

MODEL MOU FOR SALE OF POWER

MEMORANDUM OF UNDERSTANDING

BETWEEN

POWER TRADING CORPORATION OF INDIA LIMITED

AND

BUYER OF POWER

This Memorandum of Understanding is entered on _____ day of September Two Thousand One between Power Trading Corporation of India Limited, a limited company incorporated under the Companies Act 1956, having its registered office at 10th Floor, Hemkunt Chambers, 89 Nehru Place, New Delhi – 110019 (hereinafter referred to as “**PTC**”, which expression, unless repugnant to the context or meaning thereof shall be deemed to include its successors and permitted assigns) of the **First Part** and _____, incorporated under the _____, having its Registered Office at _____ (hereinafter referred to as “**BUYER**”), which expressions shall unless repugnant to the context or meaning thereof include its successors in business and permitted assigns) as of the **Second Part**.

WHEREAS

- i) The PTC has been established with an objective, inter alia, to carry on the business of purchase of all forms of electrical power from Independent Power Producers (IPPs), Captive Power Plants (CPPs), other Generating Companies, State Electricity Boards etc., for sale to SEBs, Power Distribution Companies, other organisations and bulk power consumers etc., in India and abroad;
- ii) The PTC is in a position to offer power from _____ Region upto _____ MW for a period of one year from the date of commencement of power supply, which can be extended further at mutually agreed terms & conditions. The power shall be supplied at the Delivery Point as defined under 1 (a).

- iii) The PTC is desirous to sell and the BUYER is desirous to purchase upto ___MW power or any other magnitude of power, as may be mutually agreed, available to PTC from _____ Region at the Delivery Point.
- v) The present Memorandum of Understanding (hereinafter referred as 'MOU') between the BUYER and PTC is subject to the detailed terms and conditions to be agreed through a Power Purchase Agreement ("PPA") to be entered into between PTC and the BUYER.

NOW, THEREFORE, it is hereby agreed by and between the Parties hereto as under:

1. That PTC is willing to sell upto __ MW of _____ Region power or any other quantum of power that may be mutually agreed to between the parties and the BUYER is willing to buy the same for a period of _____ from the date of commencement of power supply against this MOU, for short term trading on the following general terms and conditions: -

a) Delivery Point:

- i) That for sale of energy within _____ Region (__R), the Delivery Point shall be the Commercial Metering Point at Central Transmission Utility bus in the _____Region.
- ii) For sale of energy outside _____ Region, the Delivery Point shall be the Commercial Metering Point at _____ end of inter-regional transmission system between _____ Region and the neighbouring Region.
- iii) The interconnecting point of BUYER system with neighbouring system could also be a Delivery Point.

b) Tariff:

That the applicable rate for sale of energy by PTC to the BUYER as per ___Regional Electricity Board (__REB) Regional Energy Account, will be Rs- ._____ per kWh (Rupees _____ per kWh) on the energy delivered

at the Delivery Point. This rate is on net basis and there will be no other taxes like Income Tax or any other levy upto the Delivery Point. However, any new tax / cess on sale and / or on Inter – State transfer of power, if applicable, will be extra and shall be payable by the BUYER.

c) Transmission Losses & Charges:

That the Transmission charges, Transmission losses, Regional Load Despatch Centre (RLDC) charges or any other charges for purchase of energy beyond the Delivery Point upto the BUYER system shall be borne by the BUYER.

d) Billing Cycle:

That for supply of power during a month, PTC will be raising weekly bills on provisional basis. For the purpose of Weekly Bills, each month will be divided into four parts starting from 00:00 hrs. (or any other time decided by REB / RLDC) of 1st, 9th, 16th and 24th day of the month to 24:00 hrs. (or any other time decided by REB) of 8th, 15th, 23rd and last day of the month respectively. The Weekly Bills will be raised on or after 9th, 16th, 24th day of the month and 1st day of the following month based on the provisional energy data issued by ___RLDC for the energy at Delivery Point. After receipt of REA for the previous month from ___REB, adjustment towards the difference in the following shall be made in 1st / 2nd weekly bill of the month:

- i) Actual bill on the basis of REA issued by ___REB for the previous month minus provisional Bills issued for the month.
- ii) Rebate, if any, admissible for the previous month.

e) Payment:

The BUYER will open revolving Letter of Credit for an amount equal to 8 days maximum billing revolving weekly, and PTC bills could be negotiated through LC. All bank charges for opening and operating LC and recoupment charges etc. will be borne by the BUYER. Alternatively, the payment will be deposited by the BUYER in PTC account within seven days from the date of submission of the weekly bills by PTC as above to the BUYER. In the event of 7th day being a Bank holiday, the next working day would be the due date for payment. In case

of timely payment by the BUYER, adjustment for the admissible rebate as per Para 1 (f) could be provisionally made while making the payment against the weekly bill.

f) Rebate for Prompt Payment by BUYER:

That PTC would allow ___ % rebate on the billed amount if the payment is transferred by the BUYER to PTC Bank account in Delhi within 7 (Seven) days of presentation of the bill by PTC.

g) Surcharge for late Payment by BUYER:

That for the energy supplied during the month, a surcharge of 18% (Eighteen Percent) per annum shall be applied on all payments outstanding after the 30th day of receiving PTC's First Weekly Bill for the month by the BUYER. This surcharge would be calculated on a day-to-day basis for each day of the delay.

h) Payment Security Mechanism:

That the BUYER shall provide the following payment security mechanisms:-

Option - I

- a) Weekly revolving letter of credit equivalent to 8 days of peak billing (Rs_____ Cr.). All LC charges viz. opening, operation / negotiation, recoupment etc. shall be borne by the BUYER.
- b) Bank Deposit equivalent to 15 days of peak billing (Rs___ Cr.) in the name of the BUYER and endorsed to PTC.

OR

Option – II

Bank Deposit equivalent to 25 days of peak billing (Rs._____ Cr.) in the name of the BUYER and endorsed to PTC.

- 2. That the above given price and terms for supply of power are valid upto a period of _____ from the date of commencement of power supply. Any extension thereof will be on mutually agreed terms and condition.
- 3. That the PTC will supply the energy as above to the BUYER, subject to the technical constraints / transmission constraints / force majeure, at the Delivery Point. All reasonable efforts will be made by PTC to supply the energy to the BUYER.
- 4. That in case the BUYER does not make timely payments of PTC dues, PTC will have right to terminate the prevailing arrangement for the sale of power and/or

divert part or the whole of power to some alternate customer(s). However, till PTC terminates the Agreement and / or diverts the power to alternate Customer(s), the liability of payment by the BUYER to PTC will continue.

5. That the BUYER and PTC shall obtain necessary approvals and consents of Government(s) / statutory authority(ies) that they require to enter into PPA for purchase and sale, respectively, of above power.
6. If the BUYER is located in the licensed area of a licensee or SEB / Distribution Co. and use of transmission system of the licensee / Distribution Co. / SEB / State Transmission Utility is required for delivery of PTC's power, the BUYER will obtain the approval of the owner of such Transmission System and finalise the wheeling arrangements with the concerned agency in consultation with PTC.
7. The scheduling of power shall be done as per Indian Electricity Grid Code (IEGC).
8. The impact on account of implementation of Availability Based Tariff (ABT) will be covered in the Power Purchase Agreement.

IN WITNESS whereof the duly authorised representatives of the Parties have signed on the day and year first hereinbefore written.

For and on behalf of
**POWER TRADING CORPORATION OF
INDIA LIMITED**

For and on behalf of
THE BUYER

Signature with seal

Signature with seal

Witnesses:

1.

1.