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P 623255

POWER PURCHASE AGREEMENT

BETWEEN

NTPC LIMITED

AND

Andaman & Nicobar Administration

FOR

5 MW SOLAR PV POWER STATION

THIS POWER PURCHASE AGREEMENT hereinafter called the "Agreement" entered into at New Delhi on the Fourteenth day of July, Two Thousand Eleven (14/07/2011) between NTPC Limited, a Company incorporated under the Companies Act, 1956 having its registered office at NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi - 110003 (hereinafter called 'NTPC') which expression shall unless repugnant to the context or meaning thereof include its successors and assigns as party of the first part; and Electricity Department of Andaman & Nicobar Administration, having its Head Office at Prothrapur, Port Blair (hereinafter called A&N Administration) which expression shall unless repugnant to

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NTPC

Lodhi Road

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the context or meaning thereof include its successors and Permitted Assigns as party of the second part. Each of the parties of the first and second above is individually referred to as a "Party" and collectively as the "Parties".

WHEREAS NTPC is a Generating Company as defined under Section 2(28) of the Electricity Act, 2003 and is a Govt. of India Enterprise.

AND WHEREAS NTPC is setting up a Solar energy project named as Solar Power Station, Garacharama (capacity of 5 MWp) at P.O. Garacharama in South Andaman district, Andaman & Nicobar Islands hereinafter specifically referred to as "Solar Power Station" and generally be referred to as "Station" to be owned and operated by NTPC.

AND WHEREAS the A & N Administration is desirous of purchasing electricity from the Station and NTPC is willing to sell electricity from the Station to A & N Administration on mutually agreed terms and conditions mentioned hereunder.

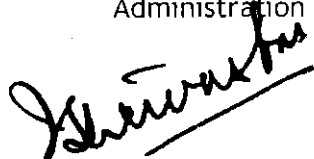
Now, therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows: -

1.0 DEFINITIONS

1.1 The words or expressions used in this Agreement but not defined hereunder shall have the same meaning assigned to them by the Electricity Act, 2003 as amended from time to time, the Rules framed there under and Regulations issued by CERC from time to time.

1.2 The words or expressions mentioned below shall have the meanings respectively as assigned hereunder:

- | | | |
|-----|----------------|---|
| i) | Act; 2003 | The Electricity Act, 2003 as amended or modified from time to time, including any re-enactment thereof. |
| ii) | Billing Centre | The office/ RHQ as intimated by NTPC to the A & N Administration from where the bills will be raised on them. |



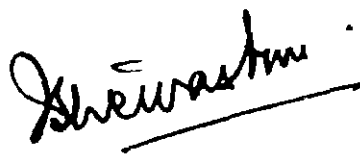
- iii) CEA Central Electricity Authority
- iv) CERC Central Electricity Regulatory Commission or any other competent authority entrusted with the functions of CERC;
- v) Charges for Supply of Electricity Mean and include all charges including the Tariff to be paid by the A & N Administration in respect of supply of electricity to them from the Station in accordance with the provisions of this Agreement.
- vi) Change in Law shall have the meaning ascribed thereto in Article 9 of this Agreement;
- vii) Competent Court of Law shall mean any court or tribunal or any similar judicial or quasi-judicial body in India that has jurisdiction to adjudicate upon issues relating to this Agreement;
- viii) Commercial Operation Date 'Date of Commercial Operation' or 'COD' of the station means the date on which the entire Station capacity is commissioned and power injected from power station to delivery point.
- ix) Contracted Capacity Capacity contracted by the A & N Administration under this Agreement under Article 2.2
- x) Effective Date Means the date of signing of this Agreement including payment security as envisaged under Article 6.2.
- xi) Energy Account (EA) Periodic Energy Account issued by Garacharama Sub-station (GSS) including amendments thereof.
- xii) Force Majeure or Force Majeure Event shall have the meaning ascribed thereto in Article 8 of this Agreement;
- xiii) GOI Government of India

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- xiv) IEGC or State Grid Code Shall mean The Grid Code specified by CERC under Clause (h) Of sub-section (1) Of Section 79 Of The Electricity Act and/or the State Grid Code as specified by the concerned State Commission, referred under Clause (h) Of sub-section (1) of section 86 Of The Electricity Act 2003, as applicable including any amendment thereof;
- xv) Interconnection point Common connection point at which all the Solar PV modules of the Station are connected i.e., outgoing feeder on HV side of the pooling sub-station at the premises of generation station.
- xvi) Letter of Credit or LC Irrevocable Revolving Letter(s) of Credit.
- xvii) Main and Check Meter Meter for measurement and checking of import/export of energy on the Interconnection Point for Energy Accounting.
- xviii) Monthly Bill Monthly Bill as raised by NTPC as per Energy Account in line with the CERC Regulation as amended from time to time. Provided that periodicity of billing may change as per CERC regulation from time to time.
- xix) Party/Parties Shall have the meaning ascribed thereto in the recital to this Agreement
- xx) Permitted Assigns Have the meaning as per Article 12 of this agreement
- xxi) Receivables As defined under 6.2.8.
- xxii) GSS Garacharama Sub-station;





- xxiii) Standby Meter Shall means a meter connected to CT and VT, other than those used for main meter and check meter and shall be used for accounting and billing of electricity in case of failure of both main and check meter;
- xxiv) Station Have the meaning as given in the recital
- xxv) STU State Transmission Utility
- xxvi) Supplementary Bill Have the meaning under the Article 6.1.3
- xxvii) Transmission Licensee Have the meaning as per Electricity Act 2003
- xxviii) Tariff Tariff shall be rate of electricity from the Station as determined by CERC based on the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 as amended from time to time and shall remain valid for 25 years from COD
- xxix) Third Party(ies) Any person other than the person to whom electricity is contracted under this Agreement

2.0 GENERAL

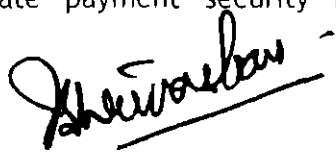
2.1 INSTALLED CAPACITY:

The capacity of Station is proposed to be 5 MWp. The capacity of the Station is subject to change after placement of orders for the main plant equipment.

2.2 ALLOCATION OF CAPACITY

2.2.1 The Contracted Capacity to the A & N Administration shall be 5 MWp based on the existing GOI policy for allocation of capacity from the Station.

2.2.2 The above allocation in favour of the A & N Administration shall be Contracted Capacity subject to signing of the Agreement, opening of LC and providing appropriate payment security mechanism as provided at Article 6.2 in this

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Agreement.

3.0 TRANSMISSION / WHEELING OF ELECTRICITY

- 3.1 Sale of electricity shall be at the Interconnection Point of the Station and it shall be the obligation and responsibility of A & N Administration to make the required arrangement for evacuation of electricity from such Interconnection Point of the Station.
- 3.2 Charges for utilisation of transmission system(s) owned by the any Transmission Licensee for wheeling of the electricity beyond Interconnection Point of the Station shall be paid directly by A & N Administration to the Transmission Licensee. NTPC shall not be responsible for payment of such charges.
- 3.3 The A & N Administration shall be liable to bear all the transmission losses in respect of the power evacuated from the Interconnection Point of the Station to its receiving substation(s).

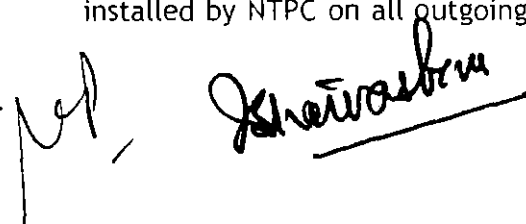
4.0 SCHEDULING, DESPATCH ,METERING AND ENERGY ACCOUNTING

4.1 SCHEDULING

- 4.1.1 The solar power station should be commissioned by NTPC within 12 (twelve) months from the date of Letter of Award of the project. The NTPC shall give 60 (sixty) days advance preliminary written notice to GSS/ Electricity Department of the date on which it intends to synchronize the power project to the grid system.
- 4.1.2 It is understood and agreed by and between the parties that NTPC shall operate the Station as per the manufacturers' guidelines, applicable grid operating standards, directions of the CERC and relevant statutory provisions, as applicable from time to time. It is agreed between the Parties that the Station shall be treated as 'MUST RUN' and shall not be subject to merit order scheduling.
- 4.1.3 All charges/fees related to scheduling and despatch of electricity shall be borne by A&N Administration.

4.2 METERING

- 4.2.1 A set of Main and Check Meters and Standby Meter of 0.2S accuracy class, as per CEA (Installation & operation of meters) Regulations 2006/IEGC as applicable, shall be installed by NTPC on all outgoing feeders on HV side of the pooling sub-station. A &

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N Administration shall make all necessary arrangements for installation of meters of required accuracy and specifications, at all its drawl points.

4.2.2 The Main and Check Meters shall be checked jointly at the time of installation as per the CEA (Installation & Operation of Meters) Regulations 2006 as amended from time to time.

4.2.3 Data shall be downloaded from the meters at regular intervals as decided by GSS for preparation of the REA Account.

4.2.4 Regular cross checking and analysis of meter readings and meter failure or discrepancies shall be reckoned as per CEA (Installation & Operation of Meters) Regulations 2006 as amended from time to time. If the Main Meter or Check Meter is found to be not working at the time of meter readings or at any other time, NTPC shall inform the GSS of the same.

4.2.5 In case of failure of meters, energy accounting for the period shall be as per procedure laid down by CERC or as per the mutually agreed procedure. In case of absence of any such procedure, the following procedure shall be followed:

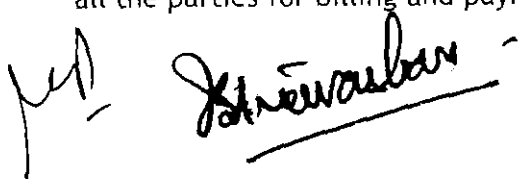
In case of failure of Main Meter, readings of Check Meter for the corresponding period shall be considered for energy accounting. If both the Main and Check Meter(s) fail to record or if any of the PT fuses is blown out, energy shall be computed based on standby meters. In case of dispute, resolution shall be as per provision of Article 7.

4.2.6 Periodic testing of both Main and Check Meters shall be carried out in the presence of representatives of NTPC and A & N Administration as per procedure laid out in CEA (Installation & Operation of Meters) Regulations, 2006. For any testing and/ or replacement, notice of seven days will be given.

4.3 ENERGY ACCOUNTING

4.3.1 Both the Parties agree to facilitate issue of Energy Accounts by 1st day of every month.

4.3.2 Energy Account issued by GSS or any other Competent Authority shall be binding on all the parties for billing and payment purposes.



- 4.3.3 Any change in the methodology of Energy Account shall be done only as per mutually agreed decisions.
- 4.3.4 Energy Accounts shall be binding on both the Parties for billing and payment purposes.
- 4.3.5 The A & N Administration may identify the energy procured from the Station to meet its renewable purchase obligations (as mandated by the Appropriate Commission). Provided that the renewable purchase obligation of the A & N Administration shall be considered to be met only if there is no payment default for such energy procured by the A & N Administration and a certificate to such effect is provided by NTPC to the A & N Administration on annual basis.
- 4.3.6 NTPC shall provide such certificate identifying the quantum of renewable purchase obligation being met by the A & N Administration for each year within thirty (30) days after the end of such year.

5.0 Tariff

- 5.1 The Tariff for the electricity supplied from the Station would be applicable rate in Rs/kWh for the relevant year of commissioning as notified by CERC from time to time based on the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2009 as amended from time to time.

5.2 TAXES, LEVIES, DUTIES, ROYALTY, CESS ETC.:

- 5.2.1 Income Tax applicable for the sale of power under this Agreement shall be governed by the applicable CERC Regulations
- 5.2.2 Statutory taxes, levies, duties, royalty, cess or any other kind of levies imposed/charged by any Government and/or any other local bodies/authorities on generation of electricity including auxiliary consumption or any other type of consumption including water, environment protection, sale of electricity and/or in respect of any of its installations associated with the Station payable by NTPC to the authorities concerned shall be borne and additionally paid by the A&N Administration to NTPC.

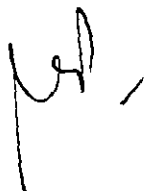
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6.0 BILLING AND PAYMENT

6.1 BILLING:

The Charges for Supply of Electricity under this Agreement shall be billed by NTPC as per provisions of Article 5.1 & 5.2 above and the same shall be paid by the A&N Administration in accordance with the following provisions:

- 6.1.1 NTPC shall present the bills for electricity supplied to A & N Administration from the Station for the previous month based on Energy Account issued by GSS or any other Competent Authority.
- 6.1.2 Billing Centre of NTPC shall carry out billing and associated functions. NTPC would submit the bills to the Officer to be nominated by A&N Administration.
- 6.1.3 The Monthly Bill for the Station shall include the Charges for Supply of Electricity under this Agreement including additional bill (s) for the past period(s) on account of orders of CERC/Appellate Tribunal for Electricity/Other Courts/other Competent Authority(ies). If for certain reasons some of the charges which otherwise are in accordance with this Agreement, cannot be included in the main Monthly Bills, such charges shall be billed as soon as possible through Supplementary Bill(s).
- 6.1.4 A & N Administration shall arrange payment of such Monthly Bill(s)/ Supplementary Bill(s) promptly through cheque at the designated account of NTPC. The date of transfer of cheque payment to NTPC account shall be considered as the date of payment for computation of rebate or late payment of surcharge in respect of such payment. The bill(s) of NTPC shall be paid in full subject to the condition that-
- 6.1.4.1 there is no apparent arithmetical error in the bill(s)
 - 6.1.4.2 the bill(s) is/are claimed as per the notified/agreed tariff
 - 6.1.4.3 they are in accordance with the Energy Accounts issued by GSS or any other Competent Authority
- 6.1.5 All payments made by the A & N Administration, shall be appropriated by NTPC for amounts due from the A & N Administration in the following order of priority:
- i) towards Late Payment Surcharge, payable if any;
 - ii) towards earlier unpaid bill (s), if any; and

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- iii) towards the statutory dues like income tax, other tax, royalty etc in the current bill (s).
- iv) towards the other charges in current Monthly Bill

6.1.6 In case Electricity Department finds arithmetical or link error in the tariff/ supplementary bill, it shall return the bill to NTPC immediately and NTPC should re-submit the bill after necessary correction at the earliest possible. The date of re-submission will be considered as new bill submission date for the purpose of rebate and surcharge if any.

6:1.7 REBATE AND LATE PAYMENT SURCHARGE

Rebate and Late Payment Surcharge shall be as per Terms and Conditions of Tariff issued by CERC as applicable from time to time. No rebate shall be payable on the bills raised on account of taxes, duties, royalty / cess etc.

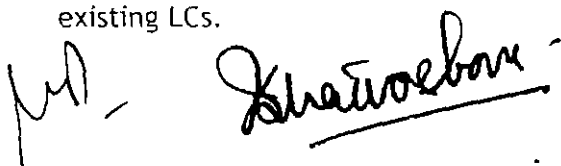
6.2 ESTABLISHMENT OF LETTER OF CREDIT(LC) AND PAYMENT SECURITY MECHANISM:

6.2.1 Payment of bills for supply of power from the Station shall be made by the A & N Administration through cheque at the designated account or Electronic Fund Transfer within seven days of billing. In the event payment is not made within seven days of the billing NTPC shall realise the payment through irrevocable revolving Letters of Credit (LC) to be established by A & N Administration in favour of NTPC with a public sector /scheduled commercial bank at least one month prior to the commencement of power supply from the Station.

6.2.2 The LC shall cover 200% of the one month's estimated billing in respect of electricity supplied from the Station to A & N Administration.

6.2.3 The amount of LC shall be reviewed each half-year commencing April and October in each financial year on the basis of the average of billing of previous 12 months and the LC amount shall be enhanced/reduced accordingly not later than 1st July and 1st January respectively of the same financial year.

6.2.4 The LC shall be established for a minimum period of one year. A & N Administration shall ensure that LC remains valid at all times during the entire/extended validity of this Agreement. LC shall be renewed not later than 30 days prior to expiry of existing LCs.



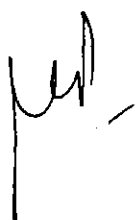

- 6.2.5 LC shall specify the manner and due dates, when bill(s) can be presented to Bank by NTPC. The bills so presented by NTPC to the Bank shall be promptly paid on their presentation. The LC charges shall be borne by the A & N Administration.
- 6.2.6 All costs relating to opening and maintenance and negotiation of LC shall be borne by the A & N Administration.
- 6.2.7 In case of draw^a of the LC amount by NTPC in accordance with the terms of this Article, the amount of the LC shall be reinstated automatically not later than 30 days from such draw^a. A & N Administration shall arrange to furnish to NTPC a certificate to this effect from Bank(s) providing LC.
- 6.2.8 Since Electricity Dept. is currently a Dept. under A & N Administration, establishing of ESCROW Arrangement is not being insisted upon by NTPC presently. However, while ceding charge on its receivables or agreeing to provide Escrow Agreement or any other form of payment security to any other entities like power supplier(s), lenders including financial institutions, banks etc. A & N Administration hereby agrees that NTPC shall be deemed to have a legally binding first charge on A & N Administration receivables to the extent of total monthly billing for power supplied from all NTPC stations and this charge of NTPC shall be in preference to any other charge that A & N Administration may create in favour of other parties after signing of this PPA.

7.0 SETTLEMENT OF DISPUTES

- 7.1 All differences or disputes between the parties arising out of or in connection with this Agreement shall be mutually discussed and amicably resolved within 90 days.

7.2 ARBITRATION

- 7.2.1 In the event that the parties are unable to resolve any dispute, controversy or claim relating to or arising under this Agreement, as stated above, the same shall be settled in accordance with applicable statutory provisions under Electricity Act, 2003.

8.0 FORCE MAJEURE

Neither party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to Force Majeure Events such as war, rebellion, mutiny, civil commotion, riot, strike, lock-out, forces of nature, accident, act of God or any other such reason beyond the control of concerned party. Any party claiming the benefit of this clause shall reasonably satisfy the other party of the existence of such an event and give written notice within a reasonable time to the other party to this effect. Generation/drawl of power shall be started as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist.

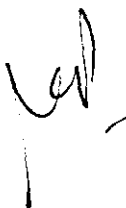
9.0 CHANGE IN LAW

9.1 DEFINITIONS

The following terms shall have the following meanings:

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

- the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation), of any Law, including rules and regulations framed pursuant to such Law;
- a change in the interpretation or application of any Law by any Indian Governmental Instrumentality having the legal power to interpret or apply such Law, or any Competent Court of Law;
- the imposition of a requirement for obtaining any Consents, Clearances and Permits which was not required earlier;
- a change in the terms and conditions prescribed for obtaining any Consents, Clearances and Permits or the inclusion of any new terms or conditions for obtaining such Consents, Clearances and Permits; except due to any default of the Station;
- any change in tax or introduction of any tax made applicable for sale of power by the Station to the A & N Administration as per the terms of this Agreement.

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9.2 RELIEF FOR CHANGE IN LAW

- 9.2.1 The Parties shall be required to approach the CERC for seeking approval in Change in Law.
- 9.2.2 The decision of the CERC to acknowledge a Change in Law and provide relief for the same shall be final and governing on both the Parties.

10.0 IMPLEMENTATION OF THE 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 authorised 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 authorised representative(s) shall be informed likewise in writing to/by A & N Administration within one month of signing of the Agreement. Notwithstanding any nomination, the Regional Executive Director (ER-I), NTPC Ltd., 2nd Floor, Lok Nayak Jai Prakash Bhawan, Dak Bunglow Chowk, Patna - 800 001 (Bihar) as well as Executive Director (Commercial), NTPC Ltd., NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110 003 or their authorised representative(s) at its Registered Office first above mentioned shall be authorised to act severally for and on behalf of NTPC.


11.0 NOTICE

All notices required or referred to under this Agreement shall be in writing and signed by the respective authorised 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 mail/speed post of Department of Posts with an acknowledgement due to the other parties in terms of IMPLEMENTATION OF THE AGREEMENT at Article 10 above.

12.0 EFFECTIVE DATE AND DURATION OF AGREEMENT

The agreement shall come into effect for all purposes and intent from the date of signing of the Agreement.

Subject to the establishment and continuance of payment security as envisaged under Article 6.2 under ESTABLISHMENT OF LETTER OF CREDIT (LC) to the satisfaction of NTPC, Agreement shall remain operative upto completion of twenty five (25) years from the date of commercial operation of the station, unless it is

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specifically extended on mutually agreed terms.

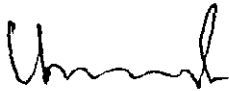
13.0 SUCCESSORS AND PERMITTED ASSIGNS

- 13.1 In case the functions of Electricity Department, A & N Administration are reorganised and/or this Agreement is assigned to other organisation(s)/ agency(ies), partly or wholly, the Agreement shall be binding mutatis mutandis upon the successor Distribution/Trading organisation(s)/ agency(ies)/ entities and shall continue to remain valid with respect to the obligations of the successor organisation(s)/agency(ies)/entities provided that the successor organisation(s)/agency(ies) is/are owned or controlled by the A & N Administration.
- 13.2 In the event the functions of Electricity Department, A & N Administration are reorganised and/or privatised or this Agreement is assigned to Private organisation(s)/agency (ies), partly or wholly, A & N Administration shall ensure that the agreements namely 'Escrow Agreement' and 'Agreement to Hypothecate Cum Deed of Hypothecation' as mentioned at Article 6.2 under ESTABLISHMENT OF LETTER OF CREDIT (LC) are signed by the assignee before assignment of this Agreement.
- 13.3 Only such of the successor entities who fulfil the above requirements and execute the requisite documents as above shall be termed as the permitted assigns.
- 13.4 In other cases NTPC shall have the right to terminate this Agreement. In the event of termination of this Agreement, A & N Administration shall be liable and continue to pay the Tariff each month till firm arrangement for sale of power generated at the Station with alternate customers substituting the A & N Administration is tied up.

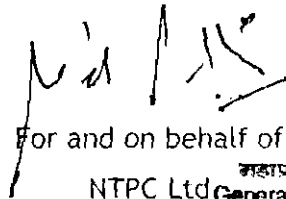
IN WITNESS WHEREOF the parties have executed these presents through their Authorised Representatives on the date mentioned above.

WITNESS

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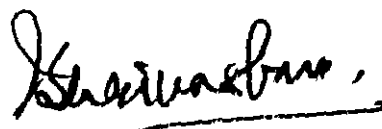


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C. K. MONDOL
अपर महाप्रबंधक (वाणिज्यिक)
Addl. General Manager (Commercial)
एनटीपीसी लिमिटेड/NTPC Limited



वी० के० पाड्या
For and on behalf of V. K. PADHA
महाप्रबंधक (वाणिज्यिक)
NTPC Ltd General Manager (Commercial)
एनटीपीसी लिमिटेड /NTPC LIMITED

2.



For and on behalf of
A&N Administration