financing Expert shall be done by mutual agreement through the Institution of Chartered Accountants of India or any other recognised Institutions.

The Parties will refer matters, differences or disputes in issue between them to whichever Expert is agreed or appointed. Save as otherwise provided in this PPA, the Expert will resolve or settle such matter or dispute in such a manner as he shall in his absolute discretion see fit. Save as otherwise provided in this PPA, the determination of the Expert will be final and binding on the Parties. The Expert shall be required to make, within 30 days of the matter being referred to him, his determination of the matter in dispute. The costs of the Expert in settling or determining such matter shall be borne equally by the Parties.

If GEB and GSEG fail to agree on the appointment of an Expert pursuant to Clause 16.3 of Article 16, either GEB or GSEG from time to time, may apply to the Chairman, of the Indian Council of Arbitration in New Delhi, to appoint an Expert of the kind required and with the experience described in Clause 16.3 of Article 16.

16.4 DISPUTE RESOLUTION BY ARBITRATION

Notwithstanding the provisions under Clauses 16.2 & 16.3, the Parties may opt to refer the Dispute related to this PPA for resolution to Arbitration.

- (a) such Dispute shall be submitted to arbitration at the request of either Party upon written notice to that effect to the other Party and be finally determined under the Arbitration And Conciliation Act, 1996 as amended from time to time. The rights and obligation of the Parties shall remain effective during the arbitration proceedings;

GEB

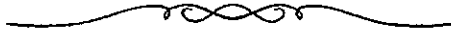
61/126

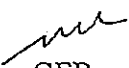
GSEG

- (b) the place of arbitration shall be Vadodara, India;
- (c) the language of the arbitration shall be English; and
- (d) any Dispute submitted to arbitration shall be considered by three arbitrators, two of whom shall be nominated one by GSEG and one by GEB. If within 30 days of the receipt of a Party's notification of the appointment of an arbitrator, the other Party has not notified the first Party of the arbitrator it has appointed, the first Party may apply for the appointment of the second arbitrator in accordance with the Arbitration And Conciliation Act, 1996 . The third arbitrator will be nominated by the two existing arbitrators.

16.5 ARBITRATION AWARDS TO BE BINDING

GSEG and GEB undertake to carry out any decision or award of the arbitrators relating to such Dispute without delay, and the Parties agree that there will be no appeal to any court of law or other judicial authority. Awards relating to any Dispute shall be final and binding on the Parties to such Dispute as from the date they are made. The arbitrators shall give reasoned decision or award keeping in view the provision under Section-76 of Electricity (Supply) Act, 1948. GSEG and GEB agree that such decision or award shall be final and binding. GSEG and GEB agree that decision or award may be enforced against GEB and GSEG, as the case may be, or their assets wherever situate.




GEB

62/126


GSEG

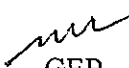
ARTICLE-17

REPRESENTATIONS AND WARRANTIES

17.1 REPRESENTATIONS AND WARRANTIES BY GSEG

GSEG hereby represents and warrants to GEB that:

- 17.1.1 it is a Generating Company, duly incorporated, and has complied fully with requirements of all applicable laws;
- 17.1.2 it has full corporate power and authority to carry on its business as currently conducted and as proposed to be conducted under this PPA, and to enter into, legally bind itself by and perform its obligations under this PPA, the Project documents and all documents comprising the security package to which it is a Party;
- 17.1.3 this PPA, the Project documents and all documents comprising the security package to which it is a Party have been, or will be, duly authorised, executed, and delivered by it and constitute or when so authorised, executed and delivered, will constitute its legal, valid and binding obligations;
- 17.1.4 the execution, delivery, and performance of this PPA, the Project documents and all documents comprising the security package to which GSEG is a Party does not constitute a violation of:
- (i) any statute, judgement, order, decree or regulation or rule of any court, government authority or arbitrator of competent jurisdiction applicable or relating to GSEG, its assets or its businesses; or
 - (ii) GSEG's Articles of Association or Memorandum of Articles or any other documents or any indenture, contract or agreement to which it is a Party or by which it or its property is bound;
- 17.1.5 there are no judgements outstanding against GSEG or its initial investors and to the best knowledge of GSEG no action, claim, suit or proceeding is pending or threatened against GSEG or its initial investors before any court, governmental authority or arbitrator of competent jurisdiction that could reasonably be expected to effect materially and adversely the financial condition or operations of GSEG or the ability of GSEG to perform its obligations under this PPA, the Project documents and all documents comprising the security package to which GSEG is a Party or which purports to effect the legality, validity or enforceability of those documents;


GEB

63/126


GSEG

17.1.6 GSEG is not in default under any agreement to which it is a Party or by which it or its property may be bound, nor in any material default of any obligation, which could have a material adverse effect on the ability of GSEG to perform its obligations under this PPA, the Project documents or any other document comprising the security package;

17.1.7 no information given by GSEG in relation to this PPA, the Project documents or any document comprising the security package contains any material mis-statement of fact or omits to state a fact which would be materially adverse to the enforcement of the rights and remedies of GEB or which would be necessary to make any statement, representation or warranty contained herein or therein true and correct; and

17.1.8 all equipment and machinery to be installed in the Generating Station or used by the Project before the Entry into Commercial Service shall be new. All such equipment and machinery shall conform to the codes, standards and regulations applicable to electricity production facilities and benefit from the usual manufactures' guarantees.

17.2 REPRESENTATIONS AND WARRANTIES BY GEB

GEB represents and warrants to GSEG that:

17.2.1 it has been duly created pursuant to a statute, is validly existing and has the full legal right, power and authority to conduct its business, to own its properties and to enter into and perform its obligations under this PPA and that there are no proceedings pending or, to the best of its knowledge, threatened for the dissolution of GEB;

17.2.2 this PPA has been duly authorised, executed and delivered by it and constitutes valid, legal and binding obligations on GEB; and

17.2.3 the execution and delivery of this PPA with GSEG does not violate any statutory judgement, order, decree or regulation right or obligation or rule of any court, government authority or arbitrator of competent jurisdiction applicable in relation to GEB, its assets or its businesses.


GEB

64/126


GSEG

ARTICLE-18

CONFIDENTIALITY

18.1 CONFIDENTIAL INFORMATION

Subject to Article 12, both Parties shall, at all times both during the Term and for 5 (five) Years following the Termination or expiry of this PPA:

- (i) use their reasonable endeavours to keep all information regarding the terms and conditions of this PPA and any data or information acquired as a result of the negotiation and performance of this PPA confidential and accordingly neither Party shall disclose the same to any other person; and
- (ii) not use any document or other information (whether technical or commercial) obtained by them respectively as a result of the negotiation and performance of this PPA or concerning the other's undertaking for any purpose other than performance of the Party's obligations and exercise of its rights under this PPA,

provided that the provisions of this Clause 18.1 shall not apply to:

- (a) any information which at the time of disclosure was in the public domain other than by breach of the confidentiality obligations of this Clause 18.1;
- (b) information relating to the Project, in the possession of a Party before that information was disclosed to it by or on behalf of the other Party and which was not obtained under any obligation of confidentiality; and
- (c) information obtained from a third party who is free to disclose the same, and which is not obtained under any obligation of confidentiality.

18.2 DISCLOSURE OF CONFIDENTIAL INFORMATION

Either Party shall be entitled to disclose the terms and conditions of this PPA and any data or information acquired by it under or pursuant to this PPA without the prior written consent of the other Party if such disclosure is made in good faith:

- (i) to any affiliate of such Party, having made it aware of the requirements of this Article 18, or to any Indian Governmental Instrumentality; or

GEB

65/126

GSEG

- (ii) to any outside consultants or advisers engaged by or on behalf of such Party and acting in that capacity, having made them aware of the requirements of this Article 18; or
- (iii) to the lenders, having made them aware of the requirements of this Article 18; or
- (iv) to the extent required by the rules of a relevant and recognised stock exchange; or
- (v) to the extent required by any applicable Law or pursuant to an order of any court of competent jurisdiction; or
- (vi) to any insurer under a policy of Insurance effected under Article 5; or
- (vii) to directors, employees and officers of such Party having made them aware of the requirements of this Article 18,

and is necessary to enable such Party to perform this PPA or to protect or enforce its rights under this PPA or to enable it to comply with any requirement referred to in paragraphs (iv) and (v) above or to carry on its ordinary business.



ARTICLE-19

MISCELLANEOUS PROVISIONS

19.1 AMENDMENTS

This PPA shall not be amended except by written agreement between the Parties and no other purported amendment shall be effective.

19.2 THIRD PARTIES

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

19.3 NO WAIVER

19.3.1 No waiver by either Party of any Default or Defaults by the other Party in the performance of any of the provisions of this PPA:

- (i) shall operate or be construed as waiver of any other or further Default or Defaults whether of a like or different character; or
- (ii) shall be effective unless in writing duly executed by a duly authorised representative of such Party.

19.3.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this PPA nor time or other indulgence granted by one Party to the other shall act as a waiver of such breach of acceptance of any variation or the relinquishment of any such right or any other right under this PPA, which shall remain in full force and effect.

19.4 RELATIONSHIP OF THE PARTIES

This PPA shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party and neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.5 LANGUAGE

The language of this PPA is English and all documents, notices, waivers and all other written communication or otherwise between the Parties in connection with this PPA shall be in English.

19.6 ENTIRETY

19.6.1 The Articles and the Schedules under this PPA are intended by the Parties as the final expression of their agreement and are intended also as a complete and exclusive statement of the terms of their agreement.

19.6.2 Not Used

19.6.3 All prior written or oral understandings, offers or other communications of every kind pertaining to this PPA or the sale or purchase of Energy and Capacity under this PPA to GEB by GSEG are abrogated and withdrawn.

19.7 SUCCESSORS AND ASSIGNS

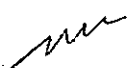
This PPA shall be binding upon, and inure to, the benefit of the Parties and their respective successors and permitted assigns.

19.8 COSTS AND FURTHER ASSISTANCE

Each Party shall pay its own costs and expenses in relation to the negotiation, preparation, execution, delivery and carrying into effect of this PPA. Each Party shall, from time to time, on being requested to do so, by and at the cost and expense of the other Party, do all such act or execute and deliver all such instruments and assurances as are reasonably necessary for carrying out or giving full effect to the terms of this PPA or are not otherwise provided for in this PPA.

19.9 COUNTERPARTS

This PPA is executed in two counterparts. Each Party has executed this PPA on a separate counterpart, both of which constitute the original. Both counterparts together constitute one and the same instrument.


GEB

68/126


GSEG

19.10 ILLEGALITY

If for any reason:

- (a) any provision of this PPA is or becomes invalid, illegal or unenforceable, or is declared by any court of competent jurisdiction or any competent authority to be invalid, illegal or unenforceable; or
- (b) any competent authority:
 - (i) refuses or discontinues, or formally indicates an intention to refuse or discontinue, authorisation of, or exemption to, any of the provisions of or arrangements contained in this PPA; or
 - (ii) formally indicates that to continue to operate any provision of this PPA may expose the Parties to sanctions under any law or directive or requests either Party to give undertakings or to accept conditions as to future conduct in order that such Party may not be subject to such sanctions;

then, the Parties shall negotiate in good faith with a view to agreeing amendments to or replacements for the illegal, unenforceable or invalid provisions such that the amended or substituted provisions are satisfactory to all relevant competent authorities. Any amendment to this PPA so made shall re-establish and maintain as far as possible the balance of the commercial interests of the Parties under this PPA. No failure to agree any such amendment to this PPA shall be susceptible to the Dispute Resolution Procedures under Article 16. Pending such agreement, the invalidity, illegality or unenforceability in question shall not prejudice or affect the validity, legality or enforceability of any other provision of this PPA.

19.11 ANNUAL REPORTS AND ACCOUNTS OF GSEG

19.11.1 GSEG shall, as soon as possible after the end of Year, prepare a report giving an account of its activities during the previous Year and shall, within six months from the date of the closer of the year, forward to GEB and GoG, the report together with a statement of accounts, in such form and containing such particulars as may be specified by the recipient(s), a copy of the balance sheet and profit and loss account and the auditors' report, in relation to the accounts of the Year aforesaid.

GEB

69/126

GSEG

19.11.2 For the purpose of preparing the Statement(s) of accounts referred to in Clause 19.11.1, the Depreciation to be permitted every Year shall be calculated at such rate as specified by the GoI under its Notification No.266(E) dated 29-3-1994.

19.11.3 The provisions of Clause 19.11.1 shall be in addition to and not in derogation of the provisions contained in the Companies Act, 1956 (one of 1956) in relation to reports, statement of accounts and other documents required to be prepared or kept or submitted by a Company within the meaning of Section-3 of that Act.

19.12 AFFIRMATION

GSEG and GEB declare an affirmation that neither Party nor its directors, employees, any of its agents or, in the case of GSEG, its sponsors, has paid nor has it undertaken to pay and that it shall, in the future, not pay any unlawful commission, bribe, pay-offs, kick-backs and that it has not in any other way or manner paid any sums, whether in Indian currency or foreign currency and whether in India or abroad, or in any other manner given or offered to give any gifts and presents in India or abroad to any person or GSEG to procure this PPA and GSEG and GEB undertake not to engage in any of the said or similar acts during the Term of and relative to this PPA.

19.13 NOTICES

19.13.1 All notices, approvals, consents, endorsements, certificates, confirmations, determinations or other communications (together *Notices*) to be given or made by one Party to the other Party pursuant to this PPA shall be in writing, addressed for the attention of the person indicated below, and shall either be delivered personally or sent by registered mail (postage prepaid and return receipt requested), facsimile or telex. The addresses for service of the Parties and their respective facsimile and telex numbers shall be:

(a) For GEB:

Attention:	General Manager (Commercial)
Address:	Sardar Patel Vidyut Bhavan, Race Course, Vadodara, Pin Code 390 007
Facsimile:	91-0265-337918/338164
Telex:	VIDYT BRD 175-6254
Phone	91-0265-338382, 340114

GEB

70/126

GSEG

(b) For GSEG :

Attention:	Managing Director
Address:	Block No. -15, 2 nd floor, Udyog Bhavan, Sector - 11, Gandhinagar - 382 011, Gujarat.
Facsimile:	02712-36375
Phone	02712-36372/36373/36374

or such other addresses, facsimile or telex numbers as either Party may notify to the other Party from time to time.

19.13.2 Save as provided expressly in this PPA, all Notices shall be deemed to have been given, (a) if delivered, when presented personally or by courier, (b) if sent by telex or by facsimile, on the day it is transmitted, if that day is a Business day and on the first Business day following the day it is transmitted if that day is not a Business day, provided that transmission is proved, in the case of a telex, by the appearance of the correct answer back code at the commencement and the end of the telex message and, in the case of a facsimile, by the appearance of the correct facsimile number on the facsimile transmission report generated by the sender's facsimile machine and if sent by registered mail, five (5) Business days after being deposited in a regularly maintained receptacle for the postal service in India, postage prepaid, return receipt requested. Any Notice given by telex or facsimile shall be confirmed in writing delivered personally or sent by registered mail, but the failure to so confirm shall not void or invalidate the original Notice if it is in fact received by the Party to which it is addressed.

19.14 GOVERNING LAW

This PPA shall be construed in accordance with and governed by laws of India.

GEB

71/126

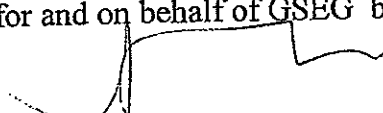
GSEG

IN WITNESS WHEREOF, the Parties have entered into this PPA as of the date first above written.

For and on behalf of GEB by

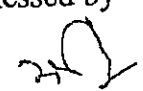

(M.M. Shivastava)
Member Finance

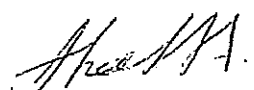
for and on behalf of GSEG by


(Sanjay Gupta)
Managing Director.

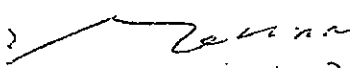
and witnessed by

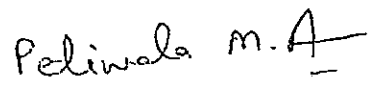
(1)

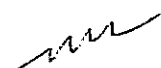

(H.B. Parikh)
G.M. (Comm)

1. 
(Sunil Kumar Shukla)
Asstt. G.M.

(2)


(P.R. Mehta)
S.E. (Comm)/Comm Officer.

2. 
(Anis Paliwala)
Sr. Executive.


GEB

72/126


GSEG

SCHEDULES

INDEX OF SCHEDULES
GEB-GSEG PPA

Sr. No.	Title	Page No.
I.	Description of Generating Station	074
II.	Development Milestones	083
III.	Availability Declaration	084
IV.	Dispatch Procedures	085
V.	Insurance covers	087
VI.	Testing & Consequences	091
VII.	Outages	094
VIII.	Fuel Supply Agreement	096
IX.	Metering System	097
X.	Billing and Payment	101
XI.	Means of Finance	113
XII.	Termination – Remedies, and Buy-Out	118

73/126

73/126

SCHEDULE-I

DESCRIPTION OF GENERATING STATION

I.1 INTRODUCTION

I.1.1 The Generating Station is a 156 MW ($52 \times 2 + 52 = 156$ MW) Combined Cycle Generating Station for supplying power to GEB. The Generating Station consists of two Gas Turbine generator(s) and associated auxiliary systems and a Steam Turbine Generator and associated auxiliary systems..

I.1.2 Fuel Facility shall include facilities for holding and feeding the Fuel.

I.2 PROJECT SITE

I.2.1 The Generating Station Site is located near village Mora, district Surat, Gujarat.

I.2.2 Site development includes clearing, grubbing and grading as required; and provision of roads, parking lots fencing at Site and a green belt around the Site periphery.

I.3 GENERAL DESCRIPTION

I.3.1 The Generating Station consists of new and unused Gas/ Steam Turbine generator(s) and associated auxiliary systems.

I.3.2 Natural Gas/ LNG / HSD/ Naphtha shall be used as Fuel.

I.3.3 The Steam Turbines are of condensing type units.

I.3.4 The following detailed information in relation to the Generating Station is set out in Annexure 1.1 and 1.2 to this Schedule I:

Annex 1.1 : Site Plan and Generating Station Layout

Annex 1.2 : General design parameters and GEB System requirements.

Annex 1.3 : Generating Station Electrical One - Line Diagram.

Annex 1.4 : Sub-station Electrical Diagram.

I.4 WATER FACILITIES

I.4.1 Plant Water Supply System

2 MGD water will be drawn from river Tapi from Singanpur weir through existing GIDC pipeline system

I.4.2 Cooling Water System

Raw water will be used in semi open recirculating cooling system for plant cooling utilising cooling towers & heat exchangers.

I.4.3 Water Treatment

- (a) Cooling Water Treatment - The circulating cooling water is pre-treated by filtration. The cooling towers will be operated at maximum possible cycles of concentration to minimise water consumption.
- (b) Two 2 streams of D.M. Plant of capacity 30 m³/hr with two (2) DM water storage tanks with each of 250 m³ will be erected for requirement of boiler feed water and others.

I.4.4 Waste - water treatment.

I.4.4.1 The following waste-water is generated due to water treatment and actual operation of the Generating Station.

- Cooling tower blow down
- Filtration plant backwashes.
- Clarifier blow down
- Demineralizer regeneration waste.
- Boiler blow down
- Equipment washes and floor drains.
- Contaminated rainfall runoff from the oil storage area.
- Domestic effluents.

I.4.4.2 The Demineralizer regeneration waste is neutralized in a separate tank before being transferred to the discharge line.

I.4.4.3 Equipment washes, floor drains and contaminated rainfall runoff from the oil storage areas is passed through an oil/water separator for treatment. The separator effluent is transferred to the discharge line. Oily sludge setting at the separator bottom and recovered oil will be properly disposed off, away from the Site, as per GPCB guidelines.

I.4.4.4 Clarified blowdown is sent to a sludge thickener. The decant from the sludge thickener is recycled to the clarifier. Filter backwashes will be sent

to the sludge thickener. Blowdown from the sludge thickener is sent to the sludge pit. Decant from the sludge pit will also be recycled to the clarifier. Settled solids in the sludge pit shall occasionally require Clearance from the pit before being disposed off away from the Site. Blowdown from the boiler will be treated to acceptable level before being used for irrigation of the green belt.

- I.4.4.5** Sanitary waste generated due to potable water use, showers, washes and flushing of toilets will be treated in a package sewage treatment plant. The treated effluent after chlorination also be used to irrigate the green belt.

I.5 ELECTRICAL SYSTEMS

- I.5.1** The generated power is stepped up to 220 KV and delivered to the switchyard. Auxiliary transformers will be installed to provide station power. Subsequent transformers will provide power at 6.6 KV and 415 V for various motors, lighting, controls etc.

- I.5.2** The open air switchyard is planned, with three 220 KV lines, having two circuits each to deliver power to the GEB System. GSEG will provide breakers to isolate its generation systems from the GEB System when necessary to prevent damage to equipment during operation outside the GEB System Parameters or otherwise established in accordance with Good Industry Practice. A control building will house the switchyard controls, relaying and communication equipment.

- I.5.3** Diagrams showing the electrical one-line system of the Generating Station and sub-station are set out in Annexures 1.3, 1.4.

I.6 CONTROL SYSTEM & AUXILIARY SYSTEMS INCLUDING PROTECTION

The control and instrumentation systems will provide integrated operation of the Generating Station and plant control is accomplished via a distributed control system (DCS). The DCS is interfaced with the unit controls for the Steam Turbine generator and balance of plant auxiliaries to facilitate control of the overall Generating Station. A central control room is provided for the Generating Station. The system ensures adequate protection of the Generating Station equipment as per Good Industry Practice.

I.7 NOT USED**I.8 TELECOMMUNICATIONS**

I.8.1 The Generating Station control room and the GEB Load Dispatch Centre will be in constant communication with one another via appropriate communication.

I.8.2 GSEG will install a system to interface with the Kim telephone system.

I.9 AUXILIARY SYSTEMS

I.9.1 Necessary auxiliary system and facilities required for the Generating Station will be provided. These include :

(a) Mechanical

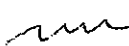
- Main Steam System.
- Condensate and feed - water.
- Condenser
- Lube oil storage and transfer
- Raw water pre-treatment and storage
- Makeup demineralizer, de-mineralised water storage and transfer
- Feed - water chemical treatment.
- Circulating water
- Service water
- Closed cooling water.
- Heating, ventilating and air conditioning.
- Compressed air
- Fire protection, detection and alarm
- Waste-water treatment.
- Hydrogen generator, storage and distribution.
- Nitrogen and carbon dioxide storage and distribution if required

(b) Electrical

- Main power generation.
- Medium and low voltage distribution.
- Batteries, inverters and station DC distribution.
- Uninterruptable AC power system.
- Station lighting.
- Grounding
- Cathodic protection.
- Communication System
- Lightning protection

(c) Civil / Structural Architectural

- Administrative Building


 GEB

77/126


 GSEG

- Plant Service Building
- Turbine building
- Central control building
- Site development
- Storage facilities; as required

I.10 FUEL HANDLING FACILITY

I.10.1 Natural Gas

Natural Gas sourced from the adjacent Hazira Gas Fields will be brought to the Generating Station by a pipe line to feed the Generating Station.

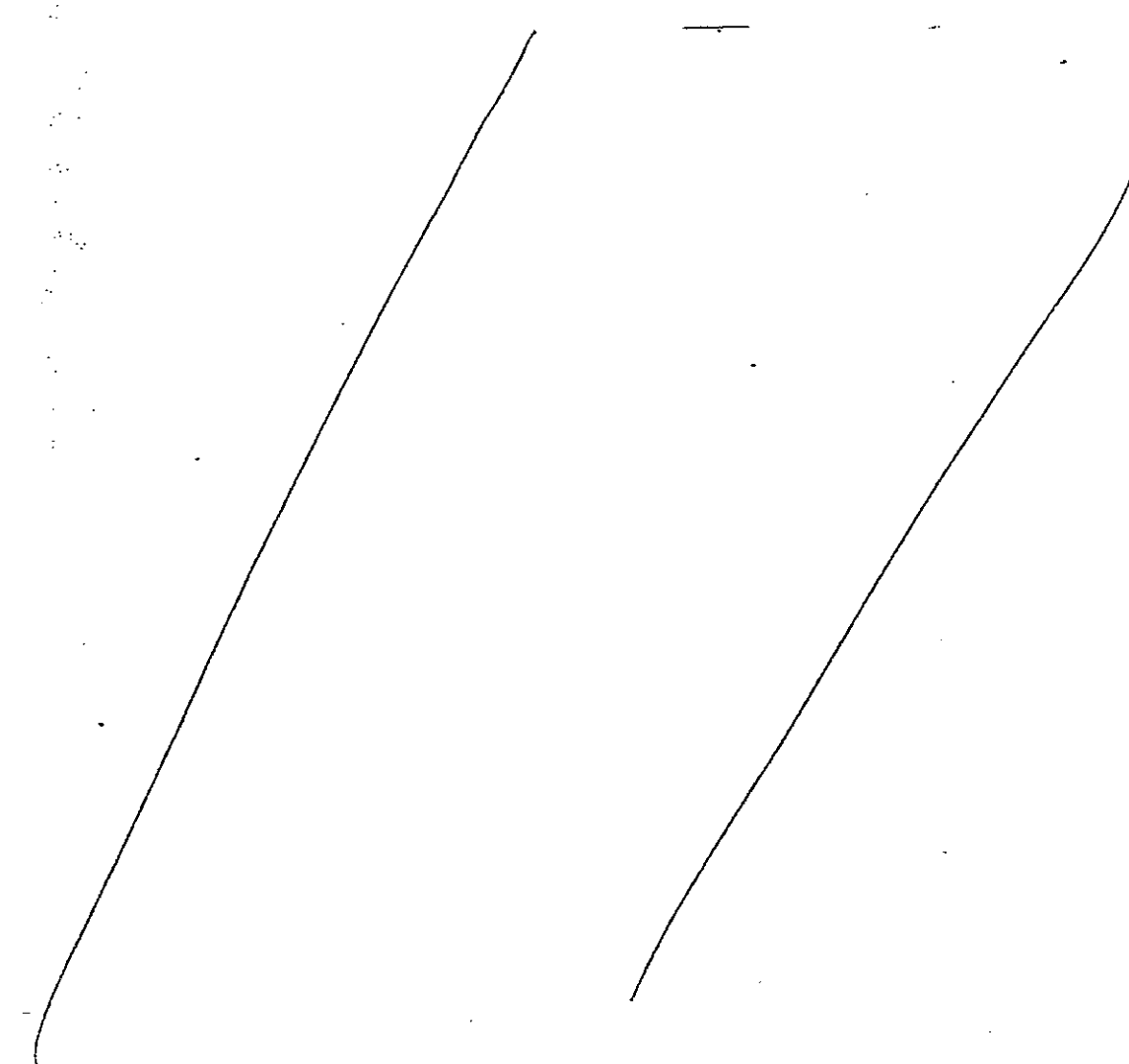
I.11 GENERAL DESCRIPTION ONLY

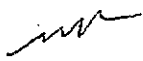
The description of the Generating Station and the Fuel Facility contained in this Schedule I contains a general description only of the design anticipated as of the date of execution of this PPA. The Parties acknowledge that changes may be necessary on the basis of further Site investigations and during the course of the development of the detailed design, subject always to compliance by the Generating Station with the specific requirements of this PPA with respect to the generation of Active Energy, the provision of Ancillary Services, the GEB System Parameters and the GEB grid requirements.

Annexure 1.1

Site Plan And Plant Layout

The final diagrams will be attached before the Zero Date.




GEB

79/126


GSEG

Annexure - 1.2**General Design Parameters And GEB Grid Requirements**

Ambient Conditions shall mean the equivalence curves and graphs set out in this Schedule I, which shall apply in order to adjust the actual measured values obtained over any relevant period of time in respect of Capacity, Electrical Output and Tested Capacity to a corresponding standard ambient temperature of 28 degrees Celsius, relative humidity of 60% and a constant frequency of 50 Hz and the values so adjusted shall be used when assessing compliance with the requirements of and for all other purposes in connection with this PPA.

3.0 GEB System Parameters**3.1 Frequency And Voltage Fluctuation**

3.1.1 Normal Frequency Range 50 Hz (+) 3% and (-) 5 % in which the Generating Station will be capable of operation at 220 KV .

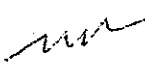
3.1.2 Normal Voltage Range 198 KV to 245 KV in which the Generating Station will be capable of operation at 50 Hz or a Combined Voltage & frequency variation of +/- 10 %. For variations more than the above limits, the reduction in output shall be as per the Operating Characteristics curve.

3.2 Subsynchronous Reactance / Resonance .

To be decided before Zero Date.

3.3 GEB Grid Requirement

To be decided before Zero Date.

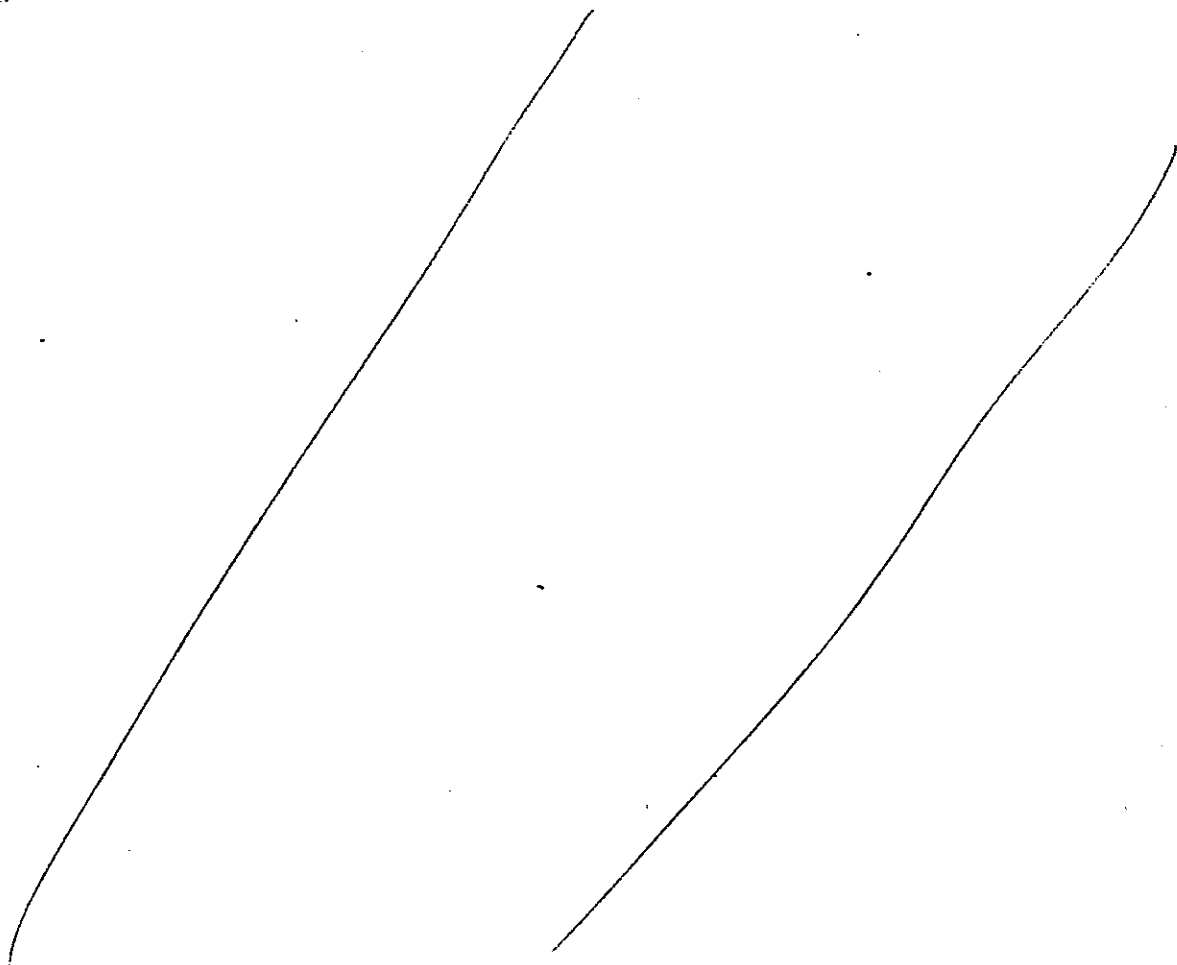

GEB

80/126


GSEG

Annexure 1.3
Plant Electrical one - Line Diagram

The final diagram will be attached before the Zero Date.



[Signature]
GEB

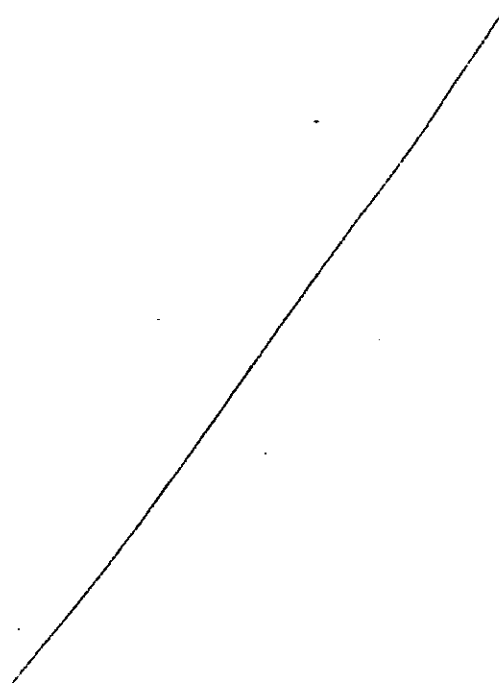
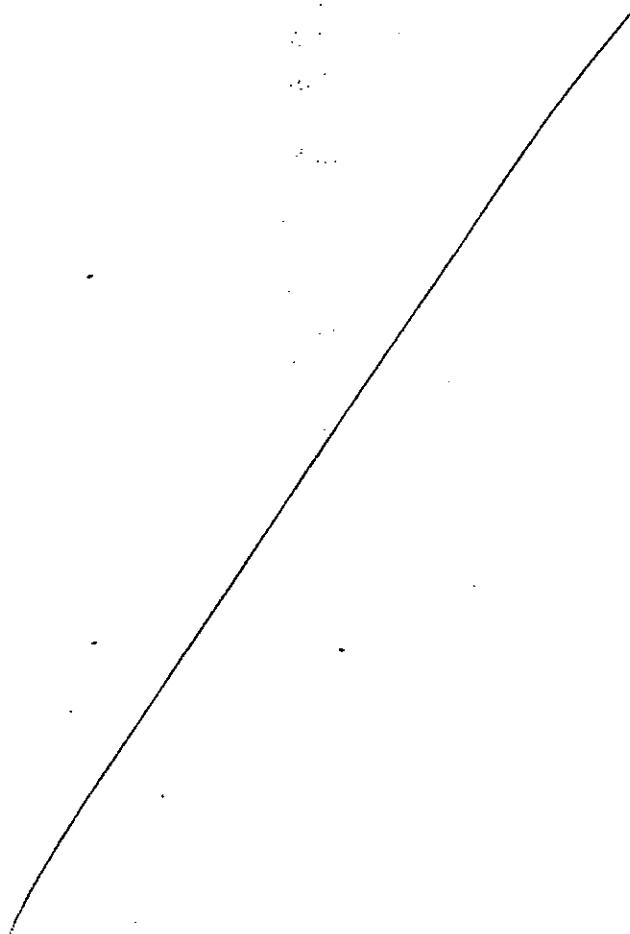
81/126

[Signature]
GSEG

Annexure 1.4

Sub-Station Single Line Diagram.

The final diagram will be attached before the Zero Date.



GEB
GEB

82/126

GSEG
GSEG

SCHEDULE-II

DEVELOPMENT MILESTONES

II.1 Following shall be the Schedule Target Dates for achieving Development Milestones of the Project.

Milestones	Target Date(s) From the Date of Signing the PPA
For GSEG	
1. Zero Date	270 days from the date of signing of the PPA.
2. Entry into Commercial Service of the First Unit	480 days from the Zero Date
3. Entry into Commercial Service of the second Unit	510 days from the Zero Date
4. Entry into Commercial Service of the Final Unit	570 days from the Zero Date
For GEB	
5. Transmission lines 220 KV (First Circuit)	360 days from the Zero Date
6. Transmission lines 220 KV (Second Circuit)	510 days from the Zero Date

II.2 In the event of non adherence to the Schedule Target Date provisions of Article-2 and Article-6.

Both GSEG and GEB shall keep each other informed about of the achievement of each of the Development Milestones on their sides and provide copy(ies) of the relevant documents to each other.

SCHEDULE-III

AVAILABILITY DECLARATION

III.1 AVAILABILITY DECLARATIONS

III.1.1 Dedication Of Capacity

GSEG undertakes that, it will fuel and operate the Generating Station during the Term of this PPA to provide to GEB, the Capacity upto the Nominal Baseload Capacity in accordance with the provisions of this PPA and its Technical Characteristic and otherwise so as to comply with the operating characteristics except to the extent:

1. as anticipated by the Maintenance Program during the period of Scheduled Outage
2. that to do so would not be in accordance with Good Industry Practice
3. necessary due to circumstances relating to safety (of personnel or plant or apparatus) as admissible under relevant rules and regulations, if any.
4. that to do so would be unlawful, or
5. necessary for reasons of Force Majeure.

III.1.2 GSEG shall not grant to any third party, or allow any third party to obtain, any entitlement to the Energy generated by the Generating Station during the Term of the PPA except as provided under Article-12 and Schedule-XII.

III.1.3 GSEG shall not itself use any of the Energy generated by the Generating Station during the Term except for the purpose of meeting the Generating Station's Auxiliary Load, Station Load and Colony Load (according to respective provisions in the PPA) for the purpose of fulfilling its obligations hereunder.

III.2 DELIVERY OF ENERGY

GSEG shall deliver Energy to GEB at the Delivery Point in accordance with Dispatch Instructions issued by GEB.

III.3 AVAILABILITY DECLARATIONS

GSEG shall make Availability Declarations as provided under the Dispatch Procedures.

SCHEDULE-IV

DISPATCH PROCEDURES

IV.1 GENERAL

The procedures outlined under this Schedule shall be adopted by the Parties for giving Availability Declaration and the Dispatch Instructions.

IV.2 CAPACITY NOTICES

GSEG shall deliver Capacity Notices to GEB for declaring Availability of the Generating Station. The Capacity Notices shall mean:

- ❖ Weekly Capacity Notice
- ❖ Revised Capacity Notice

Each of the above Notices shall specify the following:

- ❖ the date and time of issuance
- ❖ the reference of the period to which it pertains
- ❖ reasons for revision in respect of the Revised Capacity Notices

IV.3 WEEKLY CAPACITY NOTICE

IV.3.1 GSEG shall submit to GEB's Load Dispatch Centre (LDC) at Jambuva near Vadodara (or any other agency nominated by GEB for discharging similar functions), a Weekly Capacity Notice to declare Availability of the Generating Station every week i.e. Monday through Sunday for each Settlement Period. The Weekly Capacity Notice should be delivered latest by sixteen hours on the Friday previous to the week to which the same may pertain to.

IV.3.2 GEB shall, within forty eight hours of the receipt of the Weekly Capacity Notice, issue the Dispatch Instructions to GSEG for delivering Energy during the relevant period of the week. GSEG shall designate the authority for the purpose of receiving such instructions.

IV.4 REVISED CAPACITY NOTICE

IV.4.1 GSEG shall be obliged to deliver Energy in accordance with the Dispatch Instructions of GEB subject to provisions of computation of Availability Factor (Clause 10.7 of Article-10) during the relevant period. If, however, under any Emergency GSEG shall be eligible to revise the Weekly Capacity Notice by issuing a Revised Capacity Notice incorporating full particulars thereof to the receiving authority of GEB as stated

GEB

85/126

GSEG

hereinabove. GEB shall issue the necessary Revised Dispatch Instructions in confirmation of the acceptance of the Revised Capacity Notice

IV.4.2 GSEG shall not be eligible for increase in CAA if any upward revision is made on any account to the extent that GEB is not able to absorb increased quantity of power. GSEG shall, however, not be absolved for loss of generation pursuant to revised Capacity Notice if any. Notwithstanding the content of this paragraph, GEB shall be eligible to revise the Dispatch Instructions against the Weekly Capacity Notice under Emergency Conditions. The computation of Energy Charges in such event(s) under Clause 10.7 of Article-10 shall be made in accordance with such Revised Dispatch Instructions.

IV.4.3 Any conditional Weekly Capacity Notice or Revised Capacity Notice shall be invalid. In such cases, computation of CAA by GEB shall be final and binding to GSEG.

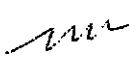
IV.5 GENERATING UNIT CHANGES

IV.5.1 GSEG shall, without delay, notify GEB by telephone of any change or loss (temporary or otherwise) in operational capability including any reduction in the Availability of a Unit and shall indicate the magnitude and the duration of the reduction. In the case of a Unit already synchronised to GEB System, GSEG must also state whether or not the reduction in Availability was instantaneous. This will, however, not absolve GSEG from the implications of deemed non-generation.

IV.5.2 GSEG may request GEB's consent for a Unit to be operated under an increased risk of tripping. GEB's consent will be dependent on the risk to the Grid system that a trip of the Unit would constitute.

IV.5.3 GSEG shall operate its synchronised Units with AVR's and VAR limiters in service at all times unless relieved from this obligation in respect of a particular Unit by GEB.

IV.6. GSEG shall follow all the directions of the LDC and shall conduct its operation in accordance with the instructions of the LDC so as to ensure integrated Grid Operation.


GEB

86/126


GSEG

SCHEDULE-V

INSURANCE COVERS

V.1 Pursuant to the provisions of Article-5, GSEG may obtain or caused to be obtained, without limitation, following of the Insurance Covers during the Construction and the Operation period(s):

- Marine and Air Cargo Insurance
- Loss of Revenue Profits Insurance
- Contractors all risks Insurance
- Public liability Insurance

V.2 The Insurance Covers should, interalia, include:

V.2.1 all materials, equipments, machinery, spares and other items for incorporation in the Generating Station and including contractors' plant, against all risks of physical loss or damage while in transit from the country of origin and upto the Site of Project or vice-a-versa, from the time of insured item leaving warehouse or factory or shipment to the Site;

V.2.2 loss of revenue following delay in the Commercial Operations Date of any Unit as a direct result of physical loss or damage to the materials, equipment, machinery and other items in transit by sea or air to the Site, to the extent covered under the Marine Cargo Insurance;

V.2.3 the works relating to Generating Station executed and in the course of execution, materials temporary works and GSEG's Contractors' plant while at the Site, including operational testing and maintenance periods, against all risks of physical loss or damage other than war and kindred risks, nuclear risks, unexplained shortage, cost of replacing or repairing items which are defective in workmanship, material or design (but cover would include items damaged as a consequence); cash; vehicles; vessels; aircraft. The Insurance Cover should provide the equivalent terms, conditions and perils/causes of loss provided under an "Erection All Risks" insurance policy;

V.2.4 loss of revenue following delay in the Commercial Operation Date of any Unit as a direct result of physical loss of or damage to the works during construction or testing to the extent that such loss or damage is covered under the Contractors' All Risks policy;

V.2.5 legal liability to third parties for bodily injury or damage to property arising out of the construction of the Generating Station in India or related activities elsewhere in the world;

- V.2.6 all building contents, machinery, stock, fixtures, fittings and all other personal property forming part of each Unit and the Generating Station against "All Risks" of physical loss or damage, including (but not limited to) those resulting from fire, lightning, explosion, spontaneous combustion, storm, wind, tempest, flood, hurricane, water damage, sprinkler leakage, riot, strike, malicious damage, aircraft, impact, earthquake, tsunami, collapse and/or loss of contents of tanks and bursting and overflowing of tanks, apparatus or pipes or debris removal;
- V.2.7 loss of revenue due to payment of liquidated damages for loss of or non achievement of capacity and/or output as a direct consequence of loss of or damage to the Generating Station and caused by a peril plus increased costs of work necessarily incurred to minimise any damages payable which would otherwise be insured;
- V.2.8 all machinery and equipment forming part of the Generating Station against sudden and unforeseen physical loss or damage resulting from mechanical and electrical breakdown or derangement, explosion or collapse of boilers and pressure vessels, including defective material, design, construction, operation or maintenance, electrical short circuits, vibration, misalignment, excessive current or voltage, abnormal stresses, centrifugal forces, failure of protective or regulating devices, overheating, entry of foreign bodies, impact, collision and other similar causes;
- V.2.9 loss of revenue due to payment of damages or loss of revenue for loss of capacity and/or output as a direct consequence of loss or damage to the Generating Station or any Unit caused by a peril plus increased costs of working necessarily incurred to minimise any liquidated damages payable which would otherwise be insured;
- V.2.10 legal liability of the insured for damage to property of third parties or injury to third parties arising out of the ownership, operation and maintenance of the Generating Station;

- V.2.11 other insurance as are customary, desirable or necessary to comply with the laws of India or other local requirements, such as Workmen Compensation Insurance in relation to all workmen employed at the Generating Station or in connection with its operation or maintenance, and Motor Insurance of any vehicle.

V.3 SUM INSURED

The sum to be insured should be adequate to compensate GSEG for amount equivalent to cost freight, replacement cost, estimated fixed charges, total contract price etc. as may be necessary depending on the nature of the Insurance Covers.

V.4 DEDUCTIBLE

The deductible for any Insurance Covers shall be mutually decided by the Parties.

V.5 INSURED

The Insurance Covers should generally insure GSEG, its Contractors and Supplier to GSEG and to the Contractors, GEB, GEB's Contractors, GoG, the lenders etc. as may be necessary.

V.6 PERIOD

The Insurance Covers shall be effective for the entire Construction and Operation period of the Project.

V.7 GENERAL

The Insurance Covers should include waiver of subrogation against GEB, GEB's Contractors and GoG. It should include transit within the country of the locally procured materials.

V.8 INDEXATION OF LIMITS

The sums insured applicable to the Insurances specified in this Schedule shall be adjusted at the Commercial Operation Date of the First Unit (to take account of the levels of the relevant variables referred to below at the Commercial Operation Date), and at the end of every two (2) Year period after that during the Term of this PPA (to take account of increases in the relevant variables referred to below since the most recent adjustment) as follows:

- (i) Under the Insurances in paragraph V.2.1 and paragraph V.2.3: the sums insured shall be adjusted based on the full replacement value or, as the case may be reinstatement value of the Generating Station, at the time of the adjustment with provision for escalation likely to reflect expected increases of such values over the following two (2)

GEB

89/126

GSEG

- Years as determined by agreement between the Parties or, failing such agreement, by an Expert.
- (ii) Under the Insurances in paragraph V.2.2 and paragraph V.2.4: sums insured shall be adjusted, by agreement between the Parties or, failing such agreement, by an Expert.
 - (iii) The Deductibles shall each be adjusted on the first day of each Year by applying the Indian Consumer Price Index for the month before the beginning of that Year which is most recently available and the corresponding value for the same month in the previous Year.
- 

SCHEDULE-VI

TESTING AND CONSEQUENCES

VI.1 PERFORMANCE GUARANTEE TESTS

GSEG shall execute the Performance Guarantee Test to demonstrate the Rated Name Plate Capacity of each Unit within 180 (one hundred eighty) days from the date of Entry into Commercial Service. The procedures for the execution of the Performance Guarantee Test and the consequences corresponding to the Tested Capacity as well as Capacity Demonstration Test are brought out in this Schedule-VI.

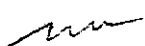
GSEG shall give 7 (seven) days' notice and shall invite GEB's representative to attend the Performance Guarantee Test. The failure of such representative to attend may, however, not cause the postponement or invalidation of any such test.

VI.2 SUCCESSFUL COMPLETION OF THE UNIT(S)

The Tested Capacity of the Unit/Generating Station established during the Performance Guarantee Test or Retest shall in no case be less than 90% of the Rated Name Plate Capacity so as to achieve Successful Completion thereof. If, however, such Tested Capacity is found to be below 90%, GSEG shall have the option to conduct Re-Testing as provided under paragraph VI.3 hereunder. Even after such Re-Testing, if the Tested Capacity continues to be found below 90%, GEB shall have the right to reject the Project besides its right to reduce the Fixed Charge payments.

VI.3 RETEST

GSEG shall carry out necessary improvement and modifications to achieve the Rated Name Plate Capacity pursuant to testing as per paragraph VI.1. GSEG, upon carrying out such improvements and modifications or otherwise, shall arrange for retest of the Unit(s) after following the procedure as laid down under paragraph VI.1. GEB, in order to facilitate the improvement and modifications, allow necessary Outages, as a part of the Commissioning activity to GSEG and issue Dispatch Instruction with due regard for such Outages. Such Retest shall be permissible to be carried out thrice and shall be carried out within a period not extending beyond 90 (ninety) days from the date of Stabilisation corresponding to the date of Entry into Commercial Service of the Unit, which period can be extended with mutual consent. The Stabilisation Period will be deemed to have been extended upto the point of the final Retest. The Capital Cost at the end of any or final


GEB

91/126


GSEG

Retest shall be updated corresponding to the achievement of Rated Name Plate Capacity or the Tested Capacity so established.

VI.4 REPEAT PERFORMANCE GUARANTEE TEST AND/OR CAPACITY DEMONSTRATION TEST

GEB may, from time to time, during the Term of this PPA, but not more frequently than once every 12 (twelve) months, require GSEG to demonstrate the Unit's Tested Capacity by carrying out further Performance Guarantee Test (s) (the "Repeat Performance Test(s)" or the Capacity Demonstration Test (individually or together the Test) as provided hereunder. Such Test shall be carried out at no cost to GEB and in accordance with procedure laid down herebelow.

VI.4.1 GEB shall give GSEG not less than 7 (seven) days' advance written notice of the time when a Repeat Performance Guarantee Test or a Capacity Demonstration Test on the Unit(s) is to begin. No Test may be scheduled for any period when the Unit(s) to be tested is due to undergo a Scheduled Outage.

VI.4.2 If GSEG wishes to take the Unit out of service for repairs before it undertakes a Test, it shall inform GEB in writing before its scheduled start of the repairs to be carried out on the Unit and the estimated time required to complete the same. The Parties shall then schedule a Maintenance Outage to enable GSEG to carry out those repairs and GEB shall defer the Test until the Unit is returned to service following that Maintenance Outage.

VI.4.3 GEB may, for valid reasons and with due written notice 72 (seventy two) hours ahead of the scheduled date of the Test, defer same upto 15 (fifteen) days. The new date for Test should be simultaneously notified.

VI.4.4 GSEG and GEB shall each designate qualified and authorised representatives to monitor the Test.

VI.4.5 Testing and measurement procedures applied during the Test shall be the same as those for the Performance Guarantee Test.

VI.5 TEST RESULTS

Within 7 (seven) days of the completion of any Performance Guarantee Test, GSEG shall supply to GEB all completed test summary data sheets and other relevant data derived from such Performance Guarantee Test and or Test as specified in this Schedule VI. GEB shall notify GSEG within 7

GEB

92/126

GSEG

days from its receipt of such completed test summary data sheets whether or not the relevant Unit has achieved Successful Completion.

VI.6 GEB shall accept into GEB System all Energy and Reactive Power generated during synchronisation, Performance Guarantee Test s and any other testing or Successful Completion procedures required under the terms of this PPA.

VI.7 CONSEQUENCES OF PERFORMANCE GUARANTEE TEST AND TEST(S)

VI.7.1 If the Capacity demonstrated at the end of the Performance Guarantee Test and/or any other Test(s) specified under this Schedule is less than the Rated Name Plate Capacity or the DeRated Name Plate Capacity, as the case may be, of the Unit or the Generating Station as the case may be, the Capital Cost of the Project will be reduced pro-rata for the purpose of computation of the Fixed Charges under the Article 10 of this PPA till such time that the full or higher Capacity is demonstrated at any later date through relevant Test(s), provided, however, that no compensation of increased Fixed Charges shall be admissible from any retrospective date.

VI.7.2 If the Capacity demonstrated during the Performance Guarantee Test and/or the Repeat Test is greater than the Rated Name Plate Capacity or the DeRated Name Plate Capacity, as the case may be, of the Unit or the Generating Station as the case may be, the Capital Cost of the Project will not be altered for the purpose of computation of the Fixed Charges under the Article 10 of this PPA.



SCHEDULE VII

OUTAGES

VII.1. SCHEDULED OUTAGES

VII.1.1 Not later than sixty (60) days before the Entry into Commercial Service of each Unit and thereafter not later than the 31st January in each year (or by such other date as may be mutually agreed), GSEG shall submit to GEB its Maintenance Programme and the Scheduled Outages desired therefor for the relevant Unit(s) and for the relevant period(s).

VII.1.2. Not Used.

VII.1.3 Within two (2) months after receiving GSEG's proposals, GEB shall notify in writing whether the proposed Scheduled Outages are acceptable and, if not, and after discussing the matter with GSEG, shall indicate the periods that would be acceptable, which shall be:

- (i) of the same duration as the periods requested by GSEG;
- (ii) within the time limits required by any legal requirement relating to routine maintenance; and
- (iii) within the time limits required or recommended by the manufacturer or supplier of the plant which is to undergo maintenance.

VII.1.4 GSEG may only object to a Scheduled Outage proposed by GEB on the grounds that it would be inconsistent with the requirements of paragraph VII.1.3 of this Schedule.

VII.1.5 The Scheduled Outages accepted by GEB or agreed to by GSEG pursuant to paragraph VII.1.4 of this Schedule shall be confirmed to the extent that they relate to the next Year and shall be provisionally confirmed to the extent that they relate to subsequent Years. Provisionally confirmed Scheduled Outages may be changed by either Party for good cause.

VII.1.6 In an Emergency, GEB may require GSEG to use its best efforts to reschedule a confirmed Scheduled Outage (including one which has already begun) to a more convenient time.

VII.1.7 GEB shall give notice to GSEG of its maintenance program for the Interconnection and Transmission Facilities and shall use its reasonable endeavours to co-ordinate such maintenance with the Scheduled Outages approved pursuant to this Schedule so as to minimise any disruption to the operation of the Project.

VII.1.8 GSEG shall not declare any Unit Available for Commercial Operation when it was scheduled to be undergoing a Scheduled Outage except to the extent that the Availability of the Interconnection and Transmission

GEB

94/126

GSEG

Facilities is sufficient to allow GEB to utilise the full amount of that Unit's Declared Capacity.

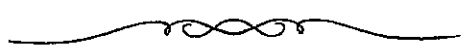
VII.2 MAINTENANCE OUTAGE

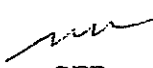
- a) Whenever GSEG needs a Maintenance outage, it shall advise GEB in accordance with the Operating Procedures of the nature of the work to be carried out, the estimated time required to complete it and the latest time by which, in GSEG's opinion, the work should begin consistent with Prudent Utility Practices (which shall not be earlier than 48 (forty eight) hours after the time when GSEG advised GEB of the need for the Maintenance Outage).
- b) After discussing the matter with GSEG, GEB shall advise as to when the requested Maintenance Outage can begin (which shall, as far as possible not be later than the latest time indicated by GSEG). GSEG shall use its reasonable endeavors consistent with Prudent Utility Practices to take the Unit out of service at the scheduled time.
- c) GEB may require GSEG to schedule the Maintenance Outage so as to remedy any requirement of the Unit's ability to meet its Operating Characteristics.

VII.3 FORCED OUTAGE

Any period, other than the Outage caused by reasons attributable to GEB and the Scheduled/Maintenance Outage in which the Generating Station is unable to meet the Dispatch Instruction will be considered as the Forced Outage.

VII.4 No period of outage(s) shall qualify for the purpose of computation of Plant Load Factor.




GEB

95/126


GSEG

SCHEDULE VIII

FUEL SUPPLY AGREEMENT

VIII.1 FUEL SUPPLY AGREEMENT FOR GAS

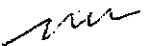
Gujarat State Petroleum Corporation Limited(GSPCL) and M/s. Niko have entered into an Agreement for availing rights for marketing of the gas from various gas fields. GSEG and GSPCL shall enter into Fuel Supply Agreement for the purpose of procurement of gas for Generating Station. The FSA shall be subject to approval of GEB and/or GoG, if necessary.

The terms and conditions including rate for supply of gas in FSA should have no adverse discrimination to GEB in context of the similar contract and rate made applicable by the Fuel Supplier to other off-takers.

VIII.2 FUEL SUPPLY AGREEMENT FOR ALTERNATE FUEL

In the event of non availability of natural Gas and in pursuance of the provisions under Article-8, GSEG shall arrange to procure the Alternate Fuel for the operation of Generating Station. The procurement of such alternate fuel shall be done, as far as feasible through a competitive bidding process in a transparent manner for the purpose of achieving most economical rates and terms and conditions. The relevant Fuel Supply Agreement shall have to be finalised with the approval of GEB only.

Any amendments to the Fuel Supply Agreement shall be subject to the approval of GEB, which shall be given or withheld by notice to GSEG within 30 days of receipt by GEB of the amended draft of the particular Fuel Supply Agreement. If GEB does not give such notice within the 30 days' period described above, GEB shall be deemed to have approved such amendment to Fuel Supply Agreement.


GEB

96/126


GSEG

SCHEDULE-IX

METERING SYSTEM

A typical Telemetry system comprises of three main Blocks viz.

1. Energy Meters
2. Telecounting System
3. Master Central Station

IX.1 STANDARD SPECIFICATION FOR ENERGY METERS.

The Combined Energy and Demand meter shall consist of following

- A high precision three element 3 phase – 4 wire active energy meter capable of maintaining an accuracy of Class 0.2 (as per IEC Standards) over a very long span of time having proven and established technology for low maintenance and long life. It is imperative that the accuracy achieved is by Hardwired means and not a software calibrated technology.
- A high precision energy meter similar to above but connected to a phase shifted device to produce a 90° lagging phase shift. This Reactive meter must have an Accuracy of Class 0.5.
- The Rated Basic current for meter shall be 1A with a overload capacity of 200%. The Rated voltage for meters shall be 110 V (phase to Phase). However, the Pulse values, meter constant, primary adaptation to current and voltage ratio etc. can also be programmed by the user when required.
- For 200% loaded meters, the Starting Load must be
 Active Energy < 0.1% P_n
 Reactive Energy < 0.2% Q_n
- The Combined Active and Reactive meters shall have an Electronic L.C.D. display with adequate lines for displaying the different time of day tariffication. The data recorded by the meters should be continuously stored on EEPROM, thus being able to retain the data in case of power failure without the aid of batteries. An optional power supply for reading the display register in the event of power failure should be available.
- To perform necessary computations in combination with the above Active and Reactive meters, a separate Electronic Tariff attachment is to be provided for the computation of Demand values (KVA Element). This attachment shall be able to display/record the following essential parameters:

- Total KWH
- Total KVARH
- Total KVAH
- Present Demand in KVA
- Maximum Demand in KVA over a user selectable Integrating period on average demand principle
- Cumulative maximum demands in KVA
- Reset counter/no. of resets.
- The Basic meters and the tariff attachment must have Internal Diagnostic facility to monitor microcontroller functions to ensure correct operation of demand interval timing by quartz crystal timer only shall be accepted to make it independent of line frequency variation.
- The meters shall be equipped with "re-set" and "read" facility separately with suitable sealing arrangement. An optical reading port classified as per IEC standards is essential for downloading the meter data or for reprogramming the meter from a computer.
- An RS485 interface i.e. required for direct (serial) transmission of original meter readings, instead of pulses with a defined energy value.

For reasons of compatibility, the meters shall have either rebound free Hg reed relays r14 (switching contacts), or transistor contacts r44/r44 as well as working contacts per energy direction, for purpose of transmission of the energy pulses independent of meter registers to a Telecounting equipment.

- The basic meters shall be housed in a suitable chassis, for mounting in panels.

The Telecounting instrument shall carry out the function of summation metering and that of a Printer. It shall also function as a RTU for interfacing with a Central Station. A Telecounting system shall have a minimum of 24 inputs and 8 outputs. It should be capable of operating at 110V AC or on 24V DC. The Telecounting system shall accept 24 inputs from the transmitting contacts and shall have a set of key pad to carry out on site programming and shall have built in Thermal printer or an external printer for printing out the various user selected values. The Telecounting should give the following values for each tariff Zone:

- Summated Kwh Export and Import
- Summated KVARh Export and import
- Net Kwh
- Net KVARh
- MD in KVA

These values shall be calculated for every integrating period and can be printed for every integrating period or end of day or weekly, monthly or on demand. The Telecounting instrument shall have minimum of six time zones for carrying out Time of the day (TOD) functions. These time zones can be changed at site. All these values can be printed at end of the billing period or at end of the day, as required by the user.

After performing necessary calculations on the acquired values, the Telecounting instrument shall determine the following:

- Summated Values
- Import/Export and apparent energy values
- Average demand
- Maxima, Minima and Mean values

The Input and calculated values shall be readable on a built in display unit, printer and also recorded on a solid state memory module. The equipment shall have a lithium batter back up in case of power failures and also has a capacity to transmit and receive data through MODEMS on telephone lines, PLCC, Microwave etc.

The telecounting unit shall be equipped with 24 inputs and pulse value for each input shall be programmed individually. Upto 8 outputs can be freely assigned to telecounting pulses or control signals for alarms, integrating periods and tariff signals.

The protocol used for transmission of data values should be a well proven and reliable method for guaranteeing the greatest possible data security.

An RS232 serial interface to connect a PC for direct reading of the buffers in the event of communication problems is required.

A Master Central Station must primarily consist of :

- An IBM compatible computer with minimum of 4 MB RAM and a Maths Co-processor.
- A 132 column printer
- A resident load analysing and energy management software

The Master control station shall accept input data from Telecounting instruments and with the help of the resident software shall calculate end values for the various feeder lines to which the energy meters are connected.

The main guiding features of the Resident software in the Master Station shall be as under

- Automatic Interrogation and Manual Data Acquisition
 - Cycle 1, every 24 Hours
 - Cycle 2, every 4,6,8,12 or 24 Hours

- Manual Entry of data via the key board or correction of existing "Ray Data" in the event of loss of data, e.g. due to a Power failure at the RTU.

- Data storage

Raw data	11-90 days
Results	Min. One year

- Tariff definitions

Tariff variant tables	12-100
-----------------------	--------

- Logs

Daily, weekly	64-225 (approx)
Monthly and yearly	

- Static pictures to provide

Operational information on individual RTU 64 Approx.

- Daily Main/Check monitoring of minimum 100 meters with an Automatic Report print-out in the event of that the discrepancy exceeds pre-set and adjustable limits.

- Entry Protection Codes

Password levels

Archiving of Raw Data, Long-term, Data Stores together with all Operating parameters, Reports and RTU Structure etc. floppy disks in the event of a major hardware fault.



SCHEDULE-X

BILLING AND PAYMENT

X.1 MONTHLY TARIFF PAYMENT(S)

X.1.1 From the date of Synchronisation and upto the Entry into Commercial Service of the Unit (Infirm Power)
The Monthly Tariff Payments during the captioned period will consist of Energy Charges only

X.1.2 From the date of Entry into Commercial Service and upto the Termination of the PPA.

The Monthly Tariff Payment during the captioned period will consist of:

- (i) the Fixed Charges;
 - (ii) the Monthly Availability Adjustment;
 - (iii) the Energy Charge; and
 - (iv) the Incentive Charge.
- as may be applicable.

X.1.3 Monthly Tariff Payments shall be payable in Rupees.

X.1.4 No payment, whatsoever, shall be made for any inadvertent flow of Energy (i.e. Energy delivered in excess of Capacity instructed to be delivered) into GEB Grid System.

X.2 Monthly Tariff Payments shall be calculated for periods of a full calendar month except:

- (i) when Energy is first accepted by GEB into GEB Grid System after the fifteenth day of a calendar month, the first month for which a Monthly Tariff Payment shall be calculated shall end on the last day of the next calendar month:
- (ii) when one or more Tariff Changes referred to in Clause 10.2 of Article-10 occur during the course of a month, the Monthly Tariff Payments for that month shall be calculated separately for
 - (a) the period from the beginning of the month until the day before the first Tariff Change occurred,
 - (b) each period (if any) from the date of Tariff Change occurred until the day before the next Tariff Change in that month occurred, and
 - (c) the period from the date on which the last Tariff Change in that month occurred until the end of the month (as though each such period were a separate month) and the Monthly Tariff Payment for the month shall be the sum of those separate calculations; and
- (iii) when the Term of this PPA expires or is Terminated other than on the last day of a month, the last Monthly Tariff Payment shall be

calculated for the period from the first day of that month until the day on which this PPA expires or is Terminated.

X.3 THE MONTHLY TARIFF INVOICE:

Upon Synchronisation of each Unit and after Completion of one full calendar month therefrom, GSEG shall raise a Monthly Tariff Invoice for the purpose of recovering its dues in terms of this PPA. The dates of raising Monthly Tariff Invoice shall be mutually decided. The Monthly Tariff Invoice shall be submitted in triplicate to the General Manager (Commerce) or any other Officer of GEB designated for the purpose in a format as shown in Annexure 1.1 to this Schedule. GSEG shall also furnish the relevant documents as specified in the Annexure 1.2 or other documents as may be required for. Non submission of the Monthly Tariff Invoice in the style and manner and non submission of the relevant supporting documents will be reckoned as incomplete submission for the purpose of reckoning the Due Date of the payment of the Monthly Tariff Invoice by GEB.

In addition to the Tariff calculated as per the Article-10, any Tax, Duty, Cess or Charge by whatever name called other than water Cess payable by GSEG relating to the Generating Station as per prevailing laws of GoI/GoG or any other statutory body shall be paid by GEB.

X.4 THE DUE DATE:

The Due Date shall be the date on which the payments of the Monthly Tariff Invoice or the Supplementary Monthly Tariff Invoice of GSEG shall become due. The Due Date in respect of the Monthly Tariff Invoice submitted pursuant to the provisions under X.3 above shall be reckoned from the 5th working day of the period of submission of Monthly Tariff Invoice in accordance with Para X.3. If, however, such Monthly Tariff Invoice is submitted at any later date, the Due Date shall be reckoned from such later date only. GEB shall arrange to pay the eligible amounts of such Monthly Tariff Invoice(s) within a time limit of 30 (thirty) days following thereafter.

X.5 REBATE:

GSEG shall, in respect of the payments made within the Due Date, allow rebates as under :

2.5% for payments to be made within 7 (seven) working days

1.0% for payments to be made from the 8th to 30th day.

The rebates shall be available for payments either made directly or through the L/C.

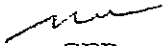
X.6 THE DELAYED PAYMENT CHARGES:

For non payment of the dues of GSEG within the stipulated period, either partly or fully, unless any Monthly Tariff Invoice or any such amount thereof (as the case may be) is disputed, GEB shall pay the Delayed Payment Charges to GSEG. The Delayed Payment Charges shall be admissible from the 61st (sixty first) day of the period to which the Monthly Tariff Invoice pertains. The Delayed Payment Charges will be chargeable at the rate of the average rate of interest charged by GSEG's financiers on the Working Capital availed by it for the Project. Such interest rate shall be admissible upto a ceiling limit of 24% (twenty four percent) per annum. In case, however, the actual rate of such interest is less than that limit, GSEG shall be eligible to claim interest at the actual rate plus 2% (two percent), subject, again, to the ceiling limit of 24% (twenty four percent) per annum. No Delayed Payment Charges shall be payable for any arithmetically incorrect Monthly Tariff Invoice and/or for the Disputed amounts paid at any later date.

X.7 DISPUTED MONTHLY TARIFF INVOICE(S):

If, within a period of 6 (six) months from the date of receipt of the Monthly Tariff Invoice, the receiving Party does not question or Dispute any of the claims made, such Monthly Tariff Invoice shall be deemed to be correct, complete and conclusive as between the Parties except for the inaccuracy of the meter reading noticed at any point of time and the arithmetical mistakes. This provision shall, however, not be applicable where any wilful default or negligence was committed by the Party raising the Monthly Tariff Invoice.

The Party raising the Dispute shall do so by serving a notice, the **Monthly Tariff Invoice Dispute Notice**, to the other Party, within a period of 5 (five) working days from the date of receipt of the Monthly Tariff Invoice. The receiving Party shall give necessary clarifications, alongwith relevant supporting documents, if any, to the issuing Party within a period of another 5 (five) working days thereafter or resubmit the Monthly Tariff Invoice, duly corrected so as to remove the cause of Dispute. The disputing Party shall then, if so satisfied, arrange to release the payment of the Monthly Tariff Invoice(s) as provided under this Schedule. The Due Date of payment of such Monthly Tariff Invoice(s) shall be reckoned upon completion of the formalities as this. The provisions relating to the Rebate and the Delayed Payment Charges, as the case may be, shall then apply as aforesaid. In case(s) where the entire amount of the Monthly Tariff Invoice(s) is not Disputed, then in such case(s), the undisputed amount(s) shall be paid forthwith. Whereas the dispute could be raised for any sum, the payment to be held up shall, however, not exceed 30% (thirty percent) of the average amount of the previous three Monthly Tariff Invoice(s) at any time on a cumulative basis.


 GEB

103/126


 GSEG

X.8 DISPUTE RESOLUTION:

The Parties shall endeavour to resolve the Dispute(s) related to the Monthly Tariff Invoice(s) within a period of 15 (fifteen) days from the date of receipt of necessary clarification(s) as provided under X.5 hereinabove. If this is not done, the Dispute shall be resolved in accordance with the Dispute Resolution Mechanism as provided under Article-16 of this PPA.

All the amounts considered payable at the end of the resolution of the Dispute, shall be paid by the owing Party to the other Party within a period of 10 (ten) Working days of the resolution of the Dispute. Such payments shall attract payment of Delayed Payment Charges as specified under X.6.

X.9 SUPPLEMENTARY MONTHLY TARIFF INVOICE:

The payments not identified to be incorporated under the Monthly Tariff Invoice, shall be recovered by raising the Supplementary Monthly Tariff Invoice(s), upon such payments becoming due. The provisions mentioned from X.4 to X.8 shall hold good for such Supplementary Monthly Tariff Invoice(s) also in respect of the relevant date(s) of the Supplementary Monthly Tariff Invoice(s).

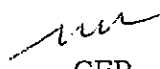
X.10 THE MODE(S) OF PAYMENT:**X.10.1 Direct Payment**

The payments of any Monthly Tariff Invoice or the Supplementary Monthly Tariff Invoice of GSEG shall be made by GEB on the stipulated Due Date(s) through one or more than one Account Payees' Cheque(s) drawn in favour of the drawee. The charges for upcountry clearings, if any, shall be borne by the drawee.

X.10.2 Payment Security Package

The GEB shall provide following securities as fall back arrangement to the mode of payment stated under para X.10.1.

- a. Letter of Credit
- b. Escrow Account
- c. State Government Guarantee


GEB

104/126


GSEG

X.10.2.1 Letter of Credit :**Establishment of the L/C.**

As provided under this Schedule-X, GEB shall make direct payments of all the Monthly Tariff Invoices and Supplementary Monthly Tariff Invoices on the relevant Due Date(s). GEB shall establish Letter of Credit as detailed herein below 15 (fifteen) days ahead of the Entry into Commercial Service of the First Unit. In the event of non-payment, GSEG shall be eligible to draw upon the Letter of Credit.

Value of the L/C.

The value of the L/C, initially, shall be equivalent to the estimated Monthly Tariff Payment. Thereafter the value shall be updated corresponding to one month's average billing on Quarterly basis.

Description of the L/C.

The L/C(s) shall be irrevocable, revolving and stand-by in nature. The L/C(s) shall be valid for a period of 12 (twelve) months from the date of opening. GEB shall be obliged to renew/replace any L/C., upon its expiration or operation, as the case may be within a period of 30 (thirty) days thereafter.

Acceptability to GSEG

The L/C shall be opened on a Scheduled Bank acceptable to GSEG. Any replacement/renewals shall also be subject to the acceptability of GSEG.

Costs and Fees

All the reasonable Bank charges, fees commissions including all taxes and levies and reimbursement charges, if any, relating to a drawing on the L/C and extensions thereof, shall be borne by GSEG.

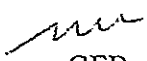
X.10.2.2 Escrow Account

The Escrow Account facility shall be granted to cover GSEG's liability of Interest on Loan Capital and Debt repayment corresponding to the Financing Plan.

GEB shall sign actual Escrow Agreement for this purpose as may be considered necessary and at the negotiated terms and conditions thereof. The Escrow Account shall be established 30 days prior to the date of Commercial Operation.

X.10.2.3 State Government Guarantee

The Government of Gujarat has agreed to offer the guarantee for the coverage of Rs.400 Crores so as to give comfort to GSEG's lenders against the liability of interest and debt repayment. The same coverage shall be available till the time the total outstanding towards debt for the project continues to be above this level. For any other period, the coverage equivalent to the actual amount of outstanding debt only shall be made available.

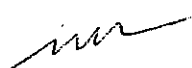

GEB

105/126


GSEG

X.11 GEB INVOICE

GEB shall serve GEB Invoice for the payments to be made by GSEG to GEB on account of its import of power from GEB for the purposes this PPA. The payment of GEB Invoices shall be reckoned due on the dates as specified in each of GEB Invoice. GSEG shall make payments of GEB's Invoices through account payee cheque drawn in favour of GEB.


GEB

106/126


GSEG

ANNEXURE-X.1.1

Monthly Tariff Invoice Format

(Sheet 1)

1.1 Summary of Charges:

Item	Amount Rs. Crores (rounded upto four decimal points)	Detailed calculation sheet reference	PPA Provisions reference
Fixed Charges			
Incentive Charges			
Variable Charges			
Total for the Month			
Less Rebate @ 2.5%			
Less Rebate @ 1%			
Net Payable			
Past outstanding if any			
DPC accrued			
Grand Total			

(Sheet 2)

Computation of the Fixed Charges

Details of the Financing Plan and the Means of Finance approved by GEB
(Please state the reference No. & Date)

Details of the approved Financing Plan / Financing Change			
Item	Approval No. & Date	Reference	Amount Rs. Crores
Capital Cost			
Total Debt			
Foreign Debt			
Domestic Debt			
Total Equity			
Foreign Equity			
Domestic Equity			

Details of the approved Means of Finance			
Item	Amount	Exchange Rate	Rs. Crores
Loan Capital – Lending (agencywise)			
Leased Assets			
Equity – Investorwise			
Total Capital Cost			

GEB

108/126

GSEG

Interest on Loan Capital:

(Please give Loanwise break-up)

Lease Rental:

(Please give leasewise break-up)

Depreciation:

(Depreciation not admissible on the Leased Assets)

Return on Equity:

Operation & Maintenance Expenses

Escalation

Insurance Expenses

(actual not exceeding 1% of the Capital Cost)

Working Capital:

- Cost of Fuel for one month
- O&M Cash
- Receivable
- Maintenance Spares

Interest on Working Capital

TOTAL ANNUAL FIXED CHARGE

Annual Normative Generation:

Annual Fixed Charges per KWH:

Cumulative Average Availability

Total Fixed Charges Payable for the month:

(Sheet 3)

Computation of Incentives:

Rate of Incentive Block Period:

(Sheet 4)

Computation of Energy Charges:

Sr.No.	Item	Value
1.	Energy delivered during the month	
2.	Station Heat Rate as per PPA (Clause-____ Article____)	
3.	Weighted Average Calorific Value of the Fuel used during the month	
4.	Auxiliary Consumption as per the PPA (Clause____ of Article____)	
5.	Consumption of Fuel on Normative basis $(SHR/GCV) \times (1/(1-AC))$	
6.	Weighted average cost of the Fuel received during the month	
7.	Variable charge for the month (5×6)	

GEB

110/126

GSEG

ANNEXURE-X.1.2**List of Supporting Documents to be given alongwith the Monthly
Tariff Invoice**

- (1) Statement of Joint Meter Reading of Main and Check meter
- (2) Printout of hourly energy export from Tariff Meter
- (3) Copy of receipts of Insurances Covered
- (4) Copy of Monthly Tariff Invoices and receipts of other charges paid, if any
- (5) Certificate from Bank regarding Foreign Exchange Rate
- (6) Certificate from Bank for Rate of Interest on Working Capital
- (7) Laboratory Certificate for calorific value measured for each consignment of Fuel
- (8) Certificate for Fuel consumption
- (9) Copy of Monthly Tariff Invoices and Receipts of Secondary Fuel used
- (10) Copy of challan for Income Tax paid, if any
- (11) Copy of Monthly Tariff Invoice/receipts of Limestone purchased during the billing period

Standard Format for Weekly Generation Declaration

Ref No.	Date	Time
From : Name of the IPP		
To : Chief Engineer (LDC) GEB Jambuva		
Dear Sir,		
Sub : Weekly Generation Declaration.		
Our Schedule for Generation of power for the week commencing on date _____ and ending on dated _____ (7 days) will be as follows :		
Date	Hour	Availability at the Bus Bar in MW
	00 to 01	
	01 to 02	
	23 to 24	
Signature of the Head of IPP c.f.w.cs. to : GM(Comm) GEB H.O. Vadodara CE(Gen) GEB H.O. Vadodara		

Draw Number: 1 2 etc 40 41 Total

Draw Date:

Drawdown Amount ([Insert foreign currency amount]):

Exchange Rate on Draw Date

([Insert exchange rate of rupees to foreign exchange]):

Drawdown Amount ([Insert total amount in rupees]):

Base Exchange Rate-Equity

Source 1: [Total Drawdown ([insert total amount in rupees])]

([insert base [Total Drawdown ([insert total amount in foreign currency])]
exchange rate of rupees to foreign currency])

Base Paid Up Capital Equity

Source 1 [Total Drawdown ([Rupees MM])]

([insert total amount
in rupees])

[Repeat Schedule for each Foreign Investor]

Equity Source 2

Source: [Insert local investor]

Currency: Indian Rupees

Draw Number: 1 2 etc 40 41 Total

Draw Date:

Drawdown Amount (MM):

Base Paid Up Capital-Equity

Source 1

(Rupees MM): Total Drawdown (Rupees MM)

[Repeat Schedule for each Local Investor]

2. Payments from GSEG

The following schedules are in respect of payments by GSEG to lenders and investor commencing after the Commercial Operations Date.

Loan 1

Source: [Insert local Lender]

Currency: Indian Rupees

Initial Principal

(Rupees MM)

Interest Rate Type:

[Variable or Fixed]

GEB

114/126

GSEG

Interest Rate: [Amount or Spread]

Guarantee Fee:

Commitment Fee:

Management Fee:

Other Fees:

Payment Number: 1 2 3 4 5 etc

Payment Date:

Committed Unborrowed Amts (Rupees MM):

Principal Outstanding (BOP) (Rupees MM):

Principal Repayment (Rupees MM):

Principal Outstanding (EOP) (Rupees MM):

Interest Payment (Rupees MM):

Guarantee Fee:

Commitment Fee:

Management Fee:

Other Fees:

[Repeat Schedule for each Local Lender]

Loan 2

Source: [Insert foreign Lender]

Currency: [Insert foreign currency]

Base Exchange Rate

(Rupees/[insert foreign currency]):

Initial Principal ([insert foreign currency] MM):
(Rupees MM)

Interest Rate Type: [Variable or Fixed]

Interest Rate: [Amount or Spread]

Guarantee Fee:

Commitment Fee:

Management Fee:

Other Fees:

Payment Number: 1 2 3 4 5 etc

Payment Date:

Exchange Rate on Payment Date
(Rupees/[Insert foreign currency]):

Committed Unborrowed Amts ([Insert foreign currency] MM):

Principal Outstanding (BOP) ([Insert foreign currency] MM):

Principal Repayment ([Insert foreign currency] MM):

Principal Repayment (Rupees MM):

Principal Outstanding (EOP) ([Insert foreign currency] MM):

Interest Payment ([Insert foreign currency] MM):

Interest Payment (Rupees MM):

Commitment Fee ([Insert foreign currency] MM):

Commitment Fee (Rupees MM):

Guarantee Fee (Rupees MM):

Management Fee ([Insert foreign currency] MM):

Management Fee (Rupees MM):

Other Fees ([Insert foreign currency] MM):

Other Fees (Rupees MM):

[Repeat Schedule for each Foreign Lender]

Equity Source 1

Source: [Insert foreign investor]

Currency: [Insert foreign currency]

Base Exchange Rate

(Rupees/[insert foreign currency]):

Dividend Distribution Number: 1 2 3 4 5 etc

Dividend Distribution Date:

[Repeat Schedule for each Foreign Investor]

Equity Source 2

Source: [Insert local investor]

Currency: Indian Rupees

Base Exchange Rate

(Rupees/[insert foreign currency]):

GEB

116/126

GSEG

Dividend Distribution Number: 1 2 3 4 5 etc

Dividend Distribution Date:

[Repeat Schedule for each Local Investor]



SCHEDULE-XII

TERMINATION - REMIDIES AND BUY-OUT

XII.1 GENERAL

In the event of the failure of the Party under default to cure the Event of Default on its side, remedial measures and the ultimate Termination actions shall be taken as described under this Schedule.

XII.2 REMEDIAL MEASURES AGAINST GSEG'S EVENTS OF DEFAULTS

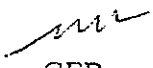
XII.2.1 Right of Operation of the Generating Station

GEB shall have the right (but not the obligation), by notice to GSEG (a "Step-in-Notice"), to operate the Generating Station by itself or through an Operator (which could mean GSEG or the operator or operators, if any, appointed to so act as Operator of the Generating Station). In such eventualities the Monthly Tariff Payment will be continued to be made by GEB in accordance with the provisions of this PPA after reducing any costs as may be reasonably incurred by GEB for such operation. GEB shall have no liability to GSEG for any damage to the Generating Station which would have occurred prior to the date of GEB's Step-in-Notice or which results from the breach by GSEG of its obligations under this PPA. GEB's rights under this Clause shall terminate as and when any novation of this PPA takes effect or as and when the circumstances necessitating GEB to exercise this right no longer exist.

XII.2.2 Right of Substitution

Upon the giving of a Default Notice, GEB shall be entitled to substitute a company (Nominated Company). The selection of Nominated Company shall be made in mutual consultation subject to the condition that the final acceptability of Nominated Company shall rest with GEB. Upon selection of the Nominated Company, formalities relating to execution of novation to this PPA, if necessary, may be completed including the transfer of the Site to the Nominated Company. In such an eventuality, GEB's obligations under this PPA will continue for such Nominated Company.

GEB shall, however, have full right to reject any or all Nominated Company(ies). Upon such rejection, the PPA shall be liable to be Terminated.


GEB

118/126


GSEG

XII.3 REMEDIAL MEASURES AGAINST GEB'S EVENTS OF DEFAULTS

XII.3.1 Right to sell Energy

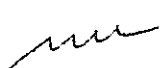
GSEG shall have the right (but not the obligation) to sell Energy to other Utilities identified as under :

- (i) industrial consumers, consuming electrical power either at high or low voltage pressures within the State of Gujarat, either existing or prospective; and/or
- (ii) designated areas; and/or
- (iii) other State Electricity Board

XII.3.1.1 : Modus Operandi :

GSEG shall notify GEB of its intention to exercise its rights under this option. Upon receipt of such Notice, GEB shall promptly accomplish the following;

- i) recommend to the GOG to provide consent as required under Section 43-A of the Electricity (Supply) Act, 1948 and Section 28 of the Indian Electricity Act, 1910, in favour of GSEG, so as to enable it to sell Energy directly to other Utility(ies); and
- ii) endeavour to obtain all other requisite clearances as may be necessary to facilitate GSEG for such sale of power to other Utility(ies), and
- iii) at the request of GSEG, provide transmission and wheeling services for the purpose of such sale of Energy. GSEG shall pay to GEB, such of the transmission and wheeling charges that GEB might be recovering from its CPP units at the relevant point of time. In the absence of such mechanism in vogue, the wheeling charges shall be mutually decided. However, GEB on its part, shall compensate GSEG for transmission losses in accordance with the pooled losses in the Regional Grid System, at the rate of sale of energy by GSEG direct to the consumers. Such compensation would be in addition to the Energy Sale Compensation.


GEB

119/126


GSEG

XII.3.1.2 Determination of the Tariff for Sale of Energy and Energy Sale Compensation.

- (i) GSEG shall use reasonable and appropriate measures to sell the electricity generated from the Generating Station to the Utility(ies) on such terms and conditions as it could best negotiate with the Utility(ies), having due regard to the circumstances at such time and the pricing of the electricity market at such time, and with the approval of GEB and the Gujarat Electricity Regulatory Commission, as may be necessary.
- (ii) Subject to (i) above, if the tariff realized from such third party sales is less than the tariff realizable under this PPA, the difference will be fully payable by GEB for first 10 (ten) Years and thereafter the difference will be shared in an agreed proportion between GEB and GSEG. Such amount shall be herein after known as the Energy Sale Compensation.

XII.3.1.3 Period

Such arrangement of sale of power by GSEG to the Utility(ies) shall continue, initially for a period of 24 (twenty four) months (the Period) from the date of its commencement, and thereafter at the discretion of GSEG and at the request of GEB, subject however to GSEG's right to sell off the Generating Station as provided hitherto.

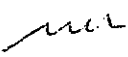
XII.4 TERMINATION

Subject to the provisions under Paragraphs XII.2 and XII.3, this PPA shall be liable to be Terminated in accordance with the provisions under this Paragraph.

XII.4.1 Termination due to GSEG's Event(s) of Default

GEB shall, subject to the provisions under Paragraph-XII.2, Terminate this PPA after issuing the Termination Notice to GSEG.

GSEG shall give first option to GEB to buy the Generating Station. If GEB decides against the buying of the Generating Station, GSEG shall be entitled to sell the same to a third party. In such an event, GEB shall have no liability to compensate GSEG for any short realisation against the Buy-out Price provided, that if GSEG was able to realise a price higher than the Buy-out price determined as per the provisions under this PPA, the benefit should be passed over to GEB.


GEB

120/126


GSEG

XII.4.2 Termination due to GEB's Event(s) of Default

GSEG shall, subject to the provisions under Paragraph XII.3, Terminate this PPA after issuing the Termination Notice to GEB.

GSEG shall be eligible to offer for sale, the Generating Station to any third party. If, the value realised for such sale of Generating Station is less than the Buy-out Price determined as per this PPA, GEB shall compensate GSEG for such shortfall amount provided that GEB shall not be liable to so compensate GSEG if GSEG did not exercise reasonable efforts to sell the Generating Station at the Buy-out Price so determined. Furthermore, GEB shall have the obligation to purchase power from the new occupant of the Generating Station at the same or novated terms and conditions. Similarly, the new occupant of the Generating Station shall accrue no rights by default to sell Energy to any Utility in accordance with the provisions of this PPA.

XII.4.3 Termination due to Force Majeure

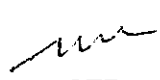
In case of occurrence of a Force Majeure Event(s) and its continuation beyond a period of 270 (Two hundred seventy) Days, and if GEB is the Affected Party, GSEG shall have the right to exercise option for third party sale of Energy as provided under Paragraph XII.3.

In any case, either Party shall be eligible to Terminate the PPA after issuance of necessary Termination Notice upon the other Party being affected by any Force Majeure Event(s) and its continuation for a period exceeding 270 (two hundred seventy) days from the date of issue of written notice of its occurrence.

In the event of occurrence of Force Majeure on the part of GSEG, it will be obliged to offer first option to GEB for the purchase of Generating Station and proceed as per provisions under XII.4.1 and if GEB is the Affected Party, GSEG shall proceed to sell Generating Station to a third Party as per the provisions under Paragraph XII.4.2, provided that GEB shall not be obliged to compensate GSEG in the manner as stipulated under the said Paragraph.

XII.4.4 Not Used**XII.4.5 Termination at the End of the Term**

At the end of the Term, in case this PPA is not extended or novated, the Parties shall mutually discuss the further course of actions regarding the operation of the Generating Station and, if agreed upon, to transfer the Generating Station to GEB.


 GEB

121/126


 GSEG

XII.5 CONTINUING OBLIGATIONS

In case of occurrence of the Event of Default on either side, neither Party shall be relieved of its liabilities or obligations hereunder, including, without limitation, the liability to pay the amounts in default, GEB's obligations to pay the Fixed Charges as per this PPA and the Monthly Tariff Payments for the Energy to be delivered after the cure of such default, GSEG's obligations to generate and deliver Energy to GEB after the cure of default and either Party shall have the right to recover any such amount. Either Party, in seeking to enforce any such right of recovery, may avail itself of the remedies as provided under Article 16

XII.6 BUY-OUT PRICE

The Buy-out price shall form the basis to determine the consideration at which GSEG shall sell the Generating Station and claim Termination Compensation in case of sale to a third party as provided hereunder:

XII.6.1 Prior to entry into Commercial Service

XII.6.1.1 Under GSEG Event Of Default

In case of GSEG Event of Default occurring prior to the date of Entry into Commercial Service of the Unit(s), leading to the Termination of PPA, the Buy-Out price shall be:

sum amount of outstanding Debt utilised for the project and not re-paid by GSEG along with interest accrued thereupon provided such non payment and accrual of interest is not on account of any default by GSEG in term of the Financing Agreements.

Transfer cost and/or transfer taxes shall be borne by GSEG.

XII.6.1.2 Under GEB's Event of Default

In case of GEB's Event of Default occurring prior to the date of Entry into Commercial Service of the Unit(s), leading to the Termination of PPA, the Buy-Out price shall be:

sum amount of outstanding Debt utilised for the Project and not repaid by GSEG along with interest accrued thereupon, provided such non-payment and accrual of interest is not on account of any default by GSEG in terms of the Financing Agreements.

plus

the Equity of GSEG deployed for the Project

plus

1.5 times, i.e. 150% of the positive difference between the value of the Generating Station as determined by the Professional Appraiser over the

Debt utilised for the Project along with the interest accrued thereupon, and not repaid by GSEG, (which, provided, is not on account of any default by GSEG on account of any default by GSEG in term of Financing Agreement)

Transfer cost and/or transfer taxes shall be borne by GEB.

XII.6.2. : After Entry into Commercial Service

XII.6.2.1 Under GSEG Event of Default

In case of GSEG Event of Default occurring after the date of Entry into Commercial Service of the Unit(s), leading to the Termination of PPA, the Buy-Out price shall be:

- (a) sum amount of outstanding Debt utilised for the project and not re-paid by GSEG along with interest accrued thereupon provided such non payment and accrual of interest is not on account of any default by GSEG in term of the Financing Agreements.
- (b) One fourth i.e. 25% of the total Equity deployed for the Project.

Transfer cost and/or transfer taxes shall be borne by GSEG.

XII.6.2.2 : Under GEB Event of Default

In case of GEB's Event of Default occurring prior to the date of Entry into Commercial Service of the Unit(s), leading to the Termination of PPA, the Buy-Out price shall be:

- a) Book value of the assets of the Project as reflected in the Books of Accounts of GSEG, duly certified by the Statutory Auditors of GSEG;
- plus
- b) The Net Present Value of the future Returns on Equity as if the Generating Station were allowed to operate till the end of the Term, but for GEB's Event of Default, discounted at the State Bank Advance Rate on the date of issue of Termination Notice by GSEG. For such a computation, the Generating Station shall be deemed to be operating at a level of the average level of Generation, which is equal to the average of previous three Years.

Transfer cost and/or transfer taxes shall be borne by GEB

XII.6.3 Buy-out Price in case of Force Majeure Event(s)

In case of Force Majeure Events, the Buy-Out price shall be:

- a) sum amount of outstanding Debt utilised for the Project and not repaid by GSEG along with interest accrued thereupon, provided such non-payment and accrual of interest is not on account of any default by GSEG in terms of the Financing Agreements.

plus

- b) the Equity deployed by this Project,

plus

- c) the positive difference between the market value of the Generating Station as assessed by the Professional Appraiser and the sum of any Debt utilised for the Project and not repaid by GSEG, which non payment shall not be due to default of GSEG in terms of Financing Agreement and the Equity plus reserves of GSEG in respect of this Project.

Transfer cost and/or transfer taxes shall be borne equiavally by GEB and GSEG

XII.6.4 Buy-out Price at the end of the Term

The Buy Out price at the end of the Term, shall be the Book value of the Generating Station

Transfer cost and/or transfer taxes shall be borne by GSEG

XII.7 SCOPE OF THE SALE

XII.7.1 GEB shall purchase all the assets of GSEG required to operate the Generating Station including land, buildings, plant and equipment, lignite and oil stockpiles, spares parts, records, drawings and all other consumables.

XII.7.2 GEB shall not purchase any cash on hand and or in bank accounts, trade and book debts nor receivables accruing to GSEG prior to the Transfer Date unless due consideration for these can be mutually agreed between the Parties.

XII.7.3 All other assets existing at the Transfer Date that are not included in Paragraph XII.7.1 and XII.7.2 above shall be for the benefit of GSEG, including the proceeds of any insurance or warranty claims duly made prior to the Transfer Date.

XII.7.4 GSEG shall be responsible for all liabilities and obligations that have accrued prior to the Transfer Date including any claim for damages made against GSEG.

XII.7.5 No warranties as to the condition of the property and assets of the Generating Station shall be given except that GSEG agrees to assign to GEB the benefit of any warranties or guarantees from third parties (including GSEG's contractors) existing at the Transfer Date.

XII.7.6 No debt, claim for damages or other liability (whether actual or contingent) relating to the Generating Station before the date of the Buy-out Notice will be assumed by GEB unless it chooses to and can reach agreement regarding such liability with GSEG and, if necessary, the lenders or other creditors (where such agreement is necessary in order to give legal effect to the assumption thereof by GEB (subject to Paragraph

GEB

124/126

GSEG

XII.7.7 below). Due allowance shall be made in computing the Buy-out Price to take account of any such liabilities assumed by GEB.

XII.7.7 GSEG shall, if so required by GEB, use reasonable efforts to procure the novation (or failing that, assignment of the underlying rights held by GSEG) to GEB of any relevant FSA, operation and/or maintenance contract and the construction contract relating to the Generating Station on such terms as GEB may reasonably require.

XII.8 PROCEDURE FOR DETERMINATION OF THE BUY-OUT PRICE, GEB OPERATION AND TRANSFER

XII.8.1 Following an issue of Buy-out Notice, GSEG shall select an independent firm of Chartered Accountants (the "Professional Appraiser") that is recognised as being competent and experienced in valuing projects similar to the Generating Station that is agreeable to GEB (such agreement not to be unreasonably withheld or delayed) to carry out a determination of the Buy-out Price (the "Valuation"). Failing agreement of a mutually acceptable firm of Chartered Accountants within 5 (five) Days of the issue of the Buy-out Notice, the Professional Appraiser shall be nominated by the President or Acting President for the time being of the Institute of Chartered Accountants of India. Provided that if the debt under the financing agreements has been repaid and the majority of GSEG's shares are held by Indian domestic investors, the nomination of the firm of Chartered Accountants in case of disagreement shall be the President of Institute of the Chartered Accountants of India. The firm of Chartered Accountants appointed pursuant to this Paragraph XII.8.1 (the "Professional Appraiser") will begin work within 10 (ten) Days of the issue of the Buy-out Notice and shall be provided by the Parties with all such data and information it requires to carry out the valuation.

XII.8.2 The Professional Appraiser shall prepare the Valuation in accordance with the methodology described in Paragraph XII.5 and XII.6 of this Schedule-XII. Throughout the process, the Professional Appraiser shall consult with both Parties, update them of progress and analyse any commentary they may have on the Valuation.

The Professional Appraiser shall complete the Valuation within 45 (forty-five) Days of the issue of the Buy-out Notice and deliver a copy to both Parties.

XII.8.3 Following completion of the Valuation GEB shall be entitled to enter the Site and operate and maintain the Generating Station and GSEG shall

- i) ensure that all its employees, agents, contractors and subcontractors, GSEG contractors and the Operator and their respective employees, agents, representatives and contractors have left the Site; and
- ii) provide GEB with any licence required to give effect to the foregoing.

- XII.8.4** In the event that GEB does not pay the Buy-out Price when due and payable in accordance with this Schedule-XII, GSEG obligations and GEB's rights under Paragraph XII.8.3 shall cease and GEB and its employees, contractors, agents and representatives shall leave the Site within 1 (one) day's written notice from GSEG to GEB to that effect.
- XII.8.5** The Transfer Date shall occur within 15 (fifteen) Days after receipt of the Valuation by both Parties at a time and place that is mutually agreeable to both Parties. GEB shall pay the Buy-out Price to GSEG and simultaneously therewith, GSEG shall transfer and assign to GEB all of its right, title and interest in the Generating Station except to the extent excluded pursuant to Paragraph XII.7.2 of this Schedule. All payments shall be made in Rupees.
- XII.8.6** Following Completion, GEB and GSEG may each submit a statement (a "Post Closing Adjustment") to the other Party in line with Good Industry Practice for asset acquisitions to reflect differences between the assumptions used in the Valuation and the actual asset position on the Transfer Date, for example, a difference in inventory levels. Any dispute over the Post Closing Adjustment shall be referred to the Professional Appraiser, whose sole judgement shall be final and binding and shall not be open to dispute or arbitration.
- 

भारतीय गैर न्यायिक

एक सौ रुपये

Rs. 100

रु. 100



ONE
HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA
INDIA NON JUDICIAL

ગુજરાત ગુજરાત GUJARAT

N 611342

99153 907252

तारीख : २८/१०/२००६

બેઝાનું નામ : ૨૭/૦૨/૧૧ ૨૨૨ અગત્ય વાળા પાઠ્ય પુસ્તકો લખાયા છે.

ଅନାମ : ଓପିଂ ୮୫୨ ନଂ ୧୧

ગાંધીનગર જિ. સુ. ડિ. કોર્ટના

‘अभ्युपेक्ष’ का. सं. १३३३

M. H. Q. A.

કેસની સહી: સુલ. જ. ઝાંઝ

This agreement (hereinafter referred to as "SUPPLEMENTARY AGREEMENT" or "SA") entered into on 10th November, 2009.

BETWEEN

GUJARAT URJA VIKAS NIGAM LIMITED, a Company incorporated under the Companies Act, 1956, and having its registered office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara, 390007 (hereinafter referred to as the "GUVNL"), which expression, unless repugnant to the context or meaning thereof, shall be deemed to include its successors and permitted assigns of the one part.

AND

M/s. GUJARAT STATE ENERGY GENERATION LIMITED, a Company incorporated under the Companies Act, 1956 and having its Registered Office at Block No.15, 3rd floor, Udyog Bhavan, Sector 11, Gandhinagar 382 011, Gujarat (hereinafter

referred to as the "GSEG" which expression shall mean and include its assigns and successors).

(Together referred to as "Parties")

AND WHEREAS GUVNL (the erstwhile Gujarat Electricity Board) and GSEG had entered into a Power Purchase Agreement on 28/02/2000 for purchase of electrical energy generated from GSEG's 156.1 MW Combined Cycle Power Plant at Hazira.

AND WHEREAS in terms of Article 19.1 of the PPA, the Parties have been granted the right to modify any of the terms and conditions of the PPA, provided such modification was made by written agreement between the Parties.

AND WHEREAS in terms of Article 19.1 of the PPA, GSEG and the GUVNL are desirous of recording the terms and conditions of their understanding which shall modify, amend and supplement the provisions of the PPA to the extent recorded in this S.A.

NOW THEREFORE, in consideration of the premises, mutual agreements, covenants and conditions set forth in this SUPPLEMENTARY AGREEMENT, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

ARTICLE 1

This SUPPLEMENTARY AGREEMENT shall, for all purposes, be read with and considered as a part of the PPA.

ARTICLE 2

The terms and expressions used in this SUPPLEMENTARY AGREEMENT, unless specifically defined, shall have the same meaning as assigned to them in the PPA.

ARTICLE 3

3.1 Definition of Station Heat Rate (SHR) under the clause 10.10.1 of Article 10 is modified and shall read as under.

Station Heat Rate	SHR	Shall mean the Station Heat Rate of the Unit, expressed in K.Cal. per KWh. The relevant values shall be as under.	
		OC Operation	CC Operation
		2900	2000

3.2 The following Clause is hereby inserted as Clause 19.15 of Article 19 and shall be read as under:

19.15 Sharing of Benefits from Clean Development Mechanism (CDM)

M/s.GSEG shall pass on gross receipts of Clean Development Mechanism (CDM) availed by it to GUVNL in the following manner on annual basis.

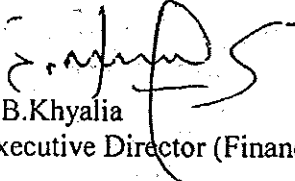
1. Nil in the first year after the date of Commercial Operation of the Generating Station.
2. in the second year, the share of GUVNL shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, where after the proceeds shall be shared in equal proportion by GSEG and GUVNL.

ARTICLE 4

The Effective date of this Agreement shall be 1st September 2009

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE DULY EXECUTED AND DELIVERED AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

SIGNED AND DELIVERED by


S.B.Khyalia
Executive Director (Finance)

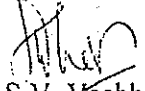
For and on behalf of
GUJARAT URJA VIKAS NIGAM
Ltd.

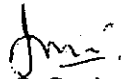
SIGNED AND DELIVERED by


Hemant Gajjar
General Manager

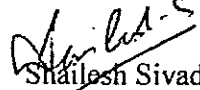
For and on behalf of
GUJARAT STATE ENERGY
GENERATION Ltd.

IN THE PRESENCE OF


S.V. Vachhrajani
Chief Finance Manager (IPP)


R. P. Soni
Deputy Engineer (IPP)

IN THE PRESENCE OF


Shailesh Sivadasan
Asst. Manager


Sushanta Panda
Company Secretary

CERTIFIED EXTRACTS OF THE MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS OF GUJARAT URJA VIKAS NIGAM LIMITED HELD ON SATURDAY, THE 15TH JULY, 2023 AT 3.55 PM AT OFFICE OF PRINCIPAL SECRETARY, ENERGY AND PETROCHEMICALS DEPARTMENT, 5TH FLOOR, BLOCK NO.-5, NEW SACHIVALAYA, GANDHINAGAR.

124.15/2033

APPROVAL FOR PROCUREMENT OF POWER ON "AS AND WHEN REQUIRED BASIS" FROM 156.1 MW GSEG'S GAS BASED POWER PLANT FOR A PERIOD OF 5 YEARS.

The Board perused the note, deliberated the matter and decided that GUVNL may sign PPA with GSEG, Hazira for purchase of power from their 156.1 MW gas based power plant on "As & When required basis" without any Fixed Cost commitment or risk towards Take Or Pay charges for supply of gas / Ship Or Pay charges for gas transportation.

The Board perused draft Power Purchase Agreement in this regard prepared in line with GIPCL PPA for "As & When required basis" as placed before the Board.

The Board also approved that GUVNL, being procurer, shall file a petition before GERC for approval of the above PPA with GSEG. A fee prescribed by GERC for approval of the PPA may be recovered from GSEG. The proposed draft PPA shall be subject to approval of GERC.

The Board Passed following resolution:

"RESOLVED THAT the Board perused the proposal and approved the arrangement and Power Purchase Agreement to be entered into by GUVNL and GSEG Hazira for purchase of power from their 156.1 MW gas based power plant for period of 5 years on "As & When required basis" without any fixed cost commitment or risk towards Take or pay charges for supply of gas and Ship or pay charges for gas transportation.

"RESOLVED FURTHER THAT the proposed PPA shall be subject to requisite approval of Hon'ble Gujarat Electricity Regulatory Commission.

"RESOLVED FURTHER THAT M.D. GUVNL / Director (Finance) GUVNL / GM (Commerce) be and are hereby authorized to execute the Power Purchase Agreement to be entered into by GUVNL and GSEG Hazira for purchase of power from their 156.1 MW gas based power plant on "As & When required basis" and to take further appropriate action in order to implement the same AND THAT GUVNL shall file a petition before GERC for approval of the Power Purchase Agreement signed with GSEG.

RESOLVED FURTHER THAT M.D. GUVNL / Director (Finance) GUVNL / GM (Commerce), GUVNL be and are hereby authorized to make appropriate allocation of power to DISCOMs from the power allocated / procured by GUVNL."

Certified True Copy
For Gujarat Urja Vikas Nigam Ltd.

Parthiv Bhatt
Company Secretary

Annexure - C

GUJARAT URJA VIKAS NIGAM LIMITED

CIN U40109GJ2004SGCO45195

ISO 9001-2008 Certified Company

Sardar Patel Vidyut Bhavan, Race Course, Vadodara (Gujarat) Pin-390007

Phone : Direct (0265) 2340289 PBX-(0265)2310582/83/84/85 86 Fax : (0265)-2344543

E.mail : coacom@gebmail.com

Ref. No. GUVNL-COM-GM(Com)- 947

Date : 01/08/2023

To,
 Shri Ketan Parekh,
 Assistant General Manager (Commercial),
 Gujarat State Energy Generation Limited,
 FF Shed Nos. A/78/3-8, GIDC Electronic Estate,
 Near Patni Computers (iGATE), Sector 25,
 Gandhinagar – 382016.

**Sub. : Approval for procurement of power on "As and When required basis"
 from 156.1 MW GSEG's gas based power plant for a period of 5 years**

Dear Sir,

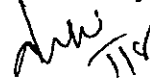
This has reference to various correspondence exchanged on the captioned subject. In this context, this is to inform you that Board of GUVNL have approved the arrangement and Power Purchase Agreement (PPA) to be entered between GUVNL and GSEG Hazira, for purchase of power from their 156.1 MW gas based power plant for period of 5 years on "As and When required basis" without any Fixed Cost commitment or a liability towards Take Or Pay charges for supply of gas and Ship Or Pay charges for gas transportation.

Approved draft PPA in this regards is attached herewith for your ready reference. The proposed PPA shall be subject to requisite approval of Hon'ble Gujarat Electricity Regulatory Commission.

It may be kindly noted that GUVNL, being procurer, shall file a petition before GERC for approval of the above PPA with GSEG. A fee prescribed by Hon'ble GERC for approval of the PPA shall be recovered from GSEG. You are requested to come forward for signing of the above PPA.

Thanking You,

Yours faithfully,



(J.J. Gandhi)

General Manager (Comm.)

Encl. : As above

O/c S.S. Mistru
 1-8-23
 DE EPP


 CoA

POWER PURCHASE AGREEMENT

BETWEEN

GUJARAT STATE ENERGY GENERATION LIMITED

AND

GUJARAT URJA VIKAS NIGAM LIMITED

This Agreement is entered at Vadodara on __day of _____ Two Thousand Twenty Three between M/s Gujarat State Energy Generation Ltd. a corporate body constituted under the Companies Act, 1956 (1 of 1956) having its Registered Office at Building no. A/78/3-8, Near Igate Corporation, GIDC Electronic Estate, Sector-25, Gandhinagar – 382 016, Gujarat, India (hereinafter called "**M/s GSEG**", which expressions shall unless repugnant to the context or meaning thereof include its successors in business and permitted assigns) of the **First Part**

Gujarat Urja Vikas Nigam Ltd., a Government of Gujarat undertaking and incorporated under the Companies Act 1956 (1 of 1956) having its Registered Office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara-390007 (hereinafter referred to as 'GUVNL' which expression shall unless repugnant to the context or meaning thereof shall include its successors and permitted assigns) of the Second part.

AND WHEREAS GSEG has requested GUVNL to enter into arrangement for supply of power on "As and When required basis" offering power upto 136 MW to GUVNL for a period of 5 years.

AND WHEREAS GUVNL is willing to off-take power upto 136 MW on "As and When required basis" for a period of 5 years.

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

1. QUANTUM:

Power Off-take in range of	68 MW to 136 MW
Period	5 years from date of signing of PPA

2. DELIVERY POINT:

At the Bus bar of 156.1 MW Station of M/s Gujarat State Energy Generation Ltd., Hazira, Surat.

3. TARIFF:

GSEG shall supply upto 136 MW power from the 156.1 MW GSEG CCPP located in Hazira, Surat to M/s GUVNL for a period of 5 years for which GSEG shall furnish rate of power supply in Rs./KWh considering the applicable Gas price, transportation charges & taxes from time to time.

1. Per unit Fixed Cost -Rs.0.50/KWh on Energy Scheduled by State Load Dispatch Centre (SLDC).
2. The Variable cost for supply of power shall be worked out considering the following:
3. Station Heat Rate @ 2700 Kcal/Kwh for less than 10 hours of operation.
4. Station Heat Rate @ 2450 Kcal/Kwh for supply of power above 10 hours of operation.
5. Auxiliary Consumption - 2.90%

The decision of GUVNL about working of tariff which GUVNL shall pay to M/s GSEG shall be final and binding to M/s GSEG. Thereafter, no increase in tariff will be allowed and GUVNL shall make payment maximum at this tariff only.

4. TRANSMISSION CHARGES AND LOSSES:

M/s GUVNL is required to obtain Short Term Open Access (STOA) from SLDC Gujarat / GETCO upon payment of applicable charges for evacuation of power under the arrangement.

GUVNL shall consider all the charges including STOA charges which are variable / dependent with reference to off-take of power for the purpose of Merit Order purpose.

- A. GSEG shall declare availability before 10:30 am on day ahead basis.
- B. 68 – 136 MW Power will be scheduled by GUVNL on "As and when required basis" as under:
 - a) Less than 10 hours operations in a calendar day.
 - b) More than 10 hours operations in a calendar day.

While giving schedule, ramping rates approved by SLDC shall be considered

Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GSEG.

6. BILLING:

GSEG will raise the invoice on monthly basis considering the energy certified by SLDC in provisional State Energy Account (SEA) subject to adjustment, if any, based on final SEA.

GUVNL will only pay for the energy scheduled and certified by SLDC in the SEA at rate conveyed by GSEG and computed as per clause 3 above (considering the applicable Gas price, transportation charges & taxes from time to time) which shall be the ceiling rate.

There shall be no liability on GUVNL if power is not scheduled under the arrangement or towards "Take or Pay" charges payable by GSEG for Gas non off-take under GSEG's Gas Supply Agreement or towards "Ship or Pay" charges payable by GSEG for non transportation of gas under GSEG's Gas Transportation Agreement.

7. PAYMENT & PAYMENT TERMS:

GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate.

In case of delay in payment beyond 30 working days, a late payment surcharge as provided by the GERC MYT Regulation will be applicable for each day of delay.

UNSCHEDULED INTERCHANGE :

GUVNL shall not be responsible for any Unscheduled Interchange (UI) / DSM , Reactive Energy Charge, if any, becomes payable by GSEG on account of off-take or non off-take of power under this agreement.

9. DISPUTE RESOLUTION MECHANISM:

All differences or disputes between the parties arising out of or in connection with the transactions covered by this agreement shall be settled by discussions within 30 days. Thereafter if the dispute is not settled, the matter shall be resolved

154 through discussions at the Managing Director level within 30 days.

10. IMPLEMENTATION OF THE AGREEMENT:

M/s GUVNL shall obtain Open access (STOA) for off take of power under agreement.

All discretions to be exercised and directions, approvals, consents and notices to be given and actions to be taken under these presents, unless otherwise expressly provided herein, shall be exercised and given by the signatories to this Agreement or by the authorized representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post.

Any other nomination of authorized representative(s) and/or changes in designation shall be informed in writing to/by the Party within one month of such nomination or change.

Notwithstanding any nomination, General Manager (Comm.), Commerce Department, Race course, Vadodara shall be authorized to act for and on behalf of GUVNL.

Notwithstanding any nominations, AGM (Comm.), shall be authorized to act for and on behalf of M/s GSEG. Any changes in designations / registered office address shall be intimated in writing to all concerned Parties.

11. NOTICE:

All notices required or referred to under this Agreement, shall be in writing and signed by the respective authorized signatories of the parties, mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given, if delivered or served by Registered Post / Speed Post of Department of Posts or by Courier Service with an acknowledgement due to the other party.

All Notices shall be delivered personally or by facsimile mode to the following addresses:-

For M/s GSEG:	Gujarat State Energy Generation Ltd Building no. A/78/3-8, Near Igate Corporation, GIDC Electronic Estate, Sector-25, Gandhinagar - 382 016, Gujarat, India
Address	
Attention	AGM (Comm.)
Phone No	079-23288210 / 250
Facsimile No	079-23288048
For GUVNL:	Commerce Department,
Address	2 nd Floor, Sardar Patel Vidyut Bhavan Race Course, Vadodara – 390007
Attention	General Manager (Commerce)
Phone No	0265 - 2334751
Facsimile No	0265 - 2344543
For Gujarat SLDC:	Gujarat Energy Transmission Co. Ltd.

Address	132 KV Gotri Sub station compound, Vadodara – 390 021
Attention	Chief Engineer, SLDC
Phone No	0265- 2353103 / 2322206
Facsimile No	0265 - 2352019

12. EFFECTIVE DATE AND DURATION OF AGREEMENT:

Notwithstanding anything to the contrary contained in this Agreement, the Agreement shall be deemed to have come into force with effect from 01-09-2023 for all purpose. The above Agreement shall remain valid till 31-08-2028.

This PPA will become effective upon approval of Hon'ble Gujarat Electricity Regulatory Commission (GERC).

IN WITNESS WHEREOF the parties have executed these presents through their authorized Representatives on the _____
/ of _____ Two Thousand and Twenty Three at Vadodara, Gujarat.

For and on behalf of	For and on behalf of
Gujarat Urja Vikas Nigam Limited	M/s Gujarat State Energy Generation Limited
Witness:	Witness:
1. ..	1. ..
1. ..	1. ..

Annexure - D



IN-GJ25300282252611V



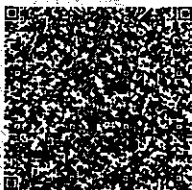
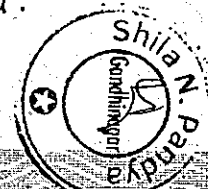
सत्यमेव जयते

INDIA NON JUDICIAL
Government of Gujarat
Certificate of Stamp Duty

₹300

₹300 ₹300 ₹300

Certificate No. : IN-GJ25300282252611V
Certificate Issued Date : 17-Aug-2023 05:15 PM
Account Reference : IMPACC (SV)/gj13251104/ GANDHINAGAR01/GJ-GN
Unique Doc. Reference : SUBIN-GJGJ1325110475780324186679V
Purchased by : GUJARAT STATE ENERGY GENERATION LTD.
Description of Document : Article 5(h) Agreement (not otherwise provided for)
Description : AGREEMENT
Consideration Price (Rs.) : 0
(Zero)
First Party : GUJARAT STATE ENERGY GENERATION LTD
Second Party : GUJARAT URJA VIKAS NIGAM LIMITED
Stamp Duty Paid By : GUJARAT STATE ENERGY GENERATION LTD
Stamp Duty Amount(Rs.) : 300
(Three Hundred only)



IN-GJ25300282252611V

IE 0004554858

Statutory Alert:

1. The authenticity of this Stamp certificate should be verified at 'www.shcllestamp.com' or using e-Stamp Mobile App of Stock Holding. Any discrepancy in the details on this Certificate and as available on the website / Mobile App renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



NOTICE



- The contents of this e-stamp certificate can be verified at www.shcilestamp.com, Stock Holding mobile application "EStamping" or at Stock Holding Branch/ Centre (the details of which are available at www.stockholding.com).
- Any alteration to this certificate renders it invalid and would constitute a criminal offence.
- Kindly contact Stock Holding Branch / Centre in case of discrepancy.
- For information related to e-Stamping you may write to us on our email id estamp.ahmedabad@stockholding.com or visit our Branch/Centre.

સૂચના

- આ ઈ-સ્ટેમ્પ પ્રમાણપત્રની વિગતો www.shcilestamp.com દ્વારા અથવા સ્ટોક હોલ્ડિંગની "ઈસ્ટેમ્પિંગ" મોબાઈલ એપ્લિકેશન અથવા સ્ટોક હોલ્ડિંગની શાખા / કેન્દ્ર (જેની વિગતો www.stockholding.com પર ઉપલબ્ધ છે) પર જઈ ને ચકાસી શકાય છે.
- આ પ્રમાણપત્રમાં કરેલ કોઈપણ ફેરફાર અમાન્ય છે અને તે ફોજદારી ગુનો બને છે.
- આ ઈ-સ્ટેમ્પ પ્રમાણપત્રમાં કોઈપણ વિસંગતતા જણાય તો સ્ટોક હોલ્ડિંગની શાખા / કેન્દ્ર પર સંપર્ક કરવો.
- ઈ-સ્ટેમ્પિંગ સંબંધિત જાણકારી માટે અમને estamp.ahmedabad@stockholding.com પર ઈ-મેઈલ કરવો અથવા અમારી શાખા / કેન્દ્ર ની મુલાકાત લેવી.



POWER PURCHASE AGREEMENTBETWEENGUJARAT STATE ENERGY GENERATION LIMITEDANDGUJARAT URJA VIKAS NIGAM LIMITED

This Agreement is entered at Vadodara on 24th day of August Two Thousand Twenty Three between M/s Gujarat State Energy Generation Ltd. a corporate body constituted under the Companies Act, 1956 (1 of 1956) having its Registered Office at Building no. A/78/3-8, Near Igate Corporation, GIDC Electronic Estate, Sector-25, Gandhinagar – 382016, Gujarat, India (hereinafter called “M/s GSEG”, which expressions shall unless repugnant to the context or meaning thereof include its successors in business and permitted assigns) of the **First Part**

And

Gujarat Urja Vikas Nigam Ltd., a Government of Gujarat undertaking and incorporated under the Companies Act 1956 (1 of 1956) having its Registered Office at Sardar Patel Vidyut Bhavan, Race Course, Vadodara-390007 (hereinafter referred to as “GUVNL” which expression shall unless repugnant to the context or meaning thereof shall include its successors and permitted assigns) of the **Second part**.

AND WHEREAS GSEG has requested GUVNL to enter into arrangement for supply of power on “As and When required basis” offering power up to 136 MW to GUVNL for a period of 5 years.

AND WHEREAS GUVNL is willing to off-take power up to 136 MW on “As and When required basis” for a period of 5 years.

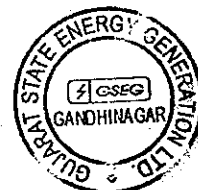
Now, therefore, in consideration of the aforesaid premises and mutual agreements, covenants set forth herein, it is hereby agreed by and between the

GUVNL



Signature

Page 1 of 6



Signature

GSEG

Parties as follows: -

1. QUANTUM:

Power Off-take in range of	68 MW to 136 MW
Period	5 years from date of signing of PPA

2. DELIVERY POINT:

At the Bus bar of 156.1 MW Station of M/s Gujarat State Energy Generation Ltd., Hazira, Surat.

3. TARIFF:

GSEG shall supply up to 136 MW power from the 156.1 MW GSEG CCPP located in Hazira, Surat to M/s GUVNL for a period of 5 years for which GSEG shall furnish rate of power supply in Rs./KWh considering the applicable Gas price, transportation charges & taxes from time to time.

1. Per unit Fixed Cost –Rs.0.50/KWh on Energy Scheduled by State Load Dispatch Centre (SLDC).
2. The Variable cost for supply of power shall be worked out considering the following:
3. Station Heat Rate @ 2700 Kcal/Kwh for less than 10 hours of operation.
4. Station Heat Rate @ 2450 Kcal/Kwh for supply of power above 10 hours of operation.
5. Auxiliary Consumption – 2.90%

The decision of GUVNL about working of tariff which GUVNL shall pay to M/s GSEG shall be final and binding to M/s GSEG. Thereafter, no increase in tariff will be allowed and GUVNL shall make payment maximum at this tariff only.

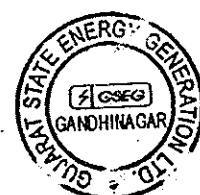
4. TRANSMISSION CHARGES AND LOSSES:

M/s GUVNL is required to obtain Short Term Open Access (STOA) from SLDC Gujarat / GETCO upon payment of applicable charges for evacuation of power under the arrangement.

GUVNL



Page 2 of 6



GSEG

GUVNL shall consider all the charges including STOA charges which are variable / dependent with reference to off-take of power for the purpose of Merit Order purpose.

5. SCHEDULING AND DISPATCH:

- A. GSEG shall declare availability before 10:30 am on day ahead basis.
- B. 68 – 136 MW Power will be scheduled by GUVNL on “As and when required basis” as under:
 - a) Less than 10 hours operations in a calendar day.
 - b) More than 10 hours operations in a calendar day.

While giving schedule, ramping rates approved by SLDC shall be considered.

Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GSEG.

6. BILLING:

GSEG will raise the invoice on monthly basis considering the energy certified by SLDC in provisional State Energy Account (SEA) subject to adjustment, if any, based on final SEA.

GUVNL will only pay for the energy scheduled and certified by SLDC in the SEA at rate conveyed by GSEG and computed as per clause 3 above (considering the applicable Gas price, transportation charges & taxes from time to time) which shall be the ceiling rate.

There shall be no liability on GUVNL if power is not scheduled under the arrangement or towards “Take or Pay” charges payable by GSEG for Gas non off-take under GSEG’s Gas Supply Agreement or towards “Ship or Pay” charges payable by GSEG for non transportation of gas under GSEG’s Gas Transportation Agreement.

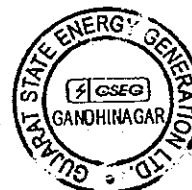
7. PAYMENT & PAYMENT TERMS:

GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate.

GUVNL



Page 3 of 6



GSEG

In case of delay in payment beyond 30 working days, a late payment surcharge as provided by the GERC MYT Regulation will be applicable for each day of delay.

8. UNSCHEDULED INTERCHANGE:

GUVNL shall not be responsible for any Unscheduled Interchange (UI) / DSM , Reactive Energy Charge, if any, becomes payable by GSEG on account of off-take or non off-take of power under this agreement.

9. DISPUTE RESOLUTION MECHANISM:

All differences or disputes between the parties arising out of or in connection with the transactions covered by this agreement shall be settled by discussions within 30 days. Thereafter if the dispute is not settled, the matter shall be resolved through discussions at the Managing Director level within 30 days.

10. IMPLEMENTATION OF THE AGREEMENT:

M/s GUVNL shall obtain Open access (STOA) for off take of power under agreement.

All discretions to be exercised and directions, approvals, consents and notices to be given and actions to be taken under these presents, unless otherwise expressly provided herein, shall be exercised and given by the signatories to this Agreement or by the authorized representative(s) that each party may nominate in this behalf and notify in writing to the other party by Registered Post.

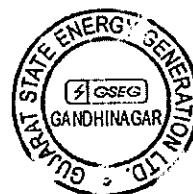
Any other nomination of authorized representative(s) and/or changes in designation shall be informed in writing to/by the Party within one month of such nomination or change.

Notwithstanding any nomination, General Manager (Comm.), Commerce Department, Race course, Vadodara shall be authorized to act for and on behalf of GUVNL.

GUVNL



Page 4 of 6



GSEG

Notwithstanding any nominations, AGM (Comm.), shall be authorized to act for and on behalf of M/s GSEG. Any changes in designations / registered office address shall be intimated in writing to all concerned Parties.

11. NOTICE:

All notices required or referred to under this Agreement, shall be in writing and signed by the respective authorized signatories of the parties, mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given, if delivered or served by Registered Post / Speed Post of Department of Posts or by Courier Service with an acknowledgement due to the other party.

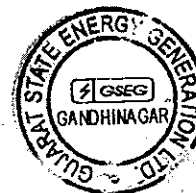
All Notices shall be delivered personally or by facsimile mode to the following addresses:-

<u>For M/s GSEG:</u>	Gujarat State Energy Generation Ltd
Address	Building no. A/78/3-8, Near Igate Corporation, GIDC Electronic Estate, Sector-25, Gandhinagar – 382016, Gujarat, India
Attention	AGM (Comm.)
Phone No	079-23288210 / 250
Facsimile No.	079-23288048
<u>For GUVNL:</u>	Commerce Department,
Address	2 nd Floor, Sardar Patel Vidyut Bhavan Race Course, Vadodara — 390007
Attention	General Manager (Commerce)
Phone No	0265 – 2334751
Facsimile No	0265 – 2344543
<u>For Gujarat SLDC:</u>	Gujarat Energy Transmission Co. Ltd
Address	132 KV Gotri Sub station compound, Vadodara — 390021
Attention	Chief Engineer, SLDC
Phone No	0265- 2353103 / 2322206
Facsimile No	0265 – 2352019

GUVNL



Page 5 of 6



GSEG

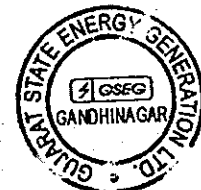
12. EFFECTIVE DATE AND DURATION OF AGREEMENT:

Notwithstanding anything to the contrary contained in this Agreement, the Agreement shall be deemed to have come into force with effect from 01-09-2023 for all purpose. The above Agreement shall remain valid till 31-08-2028.

This PPA will become effective upon approval of Hon'ble Gujarat Electricity Regulatory Commission (GERC).

IN WITNESS WHEREOF the parties have executed these presents through their authorized Representatives on the 24th day of August Two Thousand and Twenty Three at Vadodara, Gujarat.

For and on behalf of Gujarat Urja Vikas Nigam Limited	For and on behalf of M/s Gujarat State Energy Generation Limited
 Jasmin J Gandhi General Manager (Comm) Gujarat Urja Vikas Nigam Limited Witness: Vadodara	For Gujarat State Energy Generation Ltd., Gandhinagar  Katan Parekh (Asst. General Manager-Commercial)
Witness: 1. S.S. Mistry 2. 1. Y. L. Lathia Prerak R. Ichamdar	Witness: 1. [Signature] 2. 24/8 Y L LATHIYA



Annexure - E

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGARPetition No. 1794 of 2019.In the matter of:

Petition under Sections 86 (1) (b) of the Electricity Act, 2003 seeking approval of the Commission for procurement of power on "As and When required basis" from 165 MW GIPCL Station - II for a period of 5 years and approval of Power Purchase Agreement dated 29.03.2019.

Petitioner : Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan, Race Course Circle,
Vadodara- 390 007.

Represented by : Shri S.K. Nair
V/s.

Respondent : Gujarat Industries Power Company Limited (GIPCL)
P. O. Petrochemical, Vadodara 391 346.

Represented by : Shri D. M. Chandarana, Ms. Kiran Mishra and Shri S. Mani

CORAM:

Shri Anand Kumar, Chairman
Shri K. M. Shringarpure, Member
Shri P. J. Thakkar, Member

Date: 09/10/2019ORDER

1. The present petition has been filed by the Petitioner GUVNL seeking following reliefs:
 - (a) Approve the arrangement for procurement of power up to 130 MW by the Petitioner from GIPCL Station - II on "As and When required basis" at the fortnightly rate conveyed by GIPCL without any liability towards "Take or Pay" charges for Gas non off-take under GIPCL's Fuel Supply Agreement;

(b) Approve the PPA dated 29.03.2019 entered into by the Petitioner with GIPCL for procurement of power on "As and When required basis" from GIPCL Station – II for a period of 5 years.

2. Facts mentioned in the Petition are detailed below:

- 2.1. The Petitioner, Gujarat Urja Vikas Nigam Limited (GUVNL), a Company incorporated under the provisions of the Companies Act, 1956, is engaged in the activities of bulk purchase and bulk supply of electricity and is a licensee for the said activities under the provisions of the Electricity Act, 2003.
- 2.2. The Respondent, Gujarat Industries Power Company Limited (GIPCL), a Company incorporated under the provisions of the Companies Act, 1956 is a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003 and have installed 165 MW Combined Cycle Power Plant (GT – 111 MW & STG 54 MW) Station -II at P.O. Petrochemicals, Vadodara .
- 2.3. The Petitioner GUVNL had entered into Power Purchase Agreement dated 01.08.1996 with the Respondent for procurement of power from their 165 MW Gas based Power Station - II on cost plus basis. The validity of the PPA expired on 31.07.2016 and accordingly there is no supply of power to GUVNL from the project.
- 2.4. The Respondent GIPCL had time and again requested the Petitioner for extending the validity of the PPA and pursuant to the expiry of the Agreement, GIPCL has been requesting for exploring the possibility for revival of the power station considering the 10 year residual useful life of the plant.
- 2.5. GIPCL vide letter dated 03.10.2018 has proposed that considering 10 year residual life of the plant, GUVNL may enter into a medium term PPA with GIPCL for procurement of 135 MW power from GIPCL Station – II subject to regulatory approval. GUVNL has examined the GIPCL's proposal and vide letter dated 27.11.2018 has agreed to off-take the power from GIPCL Station II and conveyed the methodology, terms & conditions under the arrangement and sought GIPCL's consent for the same.
- 2.6. The methodology proposed by GUVNL under the power purchase arrangement and the Terms and Conditions are as under:

Methodology:

- (a) GIPCL shall furnish the rate (Rs./KWh) of power supply to GUVNL on fortnightly basis considering cost of blending of APM & SPOT based on gas price plus 50 paise / unit towards O&M expense. Variable cost shall be worked out considering the parameters approved by the Commission i.e. Gross Station Heat Rate – 2038 Kcal /Kwh and Auxiliary consumption @ 2.90% plus 50 paise/unit towards O&M expense.
- (b) GIPCL shall declare the availability of power to SLDC/GUVNL on “Day ahead Basis” before 10:30 hours.
- (c) GUVNL will consider the capacity declared by GIPCL only when the price discovery in Power Exchange (PX)/power from SPOT Gas/Bilateral arrangement including incidental charges up to GETCO periphery is more than the fortnightly rate conveyed by GIPCL (including GETCO STOA charges & SLDC charges).
- (d) While placing bid in PX, GUVNL will reduce the quantum declared by GIPCL and only if GIPCL rate is lower than the price discovered in PX plus incidental charges i.e. CTU drawl charges and losses, PX charges etc. for a particular scenario then power from GIPCL will be scheduled.
- (e) In case of procuring SPOT RLNG based power from other gas based stations, only if the rate of power from such station is higher than GIPCL rate (including GETCO STOA charges & SLDC charges), GIPCL power will be scheduled.

Terms & Conditions:

- (a) Power off-take in range of 105 – 130 MW.
- (b) Arrangement for 5 years effective from date of signing.
- (c) GIPCL to convey rate on fortnightly basis which shall be considered for Merit Order purpose. Thereafter, no change in tariff will be allowed and GUVNL shall make payment maximum at this tariff only.
- (d) GIPCL has to declare availability on day ahead basis before 10:30 am.
- (e) 105 – 130 MW Power will be scheduled on “As and when required basis” as under:
 - (i) 6 – 10 hours in Combined Cycle in a calendar day;
 - (ii) More than 10 hours in Combined Cycle in a calendar day.

While giving schedule, ramping rates approved by SLDC shall be considered

- (f) Power to be scheduled under Short Term Open Access (STOA) on "Day Ahead basis" for which GUVNL/SLDC will apply/pay STOA charges plus SLDC charges.
 - (g) No liability on GUVNL if power is not scheduled or towards "Take or Pay" charges for Gas non off-take under GIPCL's Fuel Supply Agreement. GUVNL will only pay for the energy scheduled and certified by SLDC at fortnightly rate conveyed by GIPCL.
 - (h) Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GIPCL.
 - (i) GIPCL will raise monthly invoice considering energy certified by SLDC in provisional SEA subject to adjustment if any based on final SEA.
 - (j) GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate. In case of delay in payment beyond 30 working days, a late payment surcharge @ 1.25% p.m. will be applicable for each day of delay.
 - (k) GUVNL to issue End User Certificate to GIPCL regarding APM gas utilization equivalent to power scheduled under the arrangement from GIPCL Station - II.
- 2.7. The Respondent vide letter dated 07.12.2018 requested GUVNL (i) to consider SHR @ 2472 Kcal / KWh for 6 – 10 hours of operation and SHR @ 2370 Kcal / KWh for duration of supply above 10 hours and (ii) to consider only the Variable Charge + Fixed O&M charge for merit order dispatch.
- 2.8. In response, GUVNL vide letter dated 03.01.2019 agreed to consider SHR @ 2472 Kcal / KWh for 6 – 10 hours of operation and SHR @ 2370 Kcal / KWh for duration of power supply above 10 hours for working out the variable cost under the arrangement from GIPCL Station – II. Further, it is conveyed that since GUVNL is required to obtain STOA from SLDC/GETCO upon payment of applicable charges for evacuation of power under the proposed arrangement, GUVNL shall consider all the charges including STOA charges which are variable/dependent with reference to off-take of power for the purpose of Merit Order dispatch.
- 2.9. Thereafter, GIPCL vide letter dated 04.01.2019 conveyed the acceptance of GUVNL's terms & conditions for supply of power on "As and When required basis".
- 2.10. The proposal of procurement of power from GIPCL Station – II was placed for approval before GUVNL's Board of Directors. The Board deliberated the matter and through B.R. No. 93.10/1492 dated 06.03.2019 accorded the approval to the purchase of up to 130 MW power

from GIPCL Station – II on “As and When required basis” for 5 years subject to approval from the Commission.

- 2.11. The Petitioner has tied up considerable quantum of power from Renewable Sources to meet the revised RPPD and the injection of infirm power from RE sources could lead to grid imbalance which need to be addressed by scheduling balancing power from hydro/gas-based generation. The availability of hydro power being limited in Gujarat, it is imperative to have gas-based generation to address the issue of grid stability. Moreover, this power shall be scheduled under Merit Order protocol on “As and When required basis” and will help in optimizing power purchase cost in case of discovery of high price in Power Exchanges. The tie-up is without any committed liability towards capacity charge and obligation towards gas off-take if any on GIPCL.
- 2.12. GIPCL has also indicated that based on the PPA, they will be able to pursue the fuel supplier for allocating additional APM gas for mixing purpose so as to reduce the generation cost. Moreover, since the power plant is located within the State and at times there are issues related to drawl of power through CTU network beyond permissible limits, the above tie up may help to mitigate the demand under such scenario and provide standing arrangement for availing power immediately.
- 2.13. The Commission may approve the procurement of power by GUVNL from the 165 MW Gas based Power Station II of GIPCL for 5 years on “As and when required basis” and also approve the PPA dated 29.03.2019.
3. The matter was heard on 24.05.2019 and 29.07.2019.
4. During the hearing held on 29.07.2019, Shri S.K. Nair, on behalf of the Petitioner GUVNL, submitted that in compliance to the Commission’s directives vide Daily Order dated 03.06.2019, the Petitioner had given a public notice on 13.06.2019 in Gujarat Samachar and Indian Express and on 18.06.2019 in Divya Bhaskar and also uploaded the present petition along with all the relevant documents on GUVNL’s website.
- 4.1. He submitted that in response to the Public Notice, no comments or suggestions have been received by the Petitioner.

- 4.2. He further submitted that the procurement of power proposed by the Petitioner from the Respondent on terms and conditions specified in power purchase agreement dated 29.03.2019 is beneficial to the Petitioner and the consumers at large. Hence, the Commission may grant the relief as sought by the Petitioner.
5. Shri D. M. Chandra and Shri S. Mani on behalf of the Respondent submitted that the gas based generating stations generally have a life of 30 years. The original PPA executed between the Petitioner and the Respondent was only for 20 years. Thus, the plant still has a residual life of 10 years. It is further submitted that the Petitioner and the Respondent have entered into Power Offtake Agreement in the range of 105 MW to 130 MW on as and when required basis.
 - 5.1. They further submitted that the Respondent shall furnish the rate (Rs. /kWh) for power supply to GUVNL on fortnightly basis considering the cost of blending of the APM and SPOT gas price plus 50 paisa/Unit towards O&M expenses. The Petitioner will consider the capacity declared by the Respondent only when the price discovery in Power Exchange (PX)/power from SPOT Gas/Bilateral arrangement including incidental charges up to GETCO periphery is more than the fortnightly rate conveyed by the Respondent which include the GETCO STOA charges and SLDC charges. It is also agreed that the tie up is without any committed liability towards capacity charges and obligation towards gas off-take if any on the Respondent.
 - 5.2. They also submitted that the approximate landed cost of gas will be Rs. 4.60 per Unit which include the APM gas allocation to the Respondent and procurement of SPOT Gas from GSPC and GAIL at current gas price of \$3.69/MMBTU including 50 paisa/Unit towards O&M expenses. It is also submitted that the Respondent will blend the SPOT Gas with APM Gas and will try to restrict the landed cost to a maximum of Rs. 4.50/Unit to qualify in the Merit Order Dispatch.
6. We have considered the submissions made by the parties. In the present Petition, the Petitioner sought an approval of procurement of power up to 130 MW from the Respondent's Station (Unit) – II power plant on "As and When required basis" at the fortnightly rate conveyed by the Respondent without liability towards "Take or Pay" charge for gas non off-take under Fuel Supply Agreement of the Respondent and approval of PPA dated 29.03.2019.
 - 6.1. We note that the Petitioner and the Respondent had executed PPA dated 01.08.1996 for a period of 20 years for purchase of power generated from 165 MW Gas based Power Station

(Unit) No. II on cost plus basis. The said agreement expired on 31.07.2016 on completion of the PPA period.

- 6.2. We also note the submission of the Respondent that the said plant is having residual useful life of 10 years. Further, it is also stated that the agreed terms of PPA between the parties is such that the Petitioner shall require to pay only Variable Charge without any Fixed Charge liability. Moreover, there is no burden of Take or Pay Charges for gas non off-take under the Respondent's Fuel Supply Agreement. The period of PPA is limited to five years and procurement arrangement is also limited to 130 MW.
- 6.3. We note that the Petitioner is a licensee and carries out the function of Bulk Power Purchase and Bulk Supply of electricity. The Petitioner procures electricity on behalf of its four Distribution Licensees viz. DGVCL, PGVCL, MGVCL and UGVCL and supplies them for onward sale to the consumers.
- 6.4. The Petitioner has sought the approval of the Commission for procurement of power up to 130 MW from the Respondent's Power Station (Unit) No. II for a period of five years as also the approval of PPA dated 29.03.2019 entered into with the Respondent. In this regard, it is necessary to refer Section 86(1)(b) of the Electricity Act, 2003 before granting such approval.
- 6.5. Section 86(1)(b) of the Electricity Act, 2003 states about the procurement of power by the distribution licensee to be regulated by the State Commission as reproduced below:

".....Section 86(1) The State Commission shall discharge the following functions, namely:

.....

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

....."

In view of above provision, a duty cast upon the State Commission to regulate the power procurement of the distribution licensees including (i) quantum of power (ii) price of such power and (iii) the agreement executed for such procurement.

- 6.6. As the procurement of power carried out by the Petitioner affects the consumer's tariff, it is necessary to invite comments and suggestions on such procurement of power from the stakeholders. Accordingly, the Commission, vide Daily Order dated 03.06.2019 directed the Petitioner to issue a public notice and invite comments and suggestions from the stakeholders. The Petitioner has complied the same as recorded in para 4 above.
- 6.7. As provided in Section 86(1)(b), we now deal with the issue with regard to the quantum proposed to be purchased by the Petitioner and its price.
- 6.8. The Petitioner is required to procure the energy to meet the demand of the consumers of the State. The Commission, in the MYT Order dated 31st March, 2017 has approved the energy requirement of all four DISCOMs during the MYT period of FY 2016-17 to FY 2020-21 as under:

"5.6.2.5

.....

<i>FY</i>	<i>Energy in MUs</i>
2016-17	83548
2017-18	87616
2018-19	91972
2019-20	96425
2020-21	101205

(source Order dated 31.03.2017 of UGVCL in Petition No. 1622 of 2016.

Considering the growth rate of 4.91% year on year based on the average growth rate of MYT period, the requirement of power during the period from 2021-22 to 2023-24 is estimated as under:

2021-22	106174.2*
2022-23	111387.3*
2023-24	116856.4*

* With consideration of 4.91% growth rate on year to year basis based on average growth rate of MYT period.)

....."

The Petitioner purchases power in bulk for supply to the licensees for meeting the demand of their consumers. Distribution licensees have Universal Service Obligation (USO) to supply power to the consumers on demand as provided under Section 43 of the Electricity Act, 2003. Therefore, it is obligatory on the part of the Petitioner to procure adequate quantum of power on long term basis to meet the above estimated requirement of power to cater to the demand of the consumers and fulfill the requirement of universal service obligations.

- 6.9. We also note that there are various circumstances like the emergency shut down or planned shutdown of the plant, increase or decrease in demand for power due to weather conditions or other factors leading to a situation that in such circumstances it is essential for the licensee to either procure the incremental energy and meet the demand of the consumers from alternate sources either on short term or medium term basis or reduce the power supply by resorting to load shedding. In such a situation it is beneficial if the power supply is arranged on short term or medium-term basis as and when required which provides flexibility to the Petitioner to avoid the payment of charges for unscheduled energy.
- 6.10. The distribution licensees for whom the power procurement is carried out by the Petitioner are also obligated entities under the provisions of GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 and amendments made therein. These entities are liable to comply with the renewable purchase obligation specified by the Commission in the aforesaid Regulations. For compliance of the RPOs, the Petitioner is required to purchase the renewable energy from various sources like Wind, Solar, Biomass, Bagasse, Hydro Power Plants etc. The potential and availability of the renewable energy from Biomass, Bagasse, MSW and Hydro is limited and lower in the State of Gujarat. The potential of the renewable energy from wind and solar is quite higher and they are the main sources of renewable power in the State of Gujarat. The Petitioner is, therefore, mainly dependent on wind and solar power for compliance of its RPO. The generation from wind and solar generators is infirm in nature and vary from time to time.
- 6.11. The Commission has specified RPO for the obligated entities including the Petitioner for FY 2019-20 to FY 2021-21 as under:

Year	Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy in kWh).			
	Wind (%)	Solar (%)	Others (Biomass, Bagasse, MSW and Hydro) (%)	Total (%)
(1)	(2)	(3)	(4)	(5)
2019-20	8.05	5.5	0.75	14.30
2020-21	8.15	6.75	0.75	15.65
2021-22	8.25	8.0	0.75	17.00

6.12. Accordingly, the Petitioner and its subsidiary distribution licensees are required to purchase the renewable energy of the percentage specified in the aforesaid table as a part of total consumption during the year in their license area towards compliance of RPO. Capacity Utilization Factor (CUF) of the Wind and Solar Generators is quite lower. Therefore, the Petitioner is required to tie up huge capacities of wind and solar generators to fulfill the RPO. As the energy generated from wind and solar generators is infirm in nature, it affects the grid operation and to balance the grid operation, it requires the ramp up or ramp down activities from other generators to stabilize the grid operation. The power project of the Respondent is having capacity of 165 MW consisting of 111 MW Gas Turbine (GT) and 54 MW Steam Turbine Generator (STG) and being a gas based generation facility, the capacity can be easily and at fast pace ramped up or ramped down to stabilize grid operation and management. The proposed procurement of 130 MW by the Petitioner thus will be helpful technically also for grid operation and management.

6.13. It is also necessary to refer the agreed terms between the parties which are important to consider in the present case as stated below:

"

Methodology:

(a) GIPCL shall furnish the rate (Rs./KWh) of power supply to GUVNL on fortnightly basis considering cost of blending of APM & SPOT based on gas price plus 50 paise / unit towards O&M expense. Variable cost shall be worked out considering the parameters approved by the Commission i.e. Gross Station Heat Rate - 2038 Kcal /Kwh and Auxiliary consumption @ 2.90% plus 50 paise/unit towards O&M expense.

(b) GIPCL shall declare the availability of power to SLDC/GUVNL on "Day ahead Basis" before 10:30 hours.

(c) GUVNL will consider the capacity declared by GIPCL only when the price discovery in Power Exchange (PX)/power from SPOT Gas/Bilateral arrangement including incidental charges up to GETCO periphery is more than the fortnightly rate conveyed by GIPCL (including GETCO STOA charges & SLDC charges).

(d) While placing bid in PX, GUVNL will reduce the quantum declared by GIPCL and only if GIPCL rate is lower than the price discovered in PX plus incidental charges i.e. CTU

drawl charges and losses, PX charges etc. for a particular scenario then power from GIPCL will be scheduled.

- (e) In case of procuring SPOT RLNG based power from other gas based stations, only if the rate of power from such station is higher than GIPCL rate (including GETCO STOA charges & SLDC charges), GIPCL power will be scheduled.

Terms & Conditions:

- (a) Power off-take in range of 105 – 130 MW.
- (b) Arrangement for 5 years effective from date of signing.
- (c) GIPCL to convey rate on fortnightly basis which shall be considered for Merit Order purpose. Thereafter, no change in tariff will be allowed and GUVNL shall make payment maximum at this tariff only.
- (d) GIPCL has to declare availability on day ahead basis before 10:30 am.
- (e) 105 – 130 MW Power will be scheduled on "As and when required basis" as under:
- (i) 6 – 10 hours in Combined Cycle in a calendar day;
 - (ii) More than 10 hours in Combined Cycle in a calendar day.

While giving schedule, ramping rates approved by SLDC shall be considered

- (iii) Power to be scheduled under Short Term Open Access (STOA) on "Day Ahead basis" for which GUVNL/SLDC will apply/pay STOA charges plus SLDC charges.
- (iv) No liability on GUVNL if power is not scheduled or towards "Take or Pay" charges for Gas non off-take under GIPCL's Fuel Supply Agreement. GUVNL will only pay for the energy scheduled and certified by SLDC at fortnightly rate conveyed by GIPCL.
- (v) Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GIPCL.
- (vi) GIPCL will raise monthly invoice considering energy certified by SLDC in provisional SEA subject to adjustment if any based on final SEA.

(vii) GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate. In case of delay in payment beyond 30 working days, a late payment surcharge @ 1.25% p.m. will be applicable for each day of delay.

(viii) GUVNL to issue End User Certificate to GIPCL regarding APM gas utilization equivalent to power scheduled under the arrangement from GIPCL Station - II.

....."

It is clear from these agreed terms & conditions that there is substantial flexibility available to the Petitioner to schedule and purchase power on short term/medium term basis with different SHR and corresponding variable charge payable by the Petitioner. The O&M charges are the only charges payable towards fixed cost @ 50 paisa/Unit and the same is fixed for the five years' period without any escalation. Thus, no incremental charges towards fixed cost or O&M charges are payable during the PPA period of 5 years. There is also an advantage since no penalty or liability accrues to the Petitioner towards take or pay charges for gas non off-take under the Respondent Fuel Supply Agreement if the power is not scheduled by the Petitioner. The agreed terms for off-take power is in the range of 105 to 130 MW. Moreover, the period is five years from the date of signing of the agreement.

6.14. The price mechanisms agreed between the parties is linked with the price discovery in the power exchange/power from Spot Gas/Bilateral arrangement including the incidental charges up to GETCO periphery payable by the Petitioner. The Petitioner is also having flexibility in operation of the Respondent's plant such that the scheduling may be carried out by the Petitioner when the charges for procurement of power from the Respondent Power Station (Unit) II is less than the price discovered in the Power Exchange plus incidental charges i.e. CTU drawl charges, losses, exchange charges etc. Thus, the agreed price is beneficial to the Petitioner in comparison to price/tariff payable against the procurement of energy from the Power Exchange/Bilateral arrangement.

6.15. We also note that it was agreed between the parties that the scheduling of energy may be carried out in the range of 105 to 130 MW by the Petitioner on "As and When required basis" with following flexibility:

- (i) 6-10 hrs. in combined cycle in a calendar day
- (ii) More than 10 hours in combined cycle in a calendar day.

- 6.16. The aforesaid provision provides flexibility to the Petitioner to procure power for a limited period in a day when any contingency arises due to variance in the energy from renewable sources or forced shut down or planned shut down of some power plant. It will also be helpful to avoid payment of the charges for unscheduled energy,,if any, which is a normal clause in the power purchase agreement.
- 6.17. Considering the above, we are of the view that the quantum of power procurement proposed by the Petitioner from the Respondent Power Station (Unit) No. II is beneficial to the consumers as well as the Petitioner with respect to price, quantum and period and mitigating the effect of renewable energy penetration which may lead to grid operational issues.
7. In view of above, the present Petition succeeds. We, therefore, approve the arrangement for procurement of 130 MW power by the Petitioner from the Respondent Power Station (Unit) – II (165 MW capacity) on "As and When required basis" at the fortnightly rate conveyed by the Respondent without any liability towards Take or Pay charges for gas non off-take under the Respondent's fuel supply agreement. We also approve the power purchase agreement dated 29.03.2019 executed between Petitioner and the Respondent for a period of five years.
8. We Order accordingly.
9. With this Order the present Petition stands disposed of.

Sd/-
[P. J. THAKKAR]
Member

Sd/-
[K.M. SHRINGARPURE]
Member

Sd/-
[ANAND KUMAR]
Chairman

Place: Gandhinagar.

Date: 09.10.2019.

Petition under Section 86 (i)(b) of the Electricity Act, 2003 seeking approval of Hon'ble Commission for Procurement of power on "As and When required basis" from GSEG for a period of 5 Years and approval of Power Purchase Agreement dated 24.08.2023.

IN THE MATTER OF:

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan,
Race Course, Vadodara 390007
Gujarat

- Petitioner

Versus

Gujarat State Energy Generation Ltd
Building no. A/78/3-8
Near IGate Corporation
GIDC Electronic Estate, Sector 25
Gandhinagar - 382016
Gujarat

- Respondent

Declaration that the subject matter of the petition has not been raised by the petitioner before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any orders in relation thereto.

Place : VADODARA

Date : 01-11-2023



Signature of the Petitioner

Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodra

ex (2) process.

Legl
 P.R.C.
 Inward No. - 5230
 Date : - 6 NOV 2023
 to (Legal) / G.
 Prem
 Bill
 Field 2 .

Van Hillers
proceeded on
Hilliers in office

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT
GANDHINAGAR
PETITION NO. 2265 OF 2023

IN THE MATTER OF:

Gujarat Urja Vikas Nigam Limited

Versus

Gujarat State Energy Generation Ltd

SR. No. 4002

Date: 5/3/2024

Petitioner



G.E.R.C.

Inward No.: 10-1194

Respondent

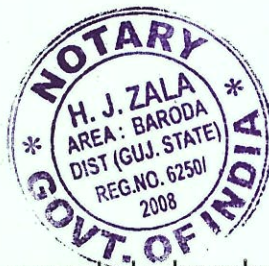
Date: 7 MAR 2024

AFFIDAVIT OF SERVICE

I, Hitesh Patel son of Prabhudas Patel aged about 49 years, resident of Vadodara, do hereby solemnly affirm and state as under:

1. I say that I am the Deputy Engineer in the petitioner and I am competent to swear the present affidavit.
2. I say that pursuant to Daily Order 23.02.2024 by this Hon'ble Commission, GUVNL has caused publication of public notice in two daily Gujarat Newspaper (i.e. Gujarat Samachar and Divya Bhaskar) and one English Newspaper (i.e. Indian Express). The copies of the relevant extracts of the newspapers with the said notices are attached hereto and marked as Annexure A (Colly).
3. I say that the Petition has been uploaded along with all documents on the website of the Petitioner.
4. I say that the above is in compliance with the directions of the Hon'ble Commission.

VERIFICATION:



I, the deponent above named do hereby verify that the contents of my above affidavit are based on the records maintained by the Petitioner in normal course, no part of it is false and nothing material has been concealed therefrom.

Verified at Vadodara on this 5th day of March, 2024.

DEPONENT
Deputy Engineer (IPP)
Gujarat Urja Vikas Nigam Limited
Vadodara

Solemnly Affirmed/Declared
Sworn Before me by H.P. Patel

Learn More

[illegible][illegible][illegible][illegible][illegible]

