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 Memorandum of Understanding (MoU) between NTPC Limited and
 Andaman & Nicobar Administration for setting up Solar based plants In
 Andaman & Nicobar Islands
 This Memorandum of Understanding (hereinafter referred to as "MoU") is entered on this
 27th day of November, 2009 at Port Blair by and between.
 Andaman & Nicobar Administration, a Union Territory, having its Head office at Port
 Blair, through its Administrator (hereinafter referred to as "A&N Administration") which
 expression shall, unless repugnant to the context or meaning thereof, include its
 successors and permitted assigns) of the FIRST PART
 and
 NTPC Limited, a Company incorporated under the Companies Act, 1956 and having its
 registered office at NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodhi Road,
 New Delhi -110003, India (hereinafter referred to as 'NTPC') which expression shall,
 unless repugnant to the context or meaning thereof, include its successors and
 permitted assigns), of the SECOND PART
 (NTPC and A&N Administration are hereinafter referred to individually as the
 "Party" and collectively as "Parties").
 WHEREAS NTPC had already formulated its Business Plan to become a 75,000 MW
 plus Company by year 2017, which includes 1000 MW through renewable energy
 sources such as wind, solar, hydel, geothermal, biomass, etc.

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AND WHEREAS Renewable Energy (hereinafter referred to as "RE") is being perceived as an alternate source of energy which is environmentally clean and not dependent on the gradually depleting conventional energy sources.

AND WHEREAS A&N Administration is the Government Authority looking after the Administration of the Union Territory of Andaman & Nicobar, including the generation, transmission & distribution of electricity in all the Islands of Andaman & Nicobar.

AND WHEREAS NTPC had submitted its "Expression of Interest" for setting up Solar based power project in Andaman & Nicobar, vide CMD NTPC's letter dated 27th October, 2008.

AND WHEREAS A&N Administration has conveyed their "In-principle approval" vide letter dated 24th November 2008 for setting up of a 5 MW Solar based Plant in South Andaman and 1 MW Solar based Plant in Middle Andaman by NTPC Limited.

AND WHEREAS Accordingly, it was agreed that NTPC & A&N Administration shall sign a MoU for development of solar based power plant in Andaman & Nicobar Islands.

NOW THEREFORE THIS MEMORANDUM OF UNDERSTANDING ("MoU") WITNESSETH AS FOLLOWS:

In consideration of the aforesaid objectives, the Parties hereto agree to sign these presents on mutually agreed terms and conditions contained hereinafter:

1.0 Objective

To plan and implement a 5 MW Solar-based Plant in South Andaman and 1 MW Solar based Plant in Middle Andaman, in Andaman & Nicobar Islands or any other potential site(s) subsequently offered by A&N Administration, using the state of the art technology and to ensure long term sustainability of these projects.

2.0 Methodology

- a) A steering committee shall be constituted with at least two members each from NTPC and A&N Administration which shall deliberate on all relevant issues for achieving the objectives of the MoU. The recommendation of the steering committee in respect of important policy matters shall be placed before A&N Administration and CMD, NTPC for consideration. The Steering committee shall be chaired by Secretary (Power), A&N Administration and co-chaired by Director,

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4.0 **Evacuation & Sale of Power**

4.1 The entire power generated from the Solar plants shall be sold to A&N Administration, after executing Power Purchase Agreements (PPA), as per the terms and conditions of appropriate electricity regulatory commission, and subject to satisfaction of both parties.

4.2 Provision for payment of Generation based incentive, if any, as per the guidelines issued by Government of India, will be provided for in the Power Purchase Agreement (PPA).

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5.0 **Expenditure**

5.1 External agencies like USAID have offered to incur all costs related with carrying out feasibility studies / preparation of DPRs. In case grant does not materialize, NTPC shall incur all costs and expenses towards preparation of feasibility report/DPR. However, NTPC shall not incur for any other costs, till the techno-economic viability of the project is established.

5.2 In case techno economic viability of the project is established, the cost incurred towards preparation of feasibility report shall be considered as a part of the capital base of the project. In case the project is transferred to a third party after its techno economic viability is established, such costs incurred by NTPC shall be reimbursable to NTPC along with interest at prevailing SBI PLR.

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6.0 **Sharing of CDM Benefits**

Clean Development Mechanism (CDM) benefits shall be shared by NTPC and A&N Administration for promoting the Solar energy projects as per stipulation of appropriate electricity regulatory commission.

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7.0 **Confidentiality**

7.1 The parties to the extent of their respective rights to do so, shall exchange such technical information and data as is reasonably required of each party to perform its responsibilities under this MoU. Each party agrees to keep in confidence and to use the same degree of care as it uses with respect to its own proprietary data to prevent the disclosure to third parties of all technical information, data and confidential business information (hereinafter called "Data").

7.2 Data exchanged by the parties under this MoU shall not be used for any other purpose, except the purpose set out under this MoU.

7.3 Exchange, use and maintaining confidentiality of data shall be mutually discussed and agreed to by the parties.

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7.4 The preceding provisions of confidentiality and restriction on use of data shall apply to:

- Information in the public domain or information which subsequently enters public domain without committing breach of this Article.
- Information in possession of the party at the time of disclosure and which was acquired, directly or indirectly from the other party.
- Information which a party is required to disclose under law, rules or regulations of any judicial or other authorities.
- Consultants/advisors (from Government or non government agencies from India and abroad), provided they in turn sign a similar undertaking of confidentiality.

8.0 Arbitration

In case of any dispute, the differences arising out of this MoU shall be referred for arbitration to a sole arbitrator, who shall be an officer of the Administration appointed for the purpose by the Hon'ble Lt. Governor of the Islands. The decision of the arbitrator shall be final and binding upon the parties. Subject as aforesaid, provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration proceeding under this clause and arbitration proceedings shall be held at Port Blair, A&N Islands.

9.0 Jurisdiction of Court

In the event of any further dispute after conciliation / arbitration relating to this agreement between the parties, the same shall be referred to the Competent Court of Law at Port Blair having jurisdiction at A&N Islands.

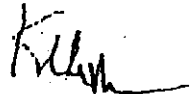
10.0 Notices

Any notice to be given under this MoU shall be in writing and shall be deemed to have been duly and properly served upon the Parties hereto if delivered and acknowledged or by registered mail with acknowledgement due, addressed to the Parties herein at the following addresses or such changed addresses as will be duly notified by the Parties to each others from time to time.

ADDRESSES

NTPC

CMD
NTPC Limited.
NTPC Bhavan;
SCOPE Complex
7, Institutional Area; Lodhi Road
New Delhi - 110 003
Telephone No. 011-24369520,
Fax No: 011- 24362591



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A&N Administration

Secretary (Power)
Andaman & Nicobar Administration
Port Blair - 744 101
Telephone No. 03192-232623,
Fax No: 03192-233250

11.0 Effective Date & Validity.

This MoU shall come into force as soon as it is signed for all purposes and intents and shall remain in force for a period of three years.

12.0 Entire Understanding:

This MoU contains the entire understanding between the parties and supersedes all prior or contemporaneous oral or written agreements, commitments understanding or communication with respect to the subject matter thereof.

IN WITNESSETH WHEREOF THE PARTIES HERETO HAVE SIGNED THIS MOU ON THIS 27TH DAY OF NOVEMBER MONTH, 2009 AT PORT BLAIR

For and on behalf of

NTPC LIMITED

**ANDAMAN & NICOBAR
ADMINISTRATION**

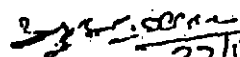

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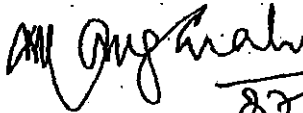
General Manager (REDG)

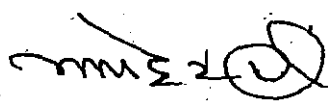
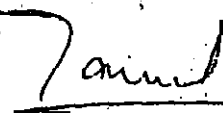


**Kailash Chandra
Secretary (Power)**

WITNESSES:

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Technical, NTPC and shall be competent to take operational decisions within frame work of this MoU.

- b) Feasibility studies /Detailed Project Report (DPR) of the projects shall be prepared by NTPC at its own cost or in association with USAID through grant and NTPC will subsequently implement techno-economically viable projects through competitive bidding, as per NTPC specifications and Regulatory Stipulations.

3.0 Responsibilities of The Parties

3.1 A&N Administration.

- a) A&N Administration will identify and provide requisite land for setting up 5 MW Solar based Plant in South Andaman and 1 MW Solar based Plant in Middle Andaman or any other potential site(s) in Andaman & Nicobar islands.
- b) Land and other necessary Government approvals/clearances shall be provided by A&N Administration.
- c) A&N Administration shall establish any Sub-Station that may be required for Power evacuation, at its own cost.
- d) Transmission system for evacuation of power from the station shall be arranged by Electricity Department of A & N Administration.
- e) The infrastructure supports such as use of existing roads/ Kucha roads/ paths would be arranged by A&N Administration. New roads/ paths, if any, required for the project will be constructed by NTPC.

3.2 Responsibility of NTPC.

- a) NTPC shall prepare the Feasibility Report (FR)/ Detailed Project Report (DPR) for the identified project(s) for assessing the techno-economical viability of the identified projects(s).
- b) NTPC shall implement the techno-economically viable Solar Plants through competitive bidding, at the potential sites provided by A&N Administration subject to acceptance/ approval of the DPRs by A&N Administration.
- c) Feasibility study will be completed by NTPC within six months from the date of signing of this Memorandum of Understanding and three numbers of copies of DPR will be submitted to A&N Administration.

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